

GEODRILL LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2024 and 2023

(unaudited)
(in United States dollars)

GEODRILL LIMITED
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
As at March 31, 2024 and December 31, 2023

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

As at March 31, 2024 and December 31, 2023

	<i>Note</i>	March 31, 2024 US\$	December 31, 2023 US\$
Assets			
Non-current assets			
Deferred tax asset	8(iv)	1,312,367	877,813
Property, plant and equipment	9	64,328,008	62,258,943
Right-of-use assets	10	622,074	706,520
Total non-current assets		66,262,449	63,843,276
Current assets			
Financial assets at fair value through profit or loss	11	230,815	174,631
Inventories	12	37,108,273	35,193,455
Prepayments		1,306,738	1,095,180
Trade and other receivables	13	39,387,149	32,664,221
Cash		7,657,681	15,638,682
Total current assets		85,690,656	84,766,169
Total assets		151,953,105	148,609,445
Equity and liabilities			
Equity			
Share capital		28,258,711	28,258,711
Share-based payment reserve		3,873,372	3,735,982
Retained earnings		80,225,456	78,123,286
Capital and reserves attributable to owners of Geodrill Limited		112,357,539	110,117,979
Non-controlling interests	14	(142,400)	(154,540)
Total equity		112,215,139	109,963,439
Liabilities			
Non-current liabilities			
Deferred tax liability	8(iv)	2,625,549	2,497,387
Loans payable	15	2,166,667	333,333
Lease liabilities		177,532	207,078
Total non-current liabilities		4,969,748	3,037,798
Current liabilities			
Trade and other payables	16	25,712,464	23,347,961
Loans payable	15	8,156,818	11,646,970
Lease liabilities		347,015	437,876
Taxes payable	8(ii)	551,921	175,401
Total current liabilities		34,768,218	35,608,208
Total equity and liabilities		151,953,105	148,609,445
Contingency	24		

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

For the three months ended March 31, 2024 and 2023

	Note	March 31, 2024 US\$	March 31, 2023 US\$
Revenue		34,667,339	37,561,750
Cost of sales	7	(27,222,666)	(25,386,094)
Gross profit		7,444,673	12,175,656
Selling, general and administrative expenses	7	(3,995,142)	(4,506,700)
Foreign exchange (loss) / gain		(108,579)	377,009
Other income / (loss)		137,275	(71,562)
Results from operating activities		3,478,227	7,974,403
Finance costs		(236,299)	(111,578)
Income before taxation		3,241,928	7,862,825
Income tax expense	8(i)	(1,127,618)	(1,732,904)
Income and total comprehensive income for the period		2,114,310	6,129,921
Income and total comprehensive income for the period is attributable to:			
Owners of Geodrill Limited		2,102,170	6,130,180
Non-controlling interests		12,140	(259)
		2,114,310	6,129,921
Earnings per share for income attributable to the ordinary equity holders of the Company			
Basic	21(i)	\$0.04	\$0.13
Diluted	21(ii)	\$0.04	\$0.13

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

For the three months ended March 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 period	-	-	2,102,170	12,140	2,114,310
Dividends (Note 22)	-	-	-	-	-
Exercise of stock options	-	-	-	-	-
Share-based payment expense	-	137,390	-	-	137,390
Balance at March 31, 2024	28,258,711	3,873,372	80,225,456	(142,400)	112,215,139
Balance at January 1, 2023	28,106,386	3,379,386	75,589,126	(17,376)	107,057,522
Income and total comprehensive income for the period	-	-	6,130,180	(259)	6,129,921
Dividends (Note 22)	-	-	(1,367,157)	-	(1,367,157)
Exercise of stock options	75,978	(16,955)	-	-	59,023
Share-based payment expense	-	192,559	-	-	192,559
Balance at March 31, 2023	28,182,364	3,554,990	80,352,149	(17,635)	112,071,868

GEODRILL LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2024 and 2023

	March 31, 2024 US\$	March 31, 2023 US\$
Cash flows from operating activities		
Income before taxation	3,241,928	7,862,825
<i>Adjustments for:</i>		
Depreciation expense	3,184,779	2,475,942
Movement in expected lifetime credit losses	106,155	339,740
Change in provision for inventory obsolescence	(1,795)	(45,768)
Equity-settled share-based payment expense	137,390	192,559
Finance costs	236,299	111,578
(Gains) / loss on financial assets at fair value through profit and loss	(137,275)	71,562
Unrealized foreign exchange gain / (loss)	307,337	(383,329)
	7,074,818	10,625,109
Change in financial assets at fair value through profit and loss	81,091	196,011
Change in inventories	(1,913,023)	(426,452)
Change in prepayments	(211,558)	(225,452)
Change in trade and other receivables	(6,829,083)	(6,087,245)
Change in trade and other payables	1,929,919	(34,121)
	132,164	4,047,850
Finance costs paid	(225,467)	(84,121)
Income taxes paid	(1,057,490)	(1,290,533)
Net cash (used in) / generated from operating activities	(1,150,793)	2,673,196
Investing activities		
Purchase of property, plant and equipment	(4,790,496)	(3,075,307)
Net cash used in investing activities	(4,790,496)	(3,075,307)
Financing activities		
Loans received	3,000,000	4,000,000
Loan payments	(4,656,818)	(656,818)
Cash received on exercise of options	-	59,025
Lease liabilities payments	(184,136)	(201,435)
Net cash (used in) / generated from financing activities	(1,840,954)	3,200,772
Effect of movement in exchange rates on cash	(198,758)	6,320
Net (decrease) / increase in cash	(7,981,001)	2,804,981
Cash at beginning of the period	15,638,682	14,391,470
Cash at end of the period	7,657,681	17,196,451

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

For the three months ended March 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 unaudited condensed interim consolidated financial statements of the Company for the periods ended March 31, 2024 and 2023 comprise the interim financial statements of the Company and its wholly owned subsidiaries, Geodrill Ghana Ltd, Geodrill Mauritius Limited, Geodrill Cote d’Ivoire SARL, Drilling Services Malta Limited, Vannin Resources, Unipessoal Limitada, Geodrill Sondagens LTDA, Silver Back Egypt for Mining and Drilling Services S.A.E., Geodrill for Leasing and Specialized Services Freezone LLC, Geodrill Leasing Company Limited, Geodrill Senegal SARL, 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 Egypt Branch Limited being Geodrill Mauritius Limited’s registered foreign Egypt operating entity, Recon Drilling S.A.C. of which the Company owns a 95% shareholding, Recon Drilling Chile SPA of which the Company owns a 95% shareholding and Geo-Drill SARL of which the Company owns a 95% shareholding, GTS Drilling Ltd a company under common control, collectively referred to as the “Group”.

The Group is primarily a provider of mineral exploration drilling services. These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of Geodrill on May 11, 2024.

2. BASIS OF PREPARATION

(a) Statement of compliance

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024 have been prepared in accordance with IAS 34, Interim Financial Reporting, on a basis consistent with the accounting policies as presented in Note 2 disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2023. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS”) has been omitted or condensed. The accounting policies applied in these unaudited condensed interim consolidated financial statements are consistent with those applied in the preparation of, and disclosed in, the consolidated annual financial statements for the year ended December 31, 2023 except for the adoption of new IFRSs effective as of January 1, 2024. The new IFRSs have had no significant impact on the condensed interim consolidated financial statements.

IFRSs effective as of January 1, 2024:

- Amendments to IAS 1 – Non-current Liabilities with Covenants (Amendments to IAS 1).
- Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback (Amendments to IFRS 16).
- Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

(b) Basis of measurement

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

GEODRILL LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three months ended March 31, 2024 and 2023

2. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

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

(d) Critical accounting estimates and judgments

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2023.

(e) 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.

3. MATERIAL ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENTS

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company as at and for the year ended December 31, 2023.

Critical estimates and judgements applicable to these financial statements remain consistent with those disclosed in the annual consolidated financial statements of the Company as at and for the year ended December 31, 2023.

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 at higher risk of default. Significant judgements are made in determining the adjustments for these factors. There are large aged trade receivable balances for which judgement is required to determine the measurement of the impairment provision at the reporting date.

GEODRILL LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three months ended March 31, 2024 and 2023

4. DETERMINATION OF FAIR VALUES

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

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

(a) Trade and other receivables

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

(b) Cash

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

(c) Trade and other payables

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

(d) Loans payable

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

(e) Share-based payment transactions

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

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

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

5. SEASONALITY OF OPERATIONS

The operations have tended to exhibit a seasonal pattern. The first and fourth quarters are affected due to shutdown of exploration activities, often for extended periods over the holiday season, and the first quarter of 2024 was affected by the shutdown. The second quarter is typically affected by the Easter shutdown of exploration activities affecting some of the rigs for up to one week, however, Easter occurred in Q1 2024 but the Company was not impacted by Easter. The wet season occurs (in some geographical areas where the Group operates, particularly in Mali) normally in the third quarter, but in recent years the global weather pattern has become somewhat erratic. The Group has historically taken advantage of the wet season and has scheduled the third quarter for maintenance and rebuild programs for drill rigs and equipment.

GEODRILL LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
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6. SEGMENT REPORTING

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

For the three months ended March 31, 2024, four customers individually contributed 10% or more to the Group's revenue. One customer contributed 16%, two customers contributed 14% and one customer contributed 10%.

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

7. EXPENSES BY NATURE

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

	March 31, 2024	March 31, 2023
	US\$	US\$
Expenses		
Wages and employee benefits	11,786,734	11,226,674
Drill rig expenses	8,795,768	9,095,656
External services, contractors and others	5,689,530	5,494,383
Depreciation	3,184,779	2,475,942
Repairs and maintenance	1,654,842	1,260,399
Expected lifetime credit losses	106,155	339,740
	<hr/> 31,217,808	<hr/> 29,892,794
	March 31, 2024	March 31, 2023
	US\$	US\$
Cost of sales	27,222,666	25,386,094
Selling, general and administrative expenses	3,995,142	4,506,700
	<hr/> 31,217,808	<hr/> 29,892,794

GEODRILL LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three months ended March 31, 2024 and 2023

8. TAXATION

(i) Income tax expense

	March 31, 2024	March 31, 2023
	US\$	US\$
Current tax expense (iii)	1,434,010	1,131,266
Deferred tax (recovery) / expense (iv)	(306,392)	601,638
	<u>1,127,618</u>	<u>1,732,904</u>

(ii) Taxes payable

	Balance at	Payments	Charge for	Balance at
	Jan. 1	during the	the period	Mar. 31
	US\$	period	US\$	US\$
		US\$		
2024	175,401	(1,057,490)	1,434,010	551,921
2023	2,948,563	(1,290,533)	1,131,266	2,789,296

(iii) Reconciliation of effective tax rate

	March 31, 2024	March 31, 2023
	US\$	US\$
Income before tax	3,241,928	7,862,825
Corporate tax at 25%	810,482	1,965,706
Add:		
Effect of differing tax rates	(593,179)	(1,353,039)
Adjustments for current tax of prior years	-	173,785
Deferred tax liability on undistributed profits of subsidiary	450,000	675,000
Tax effect of amounts that are not deductible in calculating taxable income	53,608	115,106
Tax expense before withholding tax	720,911	1,576,558
	22.2%	20.1%
Add:		
Withholding tax	406,707	156,346
Total tax expense	<u>1,127,618</u>	<u>1,732,904</u>
Effective tax rate	<u>34.8%</u>	<u>22.0%</u>

GEODRILL LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three months ended March 31, 2024 and 2023

8. TAXATION (CONTINUED)

(iv) Deferred tax asset / (liability)

	March 31, 2024	December 31, 2023
	US\$	US\$
Deferred tax asset	1,312,367	877,813
Deferred tax liability	(2,625,549)	(2,497,387)
Balance at end of the year	(1,313,182)	(1,619,574)

(v) Recognized deferred tax assets and liabilities and movement in the period

Deferred tax assets and liabilities are attributable to the following:

	March 31, 2024	December 31, 2023
	US\$	US\$
Tax losses carried forward ⁽¹⁾	1,857,926	1,647,258
Deferred tax asset not recognized ⁽²⁾	(1,153,382)	(1,165,665)
Deferred tax on undistributed profits	(450,000)	-
Property, plant and equipment	(2,642,018)	(3,170,298)
Movement in expected lifetime credit losses	899,185	903,350
Provision for inventory obsolescence	175,107	165,781
Total	(1,313,182)	(1,619,574)

	March 31, 2024	December 31, 2023
	US\$	US\$
Balance at January 1	(1,619,574)	(3,267,679)
Recovery for the period	306,392	1,648,105
Balance at end of the period	(1,313,182)	(1,619,574)

⁽¹⁾ The Group has tax losses in numerous jurisdictions that are available for the years December 31, 2024 through December 31, 2028.

⁽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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three months ended March 31, 2024 and 2023

9. 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	-	-	-	-	5,115,250	5,115,250
Reclassifications from CWIP	37,142	1,097,654	3,176,567	222,136	(4,533,499)	-
Assets retired during the period	(123,589)	(250,622)	(1,504,842)	(588,981)	-	(2,468,034)
Balance at March 31, 2024	11,806,749	35,029,417	82,505,088	9,347,160	10,593,106	149,281,520
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 period	228,978	626,782	2,044,077	146,348	-	3,046,185
Assets retired during the period	(123,589)	(250,622)	(1,504,842)	(588,981)	-	(2,468,034)
Balance at March 31, 2024	9,562,024	26,991,976	44,144,413	4,255,099	-	84,953,512
Carrying amounts at March 31, 2024	2,244,725	8,037,441	38,360,675	5,092,061	10,593,106	64,328,008

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

GEODRILL LIMITED
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the three months ended March 31, 2024 and 2023

9. 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.

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9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation has been charged in comprehensive income as follows:

	March 31, 2024	March 31, 2023
	US\$	US\$
Cost of sales	2,899,838	2,082,875
Selling, general and administrative expenses	146,347	193,030
	<u>3,046,185</u>	<u>2,275,905</u>

As at March 31, 2024, property, plant and equipment with a carrying amount of US\$23,364,667 (December 31, 2023: US\$22,786,018) have been pledged as security for certain loans (Note 15).

10. RIGHT-OF-USE ASSETS

	March 31, 2024	December 31, 2023
	US\$	US\$
Cost		
Balance at January 1,	3,085,878	3,345,828
Additions	60,447	509,692
Disposals	(6,299)	(769,642)
Balance at the end of the period	<u>3,140,026</u>	<u>3,085,878</u>
Accumulated Depreciation		
Balance at January 1,	2,379,358	2,043,340
Charge for the period	138,594	695,142
Assets expired in the period	-	(359,124)
Balance at the end of the period	<u>2,517,952</u>	<u>2,379,358</u>
Carrying amounts at the end of the period	<u>622,074</u>	<u>706,520</u>

The amount of depreciation recognized as an expense in the three months ended March 31, 2024 was US\$138,594 (March 31, 2023: US\$200,035).

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11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	March 31, 2024	December 31, 2023
	US\$	US\$
Balance at January 1,	174,631	720,511
Additions	99,808	656,066
Disposals	(180,899)	(418,777)
Gain / (loss) through profit and loss	137,275	(783,169)
Balance at end of the period	230,815	174,631

12. INVENTORIES

	March 31, 2024	December 31, 2023
	US\$	US\$
Inventories on hand	35,908,194	34,985,297
Inventories in transit	2,334,123	1,343,997
Provision for obsolescence	(1,134,044)	(1,135,839)
	37,108,273	35,193,455

The amount of inventories recognized as expense in the three months ended March 31, 2024 is US\$10,427,594 (three months ended March 31, 2023: US\$10,597,171).

As at March 31, 2024, inventories with a carrying amount of US\$10,500,000 (December 31, 2023: US\$10,500,000) have been pledged as security for certain loans (Note 15).

13. TRADE AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023
	US\$	US\$
Trade receivables	41,945,291	35,753,159
Expected life time credit losses	(5,571,874)	(5,481,683)
Net trade receivables	36,373,417	30,271,476
Sundry receivables	3,013,732	2,392,745
	39,387,149	32,664,221

As at March 31, 2024, trade receivables with a carrying amount of US\$18,769,071 (December 31, 2023: US\$19,718,054) have been pledged as security for certain loans (Note 15).

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.

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13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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 March 31, 2024, an amount of US\$12.5M or 30% of the trade accounts receivable are aged over 90 days. As at March 31, 2024 the Group has approximately US\$5.5M in provisions against its greater than 90 day category of trade receivables.

As at March 31, 2024, the aging of the trade receivable balances aged over 90 days has decreased from December 31, 2023 as follows:

	March 31, 2024		December 31, 2023	
	US\$ Gross	US\$ Net of ECL	US\$ Gross	US\$ Net of ECL
Less than 30 days	14,409,940	14,406,601	9,147,271	9,145,296
31 - 60 days	13,353,415	13,347,643	8,149,560	8,146,518
61 - 90 days	1,699,973	1,680,375	3,266,754	3,232,614
91 days and greater	12,481,963	6,938,798	15,189,574	9,747,048
	41,945,291	36,373,417	35,753,159	30,271,476

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

	March 31, 2024 US\$	December 31, 2023 US\$
Balance at January 1	5,481,683	1,389,634
Movement in expected lifetime credit losses in the period	90,191	5,363,396
Amounts written off in the year	-	(1,271,347)
Balance at end of period	5,571,874	5,481,683

14 NON-CONTROLLING INTERESTS

	March 31, 2024 US\$	December 31, 2023 US\$
Recon Drilling S.A.C. (5%)	(87,805)	(79,181)
Recon Drilling Chile SPA (5%)	(86,460)	(93,241)
Geo-Drill SARL (5%)	31,865	17,882
Balance at end of period	(142,400)	(154,540)

15. LOANS PAYABLE

	March 31, 2024 US\$	December 31, 2023 US\$
US\$10M Revolving Line of Credit (i)	6,000,000	10,000,000
US\$6.0M Medium Term Loan (ii)	490,152	980,303
US\$4.0M Medium Term Loan (iii)	833,333	1,000,000
US\$7.5M Medium Term Loan (iv)	3,000,000	-
Total	10,323,485	11,980,303
Current portion of loans	8,156,818	11,646,970
Non-current portion of loans	2,166,667	333,333

GEODRILL LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2024 and 2023***15. LOANS PAYABLE (CONTINUED)****(i) US\$10.0M Revolving Line of Credit**

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, 2024. 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% per annum on any utilized portion and is subject to periodic review in line with market conditions. The US\$10.0M Revolving Line of Credit is secured by certain assets of the Group (Note 9, Note 12 and Note 13). The US\$10.0M Revolving Line of Credit may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The US\$10.0M Revolving Line of Credit is subject to, and as at March 31, 2024, the Group was in compliance with normal course covenants. As at March 31, 2024, the Group still has outstanding US\$6.0M on the US\$10.0M Revolving Line of Credit and US\$4.0M still available for drawdown.

(ii) 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 are permitted under the US\$6.0M Medium Term Loan and principal amounts are repayable quarterly over twelve quarters whereas interest is repayable monthly. The US\$6.0M Medium Term Loan bears interest at a rate of 9.3% per and is subject to periodic review in line with market conditions. The US\$6.0M Medium Term Loan is secured by certain assets of the Group (Note 9, Note 12 and Note 13). The US\$6.0M Medium Term Loan may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The effective interest rate of the US\$6.0M Medium Term Loan is 8.3%. The US\$6.0M Medium Term Loan is subject to, and as at March 31, 2024, the Group was in compliance with normal course covenants. As at March 31, 2024, the Group had drawn US\$5.5M on the US\$6.0M Medium Term Loan and no further drawdowns are permitted on the US\$6.0M Medium Term Loan.

(iii) US\$4.0M Medium Term Loan

The Group renewed the US\$4.0M Medium Term Loan (the “US\$4.0M Medium Term Loan”) with Ecobank Ghana Limited until October 31, 2024. 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% per and is subject to periodic review in line with market conditions. The US\$4.0M Medium Term Loan is secured by certain assets of the Group (Note 9, Note 12 and Note 13). The US\$4.0M Medium Term Loan may be repaid prior to maturity by the Group without penalty or other costs other than interest accrued to the date of such repayment. The effective interest rate of the US\$4.0M Medium Term Loan is 8.3%. The US\$4.0M Medium Term Loan is subject to, and as at March 31, 2024, the Group was in compliance with normal course covenants. As at March 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.

GEODRILL LIMITED**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2024 and 2023***15. LOANS PAYABLE (CONTINUED)****(iv) US\$7.5M Medium Term Loan**

The Group entered into a new US\$7.5M medium term loan (the “US\$7.5M Medium Term Loan”) with Ecobank Ghana Limited until October 31, 2024. 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% per annum and is subject to periodic review in line with market conditions. The US\$7.5M Medium Term Loan is secured by certain assets of the Group (Note 9, Note 12 and Note 13). 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 March 31, 2024, the Group was in compliance with normal course covenants. As at March 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.

16. TRADE AND OTHER PAYABLES

	March 31, 2024	December 31, 2023
	US\$	US\$
Trade payables	12,778,394	11,681,881
Other creditors and accrued expenses	10,914,337	9,628,707
VAT liability	2,019,733	2,037,373
	<hr/> 25,712,464	<hr/> 23,347,961

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

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18. 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%
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 37.3% (December 31, 2023: 37.3%) of the issued share capital of Geodrill Limited.

On October 1, 2022, Geodrill Ghana Ltd entered into new lease agreements with The Harper Family Settlement for the Anwiankwanta property and for the Accra property, both for a two year term and rent for the Anwiankwanta property of US\$230,000 per annum and rent for the Accra property of US\$93,000 per annum. The material terms of the two year lease agreements include: (i) the annual rent payable shall be reviewed on an upward only basis on or before October 1, 2024; and (ii) only Geodrill Ghana Ltd can terminate the leases by giving twelve months' notice. It was also agreed that all future rent increases will be based on USA inflation data.

For the period ending March 31, 2024, the right-of-use assets relating to the properties above was US\$157,972 (December 31, 2023: US\$275,146) and the related lease liabilities were US\$159,723 (December 31, 2023: US\$263,836).

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18. RELATED PARTY TRANSACTIONS (CONTINUED)

(ii) Key management personnel and directors' transactions

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of the family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as directors of the Group and other management staff. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Group.

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

	March 31, 2024	March 31, 2023
	US\$	US\$
Short-term benefits	1,378,372	1,635,184
Share-based payment arrangements	137,390	192,559
	<u>1,515,762</u>	<u>1,827,743</u>

19. COMMITMENTS

As at March 31, 2024, the Group had capital commitments of US\$2,580,000 (December 31, 2023: US\$1,850,000) relating to two new drill rigs.

20. SHARE CAPITAL AND RESERVES

(i) Share capital

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

Share capital	March 31, 2024	December 31, 2023
Shares issued and fully paid	46,921,400	46,921,400
Shares reserved for share option plan	4,692,140	4,692,140
Total shares issued and reserved	<u>51,613,540</u>	<u>51,613,540</u>

Reconciliation of changes in issued shares

	March 31, 2024	December 31, 2023
Shares issued at January 1,	46,921,400	46,836,400
Stock options exercised	-	85,000
Shares issued at end of period	<u>46,921,400</u>	<u>46,921,400</u>

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

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20. SHARE CAPITAL AND RESERVES (CONTINUED)

(i) Share capital (continued)

During the period ended March 31, 2024, the Company did not re-purchase nor cancel any shares under its NCIB (for the year ended December 31, 2023, the Company did not re-purchase nor cancel any shares under its NCIB).

(ii) Share-based payment reserve

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

The share-based payment expense for the three month period ended March 31, 2024 amounted to US\$137,390 (March 31, 2023: US\$192,559) and was included in selling, general and administrative expenses in the Condensed Interim Consolidated Statements of Comprehensive Income.

(iii) Retained earnings

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

21. EARNINGS PER SHARE

(i) Basic earnings per share

The calculation of basic earnings per share for the three month period ended March 31, 2024 was based on the earnings attributable to ordinary shareholders of US\$2,102,170 (2023: US\$6,130,180) and on the weighted average number of ordinary shares outstanding of 46,921,400 (2023: 46,858,647), calculated as follows:

	March 31, 2024	March 31, 2023
	US\$	US\$
Income attributable to ordinary shareholders	2,102,170	6,130,180

Weighted average number of ordinary shares

	March 31, 2024	March 31, 2023
	Shares	Shares
Issued ordinary shares	46,921,400	46,858,647
Earnings per share	\$0.04	\$0.13

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21. EARNINGS PER SHARE (CONTINUED)

(ii) Diluted earnings per share

The calculation of diluted earnings per share for the three ended March 31, 2024 was based on the earnings attributable to ordinary shareholders of US\$2,102,170 (2023: US\$6,130,180) and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 47,017,657 (2023: 47,829,338), calculated as follows:

	March 31, 2024	March 31, 2023
	US\$	US\$
Income attributable to ordinary shareholders	2,102,170	6,130,180

Weighted average number of ordinary shares - diluted

	March 31, 2024	March 31, 2023
	Shares	Shares
Weighted average number of ordinary shares - basic	46,921,400	46,858,647
Effect of share options in issue	96,257 ⁽¹⁾	970,691 ⁽²⁾
	<u>47,017,657</u>	<u>47,829,338</u>
Diluted earnings per share	\$0.04	\$0.13

(1) For the three months ended March 31, 2024, 1,805,000 options in issue were dilutive and were included in the calculation of the diluted earnings per share, however, they did not have an effect on the diluted earnings per share amount.

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

22. DIVIDENDS

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

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23. EQUITY-SETTLED SHARE-BASED PAYMENTS

Share Option Plan (“SOP”)

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

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

	March 31, 2024		December 31, 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 period	780,000	CAD\$1.71	780,000	CAD\$3.05
Total exercised in the period	-		(85,000)	CAD\$1.89
Total cancelled in the period	-		(20,000)	CAD\$2.00
Balance ending	4,055,000	CAD\$2.08	3,275,000	CAD\$2.17

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

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on May 15, 2019	CAD\$1.36	275,000	2 mos	275,000
Granted on March 9, 2020	CAD\$1.71	750,000	1 Yr	750,000
Granted on March 15, 2021	CAD\$1.94	690,000	2 Yrs	630,000
Granted on May 16, 2022	CAD\$2.20	780,000	3 Yrs & 2 mos	520,000
Granted on March 13, 2023	CAD\$3.05	780,000	4 Yrs	520,000
Granted on March 11, 2024	CAD\$1.71	780,000	5 Yrs	260,000

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

Granted on	May 15, 2019	March 9, 2020	March 15, 2021	May 16, 2022	March 13, 2023	March 11, 2024
Risk free interest rate	1.54%	0.53%	1.02%	2.73%	2.90%	3.42%
Expected dividend yield	0%	0%	1%	3%	3%	2%
Stock price volatility	42%	43%	40%	38%	39%	42%
Expected life of options	5 years	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	30%	30%	30%	30%	30%	30%

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

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24. CONTINGENCY

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

On December 28, 2020, the Burkina Faso Tax Authority's Head of Taxpayers Management Department ("BFTA") issued a revised assessment on Geodrill claiming reduced tax and penalties of \$9.7 million (5,232,253,593 CFA) for the years 2016 through 2018, a reduction from the original December 20, 2019 assessment.

For the years of the revised assessment, the BFTA has assessed that Geodrill had a permanent establishment in Burkina Faso and was subject to taxes, penalties and interest provided in Burkina Faso's tax legislation. Geodrill maintains that it did not have a permanent establishment in Burkina Faso in the years of the revised assessment and operated in Burkina Faso as a non-resident tax payer. As a non-resident tax payer, Geodrill was subject to a withholding tax on a percentage of its revenue as it was not registered with the BFTA and had never obtained a unique financial identification number. During the years 2016 and 2017, Geodrill was subject to a non-resident ten percent (10%) withholding tax and during the year 2018, Geodrill was subject to a twenty percent (20%) non-resident withholding tax. The non-resident withholding tax is paid to the Director General of taxes directly from Geodrill's clients on Geodrill's behalf.

Geodrill has reviewed the BFTA revised assessment and continues to disagree with the BFTA's conclusion and believes it is without merit. Geodrill maintains that it does not have a permanent establishment in Burkina Faso and believes it was appropriately taxed for the years 2016 – 2018 through the non-resident withholding tax system.

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

On January 12, 2023 Geodrill received the ruling from the secretariat of the administrative court dismissing the entire revised assessment and has awarded a payment of 1,500,000 CFA to Geodrill for expenses incurred.

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

As at May 11, 2024, the administrative courts have not responded to the appeal nor have they set a trial date.

25. POST BALANCE SHEET EVENTS

On April 17, 2024, the Group drew US\$4.0M on the US\$10.0M Revolving Line of Credit. As at May 11, 2024, the Group had outstanding US\$10.0M on the US\$10.0M Revolving Line of Credit.