

GEODRILL LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

(in United States dollars)

GEODRILL LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3-7
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	9
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	10
CONSOLIDATED STATEMENTS OF CASH FLOWS	11
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	12-44

GEODRILL LIMITED
CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2024 and 2023

INDEX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Contents

1. GENERAL INFORMATION.....	12
2. MATERIAL ACCOUNTING POLICIES.....	12
3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS.....	20
4. NEW AND FUTURE ACCOUNTING STANDARDS.....	22
5. SEGMENT REPORTING.....	23
6. EXPENSES BY NATURE.....	24
7. TAXATION.....	24
8. PROPERTY, PLANT AND EQUIPMENT.....	27
9. RIGHT-OF-USE ASSETS.....	29
10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS.....	30
11. INVENTORIES.....	30
12. TRADE AND OTHER RECEIVABLES.....	30
13. NON-CONTROLLING INTERESTS.....	31
14. LOANS PAYABLE.....	31
15. TRADE AND OTHER PAYABLES.....	33
16. EMPLOYEE BENEFIT OBLIGATIONS.....	33
17. FAIR VALUES OF FINANCIAL INSTRUMENTS.....	33
18. FINANCIAL RISK MANAGEMENT.....	34
19. RELATED PARTY TRANSACTIONS.....	39
20. COMMITMENTS.....	40
21. SHARE CAPITAL AND RESERVES.....	40
22. EARNINGS PER SHARE.....	41
23. DIVIDENDS.....	42
24. EQUITY-SETTLED SHARE-BASED PAYMENTS.....	43
25. CONTINGENCY.....	44



Independent auditor's report

To the Shareholders of Geodrill Limited

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Geodrill Limited and its subsidiaries (together, the Company) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of comprehensive income for the years ended December 31, 2024 and 2023;
- the consolidated statements of changes in equity for the years ended December 31, 2024 and 2023;
- the consolidated statements of cash flows for the years ended December 31, 2024 and 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215, Fax to mail: ca_toronto_18_york_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="254 569 876 611">Revenue recognition for drilling revenue</p> <p data-bbox="254 632 876 737"><i>Refer to note 2 – Material accounting policies and note 3 – Critical accounting estimates and judgments to the consolidated financial statements.</i></p> <p data-bbox="254 758 876 1115">For the year ended December 31, 2024, the Company recognized revenue from drilling services of \$143.1 million. Revenue is measured based on the consideration specified in contracts with customers. The Company has service contracts with customers with varying terms. Judgment is required when considering contractual terms that may impact performance obligations and the amount of revenue that can be recognized. Drilling service is recognized as revenue when all the following conditions are satisfied:</p> <ul data-bbox="254 1136 876 1493" style="list-style-type: none"><li data-bbox="254 1136 876 1199">• the amount of revenue can be measured reliably;<li data-bbox="254 1220 876 1325">• it is probable that the economic benefits associated with the drilling service rendered will flow to the Company; and<li data-bbox="254 1346 876 1493">• control of the service has passed to the customer and the work performed of the drilling service at the end of the reporting period has been agreed with the customer. <p data-bbox="254 1514 876 1692">We considered this a key audit matter due to the audit effort required to assess the revenue that is generated from customers with contracts having varying terms, which require judgment in the applicability of the revenue recognition criteria.</p>	<p data-bbox="876 569 1529 632">Our approach to addressing the matter included the following procedures, among others:</p> <ul data-bbox="876 653 1529 1262" style="list-style-type: none"><li data-bbox="876 653 1529 758">• For a sample of revenue transactions, tested the revenue recognized, which included the following:<ul data-bbox="876 779 1529 1010" style="list-style-type: none"><li data-bbox="876 779 1529 842">– Agreed key contractual terms to signed contracts with customers;<li data-bbox="876 863 1529 926">– Evaluated the contractual terms against revenue recognition criteria; and<li data-bbox="876 947 1529 1010">– Agreed the drilled meters to customer approved daily drill reports.<li data-bbox="876 1031 1529 1262">• Tested that revenue recognized, for a period close to year-end, was recognized in the correct period by comparing, for a sample of transactions before and subsequent to year-end, the date the revenue was recognized to the date of the drilling service as per the customer-approved daily drill report.



Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and



are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Manuel Pereyra.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 1, 2025

GEODRILL LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As at December 31, 2024 and 2023

	Note	December 31, 2024 US\$	December 31, 2023 US\$
Assets			
Non-current assets			
Deferred tax asset	7(iv)	-	877,813
Property, plant and equipment	8	71,371,173	62,258,943
Right-of-use assets	9	1,311,397	706,520
Total non-current assets		72,682,570	63,843,276
Current assets			
Financial assets at fair value through profit or loss	10	6,469,704	174,631
Inventories	11	36,687,134	35,193,455
Prepayments		2,363,954	1,095,180
Trade and other receivables	12	30,237,595	32,664,221
Cash		13,051,518	15,638,682
Total current assets		88,809,905	84,766,169
Total assets		161,492,475	148,609,445
Equity and liabilities			
Equity			
Share capital		28,547,515	28,258,711
Share-based payment reserve		3,946,719	3,735,982
Retained earnings		87,382,062	78,123,286
Capital and reserves attributable to owners of Geodrill Limited		119,876,296	110,117,979
Non-controlling interests	13	(349,534)	(154,540)
Total equity		119,526,762	109,963,439
Liabilities			
Non-current liabilities			
Deferred tax liability	7(iv)	1,837,104	2,497,387
Loans payable	14	2,329,847	333,333
Lease liabilities		412,278	207,078
Total non-current liabilities		4,579,229	3,037,798
Current liabilities			
Trade and other payables	15	25,013,065	23,347,961
Loans payable	14	7,910,585	11,646,970
Lease liabilities		707,447	437,876
Taxes payable	7(ii)	3,755,387	175,401
Total current liabilities		37,386,484	35,608,208
Total equity and liabilities		161,492,475	148,609,445
Contingency	25		

Approved by the Board of Directors

"signed"

John Bingham
Chairman of the Board of Directors

"signed"

Ron Sellwood
Chairman of the Audit Committee

GEODRILL LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2024 and 2023

	Note	December 31, 2024 US\$	December 31, 2023 US\$ Revised
Revenue		143,054,040	130,544,622
Cost of sales	6	(108,377,481)	(99,956,530)
Gross profit		34,676,559	30,588,092
Selling, general and administrative expenses	6	(16,646,981)	(15,122,028) ⁽¹⁾
Expected lifetime credit recovery / (loss)	12	3,877,931	(5,363,396)
Foreign exchange (loss) / gain		(1,209,902)	162,597
Other loss		(2,416,005)	(819,366)
Results from operating activities		18,281,602	9,445,899
Finance income		57,200	-
Finance costs		(1,076,283)	(927,066)
Income before taxation		17,262,519	8,518,833
Income tax expense	7(i)	(8,198,737)	(4,754,680)
Income and total comprehensive income for the year		9,063,782	3,764,153
Income and total comprehensive income for the year is attributable to:			
Owners of Geodrill Limited		9,258,776	3,901,317
Non-controlling interests		(194,994)	(137,164)
		9,063,782	3,764,153
Earnings per share for income attributable to the ordinary equity holders of the Company			
Basic	22(i)	\$0.20	\$0.08
Diluted	22(ii)	\$0.19	\$0.08

⁽¹⁾ The comparative period was revised to disaggregate expected lifetime credit recovery/(loss) from selling, general and administrative expenses to conform with the requirements of IAS 1.

GEODRILL LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2024 and 2023

	<u>Attributable to owners of Geodrill Limited</u>				Total Equity US\$
	Share Capital US\$	Share-based Payment Reserve US\$	Retained Earnings US\$	Non- controlling interests US\$	
Balance at January 1, 2024	28,258,711	3,735,982	78,123,286	(154,540)	109,963,439
Income and total comprehensive income for the year	-	-	9,258,776	(194,994)	9,063,782
Exercise of stock options	288,804	(65,733)	-	-	223,071
Share-based payment expense	-	276,470	-	-	276,470
Balance at December 31, 2024	28,547,515	3,946,719	87,382,062	(349,534)	119,526,762
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 year	-	-	3,901,317	(137,164)	3,764,153
Dividends (Note 23)	-	-	(1,367,157)	-	(1,367,157)
Exercise of stock options	152,325	(33,746)	-	-	118,579
Share-based payment expense	-	390,342	-	-	390,342
Balance at December 31, 2023	28,258,711	3,735,982	78,123,286	(154,540)	109,963,439

GEODRILL LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

	December 31, 2024 US\$	December 31, 2023 US\$
Cash flows from operating activities		
Income before taxation	17,262,519	8,518,833
<i>Adjustments for:</i>		
Depreciation expense	12,818,880	11,112,049
Movement in expected lifetime credit losses	(3,877,931)	5,363,396
Change in provision for inventory obsolescence	273,326	177,791
Equity-settled share-based payment expense	276,470	390,342
Finance income	(57,200)	-
Finance costs	1,076,283	927,066
Loss on current financial assets at fair value through profit and loss	2,416,005	783,169
Unrealized foreign exchange loss / (gain)	1,820,443	(295,660)
Loss on disposal of property, plant and equipment	-	36,197
	32,008,795	27,013,183
Disposals of financial assets at fair value through profit and loss ⁽¹⁾	497,803	418,777
Change in inventories	(1,767,005)	(3,818,369)
Change in prepayments	(1,268,774)	810,556
Change in trade and other receivables ⁽²⁾	(2,904,325)	(4,386,221)
Change in trade and other payables	(100,257)	1,002,274
	26,466,237	21,040,200
Finance income received	57,200	-
Finance costs paid	(1,072,430)	(862,712)
Income taxes paid	(4,401,221)	(9,175,947)
Net cash generated from operating activities	21,049,786	11,001,541
Investing activities		
Purchase of property, plant and equipment	(20,677,294)	(15,281,472)
Net cash used in investing activities	(20,677,294)	(15,281,472)
Financing activities		
Loans received	10,838,722	10,000,000
Loan payments	(12,578,593)	(2,627,273)
Cash received on exercise of options	223,071	118,579
Dividends paid	-	(1,367,157)
Lease liabilities payments	(832,315)	(730,069)
Net cash (used in) / generated from financing activities	(2,349,115)	5,394,080
Effect of movement in exchange rates on cash	(610,541)	133,063
Net (decrease) / increase in cash	(2,587,164)	1,247,212
Cash at beginning of the year	15,638,682	14,391,470
Cash at end of the year	13,051,518	15,638,682

⁽¹⁾ The comparative figures have been amended to disaggregate the cashflows from investment disposals.

⁽²⁾ The comparative figures have been amended to aggregate the trade receivables and investment additions relating to certain trade receivables that were settled by customers issuing publicly listed shares to the Company.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

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 audited consolidated financial statements of the Company for the years ended December 31, 2024 and 2023 comprise the 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 Senegal SARL, Company AL-TANQIB AL-MUTAKHIS For Mining LLC, 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 Company is primarily a provider of mineral exploration drilling services. These audited consolidated financial statements were approved and authorized for issuance by the Board of Directors of Geodrill on March 1, 2025.

2. MATERIAL ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The financial statements are prepared on a going concern basis.

b. Basis of measurement

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

c. Functional and presentation currency

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

d. Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the subsidiaries and has the ability to affect those returns through its power over the subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Consistent accounting policies are used for all Group entities.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

d. Basis of consolidation (continued)

(ii) Transactions eliminated on consolidation

Intra-Group balances, intercompany gains and losses, transactions and dividends are eliminated in preparing the consolidated financial statements.

e. Financial instruments

(i) Recognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Comprehensive Income.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), financial assets 'at fair value through other comprehensive income' ("FVTOCI"), and financial assets at 'amortized cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Subsequent to initial recognition, the treatment of financial assets depends on their classification. Those recognized as FVTPL and FVTOCI are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Comprehensive Income. Financial assets at amortized cost are measured at amortized cost using the effective interest method, less impairment.

Financial liabilities are classified as either financial liabilities "at FVTPL" or financial liabilities at "amortized cost".

Subsequent to initial recognition, the treatment of financial liabilities depends on their classification. Those recognized as FVTPL are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognized in the Statement of Comprehensive Income. Financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (continued)

(ii) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the asset expire, or the Company transfers the rights to receive the contractual cash flows or the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial liabilities are derecognized when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Comprehensive Income.

(iii) Measurement

The Company applies a hierarchy to measure financial instruments carried at fair value. Levels 1 to 3 are defined based on the degree to which fair value inputs are observable and have a significant effect on the recorded fair value, as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques using significant observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices), or valuations that are based on quoted prices for similar instruments; and

Level 3: Valuation techniques using significant inputs that are not based on observable market data (unobservable inputs). The fair values of financial instruments are determined using market prices for quoted instruments and widely accepted valuation techniques for other instruments. Valuation techniques include discounted cash flows, standard valuation models based on market parameters, dealer quotes for similar instruments and expert valuations.

When fair values of unquoted instruments cannot be measured with sufficient reliability, such instruments are carried at cost less impairments, if applicable.

Trade and other receivables, Cash, Trade and other payables, Related party payables and Loans payable are all measured at amortized cost.

Further information relating to the fair values of financial instruments is provided in note 17.

(iv) Amortized cost measurement

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Financial instruments (continued)

(v) Offsetting

Financial assets and liabilities are set off and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(vi) Share capital

Proceeds from the issue of ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and stock options are recognized as a deduction from equity, net of any tax effects.

(vii) Compound financial instruments

From time to time the Company may issue compound financial instruments such as convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Any directly attributable transaction costs are allocated to the liability and equity component in the proportion of their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, and gains and losses related to the financial liability, are recognized in the Statement of Comprehensive Income. On conversion, the financial liability is reclassified to equity.

(viii) Trade receivables

Trade receivables are initially stated at their fair value. The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which represent management's estimate of lifetime expected credit losses ("ECL"). The Company uses the simplified approach to recognizing ECLs for its trade receivables that don't have a significant financing component. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience applied to the aging of receivables, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at each reporting date.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f. Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at acquisition or construction cost, less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and, for qualifying assets, capitalized borrowing costs. The cost of self-constructed assets includes the cost of materials and direct labor, and any other costs directly attributable to bringing the asset to a working condition for its intended use. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of overhauls and of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day maintenance, repair and servicing expenditures incurred on property, plant and equipment are recognized in the Statement of Comprehensive Income, as incurred.

(iii) Depreciation

Depreciation is recognized in comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Assets leased under a finance lease are depreciated over the shorter of their useful lives and the term of the lease. Land and capital work in progress are not depreciated. The estimated useful lives of major classes of depreciable property, plant and equipment are:

Motor vehicles	5 years
Plant and equipment	5 years
Leasehold improvements	over the term of the lease
Buildings	15 years
Drill rigs	10 years
Drill rig components	5 years

Depreciation methods, useful lives and residual values of property plant and equipment are reassessed at each reporting date. The useful lives of these assets and residual values can vary depending on a variety of factors, including technological innovation and maintenance programs. Changes in estimates can result in significant variations in the carrying value and amounts charged, on account of depreciation, to profit or loss in specific periods.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amounts of property, plant and equipment, and are recognized in the Statement of Comprehensive Income.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

f. Property, plant and equipment (continued)

(iv) Impairment

The Company's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the respective asset's or cash-generating unit's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amounts. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups. Due to the integrated nature of operations and re-deployment of drill rigs between countries, property, plant and equipment is tested as a single cash generating unit.

The recoverable amount of the asset or cash-generating unit is based on the higher of value-in-use and fair value less costs to sell. The value-in-use calculation requires an estimation of the future cash flows expected to arise from the asset or cash-generating unit and a pre-tax discount rate in order to calculate the present value. Fair values less costs to sell are based on recent market transactions where available and, where not available, appropriate valuation models are used. An impairment loss is recognized immediately in the Statement of Comprehensive Income.

At the end of each reporting period, the Company assesses whether there is any indication that an impairment loss recognized in prior periods for an asset or cash-generating unit may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of the asset or cash-generating unit. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in the Statement of Comprehensive Income.

g. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of spare parts is based on the first-in first-out principle and includes expenditures incurred in acquiring/building the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling expenses.

Inventory is assessed on a per unit basis to determine whether indicators exist which would lead to a downward revision in the net realizable value of inventory. This assessment is performed at each reporting date.

h. Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity and will have no legal or constructive obligation to pay future amounts. Obligations for contributions to defined contribution schemes are recognized as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

h. Employee benefits (continued)

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past services provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in share based payments reserve, over the period that the employees unconditionally become entitled to the awards. Estimations are made at the end of each reporting period of the number of instruments which will eventually vest. The impact of any revision is recognized in the Statement of Comprehensive Income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

i. Income tax

Income tax expense comprises current and deferred tax expenses.

Current tax and deferred tax are recognized in comprehensive income except to the extent that they relate to items recognized directly in other comprehensive income or equity. Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

j. Dividends

Dividends payable are recognized in the period in which the dividend is appropriately authorized.

k. Revenue – drilling revenue

Revenue is measured based on the consideration specified in contracts with customers. The Company provides drillings services to its customers. Drilling service is recognized as revenue when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the drilling service rendered will flow to the Company; and
- control of the service has passed to the customer and the work performed of the drilling service at the end of the reporting period has been agreed with the customer.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

k. Revenue – drilling revenue (continued)

Payment for drilling services is not due from the customer until the drilling service has been performed and invoiced. Revenue from the provision of services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

l. Prepayments

Prepayments are recognized if the Company has a right to receive future goods or services and are initially stated at fair value.

m. Finance costs

Finance costs comprise interest expense on borrowings, including all financing arrangements.

n. Foreign exchange

Monetary assets and liabilities denominated in foreign currencies have been translated into United States dollars using the reporting date exchange rate, with realized and unrealized gains and losses included in the determination of profit and loss. Revenues and expenses denominated in foreign currencies are translated at the average exchange rate for the period which approximate date of transaction exchange rates.

o. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

p. Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential shares, which currently comprise stock options granted to employees, consultants and directors.

q. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

r. Leases

(i) Classification

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Assets held under finance leases are stated as assets of the Company at the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included in the Consolidated Statement of Financial Position as a finance lease obligation. Finance costs are charged to profit or loss over the term of the relevant lease so as to produce a constant periodic interest charge on the remaining balance of the obligations for each accounting period.

(ii) Lease payments

Payments made under operating leases are charged to comprehensive income on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place. Minimum lease payments made under finance leases are apportioned between finance expense and a reduction of the outstanding lease liability.

3. 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.

a. Revenue

The Company's revenue is generated from drilling services. The Company has service contracts with customers with varying terms. Judgment is required when considering contractual terms that may impact performance obligations and the amount of revenue that can be recognized.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

b. Depreciation of property, plant and equipment

Property, plant and equipment are often used in demanding environments and may be subject to accelerated depreciation. Management considers the reasonableness of useful lives and whether known factors reduce or extend the lives of certain assets. This is accomplished by assessing the changing business conditions, examining the level of expenditures required for additional improvements, observing the patterns of gains or losses on disposals, and considering the various components of the assets.

c. Net realizable value of inventory

Management reviews inventories at each reporting period to determine whether indicators exist which would lead to a downward revision in the net realizable value of the inventory. Management's estimate of net realizable value of such inventories is based primarily on sales price and current market conditions.

d. Impairment provision for trade receivables

Trade receivables are initially recorded at fair value. The carrying amounts for trade accounts receivable are net of lifetime expected credit losses ("ECL"). The measurement of the ECL allowance for trade accounts receivable requires the use of management judgment in choosing estimation techniques, selecting key inputs and making significant assumptions about future economic conditions and credit behavior of the customers, including the likelihood of customers defaulting and the resulting losses.

Management uses a provision matrix to determine the ECL for trade receivables. The provision matrix is used to estimate future credit losses based on the Company's historical credit loss experience. The ECL determined by the provision matrix is adjusted for current and forward-looking information relating to future economic conditions and factors specific to individual debtors that were identified to be higher risk of default. Significant judgements are made in determining the adjustments for these factors. There are aged trade receivable balances for which judgement is required to determine the measurement of the impairment provision at the reporting date.

e. Income tax

Tax interpretations, regulations and legislation in the various countries in which the Company operates are subject to change and management uncertainty. Current income tax expense is based on tax currently payable or current withholding tax rates in countries in which the Company operates. In addition, deferred income tax liabilities are assessed by management at the end of the reporting period and are measured at the tax rates that are expected to be applied to the temporary differences when they reverse. The sufficiency of estimated future taxable income is also assessed by management in the context of the recognition of deferred tax assets attributable to unused tax losses.

The amount recognized as accrued liabilities is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Company assesses its liabilities at each reporting period, based upon the best information available, relevant to the tax laws and other appropriate requirements.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

f. Assessment of impairment of property, plant and equipment

The Company tests at each reporting period whether there are indicators of impairment with respect to its property, plant and equipment, in accordance with the accounting policy stated in Note 2f(iv). If such indicators are identified, the recoverable amounts of each cash-generating unit have been determined based on value-in-use calculations. These determinations require the use of judgment.

Where indicators of impairment exist, the Company tests impairment based on the discounted cash flows related to each cash generating unit. Discount rates applied to the Company's cash-generating units ("CGUs") represent the Company's assessment of the risks specific to each group of CGUs regarding the time value of money and individual risks of the underlying assets. The Company used discount rates between 15% and 16.5% (2023: between 15% and 16.5%), and perpetual growth rate of 5% (2023: 5%). No impairment charge has been recognized in the periods presented.

A 1% reduction to the perpetual growth rate would reduce the recoverable amount by approximately US\$3,150. A 1% increase to the discount rates would reduce the recoverable amount by approximately US\$11,360. In both of these situations, recoverable amount continues to exceed the carrying amount of the CGU in the financial statements.

g. Uncertain tax positions

The Company operates in a number of African countries and South America. The Company measures the impact of the uncertainty using the method that best predicts the resolution of the uncertainty; either the most likely amount method or the expected value method. The judgments and estimates made to recognize and measure the effect of uncertain tax treatments are reassessed whenever circumstances change or when there is new information that affects those judgments.

4. NEW AND FUTURE ACCOUNTING STANDARDS

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, 2024:

Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1; Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

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

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

4. NEW AND FUTURE ACCOUNTING STANDARDS (CONTINUED)

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2024 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 with the exception of the standard detailed below:

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of financial statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

The Company is currently evaluating the impact of this standard on its consolidated financial statements. The Company will apply the new standard from its mandatory effective date of January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated in accordance with IFRS 18.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

On May 30, 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. The Company is currently evaluating the impact of this standard on its consolidated financial statements. The Company will apply the new standard from its mandatory effective date of January 1, 2026.

5. 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 represents less than 10% of the total consolidated revenues or total assets to the Company's operations and therefore not considered to be a reportable segment.

For the year ended December 31, 2024, three customers contributed 40% to the Group's revenue.

For the year ended December 31, 2023, two customers contributed 30% to the Group's revenue.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

6. EXPENSES BY NATURE

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

	2024	2023
	US\$	US\$
		Revised
Expenses		
Wages and employee benefits	47,094,408	43,123,982
Drill rig expenses	34,928,407	33,146,726
External services, contractors and others	24,526,669	22,392,910
Depreciation	12,818,880	11,112,049
Repairs and maintenance	5,656,098	5,302,891
	<u>125,024,462</u>	<u>115,078,558</u>
	2024	2023
	US\$	US\$
Cost of sales	108,377,481	99,956,530
Selling, general and administrative expenses	16,646,981	15,122,028 ⁽¹⁾
	<u>125,024,462</u>	<u>115,078,558</u>

⁽¹⁾ The comparative period was revised to disaggregate expected lifetime credit recovery/(loss) from selling, general and administrative expenses to conform with the requirements of IAS 1.

7. TAXATION

(i) Income tax expense

	2024	2023
	US\$	US\$
Current tax expense (iii)	7,981,207	6,402,785
Deferred tax expense / (recovery) (v)	217,530	(1,648,105)
	<u>8,198,737</u>	<u>4,754,680</u>

(ii) Taxes payable

	Balance at	Payments	Charge for	Balance at
	Jan. 1	during the	the year	Dec. 31
	US\$	year	the year	US\$
		US\$	US\$	
2024	175,401	(4,401,221)	7,981,207	3,755,387
2023	2,948,563	(9,175,947)	6,402,785	175,401

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

7. TAXATION (CONTINUED)

(iii) Reconciliation of effective tax rate

	2024	2023
	US\$	US\$
Income before tax	17,262,519	8,518,833
Corporate tax at 25% ⁽¹⁾	4,315,630	2,129,708
Add:		
Effect of different rate tax countries	1,112,713	(1,452,554)
Adjustments for current tax of prior years	-	589,606
Deferred tax liability on undistributed profits of subsidiary	100,000	-
Tax effect of amounts that are not deductible in calculating taxable income	637,674	256,700
Tax expense before withholding tax	6,166,017	1,523,460
	35.7%	17.9%
Add:		
Withholding tax	2,032,720	3,231,220
Total tax expense	8,198,737	4,754,680
Effective tax rate	47.5%	55.8%

(1) Based on the corporation tax rate in Ghana of 25%.

(iv) Deferred tax asset / (liability)

	2024	2023
	US\$	US\$
Deferred tax asset	-	877,813
Deferred tax liability	(1,837,104)	(2,497,387)
Balance at end of the year	(1,837,104)	(1,619,574)

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

7. TAXATION (CONTINUED)

(v) Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2024	2023
	US\$	US\$
Tax losses carried forward ⁽¹⁾	2,748,972	1,647,258
Deferred tax asset not recognized ⁽²⁾	(2,183,322)	(1,165,665)
Deferred tax on undistributed profits	(100,000)	-
Property, plant and equipment	(2,509,187)	(3,170,298)
Movement in expected lifetime credit losses	-	903,350
Provision for inventory obsolescence	206,433	165,781
Total	(1,837,104)	(1,619,574)

	2024	2023
	US\$	US\$
Balance at January 1	(1,619,574)	(3,267,679)
(Expense) / recovery for the year	(217,530)	1,648,105
Balance at end of the year	(1,837,104)	(1,619,574)

⁽¹⁾ The Group has tax losses in numerous jurisdictions that are available for the years December 31, 2025 through December 31, 2029.

⁽²⁾ 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. Deferred tax assets have been recognized where it is considered probable that the Group will generate sufficient future taxable income to 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 CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

8. PROPERTY, PLANT AND EQUIPMENT

2024	Motor Vehicles US\$	Plant & Equipment US\$	Drill Rigs (1) US\$	Land & Leasehold Improvements US\$	Capital Work in Progress (CWIP) US\$	Total US\$
Cost						
Balance at January 1, 2024	11,893,196	34,182,385	80,833,363	9,714,005	10,011,355	146,634,304
Additions	-	-	-	-	21,228,902	21,228,902
Reclassifications from CWIP	782,798	2,929,944	8,355,244	1,374,678	(13,442,664)	-
Assets retired during the year	(599,113)	(691,635)	(3,286,993)	(966,502)	-	(5,544,243)
Balance at December 31, 2024	12,076,881	36,420,694	85,901,614	10,122,181	17,797,593	162,318,963
Accumulated Depreciation						
Balance at January 1, 2024	9,456,635	26,615,816	43,605,178	4,697,732	-	84,375,361
Charge for the year	981,256	2,770,568	7,551,359	813,489	-	12,116,672
Assets retired during the year	(599,113)	(691,635)	(3,286,993)	(966,502)	-	(5,544,243)
Balance at December 31, 2024	9,838,778	28,694,749	47,869,544	4,544,719	-	90,947,790
Carrying amounts at December 31, 2024	2,238,103	7,725,945	38,032,070	5,577,462	17,797,593	71,371,173

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

Additions in the year relate to additional drill rigs, additional ancillary equipment, costs associated with rebuilding existing drill rigs and related equipment, additional trucks, additional light vehicles and costs associated with completing certain workshops and supply bases.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2023	Motor Vehicles US\$	Plant & Equipment US\$	Drill Rigs (1) US\$	Land & Leasehold Improvements US\$	Capital Work in Progress (CWIP) US\$	Total US\$
Cost						
Balance at January 1, 2023	11,468,172	31,476,900	75,706,489	7,873,539	11,010,796	137,535,896
Additions	-	-	-	-	15,659,915	15,659,915
Reclassifications from CWIP	568,269	3,948,551	10,259,263	1,883,273	(16,659,356)	-
Assets retired during the year	(143,245)	(1,243,066)	(5,132,389)	(42,807)	-	(6,561,507)
Balance at December 31, 2023	11,893,196	34,182,385	80,833,363	9,714,005	10,011,355	146,634,304
Accumulated Depreciation						
Balance at January 1, 2023	8,639,853	25,545,523	42,452,897	3,838,881	-	80,477,154
Charge for the year	960,027	2,313,359	6,284,670	858,851	-	10,416,907
Assets retired during the year	(143,245)	(1,243,066)	(5,132,389)	-	-	(6,518,700)
Balance at December 31, 2023	9,456,635	26,615,816	43,605,178	4,697,732	-	84,375,361
Carrying amounts at December 31, 2023	2,436,561	7,566,569	37,228,185	5,016,273	10,011,355	62,258,943

(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 CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation has been charged in the Statement of Comprehensive Income as follows:

	2024	2023
	US\$	US\$
Cost of sales	11,303,182	9,558,057
Selling, general and administrative expenses	813,490	858,850
	<u>12,116,672</u>	<u>10,416,907</u>

As at December 31, 2024, property, plant and equipment with a carrying amount of US\$23,649,178 (December 31, 2023: US\$22,786,018) has been pledged as security for certain loans (Note 14).

Management did not identify any indicators of impairment as at December 31, 2024.

9. RIGHT-OF-USE ASSETS

	2024	2023
	US\$	US\$
Cost		
Balance at January 1,	3,085,878	3,345,828
Additions	1,339,897	509,692
Disposals	(2,411,065)	(769,642)
Balance at the end of the year	<u>2,014,710</u>	<u>3,085,878</u>
Accumulated Depreciation		
Balance at January 1,	2,379,358	2,043,340
Charge for the year	702,208	695,142
Assets expired in the year	(2,378,253)	(359,124)
Balance at the end of the year	<u>703,313</u>	<u>2,379,358</u>
Carrying amounts at the end of the year	<u>1,311,397</u>	<u>706,520</u>

The amount of depreciation recognized as expense in the year ended December 31, 2024 was US\$702,208 (December 31, 2023: US\$695,142).

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

10. 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). Additions relate to the Company receiving shares as settlement of trade receivables. Movements in the year are shown in the table below:

	2024	2023
	US\$	US\$
Balance at January 1,	174,631	720,511
Additions	9,208,881	656,066
Disposals	(497,803)	(418,777)
Loss through profit and loss	(2,416,005)	(783,169)
Balance at end of the year	6,469,704	174,631

11. INVENTORIES

	2024	2023
	US\$	US\$
Inventories on hand	36,699,827	34,985,297
Inventories in transit	1,389,296	1,343,997
Provision for obsolescence	(1,401,989)	(1,135,839)
	36,687,134	35,193,455

The amount of inventories recognized as cost of sales for the year is US\$41,314,780 (2023: US\$39,789,698).

As at December 31, 2024, inventories with a carrying amount of US\$10,500,000 (December 31, 2023: US\$10,500,000) has been pledged as security for certain loans (Note 14).

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	US\$	US\$
Trade receivables	25,824,977	35,753,159
Expected life time credit losses	(1,901,540)	(5,481,683)
Net trade receivables	23,923,437	30,271,476
Sundry receivables	6,314,158	2,392,745
	30,237,595	32,664,221

As at December 31, 2024, trade receivables with a carrying amount of US\$11,349,811 (December 31, 2023: US\$19,718,054) have been pledged as security for certain loans (Note 14).

During the year, certain trade receivables were settled by customers issuing publicly listed shares to the Company (Note 10).

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations. The Group's customers are given 30 to 60 day credit periods for services rendered. Certain customers take longer than 60 days to settle their accounts.

The Group provides for expected credit losses for trade receivables based on the aging of trade receivables as described in Notes 2 and 3. As at December 31, 2024, an amount of US\$4.9M or 19% of the trade accounts receivable are aged over 90 days (December 31, 2023: US\$15.2M or 42%). As at December 31, 2024 the Group has approximately US\$1.9M in provisions against its greater than 90 day category of trade receivables (December 31, 2023: US\$5.4M).

The movements in the expected life time credit losses is as follows:

	2024	2023
	US\$	US\$
Balance at January 1	5,481,683	1,389,634
Movement in expected lifetime credit losses in the year	(3,877,931)	5,363,396
Amounts recovered / (written off) in the year	297,788	(1,271,347)
Balance at end of year	<u>1,901,540</u>	<u>5,481,683</u>

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is disclosed in Note 18.

13. NON-CONTROLLING INTERESTS

	2024	2023
	US\$	US\$
Recon Drilling S.A.C. (5%)	(92,393)	(79,181)
Recon Drilling Chile SPA (5%)	(288,714)	(93,241)
Geo-Drill SARL (5%)	31,573	17,882
Balance at end of year	<u>(349,534)</u>	<u>(154,540)</u>

14. LOANS PAYABLE

	2024	2023
	US\$	US\$
US\$10M Revolving Line of Credit (i)	6,000,000	10,000,000
US\$7.5M Medium Term Loan (ii)	2,250,000	-
US\$4.0M Medium Term Loan (iii)	333,333	1,000,000
Equipment Loan (iv)	1,657,099	-
US\$6.0M Medium Term Loan (v)	-	980,303
Total	<u>10,240,432</u>	<u>11,980,303</u>
Current portion of loans	7,910,585	11,646,970
Non-current portion of loans	<u>2,329,847</u>	<u>333,333</u>

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

14. LOANS PAYABLE (CONTINUED)

(i) US\$10.0M Revolving Line of Credit

During 2024, the Group renewed the US\$10.0M Revolving Line of Credit (the “US\$10.0M Revolving Line of Credit”) with Ecobank Ghana Limited until October 31, 2025. 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 9.3% (applicable 3 months Secured Overnight Financing Rate (SOFR) plus a margin of 3.91%) 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 8, Note 11 and Note 12). 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 December 31, 2024, the Group was in compliance with normal course covenants. As at December 31, 2024, the Group has outstanding US\$6.0M on the US\$10.0M Revolving Line of Credit and US\$4.0M still available for drawdown.

(ii) US\$7.5M Medium Term Loan

During 2024, the Group entered into a new US\$7.5M Medium Term Loan (the “US\$7.5M Medium Term Loan”) with Ecobank Ghana Limited until December 31, 2025. Multiple drawings are permitted under the US\$7.5M Medium Term Loan and principal amounts are repayable quarterly over twelve quarters whereas interest is repayable monthly. The US\$7.5M Medium Term Loan bears interest at a rate of 9.3% (applicable 3 months Secured Overnight Financing Rate (SOFR) plus a margin of 3.91%) per annum on any utilized portion and is subject to periodic review in line with market conditions. Any unutilized amounts after six months from January 1, 2025 bear a commitment fee of 0.15% per annum. The US\$7.5M Medium Term Loan is secured by certain assets of the Group (Note 8, Note 11 and Note 12). The US\$7.5M Medium Term Loan may be repaid prior to maturity by the Group subject to a 5% penalty on principal and interest accrued to the date of such repayment. The effective interest rate of the US\$7.5M Medium Term Loan is 9.9%. The US\$7.5M Medium Term Loan is subject to, and as at December 31, 2024, the Group was in compliance with normal course covenants. As at December 31, 2024, the Group had drawn US\$3.0M on the US\$7.5M Medium Term Loan leaving US\$4.5M still available for drawdown.

(iii) US\$4.0M Medium Term Loan

During 2024, the Group renewed the US\$4.0M Medium Term Loan (the “US\$4.0M Medium Term Loan”) with Ecobank Ghana Limited until May 31, 2025. No further 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 9.3% (applicable 3 months Secured Overnight Financing Rate (SOFR) plus a margin of 3.91%) 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 8, Note 11 and Note 11). 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 8.3%. The US\$4.0M Medium Term Loan is subject to, and as at December 31, 2024, the Group was in compliance with normal course covenants. As at December 31, 2024, the Group had drawn US\$2.0M on the US\$4.0M Medium Term Loan and no further drawdowns are permitted on the US\$4.0M Medium Term Loan.

(iv) Equipment Loan

During 2024, the Group entered into a Term Loan Facility Agreement (“Equipment Loan”) with Sandvik Financial Services AB (PUBL) (“Sandvik”) for up to US\$2.0M relating to the purchase of a drill rig. The Equipment Loan requires the repayment of the loan over a period of 36 months with payments being made monthly. The Equipment Loan bears interest at 8.7% per annum, includes an arrangement fee and stipulates that final title to the rig will only pass once all payments have been made. All other risks and rewards of ownership lie with the Group. The effective interest rate of the Equipment Loan is 8.9%.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

14. LOANS PAYABLE (CONTINUED)

(v) US\$6.0M Medium Term Loan

The Group renewed the US\$6.0M Medium Term Loan (the “US\$6.0M Medium Term Loan”) with Ecobank Ghana Limited until May 31, 2024. No further drawings were permitted under the US\$6.0M Medium Term Loan and principal amounts were repayable quarterly over twelve quarters whereas interest was repayable monthly. The US\$6.0M Medium Term Loan bore interest at a rate of 9.3% per and was subject to periodic review in line with market conditions. The US\$6.0M Medium Term Loan was secured by certain assets of the Group (Note 8, Note 11 and Note 12). The US\$6.0M Medium Term Loan had the capacity of being 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 was 8.3%. The US\$6.0M Medium Term Loan was repaid on May 31, 2024.

15. TRADE AND OTHER PAYABLES

	2024	2023
	US\$	US\$
Trade payables	11,794,864	11,681,881
Other creditors and accrued expenses	11,531,653	9,628,707
VAT liability	1,686,548	2,037,373
	<hr/> 25,013,065	<hr/> 23,347,961

Trade and other payables denominated in currencies other than the Group’s functional currency are detailed in Note 18iii(a).

16. EMPLOYEE BENEFIT OBLIGATIONS

Defined Contribution Plans

(i) Social Security

The Group contributes to various social security plans. Under the plans, the Group makes contributions into government funds. The amounts contributed during the year were US\$91,718 (2023: US\$78,683). The Group’s obligation is limited to the relevant contributions which have been recognized in the year-end financial statements as expenses, and liabilities if due but not paid.

(ii) Provident Fund

The Group contributes for certain staff to a provident fund plan. The amounts contributed during the year were US\$24,751 (2023: US\$19,513). The Group’s obligation is limited to the relevant contributions which have been recognized in the year-end financial statements as expenses, and liabilities if due but not paid.

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 and are categorized as level 1 fair value measurements.

There were no financial instruments classified as level 2 or 3 in the fair value hierarchy at December 31, 2024 and 2023.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

18. 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 risk management 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 customers are given 30 to 60 day credit periods for services rendered. Certain customers take longer than 60 days to settle their accounts.

As at December 31, 2024, five customers contributed more than 60% to the Group's trade receivables.

As at December 31, 2023, three customers contributed more than 40% to the Group's trade receivables.

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:

	2024	2023
	US\$	US\$
Trade and other receivables	30,237,595	32,664,221
Cash	13,051,518	15,638,682
	<hr/> 43,289,113	<hr/> 48,302,903

For Cash, the company only maintains funds with independent parties, and only entities with a good reputation are accepted as counterparties.

For trade and other receivables, the company assesses the quality of the counterparties, taking into account its financial position, past experience and other factors.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Credit risk (continued)

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

	2024	2023
	US\$	US\$
Mining and exploration companies	23,923,437	30,271,476
Others	6,314,158	2,392,745
	<u>30,237,595</u>	<u>32,664,221</u>

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

	December 31, 2024		December 31, 2023	
	US\$	US\$	US\$	US\$
	Gross	Net of ECL	Gross	Net of ECL
Less than 30 days	9,220,129	9,217,882	9,147,271	9,145,296
31 - 60 days	9,528,527	9,523,928	8,149,560	8,146,518
61 - 90 days	2,178,707	2,136,802	3,266,754	3,232,614
91 days and greater	4,897,613	3,044,825	15,189,574	9,747,048
	<u>25,824,976</u>	<u>23,923,437</u>	<u>35,753,159</u>	<u>30,271,476</u>

(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	Within	Greater than
	US\$	One Year	One Year
		US\$	US\$
December 31, 2024			
Non-derivative financial liability			
Trade and other payables	25,013,065	25,013,065	-
Loans payable	10,240,432	7,910,585	2,329,847
Lease liabilities	1,119,725	707,447	412,278
Balance at December 31, 2024	<u>36,373,222</u>	<u>33,631,097</u>	<u>2,742,125</u>
December 31, 2023			
Non-derivative financial liability			
Trade and other payables	21,310,588	21,310,588	-
Loans payable	11,980,303	11,646,970	333,333
Lease liabilities	644,954	437,876	207,078
Balance at December 31, 2023	<u>33,935,845</u>	<u>33,395,434</u>	<u>540,411</u>

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 and other 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 significant exposure to foreign currency risk was as follows based on foreign currency amounts.

December 31, 2024

	EURO	GHS	CFA	AUD	CAD	CLP
Cash	1,014,100	13,513,045	2,794,351,644	246,169	45,302	3,411,777
Financial assets at fair value through profit and loss	-	-	-	466,294	8,355,448	-
Trade and other receivables	6,552	21,889,149	7,159,675,205	-	-	75,273,414
Trade payables	(10,534)	(21,103,833)	(644,355,936)	(2,896,570)	(2,227,780)	(1,802,480,261)
Taxes payable	-	-	(750,479,606)	-	-	-
Lease Liabilities	-	(196,688)	(53,959,007)	-	-	(257,613,566)
Gross exposure	1,010,118	14,101,673	8,505,232,300	(2,184,107)	6,172,970	(1,981,408,636)

December 31, 2023

	EURO	GHS	CFA	AUD	CAD	CLP
Cash	61,140	5,084,863	5,433,584,684	13,588	23,273	98,254,897
Financial assets at fair value through profit and loss	-	-	-	225,760	-	-
Trade and other receivables	2,908	10,284,855	6,763,487,044	-	-	544,555,947
Trade payables	(484)	(21,609,650)	(832,579,204)	(2,021,662)	(2,642,969)	(187,044,314)
Taxes payable	-	-	(167,575,586)	-	-	-
Lease Liabilities	-	(909,285)	-	-	-	-
Gross exposure	63,564	(7,149,217)	11,196,916,938	(1,782,314)	(2,619,696)	455,766,530

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Market risk (continued)

(a) Foreign currency risk (continued)

The following significant exchange rates applied during the years:

US\$1=	2024		2023	
	Reporting Rate	Average Rate	Reporting Rate	Average Rate
EURO	0.9626	0.9212	0.9060	0.9272
GHS	14.7017	14.2216	11.9521	11.5589
CFA	631.4540	604.2670	594.2660	608.1702
AUD	1.6116	1.5087	1.4666	1.5047
CAD	1.4371	1.3629	1.3247	1.3508
CLP	993.5620	934.3864	878.5450	838.8857

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,	2024		2023	
	Profit or Loss impact before tax		Profit or Loss impact before tax	
	% Change	US\$	% Change	US\$
EURO	±10	±104,936	±10	±7,016
GHS	±10	±95,919	±10	±52,208
CFA	±10	±1,346,928	±10	±1,884,159
AUD	±10	±135,524	±10	±121,527
CAD	±10	±429,543	±10	±197,758
CLP	±10	±199,425	±10	±51,877

(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:

	2024 US\$	2023 US\$
Variable rate instruments		
Bank balances	13,051,518	15,638,682
Fixed rate instruments		
Loans	10,240,432	11,980,303

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

(iii) Market risk (continued)

(b) Interest rate risk (continued)

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 2024 and 2023.

As at December 31,	2024			2023		
	% Change	Profit or Loss impact before tax US\$	Equity US\$	% Change	Profit or Loss impact before tax US\$	Equity US\$
Bank balances	±2%	±261,030	±261,030	±2%	±312,774	±312,774

(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, 2024 and 2023 is as follows:

Capital Management	2024 US\$	2023 US\$
Loans payable	10,240,432	11,980,303
Share capital	28,547,515	28,258,711
Share-based payment reserve	3,946,719	3,735,982
Retained earnings	87,382,062	78,123,286
	<u>130,116,728</u>	<u>122,098,282</u>

(c) Investment in 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, 2024 would increase/decrease by US\$646,970 (2023: US\$17,463).

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

19. RELATED PARTY TRANSACTIONS

Related party	Relationship	Location	2024	2023
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%
Geodrill Senegal SARL	Subsidiary	Senegal	100%	100%
Company AL-TANQIB AL-MUTAKHIS For Mining LLC	Subsidiary	Saudi Arabia	100%	N/A
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	-	-

(i) Transactions with related parties

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

The Harper Family Settlement owns 37.1% (December 31, 2023: 37.3%) of the issued share capital of Geodrill Limited.

On October 1, 2024, 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\$244,000 per annum and rent for the Accra property of US\$99,000 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, 2026; 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, 2024, the right-of-use assets relating to the properties above was US\$554,623 (December 31, 2023: US\$275,146) and the related lease liabilities were US\$560,849 (December 31, 2023: US\$263,836).

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

19. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Key management personnel and directors' transactions

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of the family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as directors of the Company and other senior management staff including the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Executive General Manager and Zone Manager. 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 Company.

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

	2024	2023
	US\$	US\$
Short-term benefits	5,685,392	4,790,658
Share-based payment arrangements	276,470	390,342
	<u>5,961,862</u>	<u>5,181,000</u>

20. COMMITMENTS

As at December 31, 2024, the Group had capital commitments of US\$Nil (December 31, 2023: US\$1,850,000).

21. SHARE CAPITAL AND RESERVES

(i) Share capital

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

Share capital

	2024	2023
Shares issued and fully paid	47,163,170	46,921,400
Shares reserved for share option plan	4,716,317	4,692,140
Total shares issued and reserved	<u>51,879,487</u>	<u>51,613,540</u>

Reconciliation of changes in issued shares

	2024	2023
Shares issued at January 1,	46,921,400	46,836,400
Stock options exercised	241,770	85,000
Shares issued at end of year	<u>47,163,170</u>	<u>46,921,400</u>

All shares rank equally with regards to the Company'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 years ended December 31, 2024 and December 31, 2023, the Company did not re-purchase nor cancel any shares under its NCIB.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2024 and 2023

21. SHARE CAPITAL AND RESERVES (CONTINUED)

(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 stock option plan.

The share based payment expense for the year of US\$276,470 (2023: of US\$390,342) was included in selling, general and administrative expenses in the Consolidated Statements of Comprehensive Income.

(iii) Retained earnings

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

22. EARNINGS PER SHARE

(i) Basic earnings per share

The calculation of basic earnings per share for the year ended December 31, 2024 was based on the income attributable to ordinary shareholders of US\$9,258,776(2023: US\$3,901,317), and on the weighted average number of ordinary shares outstanding of 47,082,040 (2023: 46,902,554) calculated as follows:

	2024	2023
	US\$	US\$
Income attributable to ordinary shareholders	9,258,776	3,901,317
<hr/>		
Weighted average number of ordinary shares		
	2024	2023
	Shares	Shares
Issued ordinary shares	47,082,040	46,902,554
<hr/>		
Earnings per share	\$0.20	\$0.08

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

22. EARNINGS PER SHARE (CONTINUED)

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the year ended December 31, 2024 was based on the income attributable to ordinary shareholders of US\$9,258,776 (2023: US\$3,901,317), and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 47,616,431 (2023: 47,678,174), calculated as follows:

	2024	2023
	US\$	US\$
Income attributable to ordinary shareholders	9,258,776	3,901,317

Weighted average number of ordinary shares - diluted

	2024	2023
	Shares	Shares
Weighted average number of ordinary shares - basic	47,082,040	46,902,554
Effect of share options in issue	534,391 ⁽¹⁾	775,620 ⁽²⁾
	<u>47,616,431</u>	<u>47,678,174</u>
Diluted earnings per share	\$0.19	\$0.08

⁽¹⁾ For the year ended December 31, 2024, 3,000,000 options in issue were dilutive and had a \$0.01 an effect on the calculation of the diluted earnings per share amount.

⁽²⁾ For the year ended December 31, 2023, 2,495,000 options in issue were dilutive but did not have an effect on the calculation of the diluted earnings per share amount.

23. DIVIDENDS

The Company declared a dividend of CAD\$0.04 per share on March 4, 2023.

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

24. EQUITY-SETTLED SHARE-BASED PAYMENTS

Stock Option Plan (“SOP”)

The Company has established a SOP, which is intended to aid in attracting, retaining and motivating the Company’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.

	2024		2023	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	3,275,000	CAD\$2.17	2,600,000	CAD\$1.89
Total granted in the year	780,000	CAD\$1.71	780,000	CAD\$3.05
Total exercised in the year	(241,770)	CAD\$1.36	(85,000)	CAD\$1.89
Total expired in the year	(33,230)	CAD\$1.36	(20,000)	CAD\$2.00
Balance ending	3,780,000	CAD\$2.13	3,275,000	CAD\$2.17

The following table summarizes the options outstanding at December 31, 2024:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on March 9, 2020	CAD\$1.71	750,000	3 mos	750,000
Granted on March 15, 2021	CAD\$1.94	690,000	1 Yr & 3 mos	630,000
Granted on May 16, 2022	CAD\$2.20	780,000	1 Yrs & 5 mos	780,000
Granted on March 13, 2023	CAD\$3.05	780,000	3 Yrs & 3 mos	520,000
Granted on March 11, 2024	CAD\$1.71	780,000	4 Yrs & 3 mos	260,000

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

Granted on	March 9, 2020	March 15, 2021	May 16, 2022	March 13, 2023	March 11, 2024
Risk free interest rate	0.53%	1.02%	2.73%	2.90%	3.42%
Expected dividend yield	0%	1%	3%	3%	2%
Stock price volatility	43%	40%	38%	39%	42%
Expected life of options	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	30%	30%	30%	30%	30%

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

GEODRILL LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

25. 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.

The Burkina Faso tax authorities have appealed the administrative court ruling and Geodrill's legal council is reviewing the notice of appeal.

As at March 1, 2025, the administrative courts have not responded to the appeal nor have they set a trial date.