MASTER DRILLING

GLOBAL LEADERS IN DRILLING SOLUTIONS

INTEGRATED REPORT 2023

CONTENTS

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GROUP **PERFORMANCE** IN **2023**

FINANCIAL

USD REVENUE INCREASED BY
7.2%
TO A RECORD HIGH USD242.8 MILLION
(2022: USD226.4 MILLION)

USD EARNINGS PER SHARE DECREASED BY 4.2% TO
13.6 CENTS
(2022: 14.2 CENTS)

ZAR EARNINGS PER SHARE INCREASED BY 8,0% TO
251,0 CENTS
(2022: 232,5 CENTS)

USD HEADLINE EARNINGS PER SHARE INCREASED BY 2.1% TO
14.5 CENTS
(2022: 14.2 CENTS)

ZAR HEADLINE EARNINGS PER SHARE INCREASED BY 15,1% TO
267,7 CENTS
(2022: 232,5 CENTS)

CASH GENERATED FROM OPERATING ACTIVITIES INCREASED BY 42.0% TO
USD35.5 MILLION
(2022: USD25.0 MILLION)

SUSTAINABLE GROWTH

STABLE ORDER BOOK OF
USD288.3 MILLION
(2022: USD265.4 MILLION)

ZAR DIVIDEND OF
52,5 CENTS PER SHARE
INCREASED FROM 47,5 CENTS PER SHARE

OPERATIONAL

HEALTHY PIPELINE OF
USD535.3 MILLION
(2022: USD567.9 MILLION)

ABOUT THIS REPORT

This is the 12th Integrated Report of Master Drilling Group Limited and its subsidiaries (Master Drilling or the Company or the Group) and follows the previous report published in April 2023. The report is targeted at all stakeholders and outlines the activities, relationships, interactions and performance of the Group during the year ended 31 December 2023. The report's objective is to give all interested parties a comprehensive understanding of how Master Drilling uses the six capitals to generate value over the short, medium and long term.

REPORTING FRAMEWORK

This Integrated Report is prepared in accordance with:

- The International Integrated Reporting Council Framework (<IR> Framework);
- The King IV Report on Corporate Governance for South Africa, 2016™ (King IV™);
- IFRS Accounting Standards as issued by the International Accounting Standards Board;
- The South African Companies Act (Act 71 of 2008) (Companies Act); and
- The Johannesburg Stock Exchange Limited (JSE) Listings Requirements.

In this report, we provide a comprehensive review of our operational and financial performance in relation to our previously stated plans, the needs of our stakeholders, our governance, material matters, risks and opportunities and how these factors influence our strategic objectives and future plans.

Refer to pages 18 and 19 for the Group structure.

REPORTING BOUNDARY AND SCOPE

This Integrated Report presents significant information that enables stakeholders to evaluate the operational, social, environmental and economic performance of our operations across all the areas in which we operate. We also focus on our material risks, operating context, business model, prospects and governance.

Unless otherwise mentioned, all monetary amounts in the report are expressed in United States Dollar (USD) or South African Rand (ZAR). Our results and the financial positions from operations within the Group are translated into USD as our presentation currency, utilising the average exchange rate for the reporting period for income statement purposes and the closing exchange rate at year-end for statement of financial position items.

The scope, boundary and measurement methodologies used in this report and the rest of our reporting suite have had no significant changes since our first Integrated Report.

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MATERIAL MATTERS

For reporting purposes, we define material matters as those that may have a significant impact on our capacity to build and sustain value over the short, medium and long term i.e. one year, two to three years, and three to five years and beyond, respectively. Material matters identified during the year are outlined on pages 36 to 39.

Our materiality determination process

Our strong materiality determination method is guided by our materiality framework and the ideas of integrated thinking. The Group identifies all the relevant matters that could impact our organisation and each identified matter is analysed to assess its significance, which includes considering the magnitude of the effect and the likelihood of occurrence.

ASSURANCE

To assure the accuracy of our reporting, we take the following steps:

Business process	Nature of assurance	Assurance provider
Annual financial statements	External audit	BDO South Africa Incorporated
Broad-based black economic empowerment (B-BBEE)	B-BBEE scorecard review	Moore B-BBEE
Internal audit	Internal audit	PricewaterhouseCoopers Inc.
Internal controls	Interdependent internal reviews and internal audit	PricewaterhouseCoopers Inc. and risk and assurance department
Safety, health, environmental and quality (SHEQ) audits	Compliance reviews	Department of Mineral Resources and Energy
JSE Listings Requirements	JSE sponsor review	Investec
Insurance due diligence	Independent risk reviews	FFG
Quality control	International Organisation for Standardisation (ISO) compliance audits	BSI

FORWARD-LOOKING STATEMENTS

This Integrated Report contains certain forward-looking statements, mainly on the impact of global commodities markets, global and domestic economic conditions, Group strategy, performance and operations. These forward-looking statements represent the Group's reasonable expectations unless otherwise indicated, at the date these forward-looking statements were made, and these may include factors that could adversely affect our business and financial performance.

The Group disclaims any duty to update or revise these forward-looking statements to reflect events or circumstances that arise after the date of this document or to reflect the occurrence of anticipated events. The auditor has not examined or reported on the forward-looking statements, and no warranty is provided as to their correctness, fairness or completeness. As a result, the statements should not be used as investment advice.

DIRECTORS' STATEMENT OF RESPONSIBILITY

Master Drilling's Board of Directors (the Board) confirms its responsibility for the integrity of the Integrated Report, the content of which has been collectively assessed by the directors who believe that all material issues as identified and considered at Board meetings have been addressed and are fairly presented and that it offers a balanced view of Master Drilling's strategy and the Group's ability to create value over the short, medium and long term. The Board has applied its collective mind to the preparation and presentation of this report and concluded that it was prepared in terms of the <IR> Framework. The Integrated Report, which remains the ultimate responsibility of the Board, is prepared under the supervision of senior management and the executives. The Audit Committee reviews and recommends the report to the Board for approval. The Board accordingly approved this Integrated Report for publication on 30 April 2024.

Hennie van der Merwe
Chairman

Danie Pretorius
Chief Executive Officer

All signatures have been removed to protect the security and privacy of the signatories.

CHAIRMAN'S AND CHIEF EXECUTIVE OFFICER'S REPORT

Our business has remained resilient despite global economic uncertainty, and our diversification into different countries and commodities proved to be an important hedge against a volatile market.

MARKET OVERVIEW

Looking at the macro environment it has been another year of volatile markets and geopolitical tension. Most major economies have seen inflationary headwinds with low employment and contracting manufacturing activity. In addition, China's economic recovery following the COVID-19 pandemic has been below expectations despite large-scale government stimulus packages. This has put a damper on metals demand. Equally, we have not seen much activity in the United States of America (USA) and surrounding regions. One outlier in our world was India where the strong performance was driven by the gold markets.

FINANCIAL RESULTS

Notwithstanding continuing global challenges overall we had a strong performance for 2023 with revenue up 7% to USD242.8 million despite operating profit decreasing slightly by 3% to USD33.8 million. USD earnings per share (EPS) decreased 4.2% to 13.6 cents, and ZAR EPS increased 8,0% to 251,0 cents. USD headline earnings per share (HEPS) was up 2.1% to 14.5 cents, and ZAR HEPS increased 15,1% to 267,7 cents. Cash generated by the business totalled USD35.5 million.

We continued to keep a close eye on working capital and more detail can be found in the Chief Financial Officer's report on page 66.

Further detail on the financial performance can be found in the Chief Financial Officer's report and the annual financial statements on page 100.

OUR YEAR IN REVIEW

Raise boring

Looking at the various regions and operations, overall the Company's performance was good as reflected in the financials. However, the South American region experienced some headwinds translating into a lower performance year-on-year. Both Chile and Brazil had geotechnical issues, while Peru was impacted by social unrest and political upheaval in the region. Mexico's performance was impacted by the absence of a General Manager from the first quarter of 2023, which has since been addressed. From a Group perspective, although the South American region did not perform strongly, we believe in the fundamentals for that region and see opportunities for future growth. The investments we have made in both copper and gold miners have ensured we are well positioned in this region for 2024.

While North America and Europe performed well, Africa and India were the standout performers during 2023 mainly on the back of the gold miners. South Africa performed strongly due to a high platinum group metals (PGM) price. Subsequently, PGM prices have dropped off considerably and are facing significant headwinds. Challenges with Eskom and Transnet also continued to hamper the miners with a number of capital programmes and investment being cut back. India was the top performer driven by zinc as well as gold and we renewed a four-year contract with a leading zinc miner.

The challenges our clients are facing present the Group with further opportunities. Using our services becomes more essential for them as we can help speed up operations and cut costs. We are constantly seeking to identify means to change the industry and mechanise operations in order to improve return on investments and net present value on projects. There is a lot of activity in this space, and whenever new resources and reserves are found, one of the key areas of focus is ensuring the new orebody can be brought into operation as quickly as possible. Miners are no longer waiting 15 to 20 years for returns and are now focused on cost replenishment of reserves and how quickly they can turn this into cash. This is where we are ideally placed to help.

Slim drilling

We acquired a 50% share in the slim drilling business of Hall Core Holdings Proprietary Limited (Hall Core) during previous years with a major project in Mogalakwena. This project was ramped up early in the year but in the latter part of 2023, mining companies in South Africa, particularly PGM miners, relooked at their capital projects which resulted in us reducing machines to the original contract scope at Mogalakwena. This was partially offset by underground work awarded to the Group and ramping it up. We will continue to keep an eye on further developments in this regard as additional cutbacks are anticipated.

Our investment in Saudi Arabia on the back of Hall Core progressed well with negotiations to establish a joint venture underway. This is in line with our strategy to internationalise the slim drilling division where there are several opportunities globally, especially in Africa. We are well placed to benefit in the current down market as the need for speed to production starts at the exploration phase where grade assessment can be greatly beneficial for mining operations. The establishment of the Drill-X manufacturing facility expedited the design and build of the surface exploration machine with a robotic rod handler which will be the first of its kind to address the equipment safety and efficiency issues in the industry. Based on the feedback we have received, the market is eagerly awaiting this new technology. The first surface robotic rig is currently going through the various commissioning stages and will be ready for site testing in the first quarter of 2024.

A&R DIVISION

The acquisition of A&R Engineering and Mining Services Proprietary Limited and related companies (A&R Group) formed part of our investment in digital technologies. We took up a controlling interest in the A&R business during 2022 and the company is doing exceptionally well. It is one of the few companies that can provide Level 9 safety compliance in line with legislated requirements. A&R's proximity detection system addresses one of the largest areas of safety concern as the majority of mining injuries or fatalities are

HENNIE VAN DER MERWE
Chairman

DANIE PRETORIUS
Chief Executive Officer

caused by mobile equipment incidents. We are in the process of internationalising the business and currently have some orders in Mexico and Chile. This business provides many growth opportunities not only geographically but also in other industries in terms of safety.

Technical division

Tunnel boring project

The tunnel boring project at Mogalakwena ended during the year and the machine was brought to surface and demobilised. The machine is currently undergoing repairs and upgrades and we hope to redeploy it during the current year.

Shaft boring project

In partnership with the Industrial Development Corporation (IDC), we are currently in the process of setting up the shaft boring machine on a test site. We are committed to building a machine that can drill down 1,5km to 2km and believe this machine will cut the drill time by half. There is a shift in the industry to "easy mining" where miners will have to go down deeper and potentially larger and quicker, and we are well positioned to capitalise on this. Importantly, the new machine addresses the requirement for increased safety aspects as drilling provides a safer environment than blasting by reducing the risk of wall failure as well as better preserving the quality of the rockwall.

Reef cutting system project

This system is designed to only cut the 800mm reef from underground and addresses the industry's challenge of waste mining by significantly reducing the amount of waste and thereby cost for miners. We are developing a system which will be able to drill or cut 24 hours a day, seven days a week, and by focusing on the reef, it will benefit the plant and surface infrastructure. We have run simulations and are going through the next processes and hope to have this system commissioned on a mine later this year.

PCD blade project

The PCD project investigates a revolutionary method for mechanical mining that prioritises reduced capital expenditure, minimised energy consumption and a streamlined crew size. The PCD project is centred on a novel technique for extracting rock via strategically placed slots cut into the working face. Specialised blades will create these slots, followed by a low-energy hydraulic hammer to efficiently break the remaining material between the cuts. The project is currently in phase 3, and we hope to have the system completed by the second half of 2024.

STRATEGY

Our stated commitment is to bring about a change in the mining industry by increasing mechanisation and thereby significantly improving safety, while at the same time reducing time and cost. We really think the way mining has been done for the past century must change and believe what we are currently doing enables safer and more efficient operations. While we are focused on developing new technologies and internationalising these to market them throughout our global network, we remain focused on the optimal utilisation of our current machines and assets.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the year, we focused on defining our approach to environmental, social and governance (ESG) and setting up the metrics. We are on track with a number of metrics and meeting our respective key performance indicators (KPIs) in this regard. For more details on our approach to ESG, refer to pages 40 to 43.

DIVIDEND

We are pleased to report that, subsequent to year-end, the Board declared a gross dividend of 52,5 cents in ZAR terms per share. This represents a 5 times earnings cover which is in line with the desired level indicated in our listing prospectus of a 4 to 5 times earnings cover.

OUTLOOK

The collaborations and joint ventures we formed during the past year are something we put a lot of emphasis on worldwide. This has allowed the Group to be well positioned within the different services industries and to collaborate with some leading global companies moving forward.

We anticipate that the market volatility is likely to continue and will be further exacerbated by political uncertainty given the ongoing conflicts and extreme number of elections taking place worldwide.

There continues to be a lot of uncertainty in the South African market. However, on the back of the technology developments we have made, we are well positioned to internationalise our technologies. In addition, our services and solutions are optimal when our clients need to cut costs and work more efficiently.

India is proving a promising market with growth in zinc and gold, and we will look to invest more in this region. We are well positioned in America and Canada as well as Africa to benefit from any PGM uptick. The pressure on our clients makes it more essential to use our services which reduce their own capital investment and speed up operations.

Green metals, also known as battery minerals, are creating great anticipation in the industry and there are a number of activities in this area. We are equally well positioned to capitalise on this market.

APPRECIATION

We express our gratitude to our fellow Board members for their insightful advice. We would like to sincerely thank management and each of our staff for their perseverance and hard work this past year. We appreciate the continuous support from all of our stakeholders, including clients, partners, suppliers, shareholders and advisors.

Hennie van der Merwe
Chairman

Danie Pretorius
Chief Executive Officer

30 April 2024

1. OUR BUSINESS AT A GLANCE

WHO
WE ARE

Established in South Africa in 1986, Master Drilling is the world's largest raise boring business.

We aim to make a difference in the mining industry through the use of new technology, ensuring cost savings and enhancing safety. We operate in tunnelling, shaft sinking and mining and offer a range of innovative and cutting-edge drilling solutions as well as support services across the world.

Through our internal knowledge in drilling equipment design, manufacturing, operating, training and maintenance capabilities, we fulfil the specific demands of our clients, which include blue-chip major and mid-tier companies in the mining, civil engineering and hydroelectric energy sectors.

Our specialised capital and consumable items and equipment are produced and procured in China through our Chinese business. The Group's engineering, manufacturing and support services are provided from South Africa, with our Chinese facilities servicing several of our other international clients.

Our international operations stretch across the globe:

- **Africa:** South Africa, Botswana, the Democratic Republic of Congo (DRC), Ghana, Mali, Namibia, Sierra Leone, Tanzania, Zimbabwe and Zambia
- **South America:** Brazil, Chile, Colombia, Ecuador and Peru
- **Central and North America:** Canada, the USA and Mexico
- **North, Central and Eastern Europe and Asia**
- **India**
- **Australia**

WHAT WE DO

The Group conducts three principal drilling activities:

EXPLORATION-STAGE DRILLING
Exploration diamond core and percussion drilling focused on the discovery and quantification of new mineral deposits

PRODUCTION-STAGE DRILLING
Raise boring and blast hole drilling conducted within active mining areas and encompassing surface and underground services

CAPITAL PROJECT-STAGE DRILLING
Raise boring and blast hole drilling which takes place once a potentially viable ore deposit or extension to an ore deposit has been identified and its resource has been quantified

The Group's technical division, Drilling Technical Services Proprietary Limited, undertakes design, engineering, manufacturing, customisation and maintenance support for the Group's drilling activities.

Master Drilling provides complete project management expertise in projects ranging from exploration-stage drilling to production-stage drilling. We have specialised in-house drilling equipment design, manufacturing, training and maintenance capabilities, which allow us to tailor solutions to meet the specific conditions and drilling requirements of our clients. We also provide drilling services for civil engineering applications in a variety of emerging markets.

The Group has the knowledge and experience to offer its clients a variety of drilling services, including surface and underground raise boring, blind hole drilling, underground and surface exploration core drilling, blast hole and percussion drilling. The Group's raise boring capability offers advantages over other conventional drilling methods including increased speed and safety.

OPERATIONS IN
28 COUNTRIES
ON FIVE CONTINENTS

LARGEST
RAISE BORE FLEET IN THE WORLD

OVER
36 YEARS'
EXPERIENCE

APPROXIMATELY
30KM
OF VERTICAL EXCAVATIONS DRILLED PER YEAR

OVER
2 500
PEOPLE EMPLOYED

FULLY HORIZONTAL INTEGRATED BUSINESS MODEL
INCLUDING CONSULTING, DESIGN, RESEARCH AND DEVELOPMENT (R&D), MANUFACTURING AND EXECUTION

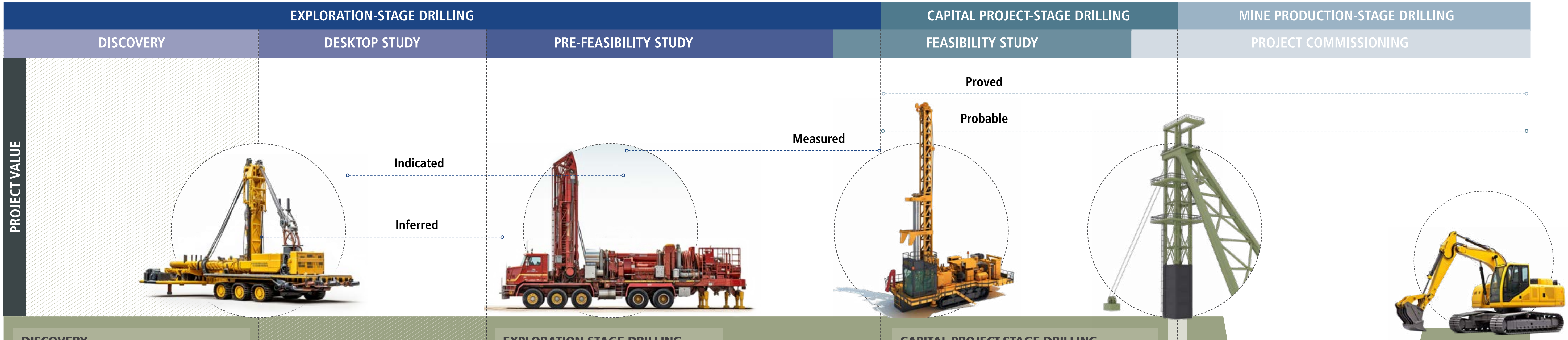
MOST
DIVERSIFIED DRILLING SERVICE
PROVIDER IN THE WORLD

HOLDS NUMEROUS
WORLD RECORDS AND AWARDS

ACCREDITED
WORLD-CLASS TRAINING

WHO WE ARE continued

Our vertical integration business model has enabled us to maintain efficient and effective control over our value chain.



DISCOVERY

During this phase, high-quality samples are extracted, allowing for accurate modelling and resource estimation.

- Core drilling
- Percussion drilling
- De-watering
- Mud rotary drilling
- Air rotary drilling
- Geotechnical services
- Diamond drilling (Desert Elephant)
- Blast hole drilling

EXPLORATION-STAGE DRILLING

Exploration diamond core and percussion drilling focused on the discovery and quantification of new mineral deposits.

- Raise boring
- Horizontal raise boring
- Box hole boring
- Slot hole drilling
- Reverse circulation drilling
- Shotcreting
- Paste holes
- Lidars
- Piling drilling
- Remote drilling
- Directional drilling

CAPITAL PROJECT-STAGE DRILLING

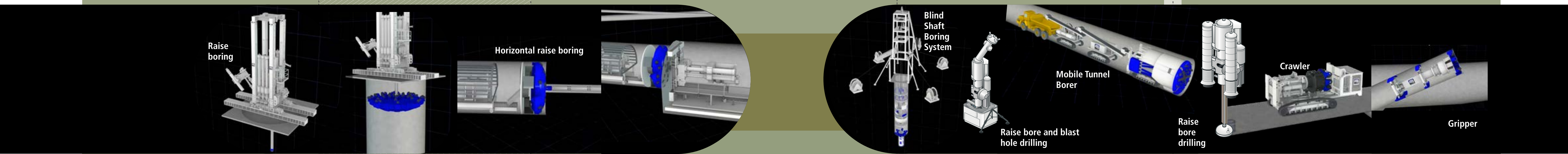
Raise boring and blast hole drilling which take place once a potentially viable ore deposit or extension to an ore deposit has been identified and its resource has been quantified.

- Blind shaft boring
- Infill drilling
- Mobile tunnel boring
- Reverse circulation drilling
- Shaft boring systems
- Reef boring
- Raise bore and blast hole drilling

PRODUCTION-STAGE DRILLING/ADDED VALUE SERVICES

Raise boring and blast hole drilling conducted within active mining areas and encompassing surface and underground services.

- Mobile tunnel boring
- Reverse circulation drilling
- Shaft boring systems
- Reef boring
- Stage shaft support (headgear)
- Open pit mining support



HOW WE DO WHAT WE DO

DESIGN
Conceptualise, develop and deliver a complete fleet solution for our clients.

MANUFACTURE
Assemble, establish and maintain a diverse portfolio of custom-made drill rigs.

TRAINING
Develop and enhance skills to capitalise on our machinery and specialised manpower.

OPERATE
Provide operational support and complete project management for all our drill rigs.

MAINTAIN
Provide engineering support for drill rigs, continuously upgrading our portfolio.

A WORLD LEADER

Our vertical integration business model has enabled us to maintain efficient and effective control over our value chain.

The principle of renting out or operating and not selling our rigs, which we design and build mainly in-house, is something we place high value on as it helps us remain agile. This principle, along with simplicity of design and mobility, enables us to render our services cost-effectively.

We have managed to grow our business sustainably by sweating our assets and diversifying into new geographies, sectors and clients.

Through our focus on risk management and pursuing concomitant opportunities, we are able to address the ever-growing awareness and need to ensure safety in the workplace, along with the volatility of the commodities markets and labour issues which impact our mining clients.

For more on risk, refer to our business risks and opportunities and material risks on pages 34 to 39.

In addition to our meticulous pursuit of maximising safety, we look to add value to our services through the following:

SPEED

Our automated drilling operations allow us to complete jobs in less than half the time required by conventional methods of excavation.

EFFICIENCY

Our proprietary technology facilitates remote operation and monitoring, reduced manning costs, safer holes and tunnels and real-time sample grading.

VALUE

We provide clients with solution-based services that, in many cases, offer safer operational design, increased mining production, reduced costs, better quality and reduced project risk.

QUALITY

Accurate directional drilling on mining access shafts that need to be straight for the movement of conveyances at high speeds is one example of the quality we provide to our clients.

HIGH SERVICE LEVELS

We offer customised designs that match the individual needs of our clients.

CUTTING-EDGE

We design and produce superior products using cutting-edge technologies.

INVESTMENT CASE


LEADING SPECIALIST IN **ROCK BORING** AND **EXPLORATION DRILLING**

STRATEGICALLY POSITIONED TO ENSURE SUSTAINABILITY THROUGH COMMODITY CYCLES THROUGH INNOVATION, GROWTH AND SHARED VALUE COMMITMENT

STRONG LONG-STANDING MANAGEMENT AND EXECUTIVE TEAM

STRONG **MARKET POSITION** AND **COMPETITIVE ADVANTAGE**

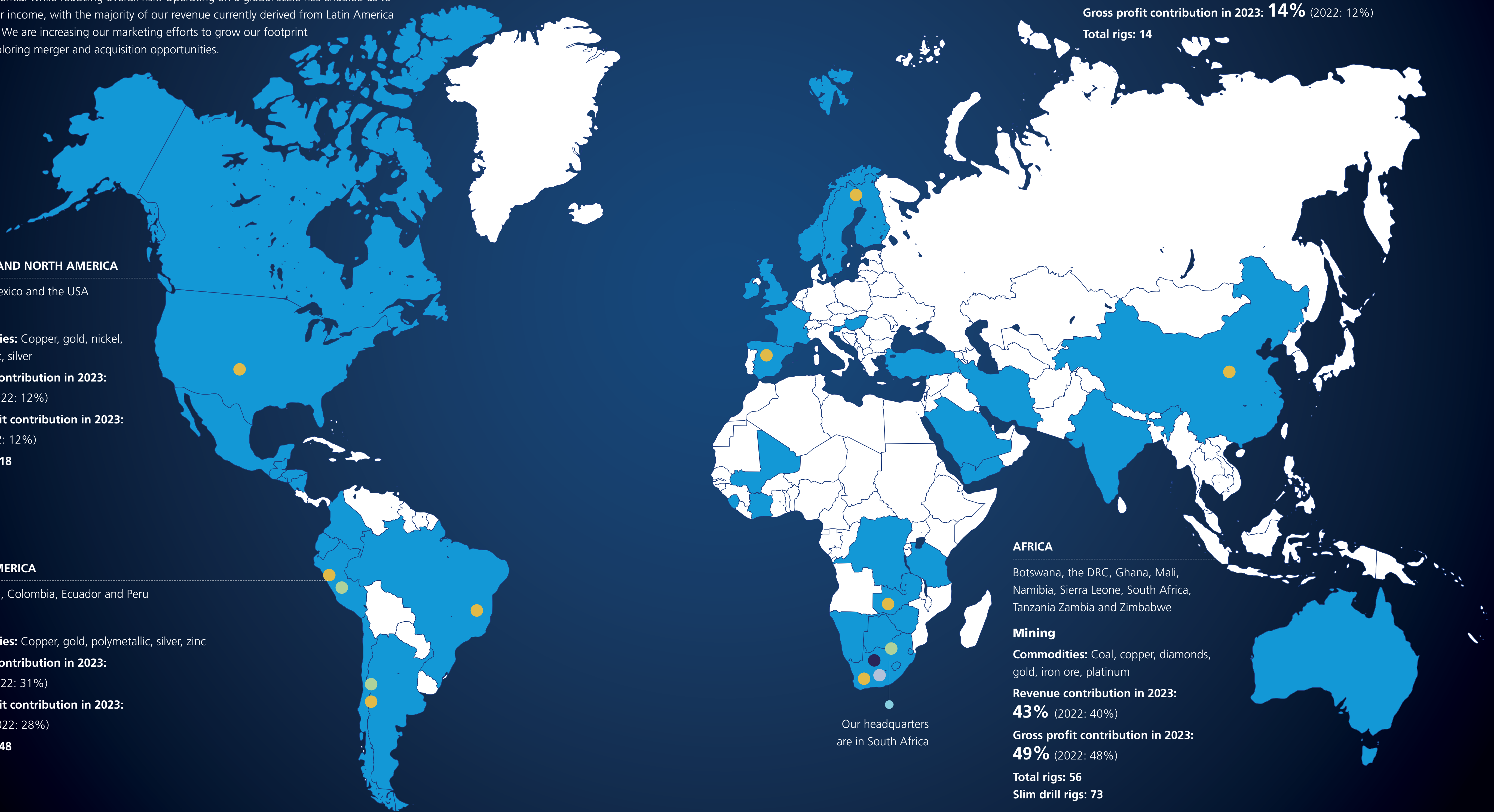
PROVIDING **TAILORED EQUIPMENT** TO FIT CLIENT NEEDS – ALONG WITH ON-SITE ENGINEERING SUPPORT


COMMITTED TO CONSUMING CLEAN RENEWABLE ENERGY SOURCES

RENOWNED FOR **CUTTING-EDGE** DRILLING SOLUTIONS

WHERE WE OPERATE

Geographical diversification forms an important part of our strategy as it broadens our growth potential while reducing overall risk. Operating on a global scale has enabled us to diversify our income, with the majority of our revenue currently derived from Latin America and Africa. We are increasing our marketing efforts to grow our footprint and are exploring merger and acquisition opportunities.



CENTRAL AND NORTH AMERICA

Canada, Mexico and the USA

Mining

Commodities: Copper, gold, nickel, polymetallic, silver

Revenue contribution in 2023: **13%** (2022: 12%)

Gross profit contribution in 2023: **7%** (2022: 12%)

Total rigs: 18

SOUTH AMERICA

Brazil, Chile, Colombia, Ecuador and Peru

Mining

Commodities: Copper, gold, polymetallic, silver, zinc

Revenue contribution in 2023: **29%** (2022: 31%)

Gross profit contribution in 2023: **30%** (2022: 28%)

Total rigs: 48

REST OF THE WORLD

Australia, China, Finland, France, India, Ireland, Norway, Sweden and Turkey

Hydroelectric energy | Civils and construction

Commodities: Chrome, gold, iron ore, lead, polymetallic, zinc

Revenue contribution in 2023: **15%** (2022: 17%)

Gross profit contribution in 2023: **14%** (2022: 12%)

Total rigs: 14

AFRICA

Botswana, the DRC, Ghana, Mali, Namibia, Sierra Leone, South Africa, Tanzania Zambia and Zimbabwe

Mining

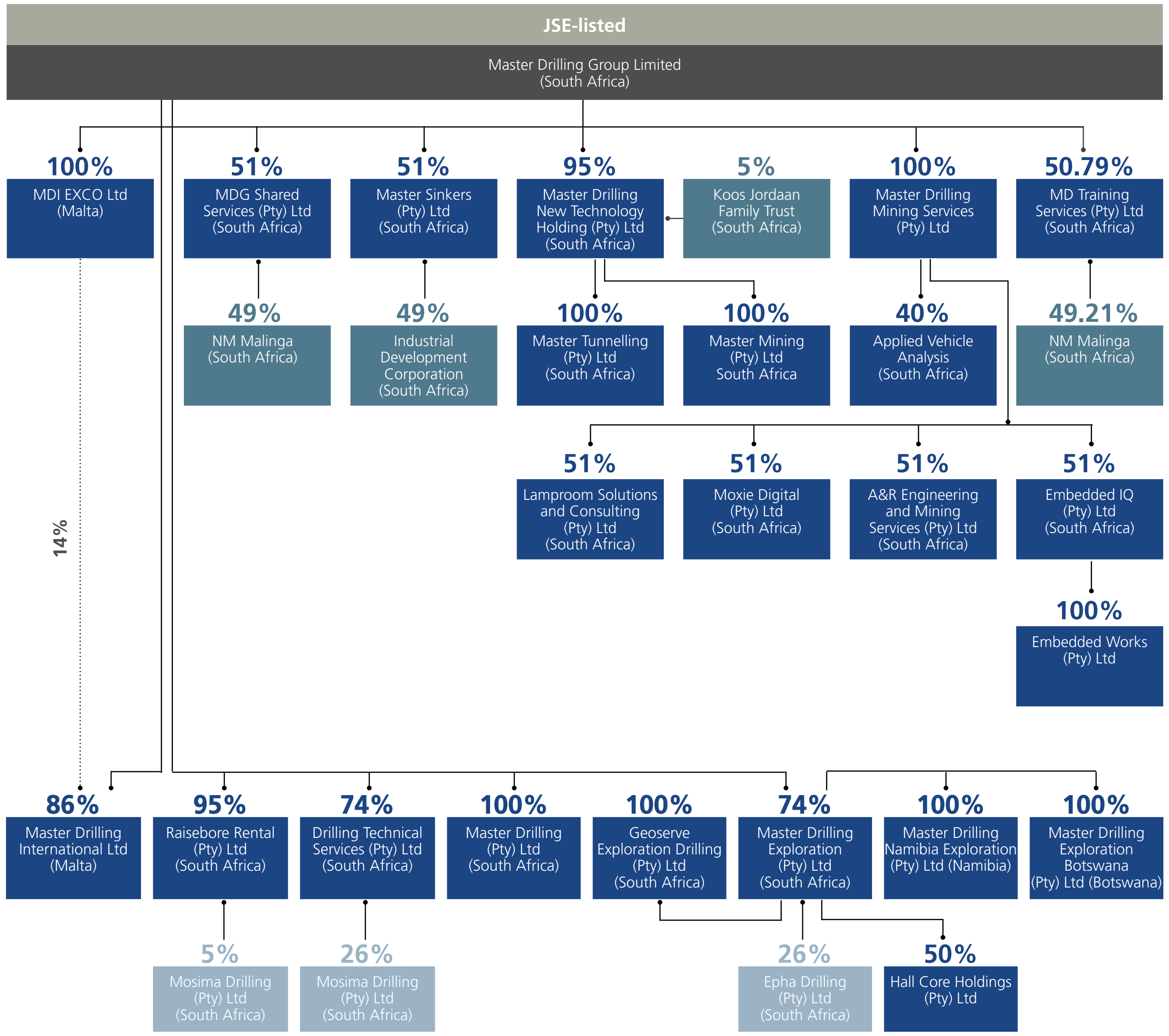
Commodities: Coal, copper, diamonds, gold, iron ore, platinum

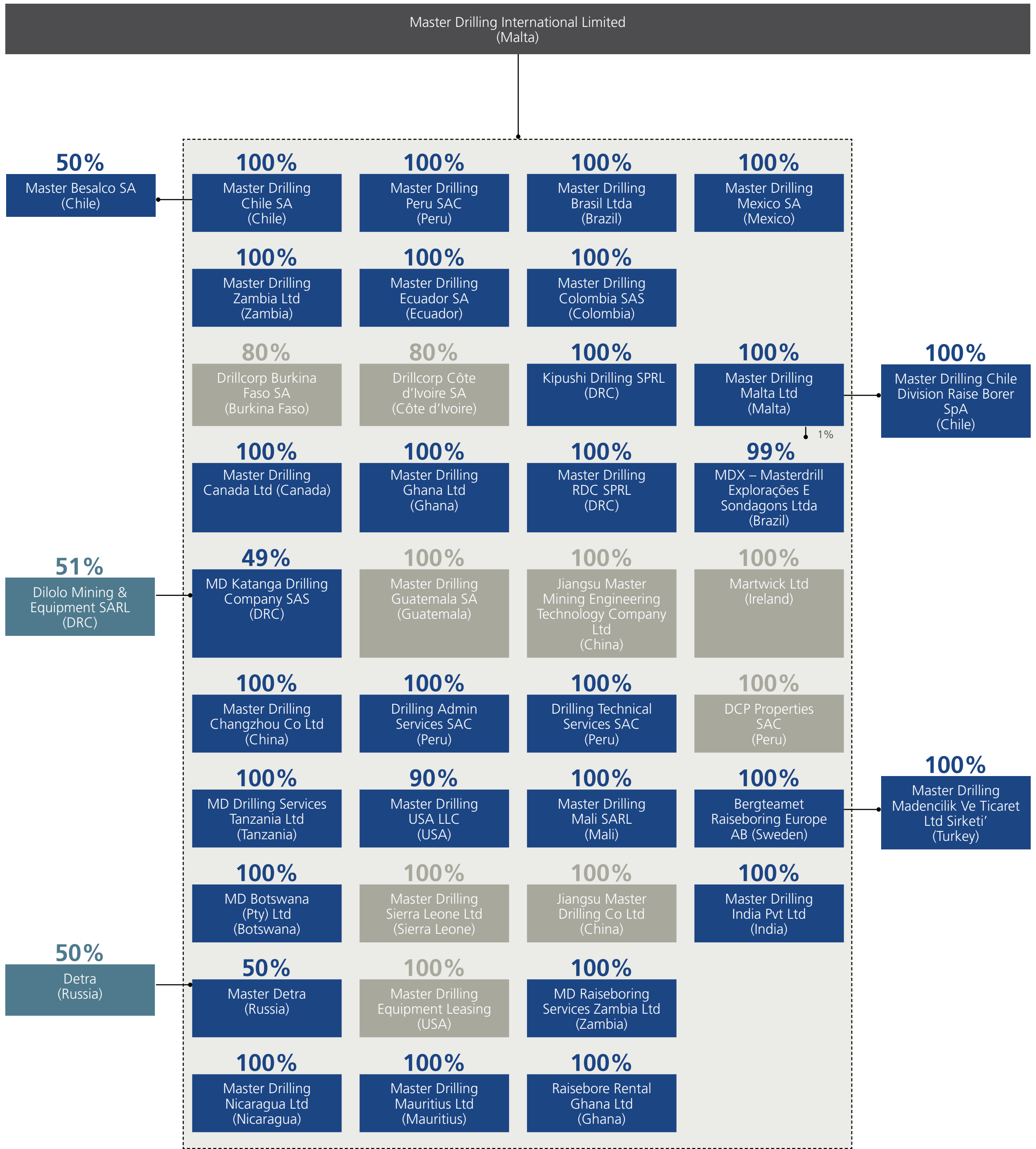
Revenue contribution in 2023: **43%** (2022: 40%)

Gross profit contribution in 2023: **49%** (2022: 48%)

Total rigs: 56
Slim drill rigs: 73

GROUP **STRUCTURE**





TIMELINE

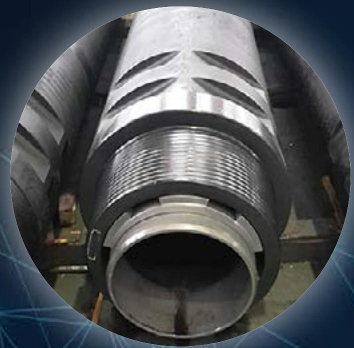
1986
Master Drilling established

1988
Designed and manufactured the RD1000 for Premier Diamond mine, South Africa

1992
Commenced drilling at the Shabanie mine, Zimbabwe

1993
Commenced drilling at Barrick Group's El Indio mine, Chile

1998
Commenced drilling at Milpo's El Porvenir mine, Peru



2000
Commenced drilling at AngloGold Ashanti's Cuiaba mine in Minas Gerais, Brazil

BHB 200, the first self-designed low-profile raise bore and blind hole machine put into service at East Driefontein mine, South Africa

2001
Acquired first Wirth HG380 rig

2003
Entered the market in large-diameter holes

2005
Commenced drilling at Peñoles Group's Tizapa mine, Mexico

Obtained ISO 9001:2000 accreditation in South Africa

2006
Acquired Drillcorp Africa Proprietary Limited

2011
Opened site office at Glencore's Kamoto mine, DRC

Designed and manufactured first dedicated low-profile blind hole drill rig

2012
Listed on the JSE

Master Drilling Group Limited formed through reorganisation

Achieved world record in directional drilling at Lonmin mine with the most accurate pilot hole at a depth of 1,07km and a diameter vent shaft of 5,5m

Completed five shafts in Saudi Arabia

TIMELINE continued

2013

Awarded exploration drilling contract at Kolomela

Expanded global footprint to Mali and Guatemala by offering raise boring services

First automated machine went live at Sasol, South Africa

Peru's first automated machine went live

Started raise boring services in Mali and the DRC for Randgold Resources

2014

Awarded contract at Palabora Mining for two ventilation shafts, each 6,1m in diameter and over 1,2km deep

Increased upgrading to automation control raise bore rigs

Designed and manufactured the RD8-1500, a raise bore drill rig capable of drilling 8,5m in diameter over 1,5km deep

Completed Rowland shaft

2015

Expanded fleet size to 145 rigs (97 raise bore rigs and 48 slim drilling rigs)

Acquired 40% stake in Bergteamet Raiseboring Europe AB

Expanded geographical footprint into Ecuador and Colombia

Introduced new service offerings in the energy sector on hydro projects

Commissioned the RD8-1500, one of the largest raise bore rigs in the world

2016

Acquired Bergteamet Latin America SpA

Secured a five-year extension of a key AngloGold Ashanti contract in South America

Contracts awarded in Sierra Leone and Tanzania

Awarded first blind shafting contract in the USA

2017

Secured contracts in India and Australia

Placed order for Mobile Tunnel Borer (MTB) machine

Successful completion of the vertically integrated raise boring trial at Cullinan mine

2018

Finalised and launched the first MTB machine

Acquired Atlantis Group

Acquired remaining 60% shares in Bergteamet Raiseboring Europe

Invested in TunnelPro in Italy to assist with access to the MTB market

2019

MTB pilot project initiated in South Africa

Shaft Boring System (SBS) phase 1 successfully launched

Started drilling of the world's deepest raise bore (1,45km single lift at Zondereinde, South Africa)

2020

Expansion into Australia

Successfully completed pilot drilling of the world's deepest raise bore (1,45km single lift at Zondereinde, South Africa)

Acquisition of Geoserve Exploration Drilling

Retained sustainability during the COVID-19 pandemic

New RD6 large raise bore machine manufactured

Remote drilling of raise bore rigs implemented

2021

Record Group revenue of USD171.8 million – the highest in the history of the Group

Acquired an approximate 25% shareholding in A&R Group

Acquired 40% shareholding in Applied Vehicle Analysis Proprietary Limited (AVA)

2022

First time the Group breaks through USD200 million revenue

Completion of world record raise bore hole

Obtained control of A&R Group

2023

Best safety performance to date with a lost-time injury frequency rate (LTIFR) of 0.5

Record Group revenue of USD242.8 million – the highest in the history of the Group

Manufacturing of new technology vacuum mining machine finalised

2. STRATEGY AND VALUE CREATION

OUR BUSINESS MODEL

Low gearing of 7.8% | Strong innovative approach | Challenge the status quo

OUR INPUTS

FINANCIAL CAPITAL
- Revenue: USD242.8 million
- Capital raised: USD35.4 million
- Cash generated from operations: USD51.3 million
- Borrowings
- New investors
- Increase in shareholder spread

MANUFACTURED CAPITAL
- Formidable fleet of 136 raise bore rigs
- 73 slim drilling rigs and one mobile tunnel boring rig
- Deployed in mining, civils and construction and hydroelectric energy
- Partnerships with strategic clients to develop bespoke technology solutions (reef boring, polycrystalline diamond cutting)
- Integration of A&R Group

INTELLECTUAL CAPITAL
- Niche market
- Entrenched business codes
- Leading technology
- Global engineering expertise
- Automation and remote drilling
- Invested in upskilling workers
- Strong governance systems and protocols
- Patented intellectual property for enhanced execution capability and cost efficiency
- Over 105 years' global management experience with approximately 58% ownership

HUMAN CAPITAL
- 3 007 employees
- Culture of excellence
- Safe working environment
- Positive employee engagement
- Organisational structure optimisation

SOCIAL AND RELATIONSHIP CAPITAL
Loyal client base
- Community development initiatives

Refer to page 56 for more details.

NATURAL CAPITAL
- Policies and procedures aligned with clients' project plans
- Increased efficiencies in energy, water and oil

OUR BUSINESS

BUSINESS ACTIVITIES
- Global leader in specialised drilling systems
- Vertically integrated business model allows control of the value chain
- Specialised focus with diversified revenue streams
- Competitive mobility
- Agile value proposition
- Recognised risk management
- Safety success

Delivering a turnkey solution through horizontal and vertical integration, amplified through mergers and acquisitions, joint ventures and alliances.

Transforming into providing bespoke mechanised cutting technologies.

AN INTEGRATED SERVICE PROVIDER

Rock boring
- Raise boring
- Horizontal raise boring
- Box hole boring
- Slot hole drilling
- Reverse circulation
- Shotcreting
- Paste holes
- Lidars
- Piling drilling
- Remote drilling
- Directional drilling

Exploration drilling
- Core drilling
- Percussion drilling
- De-watering
- Mud rotary drilling
- Air rotary drilling
- Geotechnical services
- Diamond drilling (Desert Elephant)
- Blast hole drilling

Master technologies
- Mobile tunnel boring
- Shaft boring system
- Reef boring
- Stage shaft boring

Mining services
- AVA
- A&R Group

OUR SEVEN KEY DIFFERENTIATORS

1 Niche market
High barrier to entry with our relatively low base cost for rig manufacturing when compared to the market

2 Secure financial platform
ZAR hedge as costs are mainly in local currencies and revenue is in hard currencies

3 Diversification
Revenue streams, footprint, sectors/commodities, client base, activities

4 Agility
Rent/operate versus selling equipment

5 Mobility
Proven ability to move a global-leading fleet between geographies, sectors and clients

6 Technology
Patented technology for efficient and cost-effective change in the way companies operate underground e.g. proprietary technology for horizontal boring (block caving)

7 Secure client base
Mainly blue-chip major and mid-tier mining companies; Master Drilling is a preferred supplier to most of the world's largest mining houses

OUR BUSINESS MODEL continued

HOW WE CREATE VALUE

SUSTAINABLE GROWTH

- Committed order book of USD288.3 million
- Revenue (hard currency)
- Market cap of approximately ZAR 2 billion
- Implementation of a fully functional SBS system
- Footprint expansion into Australia and Canada
- Aggressive West Africa expansion drive
- Strong pipeline in Australia building steadily
- Revising and extending service offering for a turnkey mine solution
- Mergers and acquisitions focus on technology value-add targets (mining sector)

OPTIMISATION AND INCREASED PROFITABILITY

- Increased utilisation of the drill fleet
- Remote drilling
- Focused programme yielding results:
  - Underground teams have smart devices recording real-time information for remote monitoring
- Dedicated digital innovation team progressing systems for data-driven decision-making, global overview (e.g. stockholding) and effective strategic planning for the future

TECHNOLOGY OPTIMISATION AND DEVELOPMENT

- Further development and improvements on MTB technology
- The first SBS machine is well under construction for its pilot project
- Further development in raise boring technology
- Increased roll-out of remote drilling capabilities
- Expansion of digitised platform reporting, analysis and management
- R&D in non-explosive mining solutions in partnership with clients
- Building capability and knowledge for green energy integration

PEOPLE CAPACITY AND DEVELOPMENT

- Multi-skilled teams
- Overhaul of performance management system for incentivisation and sustainability at a local level
- Active people development
- Investment in training of USD1.5 million
- Zero harm
- Focus on local job creation
- Sector Education and Training Authority (SETA) accreditation of our training centre
- Multi-skills and talent feed projects
- Thomas International Assessments
- Launch an intern programme to attract top talent and develop pipeline

GROWTH MARKET

- Recognition of the need to produce more metres drilled at quicker production rates, with fewer people and greater efficiencies
- Entrenched mechanisation gaining traction in underground mining globally
- Depletion of mineral content and environmental concerns forcing migration from opencast to underground mining
- Underground mining yields better reserves at greater depths thus further promoting underground mining

SUSTAINABILITY

- Invest in mitigating environmental impact
- Safer, faster and lower-cost drilling solutions for multiple industries
- Safer solutions for explosives/blasting
- Greater automation equals enhanced safety
- Zero harm
- Salaries bill: USD81.984 million
- Tax paid: USD11.90 million
- Dividend paid when appropriate
- Increased spend on B-BBEE procurement in South Africa
- Compliance with mines' environmental requirements
- Social contribution in communities where we operate

OUR TRADE-OFFS

FINANCIAL CAPITAL

The most common trade-offs occur at the level of this capital, where capital-intensive initiatives are required in order to realise gains in the other five capitals, for instance:

- Optimisation enhances our manufacturing capital with capacity and efficiency improvements
- Up- and multi-skilling our people and improving systems ensures the long-term stability and durability of our teams and therefore the Group's sustainability
- Expansion boosts our financial capital as well as intellectual capital, with widening experience offering learning and growth
- Regulatory compliance enhances our relationship with various stakeholders in the regions in which we operate
- Dedicated resources for community engagement improve our social and relationship capital
- Spend on mitigating our impact on the environment enhances our natural capital

MANUFACTURED CAPITAL

Master Drilling's significant expertise is backed up by a formidable fleet of 136 raise bore rigs, 73 slim drilling rigs, one MTB and the SBS project

INTELLECTUAL CAPITAL

The focus on optimisation requires significant investment. Apart from future financial capital growth, the growing experience of our staff enhances intellectual capital

HUMAN CAPITAL

Time and capital invested in improving performance management systems have a positive impact on staff turnover and morale and entrench our culture of excellence with measurable outcomes to improve our social and relationship capital with our clients

SOCIAL AND RELATIONSHIP CAPITAL

There is a trade-off in time and focus invested in this capital, as efforts are diverted from the core business, specifically with respect to stakeholder engagement. Social and relationship capital is, however, the Group's "licence to operate" and therefore the bedrock of sustainability, with consequent gains in all other capitals

NATURAL CAPITAL

We are conscious of limiting any detrimental effect our operations may have on the environment, whether as a result of diesel burning, electricity generation, waste or land disturbances

OUR STRATEGY

OUR PURPOSE

Making a difference by reimagining the future of mining

We seek to achieve this through the following four pillars:

Disruptive technology and innovation	Diversification and growth	Operational excellence and efficiencies	Positive sustainable impacts (ESG)
• Automation and mechanical cutting • Mobile tunnel boring machine • Shaft boring machine • Reef boring machine	• Continued geographical, mineral and sector diversification • Vertical integration and turnkey solutions	• Talent development, deployment and retention • Optimal business and operating models • Capital allocation excellence	• Supporting social and environmental sectors in green sustainable minerals, energy consumption and water usage • Managing our own footprint to zero harm

Our purpose is underpinned by our values: **respect, accountability, innovation, safety and efficiency.**

Our strategic focus is divided into three horizons:

Horizon 1
Immediate focus
One year
Rock boring, slim drilling, tunnel boring and reef boring

Horizon 2
Intermediate focus
Two years
Shaft boring and mechanical cutting

Horizon 3
Future focus
Three years+
New ventures and Master Drilling Mining Services

OUR 2024 STRATEGIC OBJECTIVES

- Drive long-term positive sustainable impacts (ESG)
- Create a high-performance culture and fit-for-purpose teams across the business
- Diversify the business to reduce risk and generate sustainable revenue streams
- Create a safe and healthy working environment
- Be the market leader in automated and digital mining
- Optimise returns on current and new investments (operational excellence)
- Extend the value chain across markets

STRATEGY SCORECARD

During the year, we redefined our four strategic pillars as follows:

Strategic pillar	Progress in FY23	Targets for FY24
Disruptive technology and innovation		
• Leading technology (SBS, MTB) • Automation and remote drilling • Data integration and sharing (big data) • Partnerships with strategic clients to develop bespoke technology solutions (reef boring, PCD cutting) • Master Drilling Mining Services (AVA, A&R)	• SBS mobilised to test site to conduct testing • MTB design changes applied based on lessons learnt • Data integration platforms established • Partnerships formed with strategic clients to develop and test bespoke technology solutions • Expanded A&R internationally to Mexico and Chile	• Finalise tests and apply design changes to the SBS based on results • Finalise the second-generation MTB designs and commence manufacture • Analyse big data from established platforms • Finalise tests with strategic partners and mobilise equipment to sites • Continue to expand A&R and AVA internationally
Diversification and growth		
• True shareholder value • Organic growth through geographical expansion • New services and bespoke solutions • Diversification aligned with core services and industry • Inorganic growth through appropriate mergers and acquisitions and joint ventures • Continuous innovation, challenging the status quo	• Expanded our footprint into Saudi Arabia and Niger • Strengthened our relationship with Besalco Construction in Chile • Various business opportunities looked into and evaluated • Additional engineers appointed to drive continuous innovation	• Continue to expand our footprint globally • Continue to identify business opportunities to diversify the business and expand our current service offerings • Launch our SPARK initiative to drive innovation
Operational excellence and efficiencies		
• Increased fleet utilisation • Turnkey solution, one-stop-shop approach • Safe working environment • Organisational structure optimisation • Employee profile and role alignment • Clear development plans and promotability • Positive employee engagement • High-performance culture and employees • Role definitions, skills and competency mapping approximately 60% • Online LMS implemented, continuous mapping of skill gaps for promotability • Employee engagement score of 86% • Digitalised performance management platform implemented mapped with competencies	• Increased our remote and automatic drilling capabilities • Focused on specific safety initiatives that resulted in our best safety performance to date • Started to measure electricity usage on selected machines • Implemented closed-loop water cooling systems on selected machines	• Continue to expand on remote and automatic drilling capabilities • Increase our focus on employee well-being and health on the back of our safety initiatives • Expand on initiatives to reduce electricity usage and water consumption
Positive sustainable impacts		
• Increased efficiencies in: – Energy – Water – Oil	• Identified energy, water and oil efficiencies • Improved alignment with international sustainability targets • Continued focus and drive of zero-harm initiative	• Improve on energy, water and oil efficiencies • Improve alignment with international sustainability targets • Continue to focus on and drive zero-harm initiative
• Community development initiatives	• Target of 1% spend met as per Group Policy. Approximately USD240 000 spent	• Maintain spend of 1% of Group revenue as per policy
• Employee well-being	• Socio-emotional wellness tool developed, interaction with employees' families, social welfare services provided to all employees such as financial literacy, marriage counselling, substance abuse assistance	• Employee seminars/camps dealing with socio-emotional well-being such as finances, marriage and coping with work pressure • Group-wide leadership coaching programme

DIGITAL STRATEGY

As a Group, our strategy has always been to make a difference in the mining industry through the use of niche technology and automation. To achieve this, we diversify in different investments, such as commodities, currencies and various services focusing on South Africa, with a goal to take our technology globally. This all forms part of our efforts to make the world safer for our clients.

Currently, we have invested in two safety management solutions-based companies outlined alongside.

1

A&R ENGINEERING AND MINING SERVICES AND RELATED PARTIES

A&R Group is a group of companies that focuses on mining safety and provides a management solution for the mining industry. The business primarily installs smart devices on vehicles underground, tracker vehicles, railway-bound vehicles and people. This is done to avoid vehicle collisions and pedestrian safety through the use of a proximity detector.

Embedded IQ, a technology development company based in South Africa that is part of A&R Group, is the component manufacturer behind this equipment.

Our strategy is to take A&R Group, which has been operating locally for a number of years, abroad to assist international clients and companies.

A&R Group has a rich history in South Africa and has been operational and servicing local businesses for more than 40 years. In 2021, Master Drilling obtained a minority interest in the equity and intellectual property of these companies and acquired the controlling shareholding in these businesses in 2022.

2

APPLIED VEHICLE ANALYSIS

AVA is a software company that believes in a data-driven approach to mine management by providing specialised solutions to operations, enabling companies to better control and manage their mines, material, mobile assets and people.

AVA makes it easy for mines to gain relevant, real-time insights into the performance of their operations and identify the ever-changing and unique constraints related to their processes and respond appropriately.

AVA operates in South Africa, West Africa, Peru and Malaysia with over 28 sites, 2 000 assets monitored and across five commodities.

OUR BUSINESS RISKS AND OPPORTUNITIES

Master Drilling's risk management framework remained consistent during the year with the risk management process being enhanced in terms of its application. The Stragility application continues to assist with the implementation, updating of information on and reporting of changes in the risk environment in real time and is now fully implemented across the Group.

The Group continues to follow the COSO II and ISO 31000 principles of risk management which require risks to be linked to objectives that drive our strategy.

These identified risks are then linked to root causes and possible consequences. Controls are identified to deal with the root causes and possible consequences.

The prioritisation of our risks helps us to focus our efforts and resources on areas with the biggest exposure and possible opportunities.

The Chief Executive Officer is ultimately accountable for risk management at Group level. The Chief Executive Officer delegates responsibility to the various executives, heads of department and other staff to ensure risks are managed and mitigated throughout the organisation.

COMBINED ASSURANCE – THREE LINES OF DEFENCE

3rd line
Independent external assurance: External third parties provide assurance to corporate functions and line management

2nd line
Independent internal assurance: Corporate functions provide assurance to line management in executing their duties

1st line
Management: Provides day-to-day assurance over various activities of the organisation

Board					
Corporate Governance Committee	Risk Committee	Remuneration Committee	Nominations Committee	Audit Committee	Social, Ethics and Sustainability Committee

Combined assurance forum			
Regional Risk Committee (South America, the USA, Canada)	Regional Risk Committee (Africa, Europe, Asia)	Regional Risk Committee (South Africa)	Special Projects Risk Committee
Regional General Managers	Regional General Managers	Regional General Managers	Regional General Managers/project managers/special matter experts

RISK TOLERANCE AND APPETITE

The Group has set levels that define the level of risk the Group can take on at any given time. The levels are reviewed quarterly in the form of actuals versus appetite, and special initiatives have been formulated to address any risk determined to be above the Group's risk appetite.

Business units conduct facilitated risk assessments once a year based on the strategy and objectives for that year. Risk registers are updated by business unit management on a quarterly basis using our Stragility platform.

The Group Risk and Assurance Manager aggregates the registers into a Group risk register and presents it to the Risk Committee and ultimately the Board on a quarterly basis.

Risks are rated by using the following methodology:

- Impact;
- Likelihood; and
- Inherent risk.

A level of control factor is applied to the inherent risk to arrive at the residual risk exposure. The following four indicators are used to prioritise various actions relating to risk:

- Inherent risk;
- Residual risk;
- Desired residual risk; and
- Gap (difference between residual and desired residual risk).

INTERNAL AUDIT AND ASSURANCE

External risk management assurance is provided by PricewaterhouseCoopers Inc.

Master Drilling appointed an Internal Audit Manager who has built capacity around and focused on internal audits with the final aim being a fully functional independent in-house internal audit function. During 2023, we appointed two additional in-house internal auditors who started on 1 January 2024 and 1 March 2024, respectively. Assurance activities include various types of reviews including internal audit, as well as internal cross-audits, performance audits and site audits. Master Drilling's assurance plan is risk-based and reviews are scheduled according to this plan.

The Group's risk metric is used to identify the different areas subject to internal audit review.

Areas with strong controls are tested rigorously, while areas with weaker controls are addressed to improve the controls.

REPUTATIONAL RISK

Reputational risk is not specified as a separate risk as the Group deems it to be a consequence of some other risk mitigation failing. Reputational risk is therefore addressed by managing each material risk individually.

MATERIAL RISKS

The risks identified at management level, and assessed by the Board's Risk Committee, expose those material matters that could substantively affect our ability to create value for our stakeholders over the short, medium and long term.

During the year, we reviewed our previously identified material matters taking into consideration our operating context, stakeholder engagement as well as risks and opportunities. In doing so, we assess the severity of the impact of any given material matter as well as the probability of its occurrence.

OUR BUSINESS RISKS AND OPPORTUNITIES continued

Risk		Mitigation	Status
Safety, health, environmental and quality			
1	**Unwanted SHEQ-related events**	Control through an integrated management system, based on leadership commitment, effective SHEQ standards, core competencies and consultation and participation. This, combined with the live data provision of applicable leading and lagging indicators, ensures the risk is actively controlled.	↓
2	**Geopolitical tensions**	The Group has a functioning Crisis Committee that oversees geopolitical tensions and the potential impacts these could have on the Group. Issues are continuously monitored and any changes are reported to the Crisis Committee.	↑
Information and data			
3	**Information-driven decision-making**	The Group drives continuous digital innovation projects through a dedicated digital innovations department. The data that these projects generate is stored in data warehouses and interpreted by making use of data analytics and Power BI dashboards. This information is then used to make real-time business decisions.	↓
4	**Information technology (IT), data analytics and end user knowledge**	The same controls are applied as under the information-driven decision-making risk, however, with a focus on upskilling the end user to use the various dashboards. Continuous training and development initiatives are driven by the digital innovations department as and when new systems and platforms are launched.	⊖
Sustainable growth			
5	**Fleet optimisation and utilisation**	Various scheduled machine upgrades are underway with a specific focus on low-profile machines. There is also an increased focus on the MTB and SBS.	⊖
6	**Business model optimisation**	A Group strategy alignment project was implemented with monthly progress reviews towards strategic initiatives. The aim of this project is to align entities and teams with the overall direction of the business. This is achieved by making use of technology where all employees in the Group have access to the objectives and key results as well as the ability to view progress towards achieving them.	↓
7	**Diversification, mergers and acquisitions and geographical expansion**	The Innovations Committee partners with business development agents to expand the geographical footprint and researches specific technologies that can be applied in the mining industry.	⊖
8	**Availability and accessibility of funds and free cash**	A number of cash-preservation measures are in place to preserve cash and increase access to funds. These include weekly capital allocation meetings and cash flow projections as well as various cost-reduction initiatives across all operations.	↓
9	**Innovation and technology**	The Innovations Committee innovates technology-driven solutions that can be applied in the mining as well as non-mining environments.	↑
10	**Look and feel of the future mining industry**	Master Drilling participated in various forums and several global conferences which provided insight in terms of what the future of the industry might look like.	⊖
11	**Maintaining our licence to operate (ESG specifics)**	A specific ESG policy focuses on the following: • Green energy usage (head office) • Energy-efficient operations • Fresh water usage reduction • Oil consumption reduction • Fossil fuel consumption reduction • Community development	↓

Risk		Mitigation	Status
Commercial			
12	**Contract management, execution and profitability**	We have dedicated contract managers with a key focus on training and development around contract execution and cost management. These contract managers are supported by qualified quantity surveyors and project management technologies.	↓
Competition			
13	**Strategy and technical development at competitors, potential future competitors and original equipment manufacturers**	We continuously monitor the industry for new technologies and make adjustments to our long-term strategy accordingly. The Innovations Committee also plays a key part here.	⊖
People capacity and development			
14	**Required skills mix, development and availability thereof for the new normal**	We have a defined business strategy with a specific future-fit objective. KPIs and performance agreements for executives are in place together with succession plans for key individuals.	↓
Legal, regulatory and procedural compliance			
15	**Compliance with key laws, regulations and critical procedures**	Each business unit in the Group developed a compliance universe based on the Group's identification and prioritisation methodology.	⊖
Cybersecurity			
16	**Safeguarding of information and protecting the organisation against cyberattacks**	Various IT policies and procedures are in place together with firewalls and continuous data monitoring. Deviations from procedures are investigated with remedial actions identified and implemented. Notifications around cyberattacks are monitored and adjustments are made as and when required.	↑
Theft, fraud and corruption			
17	**Timely detection and reaction to theft, fraud and corruption**	Policies and procedures are in place to deal with any such incidents. The Group also has a whistle-blower hotline that is administered by Deloitte. Scheduled internal and external reviews are also conducted throughout the year.	⊖

↑ Increased in relation to previous year ↓ Decreased in relation to previous year ⊖ Unchanged

The above risks are linked to our strategic objectives and pillars. Efficiently managing these risks can help safeguard the Group against any possible financial and reputational damage.

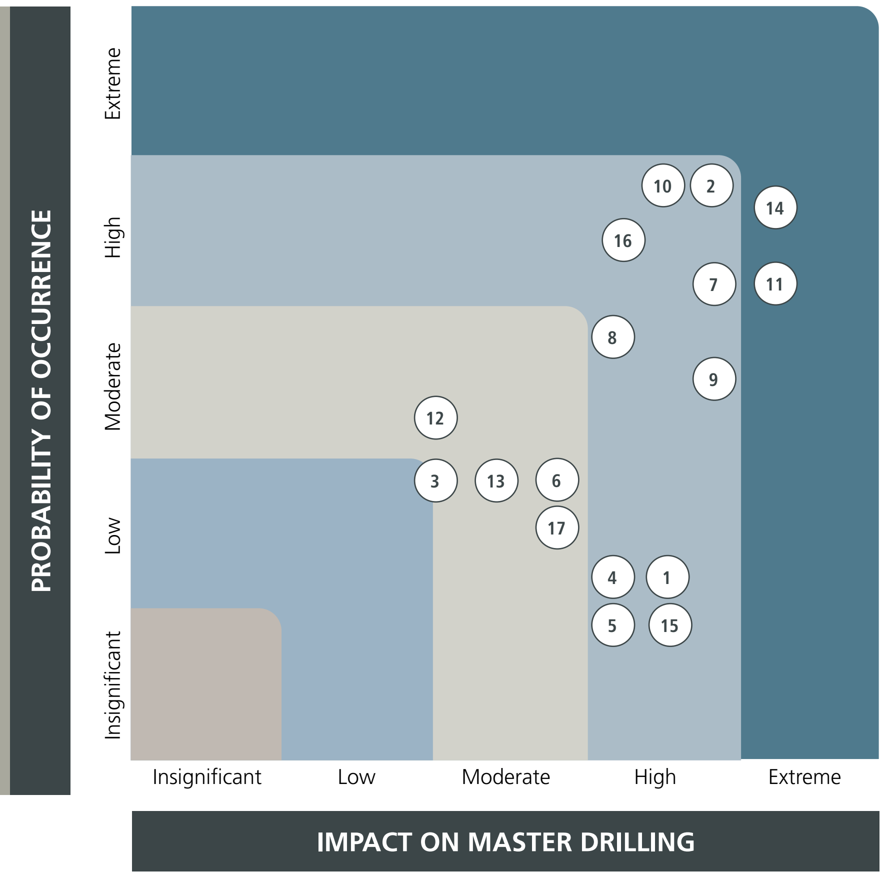
OUR BUSINESS RISKS AND OPPORTUNITIES continued

OPPORTUNITIES

- SHEQ-related events provide an opportunity to increase client satisfaction and for the expansion of our client base.
- Global geopolitics drive an increased focus on diversification strategies, specifically looking at growth opportunities in unaffected countries.
- Information-driven decision-making ensures we make more correct decisions in a shorter space of time.
- IT, data analytics and end user knowledge ensure real-time reporting and decision-making.
- Fleet optimisation and utilisation increase production, safety statistics and profitability.
- Business model optimisation ensures an increased and dedicated focus by individuals on the four core businesses.
- Identify and pursue high-margin, low-capital businesses, creating additional income streams for the Group.
- Availability and accessibility of funds and free cash ensure the ability to capitalise on business opportunities as and when they arise.
- Innovation and technology enable a safer working environment for our staff and our clients' staff.
- Ability to design new technologies not yet in existence and capitalising on this position.
- Making a real difference towards sustainability and contributing to a green economy.
- Applying efficient contract management to increase utilisation and profitability.
- Ability to be one step ahead of our competitors in what we offer to the market. This, in turn, will result in additional work and revenue.
- Create an effective lean business with engaged high-performing individuals.
- Comply with all laws and regulations to ensure an improved corporate image.
- Safeguard information against cyberattacks and develop new software and programs internally that can be commercialised.
- Through timely detection and reaction to theft, fraud and corruption, apply lessons learnt and strengthen the internal and external control environment.

RISK HEAT MAP

The heat map indicates the position of the material risks detailed in the previous pages on an assessment of the impact if the risk occurs, and the probability of the risk occurring, without taking the mitigation effect of controls into consideration (inherent risk position).



Risk	Rating	Management mitigation strategy
Extreme	> 20	This risk must be shared, terminated or controlled
High	> 15 up to 19	This risk should be shared or controlled
Moderate	> 10 up to 14	This risk will typically be controlled (treated)
Low	> 6 up to 9	Management will make an informed decision as to whether this risk must be controlled or absorbed by the business unit. The decision will be based on a "cost versus benefit" approach
Insignificant	Up to 5	Impact and probability is insignificant. This risk may be tolerated and cost of losses will be absorbed by the operating unit

APPROACH TO **ESG**

Our approach to business is driven by a purpose to create value sustainably, ensuring we have a positive and lasting impact on our people, communities and society at large. We look to carry out operations in a manner that promotes environmental safety, which guarantees long-term business resilience and creates sustainable stakeholder value.

Environmental responsibility	Social well-being	Governance excellence
We recognise our responsibility to safeguard the environment for future generations and are dedicated to minimising our environmental footprint by reducing emissions, conserving resources and embracing sustainable practices in our operations. Our commitment to environmental stewardship extends beyond compliance to innovation, continuously seeking and implementing greener solutions to protect the earth's fragile ecosystems.	We value the well-being of our employees, clients and the communities in which we operate. Through fostering diversity, equity and inclusion within our organisation, we aim to create a workplace that reflects the diversity of the world. We are committed to fair labour practices, safe working conditions and empowering our employees to thrive both professionally and personally. In addition, we actively engage with the communities around us by supporting local initiatives and building lasting partnerships that enhance quality of life.	Transparent, ethical and responsible governance is the foundation of our success. We uphold the highest standards of corporate governance, maintaining the trust and confidence of our investors, clients and employees. Our Board is accountable, embraces diversity and is committed to long-term sustainability. We foster a culture of accountability, transparency and integrity in all that we do.

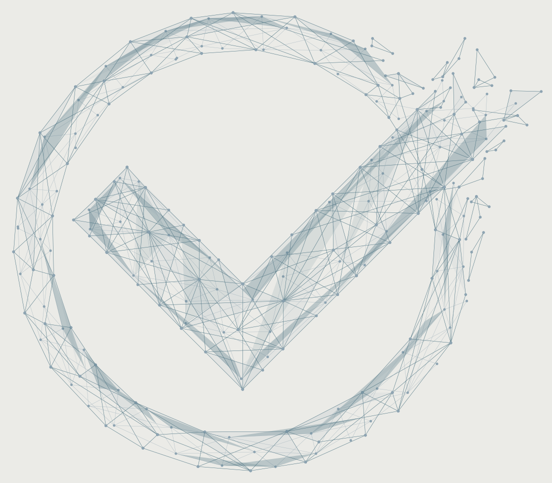
ESG POLICY STATEMENT

At Master Drilling, we are committed to making a positive and lasting impact on the world through our unwavering dedication to ESG principles. Our purpose is clear: to lead by example, drive positive change, and create sustainable value for our stakeholders, the communities we serve and the planet we call home.

Our ESG purpose is not just a statement; it is a commitment to drive positive change, demonstrate leadership and continuously improve. We measure our progress, hold ourselves accountable and adapt to emerging challenges. Through our actions, we aspire to set an example for others, inspire collective efforts and contribute to a more sustainable, inclusive and prosperous future for all.

CULTIVATING A ZERO-HARM ENVIRONMENTAL APPROACH

We realise that water is a precious resource and is an important input for the mining and mineral industries' operations. Furthermore, it is primarily required for the health and well-being of our employees along with the communities in which mines operate. Therefore, it is important to cultivate a zero-harm environment in terms of safety and health throughout our operations and, through the implementation of and investment in risk mitigation initiatives, we reduce our own carbon footprint.



MASTER DRILLING HAS COMMITTED TO THE FOLLOWING:

- Ensuring that we use water in a responsible manner to safeguard our employees and the communities in which we operate;
- Applying innovative technologies to enhance operational security and water stewardship;
- Conserving water by adopting management practices to reduce water usage, pollution and wastage;
- Collaborating with our stakeholders to achieve responsible and sustainable water usage;
- Implementing clean, renewable energy sources that will ensure reduced air pollution and carbon emissions;
- Using smart technologies to chart the extent of our carbon footprint and to identify methods to reduce carbon emissions;
- Utilising a data-driven approach to determine the most efficient use of our assets in order to reduce our carbon footprint; and
- Striving to contribute to environments that prioritise diverse sources of clean and renewable energy to power communities within which we operate.

As a Group, we aim to conduct business through our core values which are **respect, accountability, innovation, safety and efficiency**.

APPROACH TO ESG continued

Environmental responsibility

How we define ESG

The energy the Company takes in, the waste it discharges, the resources it needs and the consequences for living beings as a result. This encompasses carbon emissions and climate change.

Our sustainability goals are aligned to the United Nations Sustainable Development Goals (UN SDGs)

- Protect and preserve the environment and planet from harm through water management, waste reduction and recycling
- Measure and manage energy

Our targets

- Generate some of our global office energy requirements from renewable sources (solar)
- Reduce energy consumption at our operational sites
- Reduce water consumption at our operational sites and recycle water in the cleaning process
- Reduce oil consumption (filter and re-use) or recycle oil used in operations

Social well-being

How we define ESG

The relationships the Company has and the reputation it fosters with people and institutions in the communities where we operate; labour relations, diversity and inclusivity in relation to the broader, diverse society in which we operate

Our sustainability goals are aligned to the UN SDGs

- Care for and respect all stakeholders
- Ensure safe and responsible operations

Our targets

Safety and health

- Zero harm
- Decrease our LTIFR rate year-on-year. Focus on behaviour-based systems and engineer out any risk
- Safety programme with targets from recruitment to retirement
- Health programme for all employees

Social

- Channel procurement spend through local businesses where we operate
- Employ local people where we operate with a knowledge transfer programme
- Retain key skills and attract required skills to grow the business
- 18% gender diversification – up 2% from prior year
- Compliance with and support of the Social and Labour Plans (SLPs) of our clients
- Develop the communities in which we operate – SLPs are in place for each community

Governance excellence

How we define ESG

The internal system of practices, controls and procedures adopted to govern the Company; make effective decisions, comply with the law and meet the needs of external stakeholders

Our sustainability goals are aligned to the UN SDGs

- Ensure compliance with laws and regulations
- Comply with best practice
- Act in a transparent manner

Our targets

- Compliance with King IV™ principles
- Roll-out of Group values and measure compliance
- Remuneration practices
- Board diversity and management diversity
- Tax strategy
- Risk programme and insurance cover
- Audit practices

KEY ESG STRENGTHS

- Master Drilling has embarked on its ESG journey to actively manage ESG risks and stakeholders' expectations;
- Master Drilling already considers some ESG components in Stragility, with 40% of the Stragility indicators being directly linked to ESG;
- Some of the business risks can be linked to ESG-related risks;
- Master Drilling has appropriate governance structures in relation to ESG matters;
- The Board has established committees with clearly defined responsibilities;
- Relevant policies have been developed to govern the way in which the business operates;
- The business complies with King IV™ and the JSE Listings Requirements;
- The General Manager/Chief Executive Officer of each individual operation has signed a performance agreement that is linked to the Stragility ambition;
- The business publishes an annual Integrated Report which includes a section focusing on the ESG strategy; and
- Core material risks related to financial performance are monitored across the business (health and safety, employee retention).

STAKEHOLDER ENGAGEMENT

Master Drilling's stakeholder management process is reviewed regularly to evaluate the constant changes regarding the influences and impacts of different stakeholders on our broader environment.

We define our stakeholders as persons or groups who are directly or indirectly affected by our operations or projects, or whose interests in our operations or projects can influence their outcome. Our stakeholders' direct and indirect interests have the ability to influence how we create value and inform our strategy. Therefore, communication and relationship management with our stakeholders are of the utmost importance to the sustainability of our business.

Our primary stakeholders are:

- Communities
- Clients
- Governments
- Employees
- The media
- Suppliers
- Investors

Our open and transparent approach ensures that we determine the best way in which to engage with all identified stakeholders. We monitor key issues that affect not only our stakeholders, but also ourselves, as well as the manner in which we respond and develop solutions for these issues.

Our stakeholder management informs our key strategic decisions, business operations and objectives. We identify material matters through stakeholder management initiatives and continue to manage them throughout the process.

We use various means to communicate with stakeholders including Annual General Meetings; our website; the media; one-on-one meetings; forums; employee and client surveys; formal and informal discussions; and various stakeholder presentations.

We have a stakeholder management programme that ensures that all communication with stakeholders remains open and transparent.

External consultants regularly provide formal investor and analyst feedback. Regular employee and client feedback is performed internally.

Communities

Locally affected communities and individuals and their formal and informal representatives as well as civic, non-governmental and religious organisations and other groups with special interests

Engagement

- We follow all guidelines provided by our clients to determine who the affected communities are and how we should engage.
- We allocate financial and human resources to these communities and work with them to ensure that they are sufficiently provided with information and are engaged on operational issues that may affect them.

Impact on stakeholders and the Group	Matters raised
Outward: Through engagement, our operations could have an immediate and long-term positive impact on the socio-economic development and sustainability of communities and livelihoods. **Inward:** Conflict with communities could delay or impede access to projects and operations, resulting in financial and other losses as well as reputational damage. Through engagement, the Company is seen as a responsible corporate citizen.	• Community investment through provision of jobs • Local procurement • Infrastructure development and benefit sharing • Socially responsible employer • Impact of restructuring and closures • Environmental and health impacts

Clients

Engagement

- We ensure transparent interaction and clear communication. Senior management receives weekly feedback on the monitoring of all contracts.
- High levels of technology translate into a competitive advantage for our clients.
- We have a continuous client relationship management programme and key account management roles. Clients are given a 5-star ranking.
- Improved account management and active cost management for better contract management and contract execution are prioritised.

Impact on stakeholders and the Group	Matters raised
Outward: We participate in client satisfaction surveys, facilitate communication with senior management and arrange formal site meetings. We attend the Mining Indaba and various trade shows, business development meetings and conferences. **Inward:** We regularly have technical meetings and site visits to our facilities and operations.	• Safe operations • Compliance with clients' drilling plans and standards • Effective project management and reporting • Availability and reliability of rigs and equipment • Qualified and trained crew • Relationship building

Governments

Engagement

- We continually engage with governments in all the regions in which we operate. Substantial direct payments are made to governments including taxes and levies. We strive for transparency in all payments to governments.
- All payments are governed by Master Drilling's values and compliance policies, including its policy on anti-bribery and anti-corruption, and comply with any and all currently applicable laws. This is regulated by the whistle-blowing policy and the Audit and Risk Committees.

Impact on stakeholders and the Group	Matters raised
Outward: The benefits for governments are job creation, taxes and investment. Master Drilling's benefits at a local level include opportunities for employment, skills development, local procurement and improved infrastructure. **Inward:** Engagement is aimed at establishing regulatory certainty and compliance with the King IV™ principles to create an environment conducive to good business practice.	• Safety and environmental performance • Regulatory compliance • Taxes • Labour relations • Local development • Housing and living conditions • Wage negotiations and the industry's economic position • Safety, security and stability • Contributing to national priorities and related sector initiatives

STAKEHOLDER ENGAGEMENT continued

Employees

Their families and labour unions

Engagement

- Engagement with employees is a two-way form of communication and is critical to ensuring increased productivity, maintaining strategic focus and motivating them to give their best. Engagement is undertaken on a wide range of issues, many of which are specific to the local context.
- We comply with the local, legal and regulatory frameworks as well as with international codes, including those of the International Labour Organisation.

Impact on stakeholders and the Group	Matters raised
Outward: Improved safety, health and well-being have marked impacts on employees and their families. By understanding and aligning with the corporate strategy, employees have access to development and career fulfilment as well as job security. Unlawful industrial action may have negative consequences as the Company will not compromise on ensuring the safety of its employees and its assets. **Inward:** Improved health and safety as well as increased employee engagement have a positive impact on productivity. Good labour relations reduce the potential for industrial action and promote a collaborative approach to problem-solving in the workplace.	• Employee safety and health • Accommodation and living conditions • Employee indebtedness • Job security • Attractive compensation and benefits packages • Career advancement • Training and development • Recognition and reward • Employee and family well-being

The media

Engagement

We seek to engage regularly and transparently with local and international media and also post details of our Group projects and events on our social media platforms.

Impact on stakeholders and the Group	Matters raised
Outward: Media engagements are crucial and can increase understanding of the Group and promote accurate reporting and constructive relationships. **Inward:** Successful engagement will enhance the Group's reputation.	• Operational performance and business sustainability • Safety and health performance • Understanding Master Drilling's business • Active response to media queries • Integrity of all communication • Development of new technology

Suppliers

Business partners and business peers

Engagement

We seek collaborative and mutually beneficial relationships.

Impact on stakeholders and the Group	Matters raised
Outward and inward: We strive to have stable, long-term and mutually beneficial relationships. We prioritise development and support local suppliers. We encourage improved sustainability and growth by partnering with key suppliers, business partners and business peers.	• Impact of restructuring and closures • Ongoing financial commitments • Modernisation and innovation • Local procurement • Timely co-ordination for purchase requests • On-time payment • Transparent and clear tendering practices • On-time deliveries • Relationship building

Investors

Financiers and potential investors (investment community)

Engagement

We communicate regularly with our shareholders, investors, potential investors and the providers of capital, in person and by email, at our half-yearly and annual results presentations/webcasts, conference calls, site visits, investor conferences and one-on-one/virtual meetings. This also ensures compliance with the JSE requirements and King IV™.

We engage through roadshows, results releases and Annual General Meetings.

Impact on stakeholders and the Group	Matters raised
Outward: Engagement can have a positive effect on the valuation and credit rating of our Group and our access to cost-efficient capital. **Inward**: We have been able to successfully arrange new facilities for capital-sustaining growth and obtain assistance with technology development from financial partners. A strategy review is undertaken after feedback from shareholders.	• Operational performance and business sustainability • Financial performance • Safety performance • Regulatory issues • Shareholder returns

REPORTING AND MONITORING

Audit

The Audit, Risk and Social, Ethics and Sustainability Committees review the issues identified, as well as the final report, to determine appropriate actions to achieve objectives.

Report

The material issues for reporting represented a balanced and comprehensive view of the critical areas of concern for the business and for stakeholders.

Identify

This will ensure that we are aware of additional or emerging issues not identified which should be included.

OUR **PEOPLE**

WHY WE ENGAGE

Master Drilling's business relies on constant innovation and problem-solving to deliver services which ensure we remain successful. Our people act as a strategic enabler to our success by ensuring we deliver market-leading technology and solutions to maintain our competitive advantage.

Expectations of employees as stakeholders

- Competitive total rewards
- Effective performance management
- Investment in training and career development through targeted interventions
- Career advancement, growth and intellectual and leadership development
- Alignment between work and organisational purpose and values
- Opportunities for innovation
- Ethical, fair and inclusive work environment
- Protection of labour and human rights

How we create value with our people

- Review total rewards structures to ensure competitiveness when attracting and retaining talent
- Offer continuous performance engagement
- Facilitate professional development, self-driven by employees, including digital and traditional learning programmes, immersive experiences and conferences
- Offer attractive talent pipeline programmes for critical skills
- Provide opportunities for innovation and leadership development
- Invest in employee well-being programmes, portals and other resources

Methods of engagement

- Annual employee engagement survey
- Business unit-specific pulse surveys
- Ongoing feedback-through performance management
- In-house publications, communications and emails
- Technical training sessions by internal and external experts and leaders
- Frequent Chief Executive Officer and one-on-one engagement
- Focus groups and staff dialogue
- Talent reviews
- Self-service portals to enable and support processing, enquiries and policies (human resources app)

We continuously drive and strive to embed our values to ultimately create and foster a culture where all employees can thrive and grow. It is imperative to improve our working environment to one where employees feel:

1	2	3	4	5
RESPECTED	ACCOUNTABLE	INNOVATIVE	SAFE	EFFICIENT

Human capital strategy

Our human capital strategy is gaining good momentum and significant progress has been made in the following areas:

- Attraction of talent;
- Creating a high-performance culture through a fully online performance management platform where goals and competencies are tracked against job profiles; and
- The retention scheme is playing a positive role in the retention of key talent through the grower, keeper and strategic management retention programme that was implemented in the previous financial year.

Human capital risk and impact on our business

Our people are a strategic enabler for the Group. We continue to face the risk of skills shortages, particularly in critical areas such as technology, data science and technical operational skills. Although mitigated by initiatives, it remains a challenge to retain and develop our existing talent to maintain a resilient and evolving workforce. Our workforce is becoming more diverse, inclusive and demographically representative of the markets where we operate. The work environment has evolved at an unprecedented pace in recent years, leading to health (including mental health) and productivity challenges across our global workforce. If left unmanaged, these changes in conditions threaten our employees' well-being which, in turn, impacts the overall resilience of our business.

Top people priorities for 2024

- Human resources technology and data-driven analytics
- Organisational culture
- Leadership and manager development
- Career management and internal mobility
- Change management

Key mitigating actions

- Ensure we have the best person in every role
- Liberate the best in our people through digital enablement, challenging work and learning experiences
- Build highly motivated teams that embody the Master Drilling culture
- Create a work experience that positions Master Drilling as an employer of choice
- Entrench a compelling employer talent brand and drive recruitment initiatives that attract and retain the best talent in critical segments
- Offer competitive total rewards
- Identify and implement succession planning across the key roles within the businesses
- Monitor employee well-being through dedicated programmes – such as employee engagement surveys and expat management
- Provide support and counselling to our employees through our social welfare department
- Review and update our plans and contingencies to protect our employees' health, safety and work capabilities
- Monitor staff attrition rates across our businesses
- Build our talent pool of critical skills, particularly in engineering and trade sectors through our dedicated apprenticeships and internship programmes
- Leverage our human capital, which is core to our ability to recognise and realise opportunities in line with our values

OUR PEOPLE continued

Creating an ethical culture

Master Drilling's code of ethics is made available and explained to all employees as part of their induction. Our code of ethics provides employees with information about the core principles of the Group, including legal compliance, ethical dealings, labour practices, human rights and gender and race diversity. We recognise the right of employees to freedom of association, organisation and collective bargaining. As part of the process of monitoring our ethics, we have an independent, anonymous whistle-blower hotline. This allows anyone to report illegal or unethical behaviour, including mismanagement, discrimination, harassment, vandalism, corruption, violence and theft. The whistle-blower hotline is available to both national and international callers. Hotline activities are reported to the Social, Ethics and Sustainability Committee, Audit Committee, Risk Committee and the Board.

Key UN SDGs impacted by our people and activities:

1	No poverty
2	Zero hunger
3	Good health and well-being
8	Decent work and economic growth
10	Reduced inequalities

Diversity and inclusion

We are committed to creating a diverse workforce. We are compliant with the provisions of the various global acts and implemented policies that prohibit race, gender and all other forms of discrimination in the workplace.

We also comply with the provisions of the Broad-based Black Economic Empowerment Act as well as with the amended B-BBEE Codes of Good Practice. Our divisions operating in South Africa, namely Master Drilling Exploration Proprietary Limited and Master Drilling in South Africa, are being rated individually at Levels 1 and 4, respectively. Our permanent workforce comprises predominantly previously disadvantaged employees, at 61% of the total. At a middle and junior management level, previously disadvantaged employees comprised 19% and 26% of total positions, respectively. We have internal targets to increase diversity representation across all managerial levels.

Key managerial and specialist skills, such as engineering positions, are becoming increasingly difficult to fill, regardless of race, highlighting the increasing risk related to skills shortages in South Africa.

We are also committed to providing an accommodating work environment for people with disabilities. 116 (2022: 113) of our employees are people with disabilities.

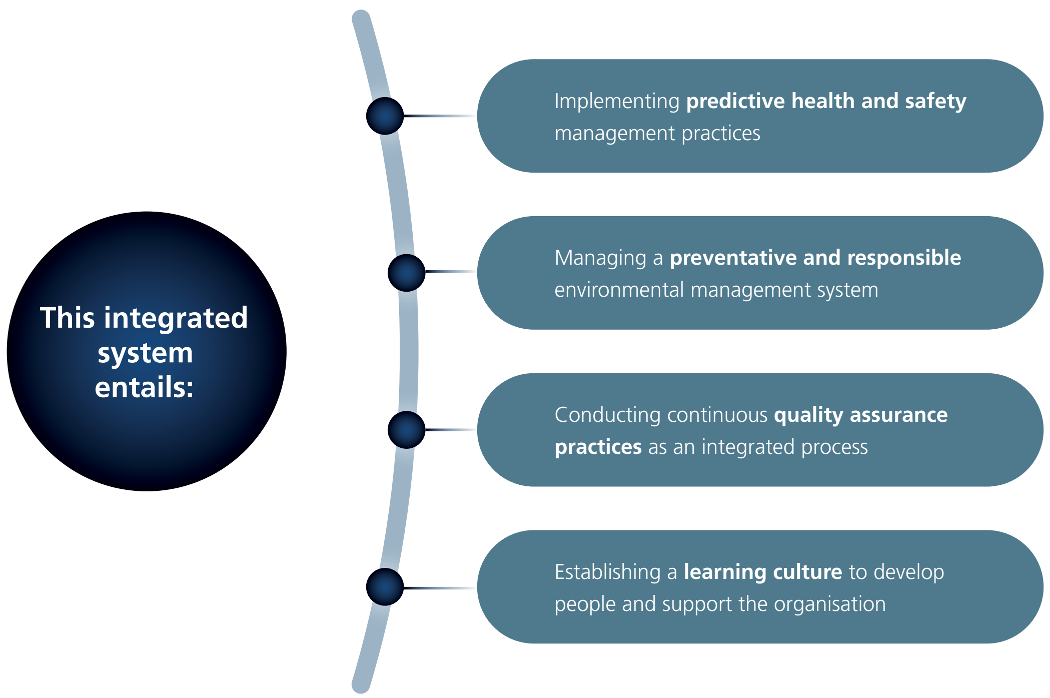
Gender diversity is also a key focus for us. Management has set internal targets to improve gender diversity in leadership positions over the next five years and to improve female representation across all operations.

While women comprise 18% (2022: 16%) of our total permanent staff complement, they hold 24% (2022: 22%) of managerial positions (junior management and higher).

SAFETY, HEALTH, LEARNING, QUALITY AND THE ENVIRONMENT

Managing safety, health, quality and learning as an integrated process.

We continuously strive to accomplish **zero harm** to people, property and the environment by implementing an **integrated management system** based on best practices and international standards such as ISO.



….contributing to input into the Group's strategy and objectives.

HEALTH AND SAFETY

Master Drilling is committed to ensuring the health and safety of all employees. We seek to create a safe working environment which complies with all statutory requirements and regulations as well as the different codes of practice.

We believe that practising predictive SHEQ management is essential and this platform enables management to implement the required control measures in real time.

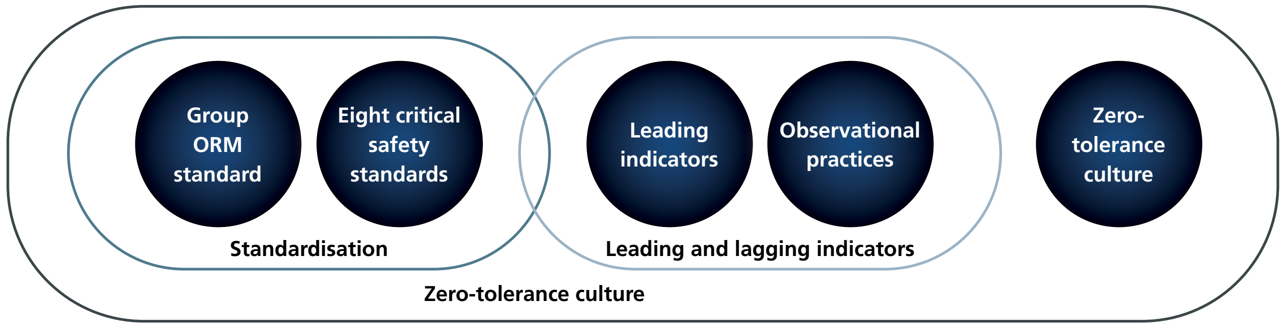
As a strategic initiative, we believe in having live data of safety conditions to enable quick decision-making in real time, avoiding the traditional lagging response. The data-driven decision-making initiative was expanded to address health, hygiene and quality, thereby improving the overall data value allowing for an improved approach to managing these SHEQ disciplines in 2024.

Our overall safety performance has improved compared to the previous year. We achieved an LTIFR of 0.5 for FY23, compared to 0.81 in FY22. The improvements in health and safety were a result of key initiatives such as hands-free operations through automation and remote drilling, the implementation of designed special tools and focusing on risk identification and control.

To continually improve our health and safety culture, we conduct frequent monitoring of behavioural aspects. One of our investments, A&R Group, specifically deals with safety as a proximity detection company. This aligns with the direction the industry is taking with an emphasis on safety.

Over the next 12 months, our commitment to predictive health and safety management practices will be demonstrated through the implementation of Group standardisation initiatives. Implementing a revised operational risk management standard together with eight critical safety standards will lay a foundation for our integrated management system to standardise and drive an interdependent culture of compliance. This initiative aims to establish a cohesive and standardised framework of safety protocols across the organisation. Simultaneously, we will leverage data from safety and health leading and lagging indicators to drive continual improvement in our management system, ensuring a proactive and responsive approach to potential risks. By fostering observational safety practices throughout the Group, we aim to enhance the reliability of leading and lagging indicators while reinforcing the importance of standardisation initiatives.

Looking ahead to the next two to three years, we envision a strategic and phased implementation of a zero-tolerance approach, further solidifying our commitment to creating a safe and secure work environment across the organisation.

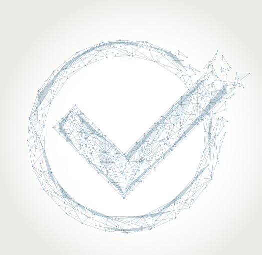


SAFETY, HEALTH, LEARNING, QUALITY AND THE ENVIRONMENT continued

As our health and safety management system matures, a unique approach to quality incident and non-conformance management is starting to take form. Building on the success of predictive health and safety management, the implementation of quality leading and lagging indicators is currently developing as data is collected.

Building on our current initiatives to ensure overall success of our management systems is paramount to our business, therefore the following pillars of the SHEQ management system will be a key focus area for 2024.

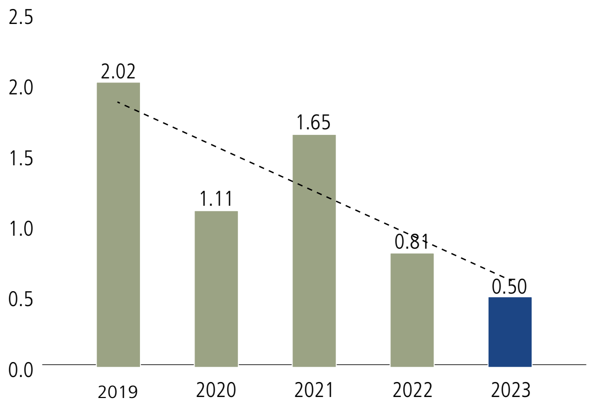
We strive for zero harm through:



- Leadership commitment
- Effective SHEQ standards
- Effective management systems
- Systems risk management
- Core competencies
- Consultation and participation

Our objective for 2024 is to remain the industry leader in raise boring and safety by pioneering and leveraging technology to solve conceptual problems and ensure the safety of our employees and clients. This includes hazard identification, risk assessment, control of risks and keeping each person responsible for their own health and safety. With the support of governments, regulators and policymakers, proven mechanisation processes should be adopted and promoted as an industry standard.

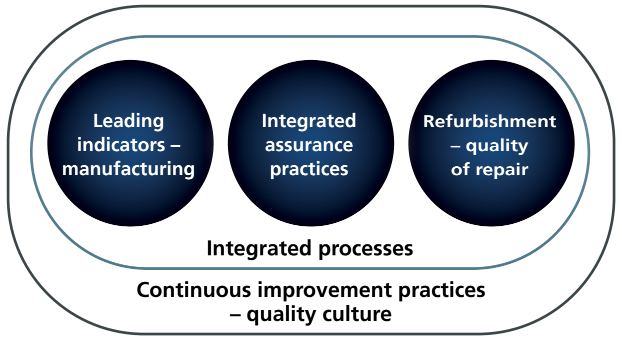
LOST-TIME INJURY FREQUENCY RATE



QUALITY MANAGEMENT

In terms of quality incident and non-conformance management, specific key initiatives have been identified to determine and decrease the severity and frequency of quality-related business interruptions to improve the client experience and maximise fleet utilisation. These are aligned with the Group engineering initiatives and will enhance the effectiveness of operations.

This integrated process is focused on leading indicators, integrated assurance practices and refurbishment, ensuring continuous improvement practices and supporting a quality culture.



ENVIRONMENTAL MANAGEMENT

Implementing a comprehensive and proactive environmental management system requires a strategic approach, encompassing various key initiatives over a specified timeline. In the first 12 months, our focus will be on connecting to Group ESG initiatives, ensuring alignment with operational-level controls. This will set the foundation for a robust framework.

Critical control verification at the operational level will be essential in emphasising ongoing assurance to address evolving environmental challenges. Additionally, a one to two-year plan is focused on upskilling the workforce and fostering an environmentally aware culture, recognising the integral role employees play in sustainable practices. Moreover, within the initial 12 months, specific leading indicators for environmental aspects will be implemented, providing measurable benchmarks to track and improve our environmental performance. This phased approach demonstrates our commitment to preventative and responsible environmental management, aligning with global best practices and industry standards.

LEARNING AND DEVELOPMENT

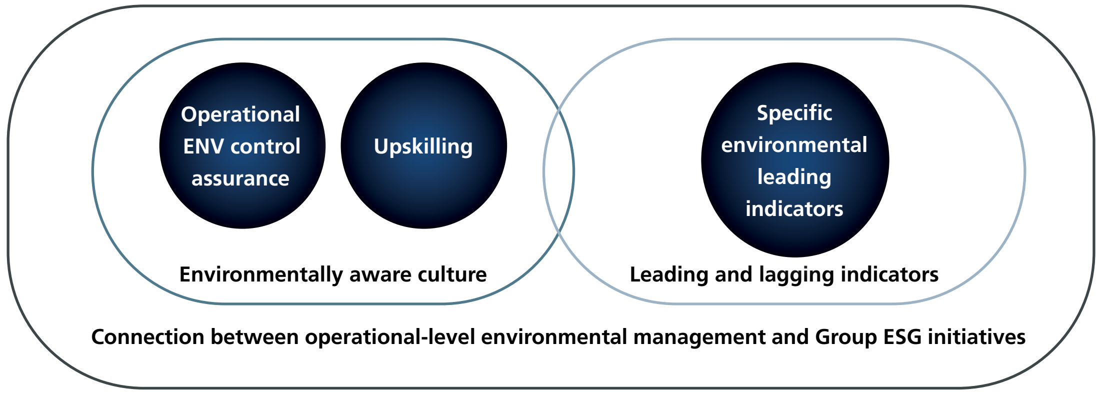
In the pursuit of organisational growth and employee development, a comprehensive strategy has been devised to establish a robust learning culture. The learning culture is a balance between experiential and formal learning as well as mentorship.

The initial phase involves the implementation of an experiential learning culture over 12 months, fostering an environment where hands-on experiences contribute significantly to skill enhancement.

Over the next two years, the focus will be on the integration of a business-oriented formal learning culture, showcasing a commitment to structured learning pathways aligned with organisational objectives. Furthermore, recognising the pivotal role of mentorship, a dedicated 12-month programme has been initiated to engage key role players, fostering knowledge transfer and professional growth. Simultaneously, the initiative encompasses a 12 to 24-month plan to upskill learning and development professionals, ensuring they remain at the forefront of industry trends and best practices, thereby fortifying the organisation's overall learning ecosystem.

In support of the initiative, Master Drilling Group has implemented a digital learning management system to plan, execute and monitor learning and development within our organisation. We believe that this platform will facilitate the skill gap analysis and identify upskilling, reskilling and promotability possibilities for all employees. Utilising digital platforms will provide live data provision and improve the efficiency of skills development.

Multi-skilling will remain a key strategic element of the learning and development function within the Group, where key role players are identified to be equipped with operational and maintenance skills, which will enhance productivity while improving safety.



OUR CONTRIBUTION TO **SOCIETY**

Master Drilling aims to ensure good corporate citizenship and to contribute to societal goals of a philanthropic, activist and charitable nature by engaging in and supporting volunteering efforts and ethically oriented practices. Our Social Services office strives to promote well-being, empowerment and upliftment within individuals and families to ultimately ensure flourishing and functioning communities. The Group is cognisant of its duty to act as a good corporate citizen and the responsibility we have towards the people with whom we work as well as the communities impacted by our operations.

VISION

Creating opportunities for the upliftment and empowerment of people to ensure sustainable, functioning and flourishing communities.

MISSION

Rendering quality social work services to Master Drilling employees and the broader community. The better we make the community, the further it goes.

GOALS

- To empower people with the needed knowledge and skills to improve their level of functioning within their community and to create the opportunity to fulfil their potential;
- To uplift communities by changing their attitudes and perspectives on their circumstances and giving them the opportunity to accept accountability and bring positive change;
- To render sustainable services in communities to ensure effective and long-term positive change;
- To create healthy environments for Master Drilling employees and community members to ensure optimal functioning in all spheres of their lives; and
- To network with relevant stakeholders and build and maintain positive working relationships to ultimately strive to strengthen
- To network with relevant stakeholders and build and maintain positive working relationships to ultimately strive to strengthen communities together.

We work according to our values, not just during production but also during our work with people.

R	A	I	S	E
RESPONSE	ADVOCACY	INTEGRATION	SUSTAINABILITY	EFFECT

SISONKE – BETTER TOGETHER COMMUNITY UPLIFTMENT PROGRAMME

We augmented our development and empowerment services by rolling out the Sisonke programme, an isiZulu word meaning "We are together." Master Drilling views the Sisonke programme as an opportunity to engage with civil society in order to extract true potential and fulfil policy considerations, by means of a direct and hands-on physical and financial contribution.

Sisonke reflects the importance of developing communities and being *better together*. Community empowerment and upliftment both influence and are influenced by social transformation which encourages the disadvantaged to take the lead in their own development and actively participate in addressing their own challenges as they work to bring sustainable positive change. This is how Master Drilling Social Services strives to enhance a community's capacity-building abilities in order for them to become self-reliant and self-sufficient and develop ownership of their projects and programmes thereby sustaining their socio-economic and political growth.

COMMUNITY DEVELOPMENT INITIATIVES

Community development initiatives give us the opportunity to connect with stakeholders and community members by coming together and taking collective action to generate solutions and transformative practices that address common problems. Our community development initiatives extend beyond our workforce and their dependants to support the wider community as we view our communities holistically and strive to achieve equitable success.

Our social initiatives respond to the needs and priorities of the communities we operate in, to ensure that we deliver impactful, relevant and sustainable programmes that reflect our RAISE values. Our current initiatives include the following:

- Corporate sponsorship programme;
- The differently-abled project;
- Educational programmes and psychosocial support;
- Leave-a-Legacy leadership programme;
- Social investment for vulnerable population groups; and
- CV and job-readiness workshops.

The better we make our community, the further it goes.

OUR CONTRIBUTION TO SOCIETY continued

CORPORATE SPONSORSHIP INITIATIVES

Master Drilling creates opportunities for local non-profit organisations, facilities and schools by providing sponsorships to enable these community groups to make a direct impact on the lives of vulnerable population groups. Our purpose statement encourages us to provide opportunities to various disadvantaged groups that include children, adolescents, help-seeking families, disabled persons and the elderly.

Corporate sponsorships made monthly for a 12-month period include:

Community service	Description of contribution	Monthly donation
The Grace Foundation	Financial aid to ensure human capital	ZAR9 292
Losberg Primary School	Financial aid to ensure human capital	ZAR8 500
Wedela Primary School	Financial aid to ensure human capital	ZAR8 700
Greenspark Primary School	Financial aid to ensure human capital	ZAR8 000
Karabo Dineo Home for Children	Financial aid to ensure human capital and running costs	ZAR7 500
Greenspark Old Age Home	Financial aid to ensure human capital	ZAR3 000
SAVF Reënboog Pre-primary School	Financial aid to ensure human capital	ZAR3 000
Dorcas Women Club	Financial aid to ensure human capital	ZAR1 500
New Revelation Teens Club	Financial aid to ensure service delivery to beneficiaries	ZAR3 000
Lethabo Centre for the Blind	Financial aid to ensure service delivery to beneficiaries	ZAR3 000
RUDO Home-based Care	Financial aid to ensure human capital	ZAR4 500
NG Welfare Fochville	Financial aid to ensure service delivery to beneficiaries	ZAR7 500

Differently-abled project

The "differently-abled" empowerment project aims to create empowerment opportunities for disabled persons in our communities and to promote diversity in our workplaces. During 2023, Master Drilling employed 10 disabled adults and allocated them to different organisations within the programme. The employees received the opportunity of employment and to generate an income while being exposed to a diverse workplace, allowing them to gain practical work experience. The employees are monitored, supervised and coached by the facility managers and social workers at Master Drilling Social Services. All identified employees are enrolled in NQF courses to ensure ongoing development. Additionally, most of our employees were employed permanently during 2023.

SOCIAL INVESTMENT FOR VULNERABLE POPULATION GROUPS

Leave-a-Legacy leadership programme

Leadership skills allow children to have control of their lives, instil confidence and provide children with an opportunity to develop discipline. This helps children solve problems creatively and teaches them to work collaboratively in a team. Master Drilling Social Services strives to invest in the future of young leaders within our communities and annually presents a leadership programme to local schools. The four-module programme benefited a total of 63 children in 2023. It has been a great initiative that has enabled our children to transition into employable young adults.

NG Welfare Fochville

General donation to create the opportunity for optimal social work service delivery in the community.

Medical care for vulnerable population groups

Actively ensuring access to medical assistance and consultations with medical professionals for the elderly and children in the community.

CV and job-readiness workshops

Master Drilling Social Services aims to empower and educate secondary students in their journey to join the workplace after completing their school careers. This allows them to develop in-demand skills, learn more about job searching and professional development and manage transitions to new economic sectors. This includes education and empowerment regarding soft skills, employability factors, compiling curricula vitae for applications and preparation for interviews. Career readiness can help students become successful in the workplace by teaching them how to manage a career and by applying the skills they have learnt. During 2023, our workshops reached approximately 120 students.

Master Drilling career expo 2023

Master Drilling Social Services facilitated a career day for the top 20 academic achievers at Thuto Kitso Secondary School on 16 March 2023. We made use of our diverse seasoned professionals who were asked to share information on roles and responsibilities regarding what they do. They were also asked to advise the type of courses and subjects the students can study along with employment paths and opportunities to take when hoping to follow the same career paths.

The presentations were conducted by our engineering, human resources, safety and training, logistics and digital innovation departments.

Educational programmes and psychosocial support

Our Sisonke programme has enabled us to continue providing much-needed support to school learners in the foundation and primary phase by creating employment opportunities for teacher assistants at various schools. Schools in South Africa struggle with over-crowded classrooms with learner ratios reaching as high as 70:1.

Teacher assistants help to moderate these ratios and help provide quality education in classrooms for children. In 2023, we provided 12 teacher assistants with the opportunity of employment as well as employment for one social worker and two social auxiliary workers based at a non-governmental organisation which is designated to help schools with psychosocial support and the implementation of empowerment programmes that aim to address social and emotional well-being needs and render crisis intervention services.

OUR CONTRIBUTION TO SOCIETY
continued

ADDITIONAL COMMUNITY WORK PROJECTS

High-5 to Safety programme

The High-5 to Safety programme has been established in connection with the RAISE value of safety and was implemented in various schools to raise awareness and educate children on safety in all spheres of their lives and how to create safe spaces at school and in the community.

Nelson Mandela Day project 2023

Master Drilling donated three pre-used and well-maintained containers to local NGOs that render services to disadvantaged population groups. The containers were transformed into offices and service points in the community and were dropped off at each facility. A sponsorship was given to provide doors and windows and to repaint the entire container to ultimately make it usable to the facility and beneficiaries.

EMPLOYEE ASSISTANCE PROGRAMME

- Educational and awareness programmes;
- Access to social services and social assistance; and
- HIV support programme.

Employee support programmes

Master Drilling Social Services values all employees and commits itself to promoting well-being in the work environment by acknowledging personal, interpersonal and organisational strengths and challenges. This programme ensures our employees have access to counselling, advice, personal empowerment opportunities and support within the workplace. It is a cost-free worksite-based programme that provides professional assistance to employees and their dependants.

The objectives of the support programme include enhancing the psychosocial well-being of all individual employees and enhancing the well-being of the employer as a corporate client towards improved productivity of the workforce at large. We view the programme as a crucial component to building a supportive, productive and resilient workplace.

Educational and awareness programmes

Master Drilling Social Services aims to empower and educate our employees with the necessary skills and knowledge to ensure a positive work/life balance and to enhance optimal personal and professional functioning. During 2023, we conducted various site visits and distributed information on social topics such as parental rights and responsibilities, maintenance processes, financial management, men's physical and emotional health and adequate self-care.

Access to social services and social assistance

Clinical social work service delivery includes family preservation, social assistance, therapeutic services, mediation services, crisis intervention services and trauma debriefing. Clinical social work involves assessment and intervention through treatment, prevention and monitoring services. It also assists individuals to address psychological, emotional, behavioural and social challenges.

The benefit is early recognition and prevention of any identified challenges. This fosters well-being and sustains the optimal functioning of our employees which leads to greater productivity and improved quality of life for them and their families. Master Drilling Social Services also renders these services to help-seeking community members.

During 2023, the following services were rendered:

FAMILY PRESERVATION
67

SOCIAL ASSISTANCE
25
(receiving food parcels for three months or longer)

CRISIS INTERVENTION
85

TRAUMA DEBRIEFING
39

MEDIATION SERVICES
39 maintenance issues
13 divorce matters

SOCIO-EMOTIONAL SUPPORT/ THERAPEUTIC SERVICES
138

FINANCIAL PLANNING AND DEBT COUNSELLING
72

SUBSTANCE USE SUPPORT
15

SOFT SKILLS COACHING
33

Beneficiaries	Children	Adults	Elderly
Master Drilling employees	41	227	6
Community members	92	129	31

TRENDS IN CASE MANAGEMENT

Trends among employees

- Expats and socio-emotional functioning;
- Gender-based violence (GBV) and protection orders;
- Trauma debriefing;
- Financial difficulties and debt;
- Mediation services contact and maintenance;
- Stress management and burnout;
- Marriage counselling; and
- Crisis intervention and social assistance.

Trends among community members

- Substance use support;
- GBV and protection orders;
- Divorce and family preservation;
- Supervised visitations;
- Mediation and parental plans;
- Therapeutic services for children: regulation and behaviour modification;
- Marriage counselling; and
- Crisis intervention and social assistance.

HIV support programme

Master Drilling assists employees living with HIV/Aids through financial aid in the form of a routine donation for doctor consultations and provisional medication. Master Drilling Social Services facilitates all processes such as the intake procedure, ensuring approval and linking employees with medical resources. The social workers also monitor employees and provide support where needed. A total of 10 employees benefited from the programme in 2023.

OUR CONTRIBUTION TO SOCIETY continued

The various initiatives demonstrate that Master Drilling is actively involved in creating opportunities for empowerment and upliftment in the surrounding communities in which it operates, with an end goal to help build sustainably functioning and progressive communities.

Below are some of the initiatives that were successfully implemented during 2023.

- 12 NGOs continued to benefit from our corporate sponsorship programme to enable sustainable and ongoing services to vulnerable community members throughout the year;
- Approximately ZAR810 000 was spent within our corporate sponsorship programme;
- 526 service users were assisted by Master Drilling Social Services during 2023;
- Six awareness campaigns were rolled out within Master Drilling;
- Four empowerment campaigns were rolled out within communities reaching 2 208 children;
- 10 local schools benefited from our development programmes or initiatives during 2023; and
- 10 employment opportunities for disabled persons could be ensured within the Sisonke programme to generate income and gain work experience.

The impact of each project may have a larger ripple effect as empowerment efforts spread throughout communities. Our **values of respect, accountability, innovation, safety and effectiveness** are all grounded in our projects and programmes as we strive to sustainably launch communities forward in power and upliftment.

Master Drilling Social Services looks to ensure that the manner in which we engage our communities is sustainable and leads our society to higher standards of living. Our mission is to ultimately maximise the positive impact by focusing on strengths and opportunities in our communities.

Additionally, our purpose statement *"Better Together"* gives us a holistic view of employee well-being and socio-economic betterment. It has made us realise that prosperity is best achieved in an inclusive society.

3. OUR PERFORMANCE

CHIEF FINANCIAL OFFICER'S REPORT

Our business is focused on making a difference in the lives of businesses and people in the mining industry by using technology to improve efficiency, reduce costs and, very importantly, improve safety. We continued to advance this commitment during the year.

This review should be read in conjunction with the condensed consolidated annual financial statements starting on page 106. Master Drilling's annual financial statements are available online at **www.masterdrilling.com**.

During the year, the Group has been able to leverage its relationships with clients and partners, as well as its international footprint, to grow the business. The importance of building sound relationships has provided us with the foundation to offer more turnkey solutions to our clients and has seen the business develop into a more holistic contractor.

RESULTS OF OPERATIONS

Refer to the consolidated statement of profit or loss and other comprehensive income on page 108.

REVENUE AND PROFITABILITY

Revenue increased 7.2% to USD242.8 million and operating profit decreased by 2.8% to USD33.9 million. These figures represent resilient results, despite uncertain market, economic and operating conditions experienced globally.

USD earnings per share decreased by 4.2% to 13.6 cents (2022: 14.2 cents), and ZAR earnings per share increased by 8,0% to 251,0 cents (2022: 232,5 cents). USD HEPS increased 2.1% to 14.5 cents, and ZAR HEPS increased 15,1% to 267,7 cents.

OPERATIONAL OVERVIEW

Globally, Master Drilling's operations experienced a profitable year, demonstrating the benefits of significant capex investment over the past 10 years.

Response to risk

The Group has an extensive risk management programme, and this is made visible through a collaborative platform. Progress on the implementation of mitigation measures is tracked and significant business risk is escalated to the executive team and Board. A group of internal auditors provides assurance that actions are followed through and have the desired effect.

Throughout the year, the Group implemented a rigorous programme adhering to applicable ISO standards by reviewing existing protocols, implementing new hazard identification measures and providing additional safety training for all employees. The Group therefore demonstrates its commitment to creating a safe work environment and has reduced the risk of accidents and injuries for its staff.

South America

Despite facing several operational challenges throughout this region, including one identified loss-making project impacting financial performance, there were various positive developments. Key projects with important clients continued to move forward, with negotiations underway for extensions and new contracts being negotiated. In one of the countries, production saw a significant rebound, reaching its highest level in several years. This region is also expanding its service offerings and expects to recover revenue to pre-restructuring levels that occurred in the previous years.

Central and North America

This year has been a productive and successful one for us in this region. Despite not performing financially as we would have liked to, we have obtained key permits allowing us to expand our service offerings not only in this region but potentially to neighbouring regions. Our intensive investment in marketing including visiting several potential clients in the area has paid off as we have secured a couple of new contracts across multiple mines. We are well positioned for continued growth, with a strong pipeline of opportunities on the back of the resurgence of the coal mining sector, with an anticipated increase in pricing expected from clients in this region.

Africa

Africa has been a stronghold for the Group in the past couple of years and the current year was no exception. The Group continues to see Africa as a key market for growth and is actively looking for new business opportunities. The Group has a strong presence in several African countries with ongoing projects and good client relationships. The Group is aware of the risks in the mining sector in this region but will continue to support its loyal clients and is also optimistic about future opportunities in other African countries.

Rest of the world

This region performed well in 2023, exceeding expectations in profitability. This was achieved through efficient use of staff, cost-control measures and successful project execution. Business is expanding into other areas. New contracts were secured to provide multiple machines and services for growing clients. Additionally, a challenging project is being used to develop innovative drilling methods that might result in additional service offerings by the Group in the future. A long-term contract is performing in line with expectations.

SLIM DRILLING

In the platinum mining sector, de-watering operations have been paused due to cost-cutting measures. The freed-up equipment is available for deployment on new projects. Drilling operations have also begun at a new client with two newer technological machines, and satisfactory penetration rates have been achieved thus far. These operations are expected to ramp up in 2024.

ANDRÉ VAN DEVENTER
Chief financial officer

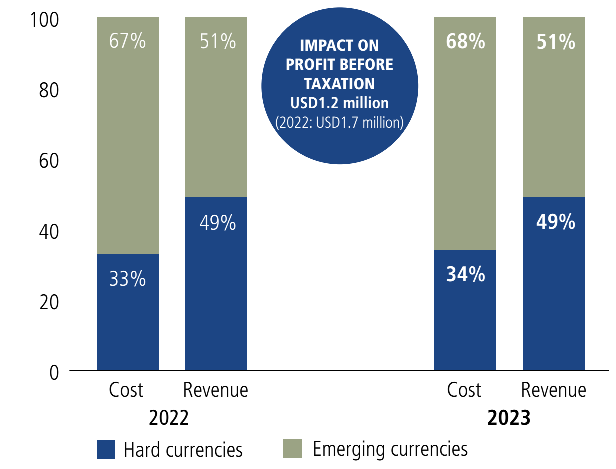
CHIEF FINANCIAL OFFICER'S REPORT continued

The Group is excited about its technology projects. Development of a robotic surface drilling machine finished late in 2023 with operational testing started, and operational work at a client commencing in April 2024. The Group started production with a newly developed robotic underground machine in late 2023.

OTHER MINING SERVICES

The Group's other, i.e. non-drilling mining service companies are currently outperforming expectations with a strong focus on improving a safe working environment for our clients' employees. The service offerings have been expanded outside South African borders with the potential to further expand globally during 2024.

Impact of currency movements on profit before taxation



UTILISATION

Technological innovation is a key priority for Master Drilling to support clients to move down the cost curve, optimise their operations and increase safety. Given our mining clients' challenges, we have identified three technology focus areas in order to develop a growth strategy and diversify the business: shaft sinking, tunnelling and non-explosive mining.

The fleet consists of 136 raise bore, 73 slim drilling and one mobile tunnel boring rig. The total raise boring fleet utilisation rate was around 72% while the slim drilling fleet utilisation was around 73%. The rate of new rigs coming on board will settle with a focus on larger units, which typically generate higher income and utilisation.

Average revenue per operating rig (ARPOR) summary per annum

	2023 USD	2022 USD	2021 USD
Total raise bore rigs	**136**	140	150
Utilisation (%)	**72**	77	70
Fleet mix ARPOR (USD)	**147 185**	133 193	120 111
>Large raise bore rigs	**89**	87	90
Utilisation (%)	**81**	89	82
ARPOR (USD)	**171 391**	154 509	136 586
<Large raise bore rigs	**47**	53	60
Utilisation (%)	**58**	55	50
ARPOR (USD)	**88 527**	84 674	81 150
Total slim rigs	**73**	61	58
Utilisation (%)	**86**	82	55
ARPOR (USD)	**39 864**	49 645	31 493

TAXATION

The South African corporate tax rate was reduced from 28% to 27% for all tax assessments after 31 March 2023.

The Group accrued deferred taxation on the Indian subsidiary with the change in tax rate reducing from 29.12% to 25.17% effective 1 April 2024. Deferred taxation assets, where possible, have been recognised in respect of tax losses and temporary differences where, having reviewed the financial projections of the Group, the directors are of the opinion that it is probable that these assets will be recoverable.

SEPARATE FINANCIAL STATEMENTS

The listed South African company prepares financial statements separate from the roup's consolidated financial statements. These financial statements can be found on **www.masterdrilling.com**.

FINANCIAL POSITION

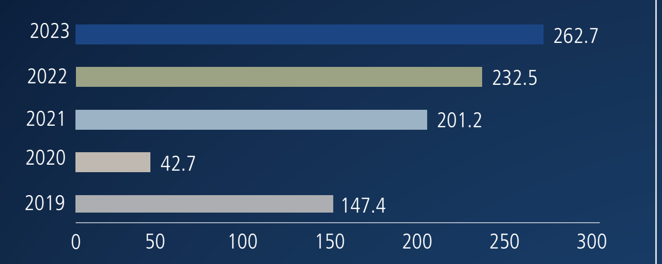
Refer to the consolidated statement of financial position on pages 106 and 107.

CAPITAL SPEND

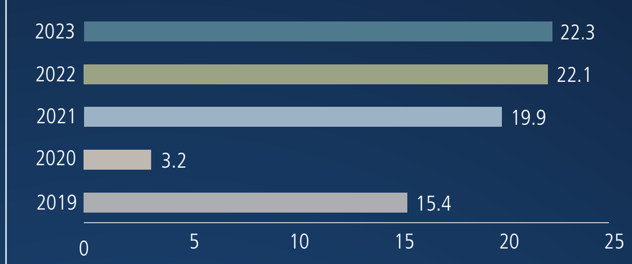
Master Drilling's total capital spend of USD34.7 million was applied as follows: 76% on expansion and 24% on sustaining the existing fleet.

Debt decreased from USD46.1 million to USD44.1 million and the gearing ratio, including cash, decreased slightly from 7.8% to 7.4% in FY23.

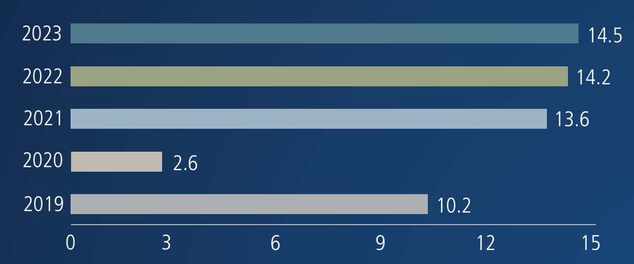
Headline earnings per share (ZAR cents)



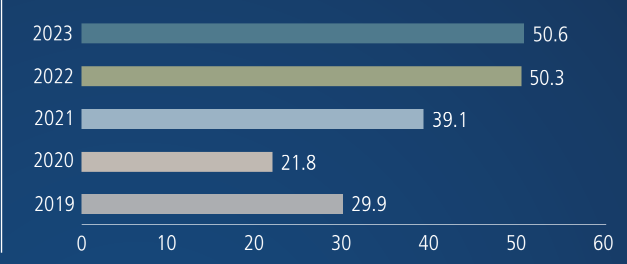
Profit after tax (USD million)



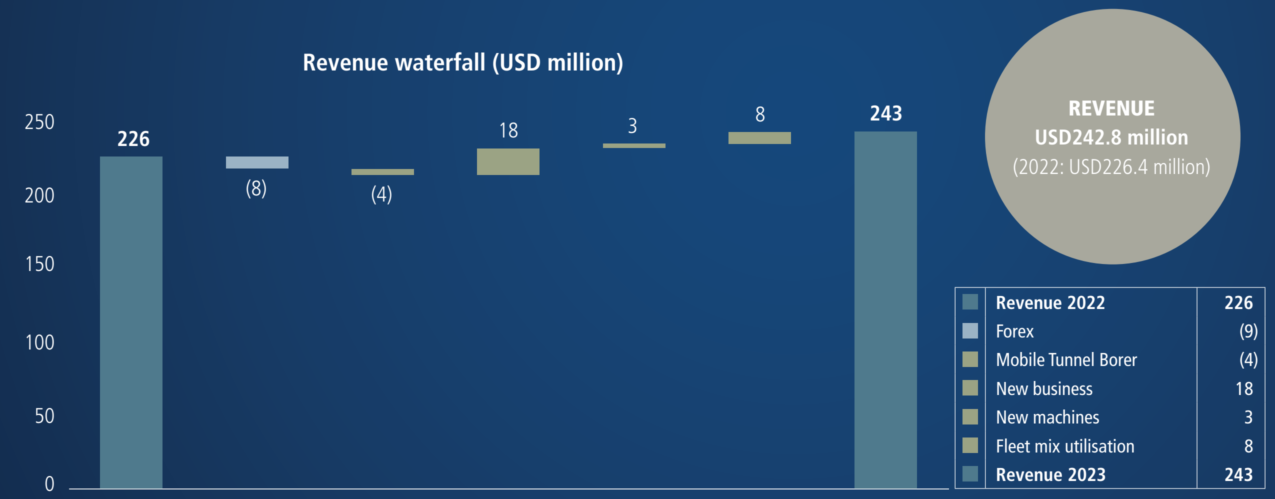
Headline earnings per share (USD cents)



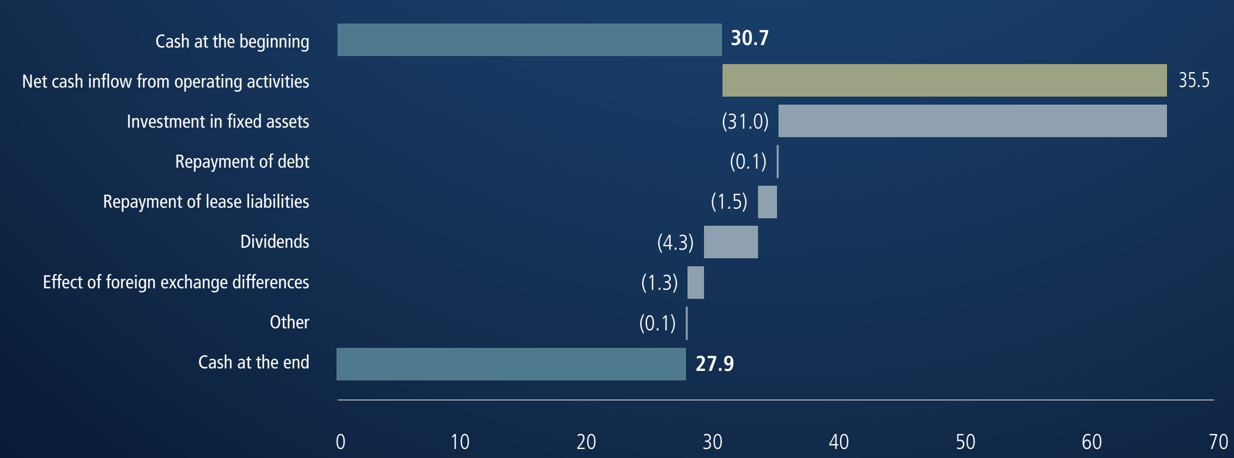
EBITDA (USD million)



Revenue waterfall (USD million)



Cash flow waterfall (USD million)

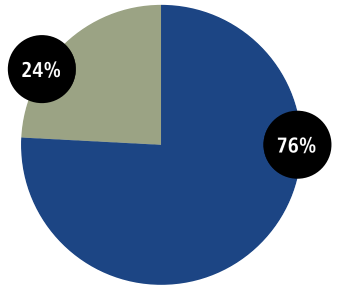


CHIEF FINANCIAL OFFICER'S REPORT continued

Capital spend breakdown

	2023 %
Plant and machinery	81
Software licence agreements	9
Land and buildings	5
Motor vehicles	4
IT equipment	1

Capital spend for FY23



CASH GENERATION

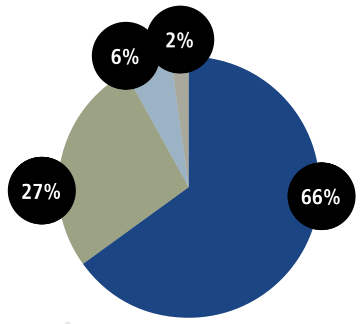
Refer to the consolidated statement of cash flows on page 109.

Net cash generated from operations amounted to USD35.5 million. Cash resources continue to be managed carefully to cater for emerging opportunities that require specific design, planning and investment.

Working capital breakdown (USD million)

US million	2023	2022	Movement
Inventory	48.1	46.5	1.3
Trade and other receivables	73.4	79.4	(6.0)
Trade and other payables	60.8	57.3	3.5

Trade receivable ageing



DIVIDEND

Since listing in 2012, the Company has delivered on its key strategic objectives, as set out in its listing prospectus. This, coupled with significant ongoing cash generation, now enables the Company to strike a balance between continued investment in capital projects to support the Company's further growth and enhancing returns to shareholders through the payment of appropriate dividends. Thus, in respect of the financial year ended 31 December 2023, the Board on 25 March 2024 declared a gross dividend of 52,5 cents per share in ZAR terms payable to shareholders recorded in the Company's share register on Friday, 19 May 2024. This dividend represents a 5 times earnings cover which is in line with the desired level indicated in the Company listing prospectus of a 4 to 5 times earnings cover.

A gross dividend of 47,5 cents per share in ZAR terms relating to FY22 was declared and paid during May 2023. Any dividend unclaimed after a period of three years from the date on which the same has been declared to be payable shall be forfeited and revert to the Company.

There are no arrangements under which future dividends are waived or agreed to be waived.

OUTLOOK AND PROSPECTS

Even in the face of global uncertainty, Master Drilling is confident in its ability to perform well. This confidence stems from several factors. First, our long-term contracts provide a stable foundation for our business. Second, we have deliberately diversified our footprint across various regions, commodities, currencies and industries. This strategic approach mitigates risk and positions us for success in a complex global environment. Proactive capital management is another key strength, ensuring we efficiently allocate resources to maximise returns. Finally, our unwavering service orientation keeps client needs at the forefront of everything we do.

Currently, we are actively working to optimise our fleet utilisation, targeting a benchmark of 75%. Prudent capital management remains a core principle that guides our decisions. Our diversification strategy, encompassing regions, commodities, currencies and industries, has proven its worth and will continue to be a central pillar of our growth plan.

The pipeline as of 31 December 2023 totalled USD535.3 million, while the committed order book totalled USD288.3 million for 2024 and beyond. In the short to medium term, the sales pipeline is expected to stabilise and increase with further strategic acquisitions and joint ventures supporting performance.

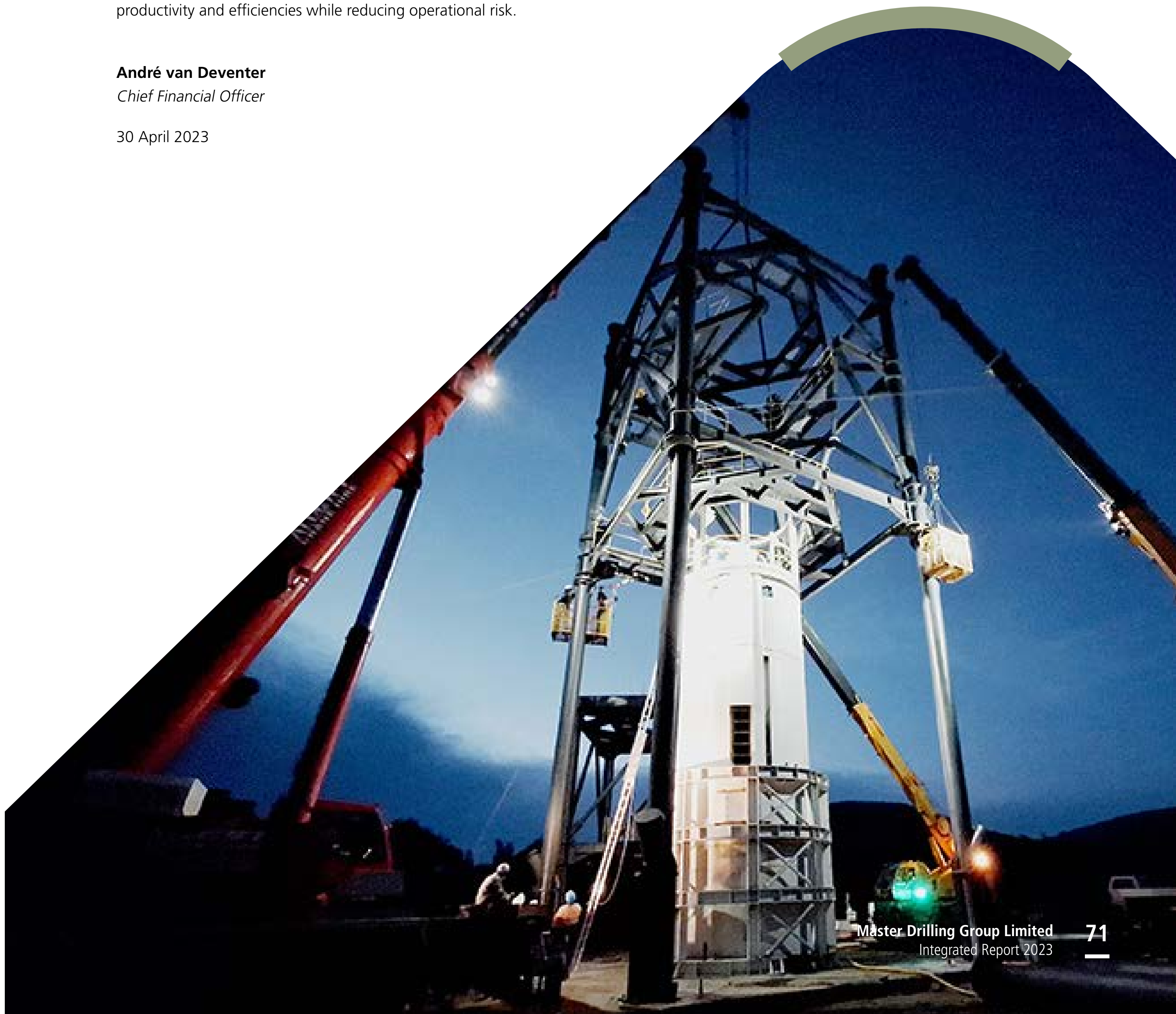
Looking towards the future, Master Drilling prioritises both safety and innovation. We are strong advocates for utilising advanced, mechanised equipment, which aligns perfectly with the industry's growing focus on automation and remote operations. This commitment to cutting-edge technology positions us competitively within this evolving landscape. Furthermore, we actively explore opportunities to expand beyond traditional drilling, with potential applications for artificial intelligence being a key area of interest.

Investing in our people is another cornerstone of our success. We are committed to attracting and retaining top talent by fostering a positive work environment and implementing best practices in human capital management. Finally, Master Drilling takes ESG initiatives very seriously. We believe that strong practices not only align with our values but also ensure long-term sustainability for our Company and contribute positively to broader industry goals.

Master Drilling's technology and experience put the Group in a strong position to continue to support its clients' drive to improve productivity and efficiencies while reducing operational risk.

André van Deventer
Chief Financial Officer

30 April 2023



LEADING THROUGH TECHNOLOGY

SHAFT SINKING

Over the past few years, we have developed a solution for safer, faster and higher-quality underground access to shafts. Being able to reach underground orebodies quicker and at a high-quality excavation will have a significant impact on the feasibility of projects. It also impacts the discounted cash flow and capital cost for those construction projects. We developed a technology we call a "W-cutterhead" that is critical to excavating a shaft in a downward manner that is shaft sinking where there is no underground access.

How the cutterhead would look and work

We looked at various concepts and looked to build a cutterhead and gearbox approximately 35 000 tonnes each. We conducted testing in 2020/1 at Fochville, successfully proving the concept. Shortly after this, the COVID-19 pandemic hit and there were cutbacks on R&D. As a result, we reviewed the project and scoped a smaller shaft system to align with the gearcase and cutterhead built, which was also the same size as our ventilation shafts. Effectively, we developed a smaller concept at a lower cost which replaced ventilation shafts with shaft boring.

The IDC is a 49% investor in this project. We have designed and manufactured the system in the past year and are currently busy setting up a test site. We will complete a concept validation of this configuration while sinking it at a depth of 1 000m We believe it will generate a lot of interest as a potential solution for our clients. Following the testing and learnings from this, we will consider developing larger equipment. The machine will be finished with testing the second phase by mid-2024.

TUNNEL BORING

We concluded a decline tunnelling project at Mogalakwena in the second quarter of 2023. Following the learnings from that project, we designed a new configuration on the existing tunnel boring machine. We excavated a five-and-a-half metre diameter decline and hard rock access decline. We have created a new design and are currently in manufacturing and conducting maintenance on the equipment. There has been increasing focus on the auxiliary resources required in order to successfully complete infrastructure projects. We are actively engaging with the market at the moment and looking for potential applications for this new technology. In the last month, we completed a tender for a project and are currently awaiting feedback.

Other developments

We are currently busy engineering a larger, higher-productivity second-generation mobile tunnel boring rig. A number of projects we are working on led us to initiate this process. We plan to manufacture with an original equipment manufacturer and are evaluating opportunities globally.

Our "cut and break" development project is in collaboration with diamond mining clients to develop a non-explosive rock exploration technology using very little energy and resources for tunnel excavations. This is being developed in a phased approach, and we have concluded some experimental trials and are busy packaging it into an application technology. Towards the middle of this year into next year, we will be conducting experiments which will shift into a mining trial.

NON-EXPLOSIVE MINING

From our engagements with the market, we are cognisant that if you can recover high-grade ore underground it will have a big impact on the performance of that operation. We have been approached by a major South African miner and are developing a product and project fit for purpose.

We have completed designs and experimental surface testing which proved promising and we are currently building the entire system. Preparation is underway to move this to full trial at the mine towards the end of the year.

4. CORPORATE GOVERNANCE

OUR DIRECTORATE

NON-EXECUTIVE DIRECTORS

HENNIE VAN DER MERWE (76)

Independent Chairman
BA Law, LLB, LLM Tax

Appointed: July 2014

Positions held elsewhere
Director of Bell Equipment Limited (JSE-listed), Klein Karoo Group of Companies and Abagold Limited

Committees

ANDRIES BRINK (66)

Lead Independent
CA(SA)

Appointed: June 2018

Positions held elsewhere
Director of York Timbers Limited (JSE-listed), BPW Proprietary Limited and First Food Brands Proprietary Limited

Committees

AKHTER DESHMUKH (62)

Independent Non-executive
BCom, MBL

Appointed: November 2012

Positions held elsewhere
Director and Chief Financial Officer of Lephatsi Investments Proprietary Limited

Committees

HENDRIK FAUL (61)

Independent Non-executive
BEng (Mining), AMP

Appointed: June 2020

Positions held elsewhere
Director of London Stock Exchange-listed: Centamin PLC, Amara Mining PLC, Palabora Mining Company, International Copper Association, Anglo American PLC (Santiago, Chile), AA Sur S.A Quellaveco S.A Peru and Compañía Minera Doña Inés de Collahuasi Chile

Committees

SHANE FERGUSON (60)

Non-executive
BCom, LLB

Appointed: September 2012

Positions held elsewhere
Director of ST Ferguson Proprietary Limited

Committees

MAMOKETE RAMATHE (45)

Independent Non-executive
BCom (Wits), MDevF (Stellenbosch Business School), Masters of Arts in Leading Innovation and Change (MA) (York St John University, UK)

Appointed: July 2021

Positions held elsewhere
Founder and Chief Executive Officer of Mamor Capital. Director of Bell Equipment Limited (JSE-listed)

Committees

● Corporate Governance ● Risk ● Remuneration ● Nominations ● Audit ● Social, Ethics and Sustainability © Chair of committee

Full details on each director can be found on the website at **www.masterdrilling.com**

OUR DIRECTORATE continued

EXECUTIVE DIRECTORS

DANIE PRETORIUS (66)

Chief Executive Officer
Government Engineers' Certificate of Competency

Appointed: July 2012

Founded Master Drilling in 1986

ANDRÉ VAN DEVENTER (54)

Chief Financial Officer
CA(SA)

Appointed: April 2011

Joined Master Drilling in 2001

KOOS JORDAAN (49)

Technical Director
BMEng, MBA, BS in International Technology Management

Appointed: July 2012

Joined Master Drilling in 2001

GARY SHEPPARD (54)

Alternate Director to Danie Pretorius
BSc Eng, MBA

Appointed: April 2011

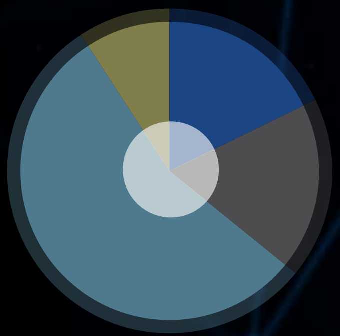
Joined Master Drilling in 1999

EDDIE DIXON (61)

Alternate Director to Koos Jordaan
MDip (Civil Eng), MBA

Appointed: June 2021

Committees



Age diversity

40 to 49	18%
50 to 59	18%
60 to 69	55%
70 to 79	9%

Gender diversity

Female	9%
Male	91%

Board composition

Executive directors	45%
Independent directors	46%
Non-independent non-executive directors	9%

CORPORATE GOVERNANCE REPORT

ETHICAL LEADERSHIP

The Board is ultimately responsible for the Group's governance, ethics and values and is supported in this regard by the Corporate Governance and Social, Ethics and Sustainability Committees.

We apply good corporate governance to ensure sustainable growth and are committed to upholding the highest standards of ethics and good governance and assume ultimate accountability and responsibility of the Company's performance and affairs.

Our Board charter and code of conduct set the ethical foundation for how we operate. To provide employees with further direction and guidance, various policies have been developed on conflicts of interest, gifts and hospitality, anti-bribery and anti-corruption.

The employee ethics and code of conduct policy and the conflict of interest policy are communicated to all employees.

KING IV™

We are committed to the principles of openness, integrity and accountability in our dealings with stakeholders. The Group endorses the value of good corporate governance, standards and principles as recommended by King IV™. We apply King IV™ to support and strengthen our governance processes and to provide stakeholders with the necessary assurances in this regard.

The Board is committed to ensuring that the Group applies good corporate governance throughout its operations, taking into account the six capitals (financial, manufactured, human, intellectual, natural, social and relationship) within the triple context (economy, society and the environment).

The Board has reviewed the Integrated Report in terms of the governance principles outlined in King IV™. Our aim is to continuously improve the quality and reliability of the data presented. We constantly revisit our strategy and material matters while further developing a combined assurance model.

Our application of King IV™ is detailed in the King IV™ checklist, which is available online at **www.masterdrilling.com**.

GOVERNANCE STRUCTURE

BOARD

Hennie van der Merwe
Independent Chairman

Danie Pretorius
Chief Executive Officer

André van Deventer
Chief Financial Officer

Andries Brink
Lead Independent

Akhter Deshmukh
Independent non-executive

Hendrik Faul
Independent non-executive

Shane Ferguson
Non-independent non-executive

Mamokete Ramathe
Independent non-executive

Koos Jordaan
Technical Director

#Eddie Dixon
Alternate to Koos Jordaan

***Gary Sheppard**
Alternate to Danie Pretorius

** Gary Sheppard resigned as an executive director with effect from 24 March 2023. He has been appointed as an alternate director to Danie Pretorius.*

 # Eddie Dixon previously, an alternate director to Gary Sheppard, has been appointed as alternate director to executive director Koos Jordaan.

Corporate Governance Committee

Chairman:	Hennie van der Merwe
Members:	Akhter Deshmukh and Shane Ferguson
Independent members:	2/3

Risk Committee
Refer to page 86 for the full report.

Chairman:	Andries Brink
Members:	Shane Ferguson, Hennie van der Merwe, Hendrik Faul and Eddie Dixon
Independent members:	3/5

Remuneration Committee
Refer to page 87 for the full report.

Chairman:	Akhter Deshmukh
Members:	Andries Brink and Shane Ferguson
Independent members:	2/3

Nomination Committee
Refer to page 98 for the full report.

Chairman:	Hennie van der Merwe
Members:	Andries Brink and Shane Ferguson
Independent members:	2/3

Audit Committee
Refer to page 103 for the full report.

Chairman:	Andries Brink
Members:	Akhter Deshmukh, Shane Ferguson and Mamokete Ramathe
Independent members:	3/4

Social, Ethics and Sustainability Committee
Refer to page 99 for the full report.

Chairman:	Mamokete Ramathe
Members:	Akhter Deshmukh, Shane Ferguson, Hendrik Faul and Eddie Dixon
Independent members:	3/5

CORPORATE GOVERNANCE REPORT continued

The Board

Composition of the Board

The Master Drilling Board is a unitary board comprising nine directors – five independent non-executive directors, one non-executive director and three executive directors. The roles of the Chairman and Chief Executive Officer are separate and clearly defined, and the Chairman of the Board is an independent non-executive director, evidencing a clear balance of power to ensure that no one director has unfettered powers of decision-making.

The executive and alternate executive directors are invited to all Board meetings.

Executive directors are under the leadership of the Chief Executive Officer and derive their authority from the Board. The executive directors, who are responsible for the day-to-day management of the Group's operations, meet regularly and represent each of the geographical areas in which we operate.

The Chief Executive Officer currently has a succession plan in place that is tracked by the Nominations Committee. The Chief Executive Officer has no membership of governing bodies outside the organisation.

Non-executive directors have diverse backgrounds and their collective experience enables them to provide sound, objective judgement in decision-making.

Director development

A formal process for the selection and appointment of directors is in place, including:

- Identification of suitable members of the Board;
- Reference and background checks of candidates prior to nomination;
- Formalising the appointment of directors through an agreement between the Group and the director, ultimately subject to election or re-election by shareholders; and
- Overseeing the development of a formal induction programme for new directors.

A continuous professional development programme is in place to ensure that Board members receive regular briefings on changes to risks, laws and the business environment.

Individual Board/committee members take personal responsibility for continuously updating/supplementing their individual skill set and requisite knowledge to aptly enable them to perform their fiduciary responsibilities and other duties.

Rotation of directors

Directors are ultimately elected by the Group's shareholders at the Annual General Meeting as set out in the Group's Memorandum of Incorporation. The matter of rotation of the directors is dealt with in line with the provisions of the Group's Memorandum of Incorporation, which requires that one-third of the directors must retire every year, but are eligible for re-election.

Dealings in securities

Directors may not deal in the securities of the Group during closed periods which are from the end of the financial year to the publication of its financial results, and from the end of the half-year to the publication of the half-year results, and whenever the Group is subject to a cautionary announcement and/or a director is in possession of price-sensitive information not in the public domain. The directors are specifically advised of any period considered sensitive.

Board self-evaluation

The Board assumes responsibility for the evaluation of its own performance and that of its committees, its Chairman and its individual members by determining how such evaluation should be approached and conducted.

The Board performs a formal internal self-evaluation process of its own effectiveness, that of the respective Board committees, the Board Chairman and its individual members each alternate year.

During November 2022, the Board considered the results from such recently conducted performance assessments. The results indicated that the Board, the Board committees and the Board Chairman satisfactorily execute their respective duties and discharge their responsibilities and functions well.

The Board is satisfied that this evaluation process adequately measures and enhances performance and effectiveness.

Board appointment process

The Nominations Committee is responsible for the selection of Board candidates and succession planning for the Board and senior management. Newly appointed directors undergo a formal induction programme.

The Chief Executive Officer has a 12-week notice period and the Chief Executive Officer appointment process is the responsibility of the Nominations Committee, subject to Board approval.

Company Secretary

The Board appointed Andrew Colin Beaven as Company Secretary to Master Drilling, with effect from 1 December 2015. Having considered his skills, experience and expertise, as well as his independence and his arm's-length relationship with the Board and the Group, the Board is satisfied that he has the necessary competence and objectivity to provide independent guidance and support at the highest level of decision-making and is thus suitably qualified to act in this role.

Board committees

There are six Board committees – the Audit, Remuneration, Risk, Nominations, Corporate Governance and Social, Ethics and Sustainability Committees – which assist the Board in managing specific responsibilities delegated to them. The Audit and the Social, Ethics and Sustainability Committees have additional statutory responsibilities in terms of the Companies Act.

The Chief Executive Officer and executive directors are not members of any Board committees. The Chief Executive Officer and members of management may attend committee meetings by invitation and when required by committee members. Eddie Dixon, the alternate director to Koos Jordaan, is a member of the Risk and Social, Ethics and Sustainability Committees. As Eddie is an alternate director, the Board committees still consist primarily of independent non-executive directors.

The terms of reference for all Board committees and the Board's terms of reference are approved by the Board and reviewed on a regular basis. The Board is satisfied that all the committees have fulfilled their responsibilities for the year in accordance with their terms of reference.

The Board and its committees, after careful consideration of suitability and assessment of required skills, make use of independent external advisors as and when required. There are arrangements in place for assessing professional corporate governance services and the governing body believes those arrangements are effective. The governing body is also satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

The detailed terms of reference for each committee are available on our website at **www.masterdrilling.com.**

Investment Committee

This is an informal committee comprising Board members, the Chief Executive Officer, the Chief Financial Officer and the Chief Sustainability Officer. The committee meets on an ad hoc basis to discuss investment opportunities which are then presented to the Board for consideration. It is not a formal Board committee, but Board members are invited to participate in the deliberations of the committee.

Diversity at Board level

The Group's Board diversity policy recognises the benefits of a diverse Board and sees diversity at Board level as an important element in ensuring a wide range of perspectives. The Board's view is that a diverse Board should include and make good use of diversity in the skills, regional and industry experience, fields of knowledge, background, race, gender, culture, age and other attributes of directors. These variances should be considered in determining the composition of the Board, and should be balanced to the extent possible, practical and appropriate.

All Board appointments are made on merit, in the context of the skills, experience, independence and fields of knowledge which the Board as a whole requires to be effective. The Social, Ethics and Sustainability Committee deals with overseeing the Board-approved diversity policy and reporting against it. The Nominations Committee handles any nominations for proposed appointments aligned with the diversity policy.

	Female				Male				Total	
	A	C	I	W	A	C	I	W	F	M
Board representation – December 2023	**1**	**–**	**–**	**–**	**–**	**–**	**1**	**9**	**1**	**10**
Board representation – December 2022	1	–	–	–	–	–	1	7	1	8

Diversity at Board level receives regular consideration and the policies on gender and race diversity are available on our website at **www.masterdrilling.com.**

CORPORATE GOVERNANCE REPORT continued

Board and Committee meetings

The Board meets at least four times a year, with additional ad hoc meetings as required. Notices of meetings and documentation are provided to directors timeously, allowing them to prepare for meetings which ensures informed decision-making.

Attendance at Board and committee meetings is indicated in the table below.

Members	Annual General Meeting	Board	Audit Committee*	Risk Committee	Social, Ethics and Sustainability Committee	Remuneration Committee	Nominations Committee	Corporate Governance Committee
Hennie van der Merwe**	1/1	4/4	5/5	4/4	n/a	n/a	2/2	2/2
Danie Pretorius	1/1	4/4	n/a	4/4	n/a	4/4	2/2	2/2
André van Deventer	1/1	4/4	5/5	4/4	4/4	4/4	2/2	2/2
Andries Brink**	1/1	4/4	5/5	4/4	n/a	4/4	2/2	n/a
Akhter Deshmukh**	1/1	4/4	5/5	n/a	4/4	4/4	n/a	2/2
Hendrik Faul**	1/1	4/4	n/a	4/4	4/4	n/a	n/a	n/a
Shane Ferguson***	1/1	4/4	3/5	4/4	4/4	4/4	2/2	2/2
Mamokete Ramathe**	1/1	4/4	5/5	n/a	4/4	n/a	n/a	n/a
Koos Jordaan	1/1	4/4	n/a	4/4	2/4	n/a	n/a	n/a
Gary Sheppard (alternate)	1/1	2/4	n/a	n/a	n/a	n/a	n/a	n/a
Eddie Dixon (alternate)	1/1	3/4	n/a	4/4	4/4	n/a	n/a	n/a

* *The Audit Committee held four ordinary meetings and one special meeting for the year.*
** *Independent non-executive*
*** *Non-executive*

Technology and information governance

IT is a critical element for our business in ensuring sustainable growth and is encompassed by our strategic pillar, disruptive technology and innovation. It is applied throughout our business from R&D and administration to tendering and logistics.

An IT project manager is in place who is responsible for driving projects. The IT project manager reports to the IT Steering Committee which is headed by the Chief Financial Officer. This committee, through the Chief Financial Officer and IT project managers, reports back to the Audit Committee.

The IT department and information management systems are fully integrated. During the year, we undertook a number of IT projects to support the business processes where required.

We have multi-factor authentication in place for all our users, which prevents any username and password from being used by people outside of the system, which can now detect an unknown device and request verification via SMS or a dedicated app.

All employees have access to a learner management system via Sharepoint which enables users to participate in online courses, specifically on IT systems. On completion, users are awarded certificates and granted permission to access a system as required.

We are striving towards our goal of paperless and smarter working and have systems in place to ensure that requisition requests across Africa can be submitted electronically.

We have Dynamics AX, a Microsoft enterprise resource planning system, and an incident management system (AX) in place across Africa.

We also use Power BI throughout the Group specifically as a business intelligence programme for executives. Our balanced scorecards and dashboards are available on this system to enable executives to access them for quick viewing.

Compliance with laws, rules, codes and standards

We comply with various regulations, codes and statutes, as required. A compliance function has been established at Group level, including a Group legal compliance policy, with reporting structures. Adherence to non-binding rules, codes and standards is considered and, where deemed practical, implemented as appropriate. Reports on compliance with these regulations are tabled at Risk Committee meetings.

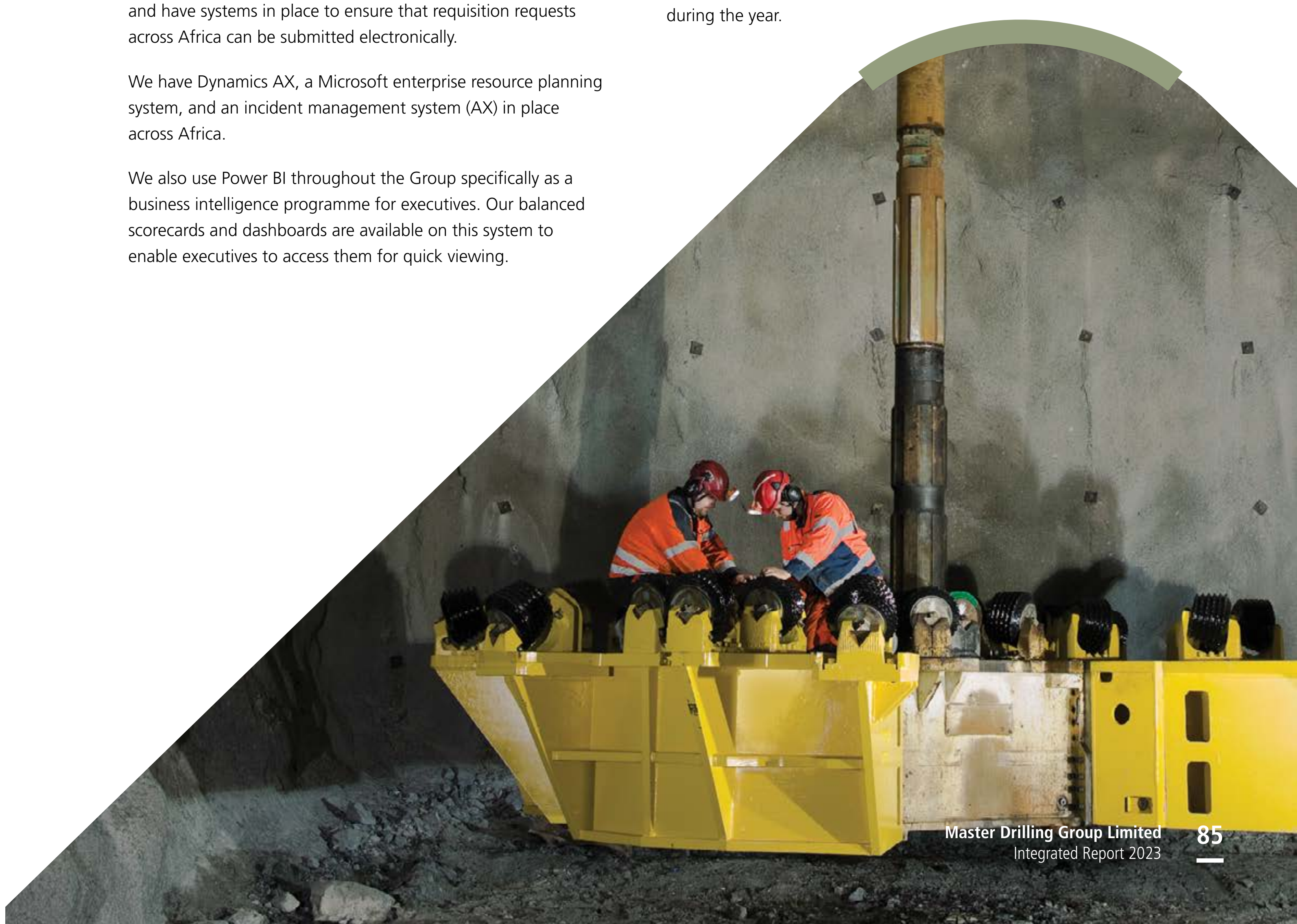
All Board committee charters have been approved and a Corporate Governance Committee has been established. We have compiled a regulations register which will assist in our compliance matrix.

There were no material non-compliance issues identified/reported during the year.

Master Drilling Group has complied with the provisions of the Companies Act, particularly with reference to the incorporation provisions set out therein and has operated in conformity with its Memorandum of Incorporation.

Anti-competitive behaviour

We are not aware of Master Drilling having been party to anti-competitive behaviour or monopoly practices during the year.



RISK COMMITTEE REPORT

As its sole and exclusive function, the Risk Committee is responsible for the oversight of the risk management policies and practices of the Group's global operations and oversight of the operation of the Group's global risk. The committee's authority is derived from the Board's delegated authority with its main objective being the provision of oversight.

Various risk assessments are conducted throughout the year at various levels in the organisation. Group risks are reviewed and rated on a quarterly basis. The Risk Committee is responsible for:

- Establishing and maintaining a common understanding of the risk universe, as it applies to the Group, which needs to be addressed in order to meet strategic objectives;
- Together with the Board, reviewing the risk profile of the Group including the most important risks affecting the Group, the risk appetite and the risk tolerance of the Group;
- Satisfying the corporate governance reporting requirements regarding risk management;
- Monitoring the Group's risk management and assurance efforts; and
- Exercising ongoing oversight of risk management within the Group.

The committee believes it has completed all of the tasks outlined in its terms of reference.

The committee assists the Board in discharging its duties related to:

- Providing oversight and input into the strategic process of risk identification and mitigation;
- Ensuring that the risk management process aligns to and follows the established enterprise risk management and combined assurance framework; and
- Ensuring that the committee acts under a delegated mandate from the Board.

During the year, the committee:

- Monitored the execution of the Group's 2023 enterprise risk management plan;
- Built capacity in the form of two new internal auditor appointments;
- Unpacked opportunities derived from managing risks well; and
- Monitored the Group's risk appetite and tolerance levels.

In FY24, the committee intends to:

- Oversee the execution of the Group's 2024 enterprise risk management plan;
- Monitor the implementation of specific actions to reduce the top five risks; and
- Monitor the global initiative around regulatory compliance.

Attendance at committee meetings is set out on page 84.

The committee is satisfied that it has fulfilled its responsibilities stipulated in its terms of reference.

Refer to pages 34 to 39 which deal with risk management and material risks.

Andries Brink
Chairman of the Risk Committee

30 April 2024

REMUNERATION COMMITTEE REPORT

On behalf of the Remuneration Committee (Remco), I present the FY23 remuneration report.

The Master Drilling Group Board is responsible for the Group's remuneration policy and is assisted by the Master Drilling Group Remco. The committee operates within the provisions of the Remco policies and with the authority granted to it by the Board. The Board therefore oversees the implementation and execution of the remuneration policy through the committee, which comprises three members; two independent non-executive directors and one non-executive director. The Group Chief Executive Officer, Group Chief Financial Officer as well as the Group Human Capital Officer attend the committee meetings by invitation. In terms of the recommendations of King IV™, Board committees should have cross-membership to ensure a balanced distribution of power and to enhance effective collaboration. In line with these recommendations, Akhter Deshmukh, the Chairman of the committee, is also a member of the Audit and Social, Ethics and Sustainability Committees. The committee meets formally each quarter to fulfil its mandate. The committee Chairman provides feedback to the Board after each committee meeting regarding key decisions and relevant discussions and attends the Annual General Meeting to address questions by shareholders on the committee's areas of responsibility.

REMUNERATION PHILOSOPHY

We strive to be market leaders in the mining contractors' market in which we operate, which requires us to invest continuously in technology, innovation, processes and products. We therefore need to attract and retain the best people in our market and improve their skills consistently as markets and technologies evolve. As Master Drilling Group has grown into market-leading positions globally, we have become increasingly exposed to, and are benchmarked against, global best practice. Although Master Drilling Group is a South African-based company, we trade with businesses in different countries, earning outside South Africa, and importing a significant proportion of our inputs.

A further substantial proportion of our inputs is globally indexed in foreign currencies. As a result, we expect our executives to have knowledge and experience across international borders and to be internationally mobile.

Master Drilling Group therefore competes for management and specialist skills and talent in a challenging global marketplace. Accordingly, our remuneration philosophy is to attract and retain the best people and to improve their skills consistently as markets and technologies evolve. The success of our business is dependent on our people to maintain high standards of client service in a competitive sector.

STAKEHOLDER CONSIDERATIONS

Remuneration decisions are taken to ensure the Group's long-term sustainability. The following macro factors formed part of the committee's considerations in relation to FY23:

- The challenging macroeconomic and socio-political environment in South Africa, which is characterised by low economic growth, unreliable electricity supply, increasing levels of unemployment and the risk of civil unrest as well as the volatility in emerging currencies;
- The lasting impact of the pandemic on communities in the areas in which we operate, small businesses that are part of our enterprise development initiatives, our clients and our suppliers, all of which have had to endure a challenging operating environment;
- The need to reward our employees appropriately for their contribution to the Group's performance, taking into consideration the complex, uncertain and competitive operating environment, to ensure a balanced outcome for all stakeholders over the long term;
- The need to attract and retain skilled leadership and technical skills to support our strategy implementation; and
- The escalating risk of loss of key personnel to competitors, other industries and immigration.

REMUNERATION COMMITTEE REPORT continued

FAIR AND RESPONSIBLE REMUNERATION

Each year, the committee reviews remuneration differentials across job grades to ensure that there are no disproportionate income differentials. Where disproportionate income differentials are detected, immediate corrective measures are implemented. Disproportionate income differentials refer to unfair and irrational differences in pay that cannot be justified based on the nature of the work performed, seniority, tenure, qualifications, ability, competence or any other relevant non-discriminatory factors. The committee is satisfied that no disproportionate pay differentials exist and that all pay differentials are justifiable and not attributable to gender or race bias. In addition, guaranteed executive package increases are set by reference to, among others, the remuneration of the broader workforce. Careful measures are taken to ensure that wage increase settlements are appropriate within the context of local market and economic conditions. The committee is satisfied that the remuneration of bargaining unit employees is appropriate relative to the sectors in which Master Drilling businesses operate, and that measures are in place to reduce and eliminate any unjustified pay differentials.

In addition, the committee is satisfied that the remuneration of executive management is fair and responsible within the context of overall employee remuneration. During the year under review, the committee met quarterly with all the members present. The committee is satisfied that it has fulfilled its responsibilities during the year.

Key focus areas included:

- The implementation of a human capital strategy, informed by Master Drilling's values, to ensure that Master Drilling is a top-quality employer with a culture, policies and procedures that set high expectations while simultaneously providing a stimulating and inclusive environment for our people;
- The implementation of workforce planning measures to build people leadership and technical capacity to support strategy implementation;
- The implementation of a mechanism to retain personnel who are key to the implementation of the Group's strategy;
- The implementation of measures to further promote gender and race diversity;
- Talent mapping of critical and scarce leadership and technical skills to ensure that the Group attracts and has access to sufficient external and internal skills to support strategy implementation;
- The monitoring of changes in executive remuneration in markets in which our businesses operate;
- Job evaluation system and implementation of the Paterson grading system across all relevant levels of the organisation, as described in more detail in the implementation and remuneration disclosure section of this review;
- Independent benchmarking and review of peer group comparatives applicable to non-executive directors' fees; and
- Fair and responsible pay.

ACCESS TO INFORMATION AND ADVISORS

Members of the committee may access any information to inform their independent judgement on remuneration and related matters. During the year under review, the committee received reports from PricewaterhouseCoopers Inc. to ensure that the Group's remuneration levels are competitive and appropriate within the Group's specific markets and geographical areas of operation.

AREAS OF FOCUS FOR THE NEXT YEAR

The committee regularly assesses the remuneration market and governance frameworks to ensure the relevance of Master Drilling's remuneration approach. The committee anticipates focusing on the following areas during FY24:

- Employee value propositions to cater for flexible working conditions, hybrid working models and remuneration strategies that address more than the pay element for employees;
- Being proactive on policy changes to adapt for the changing economic environment by recognising and addressing economic headwinds;
- Fair and responsible pay;
- Shareholder alignment: Aligning executive remuneration with shareholder interests by incorporating long-term incentives (LTIs) such as stock options or performance shares;
- The implementation of workforce planning measures to build people leadership and technical capacity to support strategy implementation;
- The implementation of measures to further promote gender and race diversity;
- Talent mapping of critical and scarce leadership and technical skills to ensure that the Group attracts and has access to sufficient external and internal skills to support strategy implementation.

The remuneration philosophy serves as an essential catalyst in enabling our employees to deliver on Master Drilling's strategic priorities while supporting sustainable value creation for all our stakeholders. In this regard, we believe that our remuneration decisions are fair and remain appropriately aligned with shareholder and stakeholder interests over the long term.

Remco's terms of reference are available online at **www.masterdrilling.com**.

The non-binding advisory vote on the remuneration policy and implementation report at the Annual General Meeting held on 13 June 2023 resulted in a vote in favour of 86.46% for the remuneration policy and 86.46% for the implementation report.

Our remuneration policy and implementation report are tabled annually for separate, non-binding advisory votes by shareholders at the Annual General Meeting. The policy is available online at **www.masterdrilling.com**.

Remco is satisfied that the remuneration policy and implementation report have been complied with and that there have been no deviations.

REMUNERATION POLICY

The Board carries ultimate responsibility for the remuneration policy. The committee operates in terms of a Board-approved mandate. The committee therefore functions as a sub-committee of the Board in terms of an agreed mandate and evaluates and monitors the Company's remuneration philosophy and practices to ensure consistency with governance principles and corporate strategy. The committee implements a remuneration policy, which is approved by the Board, to assist in the achievement of the Company's strategy.

The remuneration policy is reviewed on an annual basis and is aligned with the recommendations of King IV™, based on the following principles:

- Remuneration practices throughout the Company are aligned with the applicable business vision and strategy;
- Remuneration is set at levels that are competitive and appropriate within the specific markets, geographical areas and industries in which the Company operates;
- Incentive-based remuneration, which is applicable to eligible employees involved in determining and implementing the strategy of the Company and/or divisions of the Company, is determined with reference to financial performance targets, return targets, B-BBEE targets, internal control and compliance measures and individual KPIs; and
- Executive remuneration is fair, responsible and transparent within the context of the overall remuneration of the Company.

ALIGNMENT BETWEEN REMUNERATION POLICY AND REMUNERATION PHILOSOPHY

Master Drilling's remuneration philosophy is to attract and retain the best people in the industry, and to improve their skills consistently as markets and technologies evolve. The success of our business is dependent on our people's ability to deliver quality, hi-tech equipment and to maintain high standards of service in a competitive market. The Master Drilling remuneration policy should be fit for purpose to achieve the high-level objectives of attraction, retention and performance motivation of our executives, managers and employees across all levels of the Group.

A formal remuneration policy is in place and is available online at **www.masterdrilling.com**.

The policy sets out the Group's commitment to paying employees fairly for the work performed in line with principles free of discrimination based on race, gender, sex, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, political opinion, culture, language, marital status or family responsibility.

As our people are one of our competitive advantages, we acknowledge that in order to meet corporate goals and objectives, our reward policies must be an integral part of overall human resources strategy; be designed to motivate and reinforce superior performance and encourage individual development; be designed to attract and retain high-quality people; and be aligned to anti-discriminatory practices.

Each job is internally and externally benchmarked, to determine its relative contribution in terms of complexity and expected outputs and results, which establishes the remuneration ranges. Role levels, Paterson grading level and market medians form the basis of remuneration range structures, and these are reviewed at least annually to ensure ongoing market competitiveness.

A benchmarking analysis compares the internal salary levels to the market, per grade, to assess how Master Drilling's internal pay compares relative to the market. This determines how competitive our remuneration is and how wide the pay spread is between the lowest-paid and highest-paid employee within the same grade, which, in turn, guides how wide the pay range will be for the respective pay scales.

ELEMENTS OF REMUNERATION

Benchmarking of the remuneration of executive managers and executive directors is undertaken annually, using the services of independent experts, in order to ensure that remuneration in all forms accruing to employees at all levels is market-related and equitably awarded under the remuneration systems and practices in place. The committee aims to ensure an appropriate balance between the guaranteed and performance-related elements of managerial remuneration, and also between short-term performance and long-term sustainable stakeholder value creation.

The salary is subject to annual review and is intended to be competitive in relation to market practice in companies comparable in size, market sector, business complexity and geographical location, as well as to equally graded positions. The Paterson grading system is applied across the Group in order to ensure uniform employee grading.

REMUNERATION COMMITTEE REPORT continued

Company performance, individual performance, general inflation and changes in responsibilities are also taken into consideration when determining annual base salaries. The amount of the salary package is determined based on parameters approved by the Board. Pay levels are based on individual and market factors, as follows:

- Job profiles are compiled for each approved position in the Company, and these are graded using the Paterson grading system;
- A competency profile is also determined for each approved position. Performance reviews of employees against these profiles may lead to an employee receiving merit increments, which may result in an individual earning remuneration above the market median, but within market norms;
- The remuneration levels of key management categories are benchmarked annually, using the market median of independent salary surveys as a reference; and
- Inflationary remuneration adjustments are considered annually, considering relevant consumer price inflation indices.

The remuneration of employees, other than those represented by unions and other bargaining structures, is contracted on a "total cost-to-company package" basis, which includes basic salary, allowances and contributions by the Company to retirement savings, risk insurance and medical schemes. In terms of this arrangement, a minimum level of healthcare cover is a condition of employment at certain levels. Employees throughout the Group can contribute to various independently administered defined contribution retirement schemes.

The Company encourages union membership and collective bargaining among its employees in order to provide for responsible and structured engagement. Blue-collar and substantive conditions of employment in relation to employees represented by trade unions or similar bargaining structures and similarly graded positions are negotiated from time to time with the applicable structures, preferably via collective bargaining processes. Changes to remuneration and benefits are negotiated in one-, two- or three-year arrangements. Multi-year arrangements are favoured in terms of promoting stability and consistency in industrial relations. Access by these employees to suitable medical, retirement and associated insured benefits is also facilitated by the Company, where possible.

The current mix of incentives differs between employees, with the entry point to incentives being 25% of total annual guaranteed package for a short-term incentive (STI) and 25% of total annual guaranteed package for LTI added for defined employees. A major hurdle for performance incentivisation is the requirement to create a pool to fund bonuses, which pool is created from over-target performance. Therefore, if the Group does not perform to or better than target, no funds are available for performance bonuses.

STI performance targets are scaled at 80% and 100% of performance. Salary increases are also scaled, in that full performance, a (3) rating, realises an inflation-related adjustment, and exceptional performance, a (4) rating, realises an inflation plus 50% of inflation adjustment. Performance awards are limited at 25% or 50% of basic salary for STI and LTI for employees.

REMUNERATION OVERVIEW

Non-executive directors	Executive directors	Prescribed officers/Exco	Senior management	Middle and junior management
Fee = base fee + attendance fee – benchmarked annually Higher fees for Chairpersons Reimbursable travel claims – 100% of cost if Company-related/agreed policy Liability insurance (liabilities per position delineated and approved)	• Basic salary – Inflationary and special performance reward (SPR) increase – Circumstantial pay: qualifications and experience, retention-critical, specific position – Benchmarking (PricewaterhouseCoopers Inc. remuneration survey = benchmark for executive directors) – Alignment with Group strategic objectives and shareholders' interests • Retirement fund contribution • Medical aid • Reimbursable travel claims – 100% of cost if Company-related/agreed policy • Fixed allowance for uniforms • Protective personal equipment and clothing, where applicable			
	• STI (STI + SPR) • LTI (including share option scheme (SOS)) • Liability insurance (liabilities per position delineated and approved)		• STI: Incentive bonus based on achievement of production targets; or • In South America: 5% to 10% of profit after tax paid to employees, subject to regulations of such country • LTI: B-BBEE share option plan open to B-BBEE candidates in South Africa	

REMUNERATION COMMITTEE REPORT continued

STI SCHEME

In recent years, the Group's STI structure was refined and improved with a stronger correlation between individual performance and reward than when the SPR was introduced, in addition to the existing STI. Remco approved STIs for executives for FY23 in terms of the policy.

	STI	SPR	
Underlying metric	• Actual headline earnings versus budgeted headline earnings	Individual strategic objective/s Determined annually per employee, by employee and direct supervisor	
Discretion	• Remco discretion and Chief Executive Officer entitled to motivate for any specific qualifying employee despite 75% of budgeted headline earnings not having been achieved	• Remco discretion	
Eligibility	• Executive directors • Direct reports	• Permanent employees in A to E role positions • Paterson grade D3 and above	
Calculation total gross package (TGP) x base STI %	• Base STI guide: • Chief Executive Officer – 75% • Chief Operating Officer – fixed amount • Chief Financial Officer and Financial Director – 50% • Other eligible employees – 25%* • Remco discretion*	**Performance rating of strategic objective 1 – 5**	**Increase over and above inflation**
		1 – Poor	No salary increase and performance management process for bottom 10% of performers
		2 – Below average	No salary increase and performance management process for bottom 10% of performers
		3 – Average	
		4 – Well above average	50% of inflationary
		5 – Excellent	75% of inflationary
Allocation cap	• Allocation is limited to the total STI pool • Allocation per employee is limited to the maximum base STI	• Performance rating in relation to individual SPR objective must equal or exceed 4	
Individual allocation cap	**Performance rating 1 – 5**	**Calculation input %**	
	1 – Poor (0%)	Nil	
	2 – Below average (0 – 60%)	Nil	
	3 – Average (60 – 80%)	100	
	4 – Well above average (81 – 90%)	150	
	5 – Excellent (91 – 100%)	175	

* *Remco discretion.*

LTI SCHEME

LTI	Average EBITDA over three-year LTI cycle (FY21 to FY23)	
Underlying metric	Remco discretion	
Eligibility	Executive directors Direct reports	
Calculation	TGP x on-target LTI % • On-target LTI guide: • Chief Executive Officer – 75% • Chief Financial Officer and Financial Director – 50% • Chief Operating Officer and other eligible employees – fixed amount*	
Allocation cap	**Average EBITDA and return on capital employed (ROCE) for LTI cycle %**	**Portion of on-target LTI entitlement %**
	13 – 14	50
	14 – 14.9	75
	15+	100
	EBITDA and ROCE targets based on current invested capital	
Payment	• 2/3 cash on conclusion of audited LTI cycle • 1/3 share options (equivalent to cash amount) under Master Drilling SOS (see below)	

* *Remco discretion.*

Variable performance-related remuneration is subject to clawback.

This is determined if the committee considers that there is:

- A significant downward restatement of the financial results;
- Reasonable evidence of gross misconduct or gross negligence by the individual;
- Reasonable evidence of a material breach by the individual of the code of conduct and ethics;
- A breach of restrictive covenants by which the individual has agreed to be bound; and/or
- Reasonable evidence of conduct by the individual that results in significant losses or reputational damage.

If any of the above are deemed to have occurred, the committee may, at its discretion, decide that some or all of the performance-related remuneration (which is subject to this malus and clawback provision) will be reduced, lapse, will not vest or will only vest in part. During 2023, no circumstances were identified resulting in any adjustments or clawback.

RETENTION SCHEME

We have made significant progress in the retention of our talent and high-performing employees who are adding significant contributions to the success of Master Drilling. We have implemented the LTI award scheme for senior, middle and junior management as well as scarce skills within the Group.

The above is a key part in our succession planning as well as the continuous recognition of talent and key critical skills within our business.

The three levels of the LTI scheme are as follows:

- Strategic management – Talent we see as part of the future of executing our strategy;
- Keeper – Scarce skills and middle management; and
- Grower – Young high performing talent.

MASTER DRILLING GROUP SHARE OPTION SCHEME

In addition to executive directors and their direct reports under the LTI, any employee shall be eligible to receive grants under the SOS who, at Remco's discretion, has contributed materially to the relevant Group division and delivered an exceptional individual performance (other than a non-executive director and trustee of an employee benefit trust). The latter shall be measured in the context of the applicable internal performance appraisal process, among other factors.

The maximum number of shares in respect of which options can be granted to any one option-holder is 500 000 shares in a three-year cycle (coinciding with the LTI cycle, currently FY22 to FY24). Subject to this, further, the maximum value of shares subject to an option to be awarded to an option-holder will not usually exceed 200% of his/her base salary per financial year.

Options will vest and become exercisable no earlier than the third anniversary of the date of grant. Options can be exercised in whole or in part once they have vested, up to the 10th anniversary of the date of grant.

Details	Options
Total number of share options attributable to the SOS	5 000 000
Less: Total number of share options granted on 29 November 2014	(2 000 000)
Total number of share options granted on 19 May 2014	(327 286)
Total number of share options granted on 21 August 2015	(80 000)
Total number of share options granted on 19 October 2015	(80 000)
Total number of share options granted on 20 October 2015	(35 000)
Total number of share options exercised during 2015	–
Total number of share options granted on 4 January 2016	(250 000)
Total number of share options granted on 27 January 2016	(250 000)
Total share options unissued as at 31 December 2016	1 977 714
Total number of share options granted on 1 October 2017	(835 000)
Total share options unissued as at 31 December 2017	1 142 714
Total share options unissued as at 31 December 2018	1 142 714
Cancelled during 2019	450 000
Total share options unissued as at 31 December 2019	1 592 714
Total share options unissued as at 31 December 2020	1 592 714
Total share options unissued as at 31 December 2021	1 592 714
Total number of share options granted	(709 758)
Total share options unissued as at 31 December 2023	882 956

* *No new share options were issued during the year.*

MOVEMENTS DURING THE YEAR

The following table illustrates the number and exercise prices in ZAR of and movements in share options:

	Exercise price	2023	Exercise price	2022
Outstanding – 1 January	5,21	**310 000**	5,21	410 000
Forfeited during the year		**(80 000)**		–
Share options granted	1,27	**709 758**		
Exercised during the year	11,60	**(115 000)**	11,60	(100 000)
Outstanding – 31 December		**824 758**		310 000

More detail on how our SOS is structured is set out in the annual financial statements contained in this Integrated Report and available online at **www.masterdrilling.com**.

	2023						
	Basic salary USD	**Bonus USD**	**Fringe benefits USD**	**Provident pension fund contri-butions USD**	**Directors' fees USD**	**Consulting and legal fees USD**	**Total USD**
Executive directors							
Danie Pretorius"	**395 123**	**204 314**	**20 203**	**–**	**–**	**–**	**619 640**
Andre van Deventer"	**289 391**	**162 471**	**13 372**	**–**	**–**	**–**	**465 234**
Koos Jordaan+	**280 500**	**111 604**	**15 387**	**–**	**–**	**–**	**407 491**
Sub-total	**965 014**	**478 389**	**48 962**	**–**	**–**	**–**	**1 492 365**
Non-executive directors							
Hennie van der Merwe^							
Shane Ferguson^	**–**	**–**	**–**	**–**	**58 683**	**–**	**58 683**
Andries Brink^	**–**	**–**	**–**	**–**	**32 027**	**81 927**	**113 954**
Hendrik Faul^	**–**	**–**	**–**	**–**	**32 787**	**–**	**32 787**
Mamokete Ramathe^	**–**	**–**	**–**	**–**	**16 546**	**–**	**16 546**
Mamokete Ramathe^	**–**	**–**	**–**	**–**	**24 305**	**–**	**24 305**
Akhter Deshmukh^	**–**	**–**	**–**	**–**	**38 590**	**–**	**38 590**
Sub-total	**–**	**–**	**–**	**–**	**202 938**	**81 927**	**284 865**
Alternate director							
Gary Sheppard#	**348 505**	**28 796**	**36 679**	**–**	**–**	**–**	**413 980**
Eddie Dixon$	**155 071**	**–**	**11 270**	**17 393**	**–**	**–**	**183 734**
Sub-total	**503 576**	**28 796**	**47 949**	**17 393**	**–**	**–**	**597 714**
Prescribed officer							
Roelof Swanepoel*	**164 503**	**70 146**	**5 157**	**12 062**	**–**	**–**	**251 868**
Sub-total	**164 503**	**70 146**	**5 157**	**12 062**	**–**	**–**	**251 868**
Total	**1 633 093**	**577 331**	**102 068**	**29 455**	**202 938**	**81 927**	**2 626 812**

* *Paid by MDG Shared Services Proprietary Limited.*
\+ *Paid by Master Drilling New Technology Holdings Proprietary Limited.*
" *Paid by MDG Shared Services (Proprietary Limited and Master Drilling Malta Limited.*
\# *Paid by Master Drilling USA LLC.*
^ *Paid by Master Drilling Group Limited.*
$ *Paid by Master Drilling Exploration Proprietary Limited.*

REMUNERATION COMMITTEE REPORT continued

A prescribed officer is defined as having general executive control over and management of a significant portion of the Group or regularly participates therein to a material degree and is not a director of the Group. Directors' emoluments are paid for by subsidiaries within the Group. The amounts in this table represent the actual amounts paid to directors during the current year.

Share options held by directors and/or prescribed officers:

Refer to note 34	EP ZAR	Number of shares	Danie Pretorius	Roelof Swanepoel
Outstanding – 1 January		–	–	–
Additional share options granted	1.27	709 758	500 000	209 758
Outstanding – 31 December	1.27	709 758	500 000	209 758
Expense recognised		12 584	8 865	3 719

	2022						
	Basic salary USD	Bonus USD	Fringe benefits USD	Provident pension fund contri-butions USD	Directors' fees USD	Consulting and legal fees USD	Total USD
Executive directors							
Danie Pretorius"	679 743	–	19 979	–	–	–	699 722
André van Deventer"	407 467	274 463	15 361	–	–	–	697 291
Gary Sheppard#	348 349	22 784	12 732	–	–	–	383 865
Koos Jordaan+	276 288	456 544	18 735	–	–	–	751 567
Sub-total	1 711 847	753 791	66 807	–	–	–	2 532 445
Non-executive directors							
Hennie van der Merwe^	–	–	–	–	60 266	–	60 266
Shane Ferguson^	–	–	–	–	33 904	79 392	113 296
Andries Brink^	–	–	–	–	34 708	–	34 708
Hendrik Faul^	–	–	–	–	23 585	–	23 585
Mamokete Ramathe^	–	–	–	–	25 729	–	25 729
Akhter Deshmukh^	–	–	–	–	40 896	–	40 896
Sub-total	–	–	–	–	219 088	79 392	298 480
Alternate director							
Eddie Dixon$	164 851	–	11 423	18 347	–	–	194 621
Sub-total	164 851	–	11 423	18 347	–	–	194 621
Prescribed officer							
Roelof Swanepoel*	154 848	174 177	6 244	12 678	–	–	347 947
Sub-total	154 848	174 177					
Total	2 031 546	927 968	84 474	31 025	219 088	79 392	3 373 493

** Paid by Drilling Technical Services Proprietary Limited.*
+ Paid by Master Drilling New Technology Holdings Proprietary Limited.
" Paid by Drilling Technical Services Proprietary Limited and Master Drilling Malta Limited.
 # Paid by Master Drilling USA LLC.
^ Paid by Master Drilling Group Limited.
$ Paid by Master Drilling Exploration Proprietary Limited.

Share options held by directors and/or prescribed officers:

Refer to note 34	EP	Number of shares	Danie Pretorius	Roelof Swanepoel
Outstanding – 1 January	–	–	–	–
Additional share options granted	–	–	–	–
Outstanding – 31 December	–	–	–	–
Expense recognised		–	–	–

DIRECTORS' SHAREHOLDING

	Total % holding of issued capital	Beneficial			
		2023		2022	
		Direct	Indirect	Direct	Indirect
Directors					
Danie Pretorius	52.2	**500 900**	**78 641 565**	500 900	78 641 565
André van Deventer	1.8	**10 000**	**2 671 784**	10 000	2 671 784
Gary Sheppard	2.0	**–**	**2 955 884**	–	2 955 884
Koos Jordaan	2.0	**1 781 861**	**1 228 336**	1 781 861	1 228 336
Total directors	58.0	**2 292 761**	**85 497 569**	2 292 761	85 497 569
Roelof Swanepoel	–	**11 500**	**–**	11 500	–
Total	58.0	**2 304 261**	**85 497 569**	2 304 261	85 497 569

Rounding of % may result in computational discrepancies.

At 31 December 2023, the directors of the Company held direct and indirect interests of 58.0% (2021: 58.1%) of the Company's issued ordinary share capital. None of the non-executive directors hold any interest in shares of the Company. There were no changes between the end of the financial year and the date of approval of the consolidated annual financial statements.

Akhter Deshmukh
Chairman of the Remuneration Committee

30 April 2024

NOMINATIONS COMMITTEE REPORT

We are pleased to present our report for the year ended 31 December 2023.

The Nominations Committee is responsible for the process of director appointments, succession planning for the Board, senior management roles and the functioning of the Board. The committee's authority is derived from the Board's delegated authority, as defined in the terms of reference (charter) and section 72(1)(b) of the Companies Act. Its main objective is to help the Board in carrying out its tasks successfully and to ensure that the correct composition, skill set and expertise are in place.

The committee is chaired by an independent non-executive director, Hennie van der Merwe, and further comprises independent non-executive director Andries Brink and non-executive director Shane Ferguson. The members are appointed by the Board. Attendance at committee meetings is set out on page 84.

During the year, the committee:
- Reviewed the structure and composition of the Board committees in order to ensure optimal functioning;
- Monitored the self-evaluation process, with the Chairman and Chief Executive Officer separately evaluated by other Board members;
- Ensured practical progress with the diversity policy; and
- Reviewed the make-up of the Board in order to ensure a correct competency mix and adequate independence.

In FY24, the committee intends to:
- Motivate and oversee further achievement of the Company's stated gender and race diversity goals.

The committee is satisfied that it has fulfilled its responsibilities stipulated in its terms of reference.

Hennie van der Merwe
Chairman of the Nominations Committee

30 April 2024

SOCIAL, ETHICS AND SUSTAINABILITY COMMITTEE REPORT

We are pleased to present our report for the year ended 31 December 2023.

The Social, Ethics and Sustainability Committee is responsible for monitoring the Group's activities relating to social and economic development, ethics, diversity and stakeholder relations as prescribed in Regulation 43 of the Companies Act (taking into account relevant legislation, legal requirements and prevailing codes of best practice). The committee is in charge of overseeing the Group's actions, ensuring that all existing codes of best practice are followed.

Mamokete Ramathe, an independent non-executive director, chairs the committee, which further comprises two independent non-executive directors, Akhter Deshmukh and Hendrik Faul, one non-executive director, Shane Ferguson, and one alternate executive director, Eddie Dixon. The Group's Human Capital Officer, the Group's New Business Development Manager, the Group's Procurement Manager and the Group's Risk and Assurance Manager are standing invitees to the committee meetings. Members of the committee are appointed by the Board and attendance at committee meetings is set out on page 84.

During the year, the committee:
- Focused on the Group's ESG strategy and initiatives;
- Monitored the implementation of ESG strategies to ensure consistent reporting and disclosure of the commitment to sustainable practices;
- Unpacked opportunities derived from managing risks well;
- Monitored transformation plans in line with our commitment to contributing towards building inclusive economies and sustainable growth;
- Monitored diversity and inclusion strategies within the Group and the achievement of set targets;
- Monitored stakeholder relations management;
- Focused on monitoring various development and training initiatives to maintain the Group's competitiveness in the market;
- Reviewed health and safety reports in line with the Group's commitment to safety and well-being of our workforce;
- Focused on identification and monitoring of corruption risks and reviewed the outcomes of an internally developed framework for detecting fraud risks; and
- Monitored the implementation of the corporate compliance programme to ensure effectiveness and sustainable practice for the Group.

In FY24 the committee intends to continue its focus on:
- Monitoring the Group's social and economic development initiatives;
- Monitoring compliance with the Group's ethics policies and procedures;
- Monitoring the implementation of diversity and inclusion initiatives;
- Monitoring stakeholder relations management; and
- Monitoring SHEQ initiatives.

The committee is satisfied that it has fulfilled its responsibilities stipulated in its terms of reference.

Mamokete Ramathe
Chairman of the Social, Ethics and Sustainability Committee

30 April 2024

5. CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

DIRECTORS' RESPONSIBILITIES **AND APPROVAL**

The directors of Master Drilling Group Limited and its subsidiaries (the Group) are required in terms of the South African Companies Act (Act 71 of 2008) (Companies Act), to maintain adequate accounting records and are responsible for the preparation, the content and integrity of the Group's annual financial statements and related financial information included in this report. It is their responsibility to ensure that the Group's annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS), the Companies Act and the Johannesburg Stock Exchange (JSE) Limited Listings Requirements. The external auditor is engaged to express an independent opinion on the Group's financial statements.

The Group's annual financial statements are prepared in accordance with IFRS and the JSE Listings Requirements and are based upon appropriate accounting policies and the requirements of the Companies Act consistently applied and supported by reasonable and prudent judgements and estimates.

The audited financial statements have been prepared by the corporate reporting staff, headed by Willem Ligthelm CA(SA), the Group's Financial Manager. This process was supervised by André Jean van Deventer CA(SA), the Group's Chief Financial Officer.

The directors of Master Drilling Group Limited acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, system, and ethical behaviour are applied and managed within predetermined procedures and constraints.

Based on the information and explanations provided by management, the directors of Master Drilling Group Limited are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors of Master Drilling Group Limited have reviewed the Group's cash flow forecast for the year to 31 December 2024 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The directors are responsible for the financial affairs of the Group.

The external auditor is responsible for independently auditing and reporting on the Group's financial statements. In accordance with section 30(2)(a) of the Companies Act, the financial statements of the Group, for the year ended 31 December 2023, have been audited by BDO South Africa Incorporated, the Group's independent external auditor, whose unqualified audit report can be found on **www.masterdrilling.com**.

Each of the directors, whose names are stated below, hereby confirm that:

- The condensed annual financial statements set out on pages 106 to 145, of the audited consolidated annual financial statements fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for the implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditor any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

The Group's audited annual financial statements as approved on 25 March 2024, which have been prepared on the going concern basis, were signed by the Chief Executive Officer and Chief Financial Officer on behalf of the Board of Directors.

Danie Pretorius	**André van Deventer**
Chief Executive Officer	*Chief Financial Officer*
Johannesburg	Johannesburg
30 April 2024	30 April 2024

AUDIT **COMMITTEE REPORT**

for the year ended 31 December 2023

This report is provided by the Audit Committee in respect of the 2023 financial period of the Group. The Group's Audit Committee was established as a statutory committee in terms of section 94(2) of the Companies Act and oversees Audit Committee matters for all of the South African subsidiaries within the Group, as permitted by section 94(2)(a) of the Companies Act.

The Audit Committee's operation is guided by detailed terms of reference, a copy of which can be found on the Group's website **(www.masterdrilling.com).** The Audit Committee terms of reference are informed by the Companies Act, the JSE Listings Requirements as well as the corporate governance principles under the King IV Report on Corporate Governance for South Africa, 2016™ and approved by the directors. The Audit Committee terms of reference are reviewed on an annual basis.

MEMBERSHIP

The Audit Committee consisted of four non-executive directors of whom three were independent at all times during the year. The members at the date of this report comprise Andries Brink (Chairman), Akhter Deshmukh, Shane Ferguson (non-independent) and Mamokete Ramathe. In addition, the Chief Executive Officer, Chief Financial Officer, Group's the Risk and Assurance Manager, as well as the internal and external auditors are permanent invitees to the Audit Committee meetings. The Audit Committee meets at least four times a year and details of attendance are disclosed later in this report.

DUTIES AND RESPONSIBILITIES

The Audit Committee has executed its duties and responsibilities during the period in accordance with its terms of reference as they relate to the Group's accounting, internal auditing, internal control and financial reporting practices.

During the period under review, the committee engaged on the following:

In respect of the **external auditor and the external audit**, the Audit Committee, among other matters:

- Nominated BDO South Africa Incorporated as the external auditor for both the holding and subsidiary companies for the financial period ended 31 December 2024;
- Ensured that the appointment of the external auditor complied with all applicable legal and regulatory requirements;
- Approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditor for 2023;
- Obtained an annual written statement from the external auditor that its independence was not impaired;
- Determined the nature and extent of all non-audit services provided by the external auditor and approved the applicable non-audit services undertaken;
- Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, 2005, and determined that there were none; and
- Satisfied itself that the external auditor has been the external auditor of the Group and its subsidiaries for 12 years. This includes a period of six years before a merger with its predecessor audit firm. The Audit Committee further satisfied itself that the initial external audit partner has rotated after a period of five years as prescribed.

In respect of the **annual financial statements**, the Audit Committee, among other matters:

- Confirmed going concern as the basis of preparation of the annual financial statements;
- Considered whether any complex taxation areas exist that could have a material impact on the financial statements and determined that matters identified are being addressed by management;
- Examined and reviewed the annual financial statements, as well as all financial information disclosed to the public prior to submission and approval by the directors;
- Ensured that the annual financial statements fairly present the financial position of the Group as at the end of the period and the results of operations and cash flows for the financial period;
- Considered the appropriateness of the accounting policies adopted and changes thereto;
- Reviewed the external auditor's audit report;
- Reviewed the representation letter relating to the annual financial statements which was signed by management;
- Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the annual financial statements; and
- Considered the 2023 proactive monitoring report and other various JSE communications, where applicable.

In respect of **internal financial control and internal audit**, the Audit Committee, among other matters:

- Established an independent in-house internal audit function that is from time to time supported by PricewaterhouseCoopers Inc. on specialist matters;
- Satisfied itself that the function effectively provided objective and relevant assurance on the areas covered during the year;
- Reviewed internal audit reports and deliberated on the audit findings in accordance with the combined assurance plan and internal audit work programme;
- Considered the Group's system of internal financial control, during the year under review, with input and reports from the independent internal auditor; and

AUDIT COMMITTEE REPORT continued

- Considered the extended scope of the internal audit activities and actions taken by management to address identified control deficiencies.

In respect of **legal and regulatory requirements**, to the extent that these may have an impact on the annual financial statements, the Audit Committee:

- Reviewed with management legal matters that could have a material effect on the Group; and
- Considered reports provided by management and the external auditor regarding compliance with legal and regulatory requirements.

In respect of **risk management and governance**, the Audit Committee, among other matters:

- Reviewed the Group's enterprise risk management and combined assurance implementation plan and improvement initiatives;
- Reviewed the Group's enterprise risk management and combined assurance policy and framework; and
- Formed an integral part of the risk management process and oversaw the Risk Committee functions.

In respect of the co-ordination of assurance activities, the Audit Committee reviewed the plans and outcomes as outlined in the combined assurance plan. Assurance activities were focused on addressing significant financial and other risks facing the business.

In respect of the Company's Integrated Report, the Audit Committee collaborated with the Risk, Social, Ethics and Sustainability, Remuneration and Governance Committees to ensure the accuracy and completeness of the report.

In addition, the Audit Committee:

- Considered the expertise, resources and experience of the finance function and concluded that these were appropriate;
- Considered the experience and expertise of the Chief Financial Officer and concluded that these were appropriate;
- Considered the key audit matters as determined by BDO South Africa Incorporated and as described in the independent external auditor's report;
- Reviewed sections 3, 8, 13, 15 and schedule 8 of the JSE Listings Requirements, as amended from time to time, and the Audit Committee was satisfied that:
  – The audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
  – The auditor has provided to the Audit Committee the required International Regulatory Board for Auditors inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels; and
  – Both the audit firm and the individual external auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

MEMBERSHIP AND ATTENDANCE AT MEETINGS

The Audit Committee's members attended the following meetings:

Members	16 March 2023	22 March 2023 Special	7 June 2023	21 August 2023	16 November 2023
Andries Willem Brink	√	√	√	√	√
Akhter Ali Deshmukh	√	√	√	√	√
Shane Trevor Ferguson	A	A	√	√	√
Mamokete Ramathe	√	√	√	√	√

√ Attended
A Absent

INDEPENDENCE AND SUITABILITY OF THE EXTERNAL AUDITOR

The Audit Committee is satisfied that BDO South Africa Incorporated is independent and suitable for the Group after taking the following factors into account:

- Representations made by BDO South Africa Incorporated to the Audit Committee;
- The external auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the Group;
- The external auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the external auditor;
- The external auditor's independence was not prejudiced as a result of any previous appointment as external auditor; and
- The criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

ANNUAL FINANCIAL STATEMENTS

Following the review by the Audit Committee of the consolidated annual financial statements of the Group for the period ended 31 December 2023, the Audit Committee is of the view that, in all material aspects, they comply with the relevant provisions of the Companies Act, IFRS and the JSE Listings Requirements and fairly present the consolidated position at that date and the results of operations and cash flows for the period then ended.

Having satisfied itself in all respects, the Audit Committee has recommended the financial statements for the period ended 31 December 2023 for approval to the directors. The directors have subsequently approved the financial statements, which will be open for consideration at the forthcoming Annual General Meeting.

On behalf of the Audit Committee

Andries Brink
Chairman of the Audit Committee

30 April 2024

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

as at 31 December 2023

	Notes	Audited 2023 USD	Restated* 2022 USD
ASSETS			
Non-current assets			
Property, plant and equipment	3	**165 493 018**	152 274 557
Intangibles and goodwill	4	**21 079 664**	23 432 336
Financial assets		**5 196 817**	5 084 173
Deferred tax asset		**3 350 729**	2 860 120
Related party loans		**3 623 467**	1 577 056
Investment in joint venture	13	**4 469 712**	4 382 221
Investment in associates	12	**958 496**	790 777
		204 171 903	190 401 240
Current assets			
Inventories		**48 106 842**	46 529 294
Related party loans		**726 464**	729 641
Trade and other receivables	5	**76 367 261**	79 359 647
Current tax receivable		**4 319 829**	4 034 447
Derivative financial instruments		**326 327**	248 648
Cash and cash equivalents		**27 851 965**	30 669 450
		157 698 688	161 571 127
Total assets		**361 870 591**	351 972 367
EQUITY AND LIABILITIES			
Equity			
Share capital		**149 470 175**	149 365 330
Reserves		**(129 762 649)**	(124 051 438)
Retained income		**165 166 453**	147 707 905
		184 873 979	173 021 797
Non-controlling interest		**24 110 007**	23 060 403
		208 983 986	196 082 200

* Refer to note 15 for more details.

	Notes	Audited 2023 USD	Restated* 2022 USD
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings		**39 508 019**	41 411 477
Lease liabilities		**5 153 677**	5 773 563
Instalment sales liabilities		**61 160**	514 055
Contract liability	14	**4 782 670**	3 270 349
Provisions		**1 288 163**	500 182
Consideration payable		**–**	1 568 072
Related party loans		**–**	–
Put option liability for non-controlling interest	11	**7 074 250**	7 456 718
Deferred tax liability		**9 922 984**	13 225 411
		67 790 923	73 719 827
Current liabilities			
Interest-bearing borrowings		**4 572 533**	4 702 628
Lease liabilities		**601 775**	610 876
Instalment sales liabilities		**1 339 205**	1 158 671
Related party loans		**1 894 998**	2 030 367
Current tax payable		**6 920 411**	7 344 355
Put option liability		**–**	–
Trade and other payables	6	**63 770 049**	57 335 004
Derivative financial instruments		**576 164**	424 288
Provisions		**1 145 024**	1 073 806
Contract liability	14	**2 506 961**	5 626 167
Put option liability for non-controlling interest	11	**1 768 562**	1 864 178
Cash and cash equivalents		**–**	–
		85 095 682	82 170 340
Total liabilities		**152 886 605**	155 890 167
Total equity and liabilities		**361 870 591**	351 972 367

* Refer to note 15 for more details.

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

for the year ended 31 December 2023

	Notes	Audited 2023 USD	Restated* 2022 USD
Revenue	7	**242 797 541**	226 393 741
Cost of sales		**(174 365 710)**	(161 478 511)
Gross profit		**68 431 831**	64 915 230
Other operating income		**3 109 686**	2 138 087
Other operating expenses		**(37 993 230)**	(32 220 048)
Movement of expected credit loss allowances		**289 139**	(22 614)
Operating profit		**33 837 426**	34 810 655
Investment income		**1 402 578**	893 544
Finance costs		**(5 804 895)**	(4 470 312)
Fair value adjustment		**(22 989)**	(167 929)
Share of profit from equity-accounted investments		**753 445**	1 376 748
Profit before taxation		**30 165 565**	32 442 706
Taxation	8	**(7 867 907)**	(10 334 653)
Profit for the year		**22 297 658**	22 108 053
Other comprehensive income that will subsequently be classified to profit or loss:			
Exchange differences on translating foreign operations		**(5 844 900)**	(13 686 597)
Other comprehensive loss for the year net of taxation		**(5 844 900)**	(13 686 597)
Total comprehensive income		**16 452 758**	8 421 456
Profit/(loss) attributable to:		**22 297 658**	22 108 053
Owners of the Parent		**20 582 171**	21 425 568
Non-controlling interest		**1 715 487**	682 485
Total comprehensive income/(loss) attributable to:		**16 452 758**	8 421 456
Owners of the Parent		**14 737 271**	7 738 971
Non-controlling interest		**1 715 487**	682 485
Earnings per share (USD)	9		
Basic earnings per share (cents)		**13.6**	14.2
Diluted earnings per share (USD)	9		
Diluted basic earnings per share (cents)		**13.6**	14.2
Earnings per share (ZAR)			
Basic earnings per share (cents)		**251,0**	232,5
Diluted earnings per share (ZAR)			
Diluted basic earnings per share (cents)		**251,0**	232,5

* *Refer to note 15 for more details.*

CONSOLIDATED STATEMENT OF **CASH FLOWS**

for the year ended 31 December 2023

	Notes	Audited 2023 USD	Restated* 2022 USD
Cash flows from operating activities			
Cash generated from operations	10.1	**51 320 693**	35 282 480
Interest received		**674 275**	577 554
Dividends received		**–**	1 763
Finance costs paid		**(4 634 630)**	(3 326 260)
Tax paid	10.2	**(11 903 235)**	(7 577 569)
Net cash inflow from operating activities		**35 457 103**	24 957 968
Cash flows from investing activities			
Purchase of property, plant and equipment		**(33 932 052)**	(21 369 195)
Purchase of intangibles		**(72 639)**	–
Sale of property, plant and equipment		**3 566 451**	1 919 155
Advances to related parties		**(815 988)**	(164 006)
Proceeds from related parties		**1 369 568**	234 221
Payment of consideration for joint venture		**(1 186 684)**	(1 196 968)
Loss of control in subsidiary		**–**	(349 350)
Investment in equity instruments		**–**	–
Acquisition of joint venture		**–**	–
Acquisition of business	10.3	**–**	(4 025 435)
Net cash outflow from investing activities		**(31 071 344)**	(24 951 578)
Cash flows from financing activities			
Advance from financial liabilities		**2 716 083**	20 953 706
Repayment of financial liabilities		**(2 830 443)**	(4 726 500)
Repayment of capital portion of lease liabilities		**(564 787)**	(355 167)
Repayment of capital portion of instalment sale agreements		**(888 403)**	(734 616)
Repayment from related parties		**–**	(365 543)
Advances received from related parties		**–**	178 213
Issue of share capital		**21 918**	–
Dividends paid to shareholders		**(3 714 914)**	(3 051 413)
Dividends paid to non-controlling interest		**(665 883)**	(973 062)
Net cash from financing activities		**(5 926 429)**	10 925 618
Total cash for the year		**(1 540 670)**	10 932 008
Cash at the beginning of the year		**30 669 450**	21 387 523
Effect of exchange rate movement on cash balances		**(1 276 814)**	(1 650 081)
Total cash at the end of the year		**27 851 966**	30 669 450
Total cash at the end of the year		**27 851 966**	30 669 450

* *Refer to note 15 for more details.*

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the year ended 31 December 2023

	Share capital USD	Equity arising on formation of the Group[1] USD	Foreign currency translation reserve[2] USD	Transactions between equity holders[3] USD	Share-based payments reserve USD	Total reserves USD	Retained income USD	Attributable to owners of the Parent USD	Non-controlling interest USD	Total shareholders' equity USD
Balance as at 31 December 2021	149 259 486	(58 264 013)	(53 801 180)	1 611 385	134 631	(110 319 177)	137 593 905	176 534 214	9 834 821	186 369 035
Dividends declared by subsidiaries	–	–	–	–	–	–	–	–	(973 062)	(973 062)
Non-controlling equity contribution	–	–	–	–	–	–	559 560	559 560	537 616	1 097 176
Acquisition of subsidiary	–	–	–	–	–	–	–	–	12 978 543	12 978 543
Put option liability for non-controlling interest	–	–	–	–	–	–	(8 819 715)	(8 819 715)	–	(8 819 715)
Issue of share capital for options exercised	105 844	–	–	–	(45 664)	(45 664)	–	60 180	–	60 180
Dividends to shareholders	–	–	–	–	–	–	(3 051 413)	(3 051 413)	–	(3 051 413)
Total comprehensive income for the year	–	–	(13 686 597)	–	–	(13 686 597)	21 425 568	7 738 971	682 485	8 421 456
Total changes	105 844	–	(13 686 597)	–	(45 664)	(13 732 261)	10 114 000	(3 512 417)	13 225 582	9 713 165
Balance as at 31 December 2022 – restated*	**149 365 330**	**(58 264 013)**	**(67 487 777)**	**1 611 385**	**88 967**	**(124 051 438)**	**147 707 905**	**173 021 797**	**23 060 403**	**196 082 200**
Dividends declared by subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(665 883)**	**(665 883)**
Non-controlling equity contribution	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Share-based payment	**–**	**–**	**–**	**–**	**(13 636)**	**(13 636)**	**–**	**(13 636)**	**–**	**(13 636)**
Put option liability for non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**591 291**	**591 291**	**–**	**591 291**
Issue of share capital for options exercised	**104 845**	**–**	**–**	**–**	**(31 944)**	**(31 944)**	**–**	**72 901**	**–**	**72 901**
Dividends to shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(3 714 914)**	**(3 714 914)**	**–**	**(3 714 914)**
Total comprehensive income for the year	**–**	**–**	**(5 665 631)**	**–**	**–**	**(5 665 631)**	**20 582 171**	**14 916 540**	**1 715 487**	**16 632 027**
Total changes	**104 845**	**–**	**(5 665 631)**	**–**	**(45 580)**	**(5 711 211)**	**17 458 548**	**11 852 182**	**1 049 604**	**12 901 786**
Balance as at 31 December 2023 – Audited	**149 470 175**	**(58 264 013)**	**(73 153 408)**	**1 611 385**	**43 387**	**(129 762 649)**	**165 166 453**	**184 873 979**	**24 110 007**	**208 983 986**

[1] *Equity arising on formation of the Group – Equity that arose with the formation of the Group on the initial JSE listing*

[2] *Foreign currency translation reserve – Equity that arose as a result of the consolidation of subsidiaries that have a different currency to that of the Group's reporting currency.*

[3] *Transactions between equity holders – Equity that arose due to transactions between different equity holders on formation of the Group.*

* *Refer to note 15 for more details.*

NOTES TO THE CONDENSED CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 December 2023

1. ACCOUNTING POLICIES

Basis of presentation

The condensed audited financial results have been prepared in accordance with IAS 34: *Interim Financial Reporting*, IFRS and, the requirements of the South African Companies Act, as amended, and the Listings Requirements of the JSE Limited. The audited consolidated annual financial statements have been prepared on a historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in United States Dollar (USD).

The significant accounting policies are consistent in all material respects with those applied in the previous year.

The consolidated annual financial statements for Master Drilling Group Limited (Registration number: 2011/008265/06), for the period ended 31 December 2023, have been audited by BDO South Africa Incorporated, the Company's independent external auditor, whose unmodified audit report, including the key audit matters, can be found on pages 6 to 10 of the consolidated annual financial statements 2023, which are available at **www.masterdrilling.com**.

These condensed financial results were extracted from the audited consolidated financial statements that have been prepared by the corporate reporting staff of Master Drilling, headed by Willem Ligthelm CA(SA), the Group's Financial Manager. This process was supervised by André van Deventer CA(SA), the Group's Chief Financial Officer.

The auditor's report does not necessarily report on all of the information contained in these condensed audited consolidated financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The Group annual financial statements incorporate all entities which are controlled by the Group.

At inception, the Group's annual financial statements had been accounted for under the pooling of interest method as acquisition of entities under common control is excluded from IFRS 3. The entities had been accounted for at historical carrying values for the period presented.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-Group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Control is considered to exist if all of the factors below are satisfied.

- The investor has power over the investee i.e. the investor has existing rights that give it the ability to direct the relevant activities;
- The investor has exposure or rights to variable returns from its involvement with the investee; and
- The investor has the ability to use its power over the investee to affect the amount of the investor's returns.

The Group assesses its control of an investee at the time of its initial investment and again if changes in facts and circumstances affect one or more of the control factors listed above. In assessing whether the Group has control over an investee, consideration is given to many factors including shareholding, voting rights and their impact on the Group's ability to direct the management, operations and returns of the investee; contractual obligations; minority shareholder rights and whether these are protective or substantive in nature; and the financial position of the investee.

De-facto control

De-facto control exists when the size of a group's own voting rights relative to the size and dispersion of other vote holders give the group the practical ability unilaterally to direct the relevant activities of the investee.

The Group, based on its assessment of its practical ability to direct the relevant activities of the investee without holding the majority of the voting rights, as well as other relevant facts and circumstances, concluded that de-facto control exists due to the Group's practical ability to direct the relevant activities and, as a result, consolidated the subsidiary with a 50% non-controlling interest.

Property, plant and equipment and intangible assets

Property, plant and equipment are initially measured at cost and subsequently at cost less any accumulated depreciation and accumulated impairment losses.

Patents are acquired by the Group and have an indefinite useful life as the Group's plan and ability is to renew and maintain the patent indefinitely. It is expected that the patent will generate revenue for the Group for an unlimited period of time. Patents are carried at cost less accumulated impairment losses. Patents are assessed annually for possible impairment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment. Costs associated with equipment upgrades that result in increased capabilities or performance enhancements of property and equipment are capitalised. If a replacement part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

An asset under construction will be reclassified to the relevant asset category as soon as it is available for use. Assets under construction are not depreciated.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Investment in associate

The results, assets and liabilities are incorporated in these consolidated annual financial statements using the equity method of accounting. An investment in associate is initially recognised in the consolidated statement of financial position at cost and adjusted for thereafter to recognise the Group's share of the profit or loss in associate and other comprehensive income of the associate.

Contingent consideration on investments in associates is included in the cost at its fair value on the acquisition date. Contingent consideration is classified as a financial liability and any subsequent remeasurement is capitalised to the cost of the investment.

Investment in joint arrangements

The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

For all joint arrangements structured in separate vehicles, the Group assessed the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment required the Group to consider. among others, the following factors to determine whether it has rights to the joint arrangement's net assets or rights to and obligations for specific assets, liabilities, expenses and revenues:

- Structure;
- Legal form;
- Contractual agreement; and
- Other facts and circumstances.

Upon consideration of these factors, the Group's management has determined that all of its joint arrangements give it rights to and obligations for net assets and have therefore been classified as joint ventures.

Contingent consideration on investments in joint arrangements is included in the cost at its fair value on the acquisition date. Contingent consideration is classified as a financial liability and any subsequent remeasurement is capitalised to the cost of the investment.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary environment in which the entity operates i.e. "functional currency". The consolidated annual financial statements are presented in USD (the "presentation currency"). Management believes that USD is more useful to the users of the consolidated financial statements, as this currency most reliably reflects the global business performance of the Group as a whole.

Going concern

The annual financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations for the next 12-month period and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Operating segments

There were no changes made to the operating segments since the previous reporting period.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

Changes to the Board

There have been no changes to the Board since the previous reporting period.

Annual General Meeting

The annual general meeting of Master Drilling Group Limited will be held virtually, on Tuesday, 10 June 2023 at 09:00. More details on arrangements around the virtual annual general meeting will be disclosed in the notice and proxy that will be available no later than 30 April 2024.

Subsequent events

The Board approved a gross dividend on 25 March 2024 of 52,5 cents in ZAR terms per share payable to shareholders recorded in the Company's share register on Friday, 17 May 2024. The dividend declared is not reflected in the financial statements for the year ended 31 December 2023.

The directors are not aware of any other matters or circumstances arising since the reporting date to the date of this report, not otherwise dealt with in this report.

Outlook and prospects

Even in the face of global uncertainty, Master Drilling is confident in its ability to perform well. This confidence stems from several factors. First, our long-term contracts provide a stable foundation for our business. Second, we have deliberately diversified our footprint across various regions, commodities, currencies and industries. This strategic approach mitigates risk and positions us for success in a complex global environment. Proactive capital management is another key strength, ensuring we efficiently allocate resources to maximise returns. Finally, our unwavering service orientation keeps client needs at the forefront of everything we do.

Currently, we are actively working to optimise our fleet utilisation, targeting a benchmark of 75%. Prudent capital management remains a core principle that guides our decisions. Our diversification strategy, encompassing regions, commodities, currencies, and industries, has proven its worth and will continue to be a central pillar of our growth plan.

The pipeline as of 31 December 2023 totalled USD535.3 million, while the committed order book totalled USD288.3 million for 2024 and beyond. In the short to medium term, the sales pipeline is expected to stabilise and increase with further strategic acquisitions and joint ventures supporting performance.

Looking towards the future, Master Drilling prioritises both safety and innovation. We are strong advocates for utilising advanced, mechanised equipment, which aligns perfectly with the industry's growing focus on automation and remote operations. This commitment to cutting-edge technology positions us competitively within this evolving landscape. Furthermore, we actively explore opportunities to expand beyond traditional drilling, with potential applications for artificial intelligence being a key area of interest.

Investing in our people is another cornerstone of our success. We are committed to attracting and retaining top talent by fostering a positive work environment and implementing best practices in human capital management. Finally, Master Drilling takes environmental, social and governance initiatives very seriously. We believe that strong practices not only align with our values but also ensure long-term sustainability for our Company and contribute positively to broader industry goals.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost USD	Accumulated depreciation and impairment losses USD	Carrying value USD
2023			
Land and buildings	**1 557 091**	**(701 374)**	**855 717**
Right-of-use assets: Land and buildings	**6 712 984**	**(2 092 537)**	**4 620 447**
Instalment sale: Plant and machinery	**713 469**	**(512 534)**	**200 935**
Plant and machinery	**204 911 205**	**(61 356 564)**	**143 554 641**
Assets under construction	**12 781 073**	**–**	**12 781 073**
Furniture and fittings	**1 880 631**	**(1 661 355)**	**219 276**
Motor vehicles	**7 210 466**	**(4 374 611)**	**2 835 855**
Right-of-use assets: Motor vehicles	**248 241**	**(188 510)**	**59 731**
Information technology (IT) equipment	**1 044 595**	**(679 252)**	**365 343**
Total	**237 059 755**	**(71 566 737)**	**165 493 018**
2022			
Land and buildings	3 436 696	(323 563)	3 113 133
Right-of-use assets: Land and buildings	6 868 057	(1 400 888)	5 467 169
Instalment sale: Plant and machinery	5 686 422	(3 290 312)	2 396 110
Plant and machinery	194 311 636	(60 232 647)	134 078 989
Assets under construction	4 655 583	(2 567)	4 653 016
Furniture and fittings	1 567 821	(1 250 980)	316 841
Motor vehicles	6 868 527	(5 101 995)	1 766 532
Right-of-use assets: Motor vehicles	103 519	(18 440)	85 079
IT equipment	1 125 641	(727 953)	397 688
Total	224 623 902	(72 349 345)	152 274 557

Borrowing costs

No borrowing costs were capitalised to the cost of property, plant and equipment during 2023 (2022: USDnil).

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT continued

3.1 Reconciliation of property, plant and equipment

	Opening balance USD	Additions USD	Exchange difference on consolidation of foreign subsidiaries USD	Assets acquired through business combination USD	Reclassifi-cations between different categories USD	Disposals USD	Depreciation USD	Impairment/ scrapping USD	Derecognition on loss of control USD	Remeasure ment from assets under construction to plant and machinery USD	Total USD
2023											
Land and buildings	**3 113 133**	**73 719**	**(231 419)**	**–**	**–**	**(1 975 371)**	**(124 345)**	**–**	**–**	**–**	**855 717**
Right-of-use assets: Land and buildings	**5 467 169**	**30 438**	**(237 387)**	**–**	**–**	**–**	**(639 773)**	**–**	**–**	**–**	**4 620 447**
Instalment sale: Plant and machinery	**2 396 110**	**–**	**188 085**	**–**	**(1 896 622)**	**(395 627)**	**(91 011)**	**–**	**–**	**–**	**200 935**
Plant and machinery	**134 078 989**	**23 630 155**	**(2 235 024)**	**–**	**1 896 622**	**(392 869)**	**(11 567 785)**	**(2 202 834)**	**–**	**347 387**	**143 554 641**
Assets under construction	**4 653 016**	**8 449 904**	**25 540**	**–**	**–**	**–**	**–**	**–**	**–**	**(347 387)**	**12 781 073**
Furniture and fittings	**316 841**	**234 895**	**12 496**	**–**	**–**	**(307 679)**	**(37 277)**	**–**	**–**	**–**	**219 276**
Motor vehicles	**1 766 532**	**2 081 974**	**170 674**	**–**	**–**	**(193 511)**	**(989 814)**	**–**	**–**	**–**	**2 835 855**
Right-of-use assets: Motor vehicles	**85 079**	**–**	**(6 239)**	**–**	**–**	**–**	**(19 109)**	**–**	**–**	**–**	**59 731**
IT equipment	**397 688**	**155 540**	**(33 498)**	**–**	**–**	**(17 909)**	**(136 478)**	**–**	**–**	**–**	**365 343**
	152 274 557	**34 656 625**	**(2 346 772)**	**–**	**–**	**(3 282 966)**	**(13 605 592)**	**(2 202 834)**	**–**	**–**	**165 493 018**
2022											
Land and buildings	2 102 511	848 782	243 348	36 905	–	(4 766)	(113 647)	–	–	–	3 113 133
Right-of-use assets: Land and buildings	3 982 394	1 619 746	(34 010)	526 626	–	–	(627 587)	–	–	–	5 467 169
Instalment sale: Plant and machinery	3 017 654	264 125	(130 314)	–	–	(449 756)	(305 599)	–	–	–	2 396 110
Plant and machinery	137 549 684	16 293 266	(5 696 847)	807 022	–	(567 183)	(11 885 613)	(658 265)	(1 763 075)	–	134 078 989
Assets under construction	753 355	3 934 548	(30 779)	–	–	(4 108)	–	–	–	–	4 653 016
Furniture and fittings	1 168 641	20 122	(280 863)	85 231	–	(43 241)	(633 049)	–	–	–	316 841
Motor vehicles	2 483 665	1 070 744	(517 463)	253 690	–	(72 112)	(1 451 992)	–	–	–	1 766 532
Right-of-use assets: Motor vehicles	–	107 708	(3 443)	–	–	–	(19 186)	–	–	–	85 079
IT equipment	271 856	242 098	47 441	13 401	–	(27 322)	(149 786)	–	–	–	397 688
	151 329 760	24 401 139	(6 402 930)	1 722 875	–	(1 168 488)	(15 186 459)	(658 265)	(1 763 075)	–	152 274 557

Security

Moveable assets to the value of ZAR1,8 billion (USD98.0 million at the closing spot rate) of the South African subsidiaries have been bonded to Absa Capital as security for an interest-bearing loan. Property, plant and equipment to the value of SEK40.8 million (USD4.0 million at the closing rate) of the European entity have been pledged to Swedbank as security for an interest-bearing loan (refer to note 12).

Impairment

During the year, the businesses within the African region recognised impairment/scrapping of plant and machinery. The future cash flows of specific rigs were negatively affected due to the cessation of operations by a client in this region as the assets are not retrievable from the underground mine. Also in the current year, businesses within the South American and rest of the world region recognised impairment/scrapping of rigs that has negatively impacted cash flows due to the size of drilling rigs becoming obsolete to the industry. During the previous year, the businesses within the African region recognised impairment/scrapping of plant and machinery. The future cash flows of the particular rigs were negatively affected by the type of drilling they were initially designed and built for, and resulting in these becoming obsolete in the industry. No impairment losses recognised in prior years were reversed in the current year.

During the current reporting period, an impairment loss was recognised on the Group's Mobile Tunnel Borer included in plant and machinery. This impairment reflects a decline in the asset's recoverable amount, which is the estimated future cash flows expected to be generated from the asset. An assessment determined that the asset's expected future benefits will not be sufficient to cover its current net book value, which is the carrying amount after accumulated depreciation.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

4. INTANGIBLE ASSETS AND GOODWILL

	Notes	Audited 2023 USD	Restated* 2022 USD
Intangible assets	4.1	**18 042 647**	20 269 306
Goodwill	4.2	**3 037 017**	3 163 030
Total		**21 079 664**	23 432 336

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

4.1 Intangible assets

	Cost USD	Accumulated amortisation and impairment losses USD	Carrying value USD
2023			
Computer software	**1 199 464**	**(1 027 375)**	**172 089**
Software licence agreements	**6 441 475**	**–**	**6 441 475**
Contractual client relationship	**11 429 125**	**(953 289)**	**10 475 836**
Patents	**953 247**	**–**	**953 247**
Total	**20 023 311**	**(1 980 664)**	**18 042 647**
2022			
Computer software	1 661 465	(1 414 872)	246 593
Software licence agreements	6 942 368	–	6 942 368
Contractual client relationship	12 403 000	(286 519)	12 116 481
Patents	963 864	–	963 864
Total	21 970 697	(1 701 391)	20 269 306

	Opening balance USD	Additions USD	Exchange difference on consolidation of foreign subsidiaries USD	Assets acquired through business combination USD	Disposal USD	Deemed disposal on obtaining control USD	Amortisation USD	Impairment of intangible assets USD	Total USD
2023									
Computer software	**246 593**	**11 099**	**(2 350)**	**–**	**–**	**–**	**(58 981)**	**(24 272)**	**172 089**
Software licence agreements	**6 942 368**	**2 930**	**(503 823)**	**–**	**–**	**–**	**–**	**–**	**6 441 475**
Contractual client relationship	**12 116 481**	**–**	**(878 153)**	**–**	**–**	**–**	**(762 492)**	**–**	**10 475 836**
Patents	**963 864**	**58 609**	**(69 226)**	**–**	**–**	**–**	**–**	**–**	**953 247**
	20 269 306	**72 638**	**(1 453 552)**	**–**	**–**	**–**	**(821 473)**	**(24 272)**	**18 042 647**
2022									
Computer software	281 722	–	37 212	1 120	–	–	(51 839)	(21 622)	246 593
Software licence agreements	1 196 447	–	(51 062)	6 911 133	–	(1 114 150)	–	–	6 942 368
Contractual client relationship	–	–	66 897	12 336 103	–	–	(286 519)	–	12 116 481
Patents	968 128	–	(4 264)	–	–	–	–	–	963 864
	2 446 297	–	48 783	19 248 356	–	(1 114 150)	(338 358)	(21 622)	20 269 306

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

4. INTANGIBLE ASSETS AND GOODWILL continued

4.1 Intangible assets continued

Software licence agreement

The Group is a co-licensor of a software licence agreement and acquired an additional stake during 2022. This software licence agreement provides a fully integrated solution to clients for monitoring and tracking of plant and human resources on mines to ensure compliance with policies, practices and procedures in force at the mines to and promote and enhance safety and productivity on the mines and provide intelligence to management of mines for the development of future resource strategies. The software licence agreement has been identified as a separate identifiable intangible asset related to the A&R Group business combination. Refer to note 10.3 for more information.

Patents

The Group owns a patent it acquired from an external party when the drawings and design for its Shaft Boring System (SBS) were approved. The patent relates to the specific design and functioning of the SBS that is currently being manufactured and tested by the Group.

Contractual client relationship

The Group identified formal agreements between itself and clients, outlining the specific services that will be provided and the obligations of each party. These agreements are legally binding and define the terms of the business engagement. These contractual client relationships were identified as part of the final purchase price allocation of the transaction it relates to as detailed in note 10.3. The remaining useful life is 13.67 years (2022: 14.67 years).

Impairment testing

For the purpose of annual impairment testing, patents are allocated to the plant and machinery within the Group which is expected to benefit from the use of the patent while software licence agreements are assessed for the royalties it could potentially earn over a forecast period of five years discounted by a suitable rate.

The recoverable amount of the software licence agreements and patents was determined based on a value-in-use calculation covering a five-year forecast, followed by an extrapolation of expected cash flows for the remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of the cash-generating unit is determined by applying a suitable discount rate. Discount and growth rates used are based on industry-linked underlying market conditions of the country the cash-generating unit is operational within and will vary depending on the status of the market the asset is operational within.

Impairment of the patent was done considering that the machinery and technology it relates to is not yet operational and that additional costs are still to be incurred to complete the machine and the technology.

	2023			2022		
	Growth rate %	Discount rate %	Headroom* USD	Growth rate %	Discount rate %	Headroom* USD
Software licence agreements	**1.00**	**24.50**	**3 170 259**	4.50	32.59	2 709 170
Contractual client relationship	**1.00**	**19.22**	**14 031 520**	0.00	0.00	–
Patents	**5.50**	**18.84**	**2 874 171**	4.50	24.73	539 830

* *Headroom is defined as the value by which the recoverable amount for the individual cash-generating unit exceeds the carrying value.*

Growth rates

The growth rates reflect the long-term average growth rates for the cash-generating units. Growth rates are based on the average inflation rates forecast for regions that the intangible assets will operate within.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors for the region that the intangible assets are expected to operate within.

Cash flow assumptions

Management's key assumptions include the present value of the cash flows expected to be generated by utilisation of the intangible assets, discounted at the applicable market indicative rates. Five-year cash flow projections reflect these benefits to be realised.

Sensitivity analysis – Patents

Recognising the dynamic nature of the market, the sensitivity analysis over patents aims to assess the potential impact given the uncertainty surrounding market responses and the market fluctuations to technological advancement. The analysis provided valuable insights into the resilience and adaptability of patent assets amid changing landscapes.

	2023 USD	2022 USD
The following table indicates the sensitivity analysis:		
Discount rate 2% increase	**(459 213)**	(527 001)
Growth rate 2% decrease	**114 919**	44 387
Project profitability 5% decrease	**(169 792)**	(641 108)

4.2 Goodwill

	Audited 2023 USD	Restated* 2022 USD
Goodwill recognised from value chain business combinations	**2 085 808**	2 162 370
Goodwill recognised from raise bore business combinations	**435 146**	445 038
Goodwill recognised from software support services	**516 063**	555 622
Goodwill recognised from business combinations	**3 037 017**	3 163 030

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

	Opening balance USD	Additions USD	Exchange difference on consolidation of foreign subsidiaries USD	Total USD
2023				
Goodwill recognised from value chain business combinations	**2 162 370**	**–**	**(76 562)**	**2 085 808**
Goodwill recognised from raise bore business combinations	**445 038**	**–**	**(9 892)**	**435 146**
Goodwill recognised from software support services	**555 622**	**–**	**(39 559)**	**516 063**
Goodwill recognised from business combinations	**3 163 030**	**–**	**(126 013)**	**3 037 017**
2022 – Restated*				
Goodwill recognised from value chain business combinations	2 341 256	–	(178 886)	2 162 370
Goodwill recognised from raise bore business combinations	455 439	–	(10 401)	445 038
Goodwill recognised from software support services	–	553 686	1 936	555 622
Goodwill recognised from business combinations	2 796 695	553 686	(187 351)	3 163 030

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued
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4. INTANGIBLE ASSETS AND GOODWILL continued
4.2 Goodwill continued
Impairment testing
For the purpose of annual impairment testing, goodwill is allocated to the cash-generating units which are expected to benefit from the synergies of the business combination in which the goodwill arose.

The recoverable amount was determined based on a value-in-use calculation covering a five-year forecast, followed by an extrapolation of expected cash flows for the remaining forecast period using the growth rates determined by management. The present value of the expected cash flows of the cash-generating unit is determined by applying a suitable discount rate. Discount and growth rates used are based on industry-linked market conditions of the underlying markets the cash-generating unit operates within and are not reasonably expected to change significantly that it could result in impairment.

	2023			2022		
	Growth rate %	Discount rate %	Headroom* USD	Growth rate %	Discount rate %	Headroom* USD
Value chain business combination	**4.16**	**19.74**	**4 573 887**	3.00	19.74	7 577 550
Raise bore business combination	**1.90**	**15.30**	**1 863 668**	2.45	24.45	1 989 211
Software support services	**1.00**	**23.97**	**27 510 498**	4.50	25.65	20 551 619

* *Headroom is defined as the value by which the recoverable amount for the individual cash-generating unit exceeds the carrying value.*

Growth rates
The growth rates reflect the long-term average growth rates for the cash-generating units.

Discount rates
The discount rates reflect appropriate adjustments relating to market risk and specific risk factors related to the industries and markets within the businesses attracting goodwill operate.

Cash flow assumptions
Management's key assumptions include the present value of the cash flows expected to be generated by utilisation of the intangible assets discounted at the applicable market indicative rates. Five-year cash flow projections reflect these benefits to be realised.

5. TRADE AND OTHER RECEIVABLES

	2023 USD	2022 USD
Trade receivables	**61 086 302**	59 973 365
Trade receivables – Normal (gross)	**63 677 158**	63 566 215
Trade receivables – Retention (gross)	**1 854 961**	1 213 210
Expected credit loss allowance of trade receivables	**(4 445 817)**	(4 806 060)
Contract asset	**4 536 722**	5 794 169
Loans to employees	**194 562**	270 735
Prepaid expenses	**6 943 248**	7 808 828
Deposits	**320 125**	291 886
Indirect taxes	**2 007 357**	4 083 177
Other receivables	**1 278 945**	1 137 487
Total	**76 367 261**	79 359 647

Trade receivables of South African subsidiaries have been ceded to Absa Capital as security for an interest-bearing loan. Retention receivables are collectable within a period of 12 months.

Trade receivables are assessed for recoverability using the expected credit losses matrix. The matrix is determined based on the underlying economic factors of each of the countries that the subsidiaries operate within.

The Group's policy does not allow for loans to employees to exceed the monetary value of earnings due to the employee in the notice period. As a result, no expected credit loss allowances have been recognised.

Deposits represent deposits held as security for rentals and utilities across the world where the Group operates. Deposits are generally a month's rental and/or payment in advance, and no expected credit losses have been recognised as one would expect to still receive the service for the month that notice is given by the supplier.

Retention trade receivables are considered for expected credit losses based on the same assumptions as for normal trade receivables. The expected credit losses remained fairly consistent year-on-year. This is due to the mix of the specific risk factors across the various jurisdictions the Group operates within.

The Group provides for clients that have specifically been identified as not recoverable. Thereafter the Group uses the general matrix approach, and the expected credit loss allowance per ageing bracket for each of the regions is determined based on specific economic, political and market conditions for each country included in each of the regions.

	2023 USD	2022 USD
The movement in expected credit losses is presented below:		
Balance 1 January	**4 806 060**	4 800 831
Exchange differences on translation of foreign operations	**480 022**	(106 682)
Reversal of credit losses recognised previously	**(1 226 395)**	–
Expected credit loss adjustment on business combination	**–**	89 297
Amounts written off	**(551 126)**	–
Allowance for credit losses recognised	**937 256**	22 614
	4 445 817	4 806 060
Gross trade receivables per region		
Africa	**26 488 577**	25 899 131
Central and North America	**8 215 083**	9 671 893
Rest of the world	**5 797 141**	7 817 418
South America	**25 031 318**	21 390 983
	65 532 119	64 779 425

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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5. TRADE AND OTHER RECEIVABLES continued

Expected credit losses matrix

	2023 %	2022 %
Africa		
Current	**3.62 to 4.20**	4.05 to 4.55
30 days	**3.72 to 4.30**	4.15 to 4.65
31 to 60 days	**3.97 to 4.55**	4.40 to 4.90
61 to 90 days	**3.97 to 4.55**	4.90 to 5.40
90+ days	**4.47 to 5.05**	5.90 to 6.40
Rest of the world		
Current	**2.35 to 3.41**	0.10 to 4.05
30 days	**2.45 to 3.51**	0.15 to 4.15
31 to 60 days	**2.65 to 2.70**	0.35 to 4.40
61 to 90 days	**2.65 to 2.70**	0.55 to 4.90
90+ days	**2.90 to 3.20**	0.70 to 5.15
Central and North America		
Current	**0.00 to 2.47**	2.17 to 2.47
30 days	**0.10 to 2.67**	2.57 to 2.67
31 to 60 days	**0.35 to 2.99**	2.82 to 2.99
61 to 90 days	**0.35 to 2.99**	3.32 to 3.46
90+ days	**0.85 to 3.94**	3.69 to 3.94
South America		
Current	**3.31 to 3.51**	3.31 to 3.51
30 days	**3.41 to 3.65**	3.41 to 3.65
31 to 60 days	**3.66 to 3.99**	3.66 to 3.99
61 to 90 days	**4.16 to 4.31**	4.16 to 4.31
90+ days	**4.33 to 4.58**	4.33 to 4.58

	2023 USD	2022 USD
The carrying amount in USD of trade and other receivables is denominated in the following currencies:		
Australian Dollar	**347 833**	140 962
Brazilian Real	**3 721 250**	6 120 217
Botswana Pula	**18 253**	–
Canadian Dollar	**3 773 360**	3 180 354
Chilean Peso	**18 006 942**	13 481 684
Chinese Yuan	**573 164**	280 618
Colombian Peso	**1 600**	1 242
Euro	**5 744**	–
Ghanaian Cedi	**889 390**	–
Quatemalan Quetzales	**10 057**	91 004
Indian Rupee	**4 437 217**	5 330 398
Peruvian Sol	**860 953**	1 421 086
Swedish Krona	**2 516 073**	3 532 451
United States Dollar	**28 999 403**	25 870 621
South African Rand	**11 515 006**	19 901 000
Zambian Kwacha	**691 016**	8 010
	76 367 261	79 359 647

6. TRADE AND OTHER PAYABLES

	2023 USD	2022 USD
Trade payables	**39 048 646**	24 254 945
Accruals	**6 780 857**	13 993 467
Indirect taxes	**4 344 654**	5 872 703
Leave pay accruals	**3 028 456**	3 465 954
Consideration payable*	**2 455 588**	2 665 460
Employee-related	**6 276 423**	5 550 939
Other payables	**1 835 425**	1 531 536
	63 770 049	57 335 004

* *Included in consideration payable is an amount of USD1 520 432, the short-term portion, payable to Newham Proprietary Limited which is also disclosed as a joint venture partner. Refer to note 13.*

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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7. REVENUE

	2023 USD	2022 USD
Revenue from contracts with clients		
Rendering of services	**208 839 091**	212 948 610
Sale of goods	**33 958 450**	13 445 131
	242 797 541	226 393 741
Disaggregation of revenue from contracts with clients		
The Group disaggregates revenue from clients as follows:		
Rendering of services	**208 839 091**	212 948 610
Sale of goods	**33 958 450**	13 445 131
	242 797 541	226 393 741
Timing of revenue recognition		
Over time		
Rendering of services	**208 839 091**	212 948 610
At a point in time		
Sale of goods	**33 958 450**	13 445 131

8. TAXATION

8.1 Taxation

	2023 USD	Restated* 2022 USD
Current		
Normal taxation	**11 338 997**	9 610 429
Current taxation	**11 543 717**	11 039 947
(Over)/under provision	**(204 720)**	(1 429 518)
Deferred taxation	**(3 471 090)**	630 612
Deferred taxation: Temporary differences	**(3 449 441)**	665 838
Deferred taxation: Change in taxation rate	**(21 649)**	(35 226)
Dividend withholding taxation	**–**	93 612
	7 867 907	10 334 653
Reconciliation of the tax expense		
Accounting profit	**30 165 565**	32 729 225
Tax at the applicable tax rate – Average rate 24% (2022: 34%)	**6 966 652**	10 896 854
Over provision	**(204 720)**	(1 429 518)
Change in taxation rate	**(21 649)**	(35 226)
Exempt income – Dividends and royalties received	**(1 298 828)**	(375 709)
Non-deductible expenses – Fines and penalties	**1 912 270**	374 178
Estimated loss not recognised	**514 182**	1 092 122
Utilisation of estimated loss previously not recognised	**–**	(188 048)
Taxation per statement of profit or loss and other comprehensive income	**7 867 907**	10 334 653

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

Deferred taxation assets have been recognised in respect of tax losses and temporary differences where, having reviewed the financial projections of the Group, the directors are of the opinion that it is probable that these assets will be recoverable as forecasts for underlying entities indicated probable income.

The applicable tax rate has decreased compared to the prior year due to a different profit mix between the different tax jurisdictions with the different tax rates.

The total unrecognised assessed loss at 31 December 2023 is USD5 205 422 (2022: USD5 107 581).

	2023 USD	Restated* 2022 USD
Normal taxation charge/(benefit) per entity within the Group		
Master Drilling Australia Proprietary Limited	**300 378**	–
Master Drilling do Brasil Ltda	**–**	331 003
MDX Masterdrill Exploracoes E Sondagens Ltda	**189 530**	222 190
MD Botswana Proprietary Limited	**273 100**	45 710
MD Katanga Drilling Services SAS	**687 088**	938 588
Kipushi Drilling ASA	**155 932**	–
Master Drilling Chile S.A.	**–**	863 818
Consorsio Master Drilling Besalco SA	**394 643**	396 499
Master Drilling Changzhou Co Limited	**398 425**	750 989
Master Drilling Ghana Limited	**849 674**	–
Master Drilling India Pvt Limited	**1 707 439**	1 809 494
Master Drilling Mali Sarl	**1 122 842**	101 659
Master Drilling Malta Limited	**134 040**	915 382
Master Drilling International Limited	**5 386**	295 358
Master Drilling Mexico SA de CV	**(387 957)**	1 195 581
Master Drilling Nicaragua SA	**43 004**	–
Master Drilling Peru S.A.C.	**839 955**	6 482
Drilling Technical Services Peru S.A.C.	**246 625**	324 181
Drilling Administrative Services S.A.C.	**88 046**	43 126
Bergteamet Raiseboring Europe AB	**1 368 461**	682 070
Master Drilling Madencilik Ve Ticaret Limited Sirketi’	**–**	(5 364)
Master Drilling Tanzania Limited	**91 204**	42 595
Master Drilling USA LLC	**–**	155 410
Master Drilling Group Limited	**(28 544)**	(484 661)
Drilling Technical Services Proprietary Limited	**(119 714)**	(226 675)
Master Mining Proprietary Limited	**(31 495)**	101 485
Master Drilling Proprietary Limited	**757 323**	152 846
MDG Shared Services Proprietary Limited	**3 860**	73 186
Master Drilling Mining Services Proprietary Limited	**243 696**	92 615
MD Training Services Proprietary Limited	**9 167**	4 746
A&R Engineering and Mining Services Proprietary Limited	**648 525**	357 407
Embedded IQ Proprietary Limited	**1 092 187**	283 075
Embedded Works Proprietary Limited	**56 874**	54 444
Lamproom Solutions and Consulting Proprietary Limited	**199 303**	87 132
Moxie Digital Proprietary Limited	**–**	58
	11 338 997	9 610 429

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

The South African corporate tax rate was reduced from 28% to 27% for all tax assessments after 31 March 2023. The Group accrued deferred taxation on the Indian subsidiary with the change in tax rate reducing from 29.12% to 25.17% effective 1 April 2024.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

9. EARNINGS PER SHARE

	2023		2022 – Restated*	
	Gross USD	Net USD	Gross USD	Net USD
Reconciliation between earnings and headline earnings				
Basic earnings for the year	**22 297 658**	**22 297 658**	22 924 420	22 108 053
Deduct:				
Non-controlling interest	**–**	**(1 715 487)**	–	(682 485)
Attributable to owners of the Parent	**22 297 658**	**20 582 171**	22 924 420	21 425 568
Gain on disposal of property, plant and equipment	**(283 485)**	**(136 653)**	(750 667)	(616 764)
Impairment of property, plant and equipment	**2 202 834**	**1 506 277**	487 116	487 116
Impairment of intangibles	**24 272**	**24 272**	21 622	21 622
Fair value adjustment on step-up acquisition	**–**	**–**	213 367	213 367
Gain on loss of control of subsidiary	**–**	**–**	(109 599)	(109 599)
Headline earnings for the year	**24 241 279**	**21 976 067**	22 786 259	21 421 310
Earnings per share				
Earnings per share (cents)		**13.6**		14.2
Diluted earnings per share (cents)		**13.6**		14.2
Headline earnings per share (cents)		**14.5**		14.2
Diluted headline earnings per share (cents)		**14.5**		14.2
Dividends per share (cents)		**47.5**		32.5
Weighted average number of ordinary shares at the end of the year for the purpose of basic earnings per share and headline earnings per share		**151 512 667**		151 319 215
Effect of dilutive potential ordinary shares – employee share option**		**17 290**		50 198
Weighted average number of ordinary shares at the end of the year for the purpose of diluted basic earnings per share and diluted headline earnings per share		**151 529 957**		151 369 413

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

** *The total number of share options in issue is disclosed in note 34 to the full consolidated annual financial statements.*

10. CASH GENERATED FROM OPERATIONS

10.1 Cash generated from operations

	2023 USD	Restated* 2022 USD
Profit before taxation	**30 165 565**	32 442 706
Adjustments for:		
Depreciation	**13 605 592**	15 186 459
Amortisation	**821 473**	338 358
Share-based payment expense	**(13 636)**	–
Fair value adjustment on derivatives	**22 989**	34 822
Fair value adjustment for options	**–**	(45 438)
Impairment of property, plant and equipment	**2 227 106**	679 887
Profit from equity-accounted investments	**(753 445)**	(1 376 748)
Unrealised foreign exchange movements	**7 067**	1 880 083
Fair value adjustment for previously held interest in associate	**–**	213 367
Put option for non-controlling interest expense	**840 519**	501 181
Gain on loss of control of subsidiary	**–**	(219 200)
Gain on disposal of fixed assets	**(283 485)**	(750 667)
Movement in expected credit loss allowance	**(289 139)**	22 614
Movement in allowance for obsolete inventory	**205 525**	366 416
Bad debt written off	**551 126**	–
Dividends received	**(402 214)**	(315 990)
Interest received	**(1 000 364)**	(577 554)
Movement in provisions	**1 022 203**	(440 530)
Derivative financial instrument settled in cash	**–**	–
Finance costs	**5 804 895**	4 470 312
Changes in working capital:		
Inventories	**(4 284 113)**	(6 880 592)
Trade and other receivables	**(2 105 508)**	(25 418 721)
Trade and other payables	**6 499 067**	14 810 593
Contract liability	**(1 320 530)**	361 122
	51 320 693	35 282 480

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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10. CASH GENERATED FROM OPERATIONS continued

10.2 Tax paid

	2023 USD	2022 USD
Reported as at 1 January	**3 309 908**	1 310 545
Acquired through business combination	**–**	196 833
Current tax for the period recognised in profit or loss	**11 338 997**	9 610 429
Interest accrued in respect of taxation	**29 746**	–
Exchange effect on consolidation of foreign subsidiaries	**(174 834)**	(230 330)
Balance at the end of the period	**(2 600 582)**	(3 309 908)
	11 903 235	7 577 569

10.3 Net cash flow on business combination

During August 2021, the Group purchased an approximate 25% equity interest in A&R Engineering and Mining Services Proprietary Limited and related entities, incorporated in South Africa, for ZAR67,0 million (USD4.3 million). These companies specialise in data-driven mine fleet management solutions and are currently primarily operating within the African segment of the Group. These companies are currently the leading operators in the underground rail bound and trackless equipment hardware environment in terms of management systems and intelligent devices installed across various mining operations. The investment was aligned with the strategic intent of Master Drilling to diversify its range of services to include services that are not necessarily drilling-related but focused on technology that can improve the safety and operational performance of miners globally. This transaction diversified the overall market exposure and added additional revenue streams to the Group.

During August 2022, the Group exercised its option to acquire an approximate additional 26% shareholding in A&R Engineering and Mining Services Proprietary Limited and related companies. As a result, the Group obtained control of these companies and consolidated accordingly.

In accordance with IFRS 3, this approach allows for the preliminary accounting to be adjusted to reflect additional information obtained about facts and circumstances that existed at the acquisition date, which, in turn, affects the measurement of the assets acquired and liabilities assumed during this period.

The initial recognition and measurement of these intangible assets were based on provisional amounts due to the inherent complexity of valuing such assets at the time of acquisition. Within the 12-month adjustment period, we have obtained more reliable estimates of the fair value of the acquired intangible assets, leading to adjustments in their carrying amounts.

The provisional carrying amounts of assets and liabilities assumed at the date of acquisition were:

	2023 USD	Restated* 2022 USD
Assets		
Property, plant and equipment	–	1 722 875
Intangibles*	–	19 248 356
Liabilities		
Lease liabilities	–	(526 626)
Related party balances acquired	–	(3 201 631)
Deferred taxation liability*	–	(3 258 836)
Current tax payable	–	(196 833)
Working capital		
Trade receivables	–	4 230 084
Trade receivables – normal (gross)	–	4 405 233
Expected credit loss allowance of trade receivables	–	(175 149)
Inventory	–	9 532 509
Cash and cash equivalents on hand	–	4 636 654
Trade and other payables	–	(5 699 729)
Total assets and liabilities acquired	–	26 486 823
Less: Non-controlling interests' portion of assets and liabilities acquired	–	(12 978 543)
Group's share of total assets and liabilities acquired	–	13 508 280
Goodwill	–	553 686
Total consideration	–	14 061 964
Cash and cash equivalents on hand at acquisition	–	(4 636 654)
Consideration still payable	–	(89 119)
Sales claims acquired	–	999 418
Fair value of intangibles previously held	–	(1 114 150)
Split out historical sales claims	–	980 223
Settlement of prior year consideration	–	1 533 555
Fair value of options exercised	–	(1 913 555)
Fair value of previously held equity interest	–	(5 796 246)
Net cash on acquisition of subsidiaries	–	4 025 435
Profit after tax since acquisition date included in the consolidated results for the year	–	1 985 707
Turnover since acquisition date included in the consolidated results for the year	–	11 532 989
Group's hypothetical profit after tax assuming acquiree had been included in the consolidated results for the full year	–	24 616 127
Group's hypothetical revenue assuming acquiree had been included in the consolidated results for the full year	–	245 629 209

* *Amounts restated from amounts previously reported. Refer to note 15 for more information.*

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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11. PUT OPTION LIABILITY FOR NON-CONTROLLING INTEREST

The put option liability represents the approximate 49% remaining to be purchased from the minority interest of A&R Engineering and Mining Services Proprietary Limited and related companies.

The amount was determined using a contractual agreement indicating 5.00 to 6.50 times cover of the average profit after taxation and royalties, respectively, for the three years ended 31 December 2023. The contractual agreement indicates that the shareholders need to be employed for a period of 36 months from the original contract date, 31 July 2021, and that should these employees no longer be employed, the Group is obligated to take up the equity and software licence agreements up to a shareholding percentage of 67%. The amounts owed can be repaid over 60 equal instalments.

	2023 USD	2022 USD
Put option liability for non-controlling interest	**8 842 812**	9 320 896
Non-current liabilities	**7 074 250**	7 456 718
Current liabilities	**1 768 562**	1 864 178
Reconciliation:		
Balance at 1 January	**9 320 896**	–
Service charge recognised	**840 519**	501 181
Release of option	**(591 291)**	–
Options recognised	**–**	8 897 164
Foreign exchange differences	**(727 312)**	(77 449)
Balance at 31 December	**8 842 812**	9 320 896

In calculating the fair value of the options, management used significant judgement in estimating unobservable inputs, which contain elements of estimation uncertainty. The options fall into level 2 of the fair value hierarchy.

12. INVESTMENT IN ASSOCIATES

	Note	2023 USD	2022 USD
Investment in associate – Applied Vehicle Analysis Proprietary Limited	12.1	**958 496**	790 777
		958 496	790 777

12.1 Investment in associate – Applied Vehicle Analysis Proprietary Limited

During January 2021, the Group purchased a 40% equity interest in Applied Vehicle Analysis Proprietary Limited (AVA), incorporated in South Africa and Applied Vehicle Analysis IOT Limited, incorporated in Ireland, for ZAR19,1 million (USD1.3 million). AVA is a specialist in data-driven mine fleet management solutions and is currently primarily operating within the African segment of the Group. Currently, AVA's unique digital platform analyses and tracks vehicles across various sites in seven countries for a range of blue-chip companies. This investment is aligned with the Group's strategy to diversify its services and invest in businesses that help meet clients' demand for increased mechanisation and digitisation.

The Group performed an assessment of control and concluded that it does not have control of AVA as the definition of control has not been satisfied.

The financial year-end of AVA is 28 February. This was the reporting date established when that company was incorporated, and a change of reporting date is not possible at this stage. For the purpose of applying the equity method of accounting, the financial information of AVA up to 31 December has been used in preparing the Group's consolidated annual financial statements. Appropriate adjustments were made for fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to 31 December.

The table below summarises and also reconciles the statement of comprehensive income's financial information as at 31 December.

	2023 USD	2022 USD
Cumulative reconciliation		
Investment at cost	**1 293 975**	1 293 975
Foreign exchange differences	**(61 388)**	(57 592)
Share of loss from associate	**(274 091)**	(445 606)
Total investment	**958 496**	790 777
The carrying amount of the investment is as follows:		
Carrying amount as at 1 January	**790 777**	957 710
Additions	**–**	–
Foreign exchange differences	**(3 796)**	(57 592)
Share of loss from associate	**171 515**	(109 341)
Carrying amount as at 31 December	**958 496**	790 777
Loan to associate	**161 404**	164 006
Revenue	**3 500 637**	2 008 635
Loss from continuing operations	**428 788**	(273 353)
Total comprehensive loss	**428 788**	(273 353)
Group's share of total comprehensive loss	**171 515**	(109 341)
Dividends received from associate	**–**	–
Non-current assets	**6 546**	97 507
Current assets	**990 028**	448 522
Non-current liabilities	**817 467**	(844 739)
Current liabilities	**543 888**	(593 829)
Net assets	**(364 781)**	(892 539)
Group's share of net assets	**(145 912)**	(357 015)
Goodwill	**932 893**	1 257 133
Share of loss from associate	**171 515**	(109 341)
Investment in associate	**958 496**	790 777

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12. INVESTMENT IN ASSOCIATES continued

12.2 Investment in associate – A&R Engineering and Mining Services Proprietary Limited

During August 2022, the Group exercised its option to acquire an approximate additional 26% shareholding in A&R Engineering and Mining Services Proprietary Limited and related companies. As a result, the Group obtained control of these companies and consolidated accordingly. Refer to note 10.3 for more information on the purchase price allocation.

The financial year-end of A&R is 28 February. This was the reporting date established when that company was incorporated, and a change of reporting date is not possible at this stage. For the purpose of applying the equity method of accounting, the financial information of A&R up to the date control was obtained has been used in preparing the Group's consolidated annual financial statements. Appropriate adjustments were made for fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to the date of obtaining control.

	Note	2023 USD	2022 USD
Cumulative reconciliation			
Investment at cost		–	5 329 517
Contingent consideration	15	–	–
Fair value adjustment		–	(213 367)
Foreign exchange difference		–	(341 267)
Share of profit from associate		–	1 021 363
Total investment		–	5 796 246
Derecognition on obtaining control		–	(5 796 246)
Total investment		–	–
The carrying amount of the investment is as follows:			
Carrying amount as at 1 January		–	4 736 193
Additions		–	–
Share of profit from associate		–	574 729
Fair value adjustment		–	(213 367)
Contingent consideration adjustment		–	1 039 958
Foreign exchange difference		–	(341 267)
Derecognition on obtaining control		–	(5 796 246)
Carrying amount as at 31 December		–	–
Revenue		–	19 235 468
Profit from continuing operations		–	2 298 915
Total comprehensive profit		–	2 298 915
Group's share of total comprehensive profit		–	574 729
Royalties received from associate		–	419 950
Non-current assets		–	–
Current assets		–	–
Non-current liabilities		–	–
Current liabilities		–	–
Net assets		–	–
Group's share of net assets		–	–
Goodwill		–	–
Share of loss from associate		–	–
Investment in associate		–	–

13. INVESTMENT IN JOINT VENTURE – HALL CORE HOLDINGS PROPRIETARY LIMITED

Master Drilling Exploration Proprietary Limited, a subsidiary within the Group, is a 50% partner in Hall Core Holdings Proprietary Limited (Hall Core), incorporated in South Africa, is a joint venture formed within the exploration drilling industry. Hall Core's principal place of business is in the African segment. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements by recognising its share of profit in the joint venture. As at 31 December, in terms of the contractual agreement between the parties, the Group still had consideration payable that amounted to ZAR27,9 million (USD1.5 million), payable during 2024 (2022: USD3.1 million) – after making a payment of USD1.6 million during the year. The amount outstanding bears interest at the South African prime lending rate. Refer to note 6.

The financial year-end of Hall Core is 28 February. This was the reporting date established when that company was incorporated, and a change of reporting date is not possible at this stage. For the purpose of applying the equity method of accounting, the financial information of Hall Core has been used in preparing the Group's consolidated annual financial statements. Appropriate adjustments were made for fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to 31 December.

The table below summarises and also reconciles the statement of comprehensive income's financial information as at 31 December.

	Notes	2023 USD	2022 USD
Cumulative reconciliation			
Investment at cost		**3 344 775**	3 344 775
Contingent consideration	14	**–**	–
Foreign exchange differences		**(779 386)**	(284 947)
Share of profit from joint venture		**1 904 323**	1 322 393
Total investment		**4 469 712**	4 382 221
The carrying amount of the investment is as follows:			
Carrying amount as at 1 January		**4 382 221**	4 027 024
Additions		**–**	–
Contingent consideration fair value adjustment		**–**	2 008 459
Sales claims acquired		**–**	(2 279 675)
Foreign exchange differences		**(494 439)**	(284 947)
Share of profit from joint venture		**581 930**	911 360
Carrying amount as at 31 December		**4 469 712**	4 382 221
Loan to joint venture		**3 260 862**	1 779 434
Consideration payable to joint venture partner			
Non-current liabilities		**–**	1 568 072
Current liabilities	6	**1 520 432**	1 568 072

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

13. INVESTMENT IN JOINT VENTURE – HALL CORE HOLDINGS PROPRIETARY LIMITED

continued

	2023 USD	2022 USD
Revenue	**19 179 788**	19 068 318
Depreciation and amortisation	**(850 018)**	(585 812)
Interest income and expenses	**(389 429)**	(262 395)
Profit from continuing operations	**1 163 860**	1 822 720
Total comprehensive profit	**1 163 860**	1 822 720
Group's share of total comprehensive profit	**581 930**	911 360
Non-current assets	**6 657 270**	4 739 864
Current assets*	**6 597 921**	8 160 636
Non-current liabilities	**(3 777 752)**	(2 627 362)
Current liabilities	**(5 291 202)**	(5 497 433)
Net assets	**4 186 237**	4 775 705
Group's share of net assets	**2 093 119**	2 387 853
Goodwill	**1 794 663**	1 083 008
Share of profit from associate	**581 930**	911 360
Investment in associate	**4 469 712**	4 382 221

** Includes an amount of USD644 720 (2022: USD194 150) for cash and cash equivalents.*

14. CONTRACT LIABILITY

During the previous year, a company within the African segment entered into agreements where it received amounts upfront as part of a contract with a client that is expected to be realised, aligned with the performance obligations in terms of the contract with the client.

During the current year, the Group entered into additional agreements in its African and South American regions where it received amounts upfront as part of contracts with clients that are expected to be realised, aligned with the performance obligations in terms of the contracts with the clients. Unwinding of revenue and interest is respectively realised in profit or loss as and when performance obligations in terms of the contracts are met.

	2023 USD	2022 USD
Balance on 1 January	**8 896 516**	8 658 296
Contracts with clients	**3 457 520**	4 515 571
Interest on unwinding of contract liability	**496 644**	429 306
Recognised as revenue	**(4 957 847)**	(4 154 449)
Foreign exchange differences	**(603 202)**	(552 208)
Closing balance on 31 December	**7 289 631**	8 896 516
Non-current liabilities	**4 782 670**	3 270 349
Current liabilities	**2 506 961**	5 626 167

15. RESTATEMENT OF PRIOR YEAR PERIOD

15.1 Restatement of prior year period

In accordance with IFRS 3, during the current financial period, the Group has taken the provision to recognise and measure the fair value of acquired intangible assets from business combinations within the 12-month period post-acquisition. This approach allows for the preliminary accounting to be adjusted to reflect additional information obtained about facts and circumstances that existed at the acquisition date, which, in turn, affects the measurement of the assets acquired and liabilities assumed during this period.

The initial recognition and measurement of these intangible assets were based on provisional amounts due to the inherent complexity of valuing such assets at the time of acquisition. Within the 12-month adjustment period, we have obtained more reliable estimates of the fair value of the acquired intangible assets, leading to adjustments in their carrying amounts.

The adjustments made during the 12-month period post-acquisition are as follows :

	As reported 2022 USD	Restated 2022 USD	Change USD
Statement of financial position			
Goodwill	5 107 039	553 686	(4 553 353)
Contractual client relationship	–	12 116 481	12 116 481
Deferred tax liability	–	3 320 286	(3 320 286)
Non-controlling interest	8 526 542	12 876 055	(4 349 513)
Statement of profit or loss and other comprehensive income			
Amortisation*	–	(286 519)	286 519
Deferred tax expense*	–	77 360	(77 360)
Profit attributable to non-controlling interest	–	102 488	(102 488)
Earnings per share (cents)	14.2	14.2	0.0
Diluted earnings per share (cents)	14.2	14.2	0.0
Headline earnings per share (cents)	14.2	14.2	0.0
Diluted headline earnings per share (cents)	14.2	14.2	0.0

** Amortisation and deferred tax on intangibles resulted in a change in earnings per share. Refer to note 9 for restated earnings per share in the consolidated annual financial statements.*

15.2 Correction of prior year error

While performing the final valuation of the put option liability relating to A&R Engineering and Mining Services Proprietary Limited and related companies (as disclosed in note 11), it was identified that for one of the shareholders, there is a minimum number of shares that the individual must hold, 25%, and that the Group will therefore not be able to acquire this percentage within the option period related to this transaction. In the previous year, the Group accounted for a put option for non-controlling interest at approximately 49% and had to adjust to approximately 24%. The effect of the error is a correction of liabilities and equity as disclosed below.

There is, no need to include a third column balance sheet as the correction required arose in the previous (the restated) year.

	As reported 2022 USD	Restated 2022 USD	Change USD
Retained earnings	145 107 125	147 814 576	(2 707 451)
Put option liability for non-controlling interest: Non-current	9 622 678	7 456 718	2 165 960
Put option liability for non-controlling interest: Current	2 405 669	1 864 178	541 491

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

16. DERECOGNITION ON LOSS OF CONTROL

During 2021, the Group established a subsidiary, Master Detra LLC, incorporated in Russia. With the outbreak of the war during 2022 between Russia and Ukraine, the Board resolved in March 2022 that the Group had to withdraw its control of the subsidiary so as not to put the wider Group at risk due to the sanctions that were imposed on Russia. As a result, the Group effectively lost control over the investment and unconsolidated the investment. The Group's stance to withdraw control during 2022 has not changed during the current year.

The Group included the following amounts in the consolidated financial statements until loss of control (31 March 2022):

	2023 USD	2022 USD
Revenue	–	648 979
Profit/(loss)	–	(11 758)
Total comprehensive income/(loss)	–	(11 758)
The Group lost control of the following assets and liabilities:		
Non-current assets	–	1 860 603
Property, plant and equipment	–	1 763 075
Deferred tax	–	97 528
Current assets	–	3 124 470
Trade and other receivables	–	1 205 359
Cash and cash equivalents	–	349 350
Inventory	–	1 569 761
Current liabilities	–	(5 204 273)
Trade and other payables	–	(5 204 273)
Net equity	–	(219 200)
Non-controlling interest	–	(109 600)

The Group accounts for the investment in Master Detra LLC as an IFRS 9 instrument (as indicated in note 5). A related party loan of USD1 545 944 was credit-impaired on initial recognition.

17. SEGMENT REPORTING

17.1 Mining activity

The following table shows the distribution of the Group's combined sales by mining activity, regardless of where the goods were produced:

	2023 USD	2022 USD
Sales revenue by activity		
Sale of industrial products	**33 958 450**	13 445 131
Raise boring	**177 134 224**	180 261 596
Support services	**18 009 488**	9 249 892
Slim drilling	**10 599 275**	11 197 473
New rock boring technology	**3 096 104**	12 239 649
	242 797 541	226 393 741
Gross profit by activity		
Sale of industrial products	**11 584 344**	4 072 065
Raise boring	**48 958 912**	57 366 860
Support services	**2 472 104**	3 715 530
Slim drilling	**4 148 896**	(4 524 158)
New rock boring technology	**1 267 575**	4 284 933
	68 431 831	64 915 230

The Chief Operating Decision-Maker of the Group is the Chief Executive Officer. Information reported to the Group's Chief Operating Decision-maker for purposes of resource allocation and assessment of segment performance is focused on geographical areas. Each reportable segment derives its revenues from services rendered. The accounting policies of the reportable segments are the same as the Group's accounting policies.

There were no changes made to the segments compared to the previous reporting period.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

17. SEGMENT REPORTING continued

17.2 Geographical segments

Although the Group's major operating divisions are managed on a geographical area basis, they operate in four principal geographical areas of the world.

	2023 USD	2022 USD
Sales revenue by geographical market		
Africa	**104 587 856**	91 501 620
Central and North America	**30 866 028**	26 201 504
Rest of the world	**37 528 777**	37 820 595
South America	**69 814 880**	70 870 022
	242 797 541	226 393 741
Gross profit by geographical market		
Africa	**33 296 079**	31 520 829
Central and North America	**5 062 782**	7 756 373
Rest of the world	**9 724 038**	7 524 282
South America	**20 348 932**	18 113 746
	68 431 831	64 915 230

The gross profit percentages vary based on drilling ground conditions, competition in the markets and the mix of in-country and foreign cost.

A client in the African region, operating in the raise boring segments accounts for 9% (2022: 11%) of the Group's total revenue. Assets and liabilities are relocated among operating segments based on the project requirements of these different segments. Transactions within the operating segments occur at arm's length.

	Audited 2023 USD	Restated* 2022 USD
Depreciation and amortisation by geographical market		
Africa	**7 436 024**	8 834 710
Central and North America	**2 667 220**	1 914 503
Rest of the world	**3 491 538**	3 179 389
South America	**3 059 389**	2 276 102
	16 654 171	16 204 704
Investment income by geographical market		
Africa	**1 076 324**	709 956
Central and North America	**–**	–
Rest of the world	**200 872**	29 274
South America	**125 382**	154 314
	1 402 578	893 544
Finance cost by geographical market		
Africa	**2 436 784**	3 118 136
Central and North America	**2 004 017**	459 152
Rest of the world	**59 163**	67 049
South America	**1 304 931**	825 975
	5 804 895	4 470 312

	Audited 2023 USD	Restated* 2022 USD
Taxation by geographical market		
Africa	**2 830 539**	5 453 991
Central and North America	**(820 727)**	1 611 555
Rest of the world	**3 862 111**	2 235 134
South America	**1 995 984**	1 033 973
	7 867 907	10 334 653
Total assets by geographical market		
Africa**	**146 045 841**	150 061 137
Central and North America	**51 040 634**	47 947 391
Rest of the world	**84 062 830**	73 990 307
South America	**81 774 419**	79 973 532
Total assets as per statement of financial position	**362 923 724**	351 972 367
Total liabilities by geographical market		
Africa	**61 963 745**	85 865 974
Central and North America	**50 410 135**	15 308 598
Rest of the world	**10 882 470**	20 138 767
South America	**30 683 388**	34 576 828
Total liabilities as per statement of financial position	**153 939 738**	155 890 167

* *Refer to note 15 for more details.*

** *Assets in Africa included the investment in associate and investment in joint venture. Refer to notes 12 and 13.*

18. SUBSEQUENT EVENTS

The Board approved a gross dividend on 25 March 2024 of 52,5 cents per share in ZAR terms payable to shareholders recorded in the Company's share register on Friday, 17 May 2024. The dividend declared is not reflected in the financial statements for the year ended 31 December 2023.

The directors are not aware of any other matters or circumstances arising since the reporting date to the date of this report, not otherwise dealt with in this report.

19. GOING CONCERN

The annual financial statements have been prepared on the going concern basis. This basis presumes that funds will be available to finance future operations for the next 12-month period and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

20. CAPITAL COMMITMENTS

	2023 USD	2022 USD
Capital expenditure for plant and machinery authorised by the directors and contracted for within 12 months. Capital expenditure will be funded through cash generated from operations.	**10 420 709**	4 843 883

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

21. DIRECTORS' REMUNERATION

	Basic salary USD	Bonus USD	Fringe benefits USD	Provident/ pension fund contributions USD	Directors' fees USD	Consulting and legal fees USD	Total USD
2023							
Executive directors							
Danie Pretorius[&]	395 123	204 314	20 203	–	–	–	619 640
André van Deventer[&]	289 391	162 471	13 372	–	–	–	465 234
Koos Jordaan[+]	280 500	111 604	15 387	–	–	–	407 491
Sub-total	965 014	478 389	48 962	–	–	–	1 492 365
Non-executive directors							
Hennie van der Merwe[^]	–	–	–	–	58 683	–	58 683
Shane Ferguson[^]	–	–	–	–	32 027	81 927	113 954
Andries Brink[^]	–	–	–	–	32 787	–	32 787
Hendrik Faul[^]	–	–	–	–	16 546	–	16 546
Mamokete Ramathe[^]	–	–	–	–	24 305	–	24 305
Akhter Deshmukh[^]	–	–	–	–	38 590	–	38 590
Sub-total	–	–	–	–	202 938	81 927	284 865
Alternate directors							
Gary Sheppard[#]	348 505	28 796	36 679	–	–	–	413 980
Eddie Dixon[$]	155 071	–	11 270	17 393	–	–	183 734
Sub-total	503 576	28 796	47 949	17 393	–	–	597 714
Prescribed officer							
Roelof Swanepoel*	164 503	70 146	5 157	12 062	–	–	251 868
Sub-total	164 503	70 146	5 157	12 062	–	–	251 868
Total	1 633 093	577 331	102 068	29 455	202 938	81 927	2 626 812

* *Paid by Drilling Technical Services Proprietary Limited.*
[+] *Paid by Master Drilling New Technology Holdings Proprietary Limited.*
[&] *Paid by Drilling Technical Services Proprietary Limited and Master Drilling Malta Limited.*
[#] *Paid by Master Drilling USA LLC.*
[^] *Paid by Master Drilling Group Limited.*
[$] *Paid by Master Drilling Exploration Proprietary Limited.*

A prescribed officer is defined as having general executive control over and management of a significant portion of the Group or regularly participates therein to a material degree, and is not a director of the Group. Director emoluments are paid for by subsidiaries within the Group. The amounts in this table represent the actual amounts paid to directors during the current year.

Compensation paid to key personnel has been disclosed in note 24.

Share options held by directors and/or prescribed officers:

	EP* ZAR	Number of shares	Danie Pretorius	Roelof Swanepoel
Outstanding – 1 January		–	–	–
Additional share options granted	1,27	709 758	500 000	209 758
Outstanding – 31 December	1,27	709 758	500 000	209 758
Expense recognised		12 584	8 865	3 719

* *Exercise price.*

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 December 2023

21. DIRECTORS' REMUNERATION continued

	Basic salary USD	Bonus USD	Fringe benefits USD	Provident/ pension fund contributions USD	Directors' fees USD	Consulting and legal fees USD	Total USD
2022							
Executive directors							
Danie Pretorius&	679 743	–	19 979	–	–	–	699 722
André van Deventer&	407 467	274 463	15 361	–	–	–	697 291
Gary Sheppard#	348 349	22 784	12 732	–	–	–	383 865
Koos Jordaan+	276 288	456 544	18 735	–	–	–	751 567
Sub-total	1 711 847	753 791	66 807	–	–	–	2 532 445
Non-executive directors							
Hennie van der Merwe^	–	–	–	–	60 266	–	60 266
Shane Ferguson^	–	–	–	–	33 904	79 392	113 296
Andries Brink^	–	–	–	–	34 708	–	34 708
Hendrik Faul^	–	–	–	–	23 585	–	23 585
Mamokete Ramathe^	–	–	–	–	25 729	–	25 729
Akhter Deshmukh^	–	–	–	–	40 896	–	40 896
Sub-total	–	–	–	–	219 088	79 392	298 480
Alternate director							
Eddie Dixon$	164 851	–	11 423	18 347	–	–	194 621
Sub-total	164 851	–	11 423	18 347	–	–	194 621
Prescribed officer							
Roelof Swanepoel*	154 848	174 177	6 244	12 678	–	–	347 947
Sub-total	154 848	174 177	6 244	12 678	–	–	347 947
Total	2 031 546	927 968	84 474	31 025	219 088	79 392	3 373 493

** Paid by Drilling Technical Services Proprietary Limited.*
+ Paid by Master Drilling New Technology Holdings Proprietary Limited.
& Paid by Drilling Technical Services Proprietary Limited and Master Drilling Malta Limited.
 # Paid by Master Drilling USA LLC.
^ Paid by Master Drilling Group Limited.
$ Paid by Master Drilling Exploration Proprietary Limited.

Share options held by directors and/or prescribed officers:

	EP* ZAR	Number of shares	Danie Pretorius	Roelof Swanepoel
Outstanding – 1 January	–	–	–	–
Additional share options granted	–	–	–	–
Outstanding – 31 December	–	–	–	–
Expense recognised	–	–	–	–

** Exercise price.*

6. SHAREHOLDER INFORMATION

ANALYSIS OF **SHAREHOLDERS**

	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
Size of holdings				
1 – 1 000	3 108	71.3	443 961	0.3
1 001 – 10 000	905	20.8	3 321 163	2.2
10 001 – 100 000	265	6.0	8 069 109	5.3
100 001 – 1 000 000	65	1.5	22 843 541	15.1
1 000 000+	17	0.4	116 800 003	77.1
Total	4 360	100.0	151 477 777	100.0
Shareholder type				
Public shareholders	4 346	99.7	63 675 947	42.0
Non-public shareholders				
Directors' indirect holdings	10	0.2	85 497 569	56.5
Directors' direct holdings	4	0.1	2 304 261	1.5
Total	4 360	100.0	151 477 777	100.0

According to the share register of the Company, the following fund managers other than directors are registered as holding in excess of 5% of the issued share capital of the Company:

	Number of shares	% of shares in issue
Camissa Asset Management (previously Kagiso Asset Management)	19 578 158	12.9
Abax Investments	9 040 000	6.0
Ninety One	8 950 043	5.9
Total	37 568 201	24.8

	Number of shares	% of shares in issue
Barrange Proprietary Limited	43 696 650	28.8
MDG Equity Holdings Proprietary Limited	38 954 436	25.7
Ninety One Limited	8 950 043	5.9
Total	91 601 129	60.5

Stock exchange information as at 31 December

		2023	2022
JSE share code: MDI	– high	1 477	1 550
	– low	1 120	1 148
	– closing	1 360	1 448
	– average	1 345	1 349
Shares traded		12 480 578	13 131 721

NOTICE OF **ANNUAL GENERAL MEETING**

MASTER DRILLING GROUP LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2011/008265/06
JSE share code: MDI ISIN: ZAE000171948
LEI: 37890095B2AFC611E529
(**Master Drilling** or **the Company**)

Notice is hereby given that the twelfth Annual General Meeting of Master Drilling (the Annual General Meeting) will be held (subject to any adjournment, postponement or cancellation thereof) at the BDO South Africa Incorporated offices, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg on Monday, 10 June 2024 at 09:00 to consider and, if deemed fit, pass, with or without modification, the resolutions as set out in this notice.

NOTICE AND FORM OF PROXY

This notice and form of proxy have been approved by the Board of Directors of Master Drilling (the Board or the directors) and were signed on its behalf by Mr HR van der Merwe, Chairman, on 30 April 2024.

AGENDA AND INDEX OF PROPOSED RESOLUTIONS FOR SHAREHOLDER APPROVAL AT THE MEETING:

- The consideration of the annual financial statements for the period ended 31 December 2023;
- The appointment of the external auditor;
- The re-election of certain directors retiring by rotation;
- The reappointment of the members of the Audit Committee;
- The granting of authority to directors to allot and issue ordinary shares;
- The granting of authority to directors to issue shares for cash;
- The granting of authority to the Company to acquire its own shares;
- The approval of non-executive directors' fees;
- Non-binding vote on the approval of the Company's remuneration policy;
- Non-binding vote on the approval of the report on the implementation of the Company's remuneration policy;
- The granting of authority to the directors to commit the Company to providing financial assistance; and
- To transact such other business as may be transacted at an Annual General Meeting of shareholders.

IMPORTANT INFORMATION REGARDING ATTENDING THE ANNUAL GENERAL MEETING

Attending the Annual General Meeting

Shareholders who have dematerialised their shares in the Company (other than those shareholders whose shareholding is recorded in their own name in the sub-register maintained by their Central Securities Depository Participant (CSDP)) and who wish to participate in and vote at the Annual General Meeting to be held on Monday, 10 June 2024 in person, will need to request their CSDP or broker to provide them with the necessary authority in terms of the custody agreement entered into between them and their CSDP or broker.

Voting rights

The South African Companies Act (Act 71 of 2008) (Companies Act) provides that any shareholder present at the meeting, whether in person or by duly appointed proxy, and entitled to exercise voting rights has (a) if voting is by a show of hands, one vote, irrespective of the number of voting rights that shareholder would otherwise be entitled to; and (b) should voting be taken by way of a poll, one vote for every share held.

Change of details

Shareholders are reminded that the onus is on them to keep the Company apprised, through Computershare Investor Services Proprietary Limited (Computershare), of any change in postal address and personal particulars. Similarly, shareholders who have elected to receive dividend payments electronically (EFT) should ensure that the banking details which Computershare and/or CSDPs have on file are correct.

Annual reports

Should you wish to receive printed copies of the Master Drilling 2023 Integrated Report, please complete a request by means of the form on the Company website at **www.masterdrilling.com** or by email from **companysecretary@masterdrilling.com**.

NOTICE OF ANNUAL GENERAL MEETING continued

Identification

In terms of section 63(1) of the Companies Act, before any person may attend or participate in the Annual General Meeting, that person must present reasonably satisfactory identification and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of the person to participate in and vote at the Annual General Meeting, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

Acceptable forms of identification include the presentation of a valid identity document, driver's licence or passport.

Record dates, voting and proxies

The Board has determined, in accordance with sections 59(1)(a) and (b) of the Companies Act, that:

- The record date for the purpose of receiving notice of the Annual General Meeting (being the date on which a shareholder must be registered in the Company's register of shareholders in order to receive notice of the Annual General Meeting), shall be the close of business on Friday, 19 April 2024 (notice record date);
- The record date for the purpose of participating in and voting at the Annual General Meeting (being the date on which a shareholder must be registered in the Company's register of shareholders in order to participate in and vote at the Annual General Meeting), shall be the close of business on Friday, 31 May 2024 (voting record date);
- The last day to trade for the purpose of participating in and voting at the Annual General Meeting shall be the close of business on Monday, 27 May 2024; and
- The date by which forms of proxy for the Annual General Meeting are requested to be lodged is, for administrative purposes, 09:00 on Friday, 7 June 2024. Any forms of proxy not lodged by this date must be submitted to the Chairman of the Annual General Meeting immediately prior to the commencement of the meeting. The Chairman may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with the proxy notes, provided that he is satisfied as to the manner in which the shareholder concerned wishes to vote.

A. If you have dematerialised your shares without "own name" registration

Voting at the Annual General Meeting

- If you have not been contacted by your CSDP or broker, it would be advisable for you to contact your CSDP/broker and furnish them with your voting instructions.
- If your CSDP/broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP/broker.
- You must NOT complete the attached form of proxy.

Attendance and representation at the Annual General Meeting

In accordance with the mandate between you and your CSDP/ broker, you must advise your CSDP/broker if you wish to attend the Annual General Meeting in person, or if you wish to send a proxy to represent you at the Annual General Meeting. Your CSDP/broker will issue the necessary letter of representation to you or your proxy to attend the Annual General Meeting.

B. If you have not dematerialised your shares or have dematerialised your shares with "own name" registration

Voting, attendance and representation at the Annual General Meeting

You may attend, speak and vote at the Annual General Meeting in person.

Alternatively, you may appoint one or more proxies to represent you at the Annual General Meeting by completing the attached form of proxy in accordance with the instructions it contains. A proxy need not be a shareholder of the Company. Forms of proxy must be lodged with or posted to Computershare to be received within the allowable time periods prescribed by law.

C. Electronic participation

As allowed by the Companies Act and the Company's Memorandum of Incorporation, Master Drilling intends to offer shareholders reasonable access, through electronic facilities, to participate in the Annual General Meeting by means of a conference call facility. Shareholders will be able to listen to the proceedings and raise questions should they wish to do so and are invited to indicate their intention to make use of this facility by making application, in writing (including details as to how the shareholder or representative can be contacted) to Computershare at the address set out in this notice of Annual General Meeting. The application is to be received by Computershare at least 10 business days prior to the date of the Annual General Meeting i.e. by Friday, 24 May 2024. Computershare will, by way of email, provide information enabling participation to those shareholders who have made application. Voting will, however, not be possible via the electronic facility and shareholders wishing to exercise their voting rights at the Annual General Meeting are required to be represented at the meeting either in person, by proxy or by letter of representation as provided for in this notice of Annual General Meeting.

Shareholders will be liable for their own network charges in relation to electronic participation at the Annual General Meeting. Any such charges will not be for the account of Master Drilling and/or Computershare. Neither Master Drilling nor Computershare can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating at the Annual General Meeting.

ORDINARY BUSINESS

Consideration of the annual financial statements and reports

The consolidated audited annual financial statements of the Company, together with the auditor's, Audit and Social, Ethics and Sustainability Committees' and directors' reports for the year ended 31 December 2023 will be presented to shareholders for consideration as required in terms of section 30(3)(d) of the Companies Act and are available on the Company's website at **www.masterdrilling.com**. Shareholders are reminded to obtain their own copies at **www.masterdrilling.com** so as to be able to follow any discussion.

1. ORDINARY RESOLUTION NUMBER 1: REAPPOINTMENT OF THE AUDITOR

"Resolved that BDO South Africa Incorporated is reappointed as the auditor of the Company, to hold office from the conclusion of the Annual General Meeting at which this resolution is passed until the conclusion of the next Annual General Meeting of the Company."

2. ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF NON-EXECUTIVE DIRECTOR RETIRING BY ROTATION

"Resolved that Mr HR van der Merwe, who retires by rotation at this Annual General Meeting pursuant to the Company's Memorandum of Incorporation and who is eligible and available for re-election, is hereby re-elected as a non-executive director of the Company."

As required by Clause 25.8 of the Company's Memorandum of Incorporation, the non-conflicted members of the Board and of its Nominations Committee recommend Mr van der Merwe's re-election based on their assessment of his eligibility, taking into account his past performance and contribution.

Mr van der Merwe's curriculum vitae appears on page 76 of the 2023 Integrated Report, available on **www.masterdrilling.com**.

3. ORDINARY RESOLUTION NUMBER 3: RE-ELECTION OF NON-EXECUTIVE DIRECTOR RETIRING BY ROTATION

"Resolved that Mr AW Brink, who retires by rotation at this Annual General Meeting pursuant to the Company's Memorandum of Incorporation and who is eligible and available for re-election, is hereby re-elected as a non-executive director of the Company."

As required by Clause 25.8 of the Company's Memorandum of Incorporation, the non-conflicted members of the Board and of its Nominations Committee recommend Mr Brink's re-election based on their assessment of his eligibility, taking into account his past performance and contribution.

Mr Brink's curriculum vitae appears on page 76 of the 2023 Integrated Report, available on **www.masterdrilling.com**.

4. ORDINARY RESOLUTIONS NUMBERS 4.1 TO 4.4: ELECTION OF MEMBERS OF THE AUDIT COMMITTEE

4.1 Election of Mr Andries Willem Brink as a member of the Audit Committee

"Subject to the passing of ordinary resolution number 3, resolved that Mr AW Brink is elected as a member of the Audit Committee, from the conclusion of the Annual General Meeting at which this resolution is passed until the conclusion of the next Annual General Meeting of the Company."

Mr Brink's curriculum vitae appears on page 76 of the 2023 Integrated Report, available on **www.masterdrilling.com**.

4.2 Election of Mr Shane Trevor Ferguson as a member of the Audit Committee

"Resolved that Mr ST Ferguson is elected as a member of the Audit Committee, from the conclusion of the Annual General Meeting at which this resolution is passed until the conclusion of the next Annual General Meeting of the Company."

Mr Ferguson's curriculum vitae appears on page 77 of the 2023 Integrated Report, available on **www.masterdrilling.com.**

4.3 Election of Mr Akhter Alli Deshmukh as a member of the Audit Committee

"Resolved that Mr AA Deshmukh is elected as a member of the Audit Committee, from the conclusion of the Annual General Meeting at which this resolution is passed until the conclusion of the next Annual General Meeting of the Company."

Mr Deshmukh's curriculum vitae appears on page 76 of the 2023 Integrated Report, available on **www.masterdrilling.com.**

4.4 Election of Ms Mamokete Ramathe as a member of the Audit Committee

"Resolved that Ms M Ramathe is elected as a member of the Audit Committee, from the conclusion of the Annual General Meeting at which this resolution is passed until the conclusion of the next Annual General Meeting of the Company."

Ms Ramathe's curriculum vitae appears on page 77 of the 2023 Integrated Report, available on **www.masterdrilling.com.**

NOTICE OF ANNUAL GENERAL MEETING continued

5. ORDINARY RESOLUTION NUMBER 5: GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE ORDINARY SHARES

"Resolved that, subject to the provisions of the Companies Act and the Johannesburg Stock Exchange Limited (JSE) Listings Requirements from time to time, the directors of the Company are, as a general authority and approval, authorised to allot and issue, for such purposes and on such terms as they may in their discretion determine, ordinary shares of no par value each in the authorised but unissued share capital of the Company, up to a maximum of 5% of the number of ordinary shares of no par value each in issue from time to time."

Ordinary resolution number 5 is to seek a general authority and approval for the directors to allot and issue ordinary shares, up to a maximum of 5% of the ordinary shares of the Company in issue from time to time, in order to enable the Company to take advantage of business opportunities which might arise in the future.

Pursuant to the Company's Memorandum of Incorporation, this general authority shall be valid only until the next Annual General Meeting of the Company, at which time it may be submitted for renewal.

6. ORDINARY RESOLUTION NUMBER 6: GENERAL AUTHORITY TO DIRECTORS TO ISSUE FOR CASH, IN RESPECT OF THOSE ORDINARY SHARES WHICH THE DIRECTORS ARE AUTHORISED TO ALLOT AND ISSUE

"Resolved that, subject to ordinary resolution number 5 being passed, the directors are authorised, in accordance with the JSE Listings Requirements, to allot and issue for cash, on such terms and conditions as they may deem fit, all or any of the ordinary shares of no par value each (ordinary shares) in the authorised but unissued share capital of the Company which they shall have been authorised to allot and issue in terms of ordinary resolution number 6, subject to the following conditions:

6.1 This authority shall be limited to a maximum number of 7 573 889 shares (being 5% of the issued ordinary shares in the share capital of the Company, excluding treasury shares, as at the date of the notice convening the Annual General Meeting at which this ordinary resolution number 6 is to be proposed, being Monday, 10 June 2024);

6.2 The equity securities which are the subject of the issue for cash must be of a class already in issue;

6.3 This authority shall only be valid until the next Annual General Meeting of the Company but shall not extend beyond 15 months;

6.4 An announcement, in compliance with section 11.22 of the JSE Listings Requirements, shall be published after any issue representing, on a cumulative basis within the year contemplated in paragraph 6.2 above, 5% (7 573 889) of the number of ordinary shares in issue prior to the issue concerned excluding treasury shares;

6.5 In the event of a sub-division or consolidation of issued shares during the period contemplated in paragraph 6.2 above, this authority must be adjusted accordingly to represent the same allocation ratio;

6.6 In determining the price at which an issue of ordinary shares for cash shall be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities, and adjusted accordingly to represent the same allocation ratio;

6.7 Any issue of ordinary shares under this authority shall be made only to public shareholders as defined in the JSE Listings Requirements, and subject to 6.8 not to related parties."

6.8 Related parties may participate in a general issue for cash through a bookbuild process provided:

- Related parties may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be "out of the book" and not be allocated shares; and
- Equity securities must be allocated equitably "in the book" through the bookbuild process and the measures to be applied must be disclosed in the Stock Exchange News Service announcement launching the bookbuild.

Any equity securities already issued under the authority during the period contemplated in paragraph 6.3, must be deducted from such number in paragraph 6.1.

The purpose of ordinary resolution number 6 is that the directors consider it advantageous to have the authority to issue ordinary shares for cash in order to enable the Company to take advantage of any business opportunity which might arise in the future.

It should be noted that this authority relates only to those ordinary shares which the directors are authorised to issue in terms of ordinary resolution number 5 and is not intended to (nor does it) grant the directors authority to issue ordinary shares over and above the ordinary shares which the directors are authorised to issue in terms of ordinary resolution number 6.

In terms of the JSE Listings Requirements, a 75% majority of the votes cast by shareholders present in person or represented by proxy at the Annual General Meeting is required for the approval of ordinary resolution number 6.

7. ORDINARY RESOLUTION NUMBER 7: APPROVAL OF THE MASTER DRILLING REMUNERATION POLICY

"To consider and approve the remuneration policy as contained in the remuneration report of the Company on pages 87 to 97 of the 2023 Integrated Report, available on **www.masterdrilling.com** (excluding the remuneration of directors for their services as directors and members of the Board and Board committees) in terms of the King IV Report on Corporate Governance for South Africa, 2016™ (King IV™)."

Shareholders are reminded that in terms of King IV™, the passing of this ordinary resolution is by way of a non-binding advisory vote. Should 25% or more of the votes cast vote against this ordinary resolution, Master Drilling undertakes to engage with shareholders as to their reasons therefor.

8. ORDINARY RESOLUTION NUMBER 8: REPORT ON THE IMPLEMENTATION OF THE MASTER DRILLING REMUNERATION POLICY

"To consider and approve the implementation of the Master Drilling remuneration policy, details of which are set out in the remuneration report of the Company on pages 87 and 97 of the 2023 Integrated Report, available on **www.masterdrilling.com** in terms of King IV™."

Shareholders are reminded that in terms of King IV™, the passing of this ordinary resolution is by way of a non-binding advisory vote. Should 25% or more of the votes cast vote against this ordinary resolution, Master Drilling undertakes to engage with shareholders as to the reasons therefor.

SPECIAL BUSINESS

For special resolutions numbers 1 to 3 (inclusive) to be adopted, at least 75% of the voting rights exercised on the applicable special resolution must be exercised in favour thereof.

9. SPECIAL RESOLUTION NUMBER 1: ACQUISITION OF THE COMPANY'S OWN SHARES

"Resolved, pursuant to the Company's Memorandum of Incorporation, that the acquisition by the Company or by any of the Company's subsidiaries from time to time, of ordinary shares issued by the Company, in accordance with the Companies Act and the JSE Listings Requirements, is hereby authorised by way of a general approval, provided that:

- Any such acquisition of shares shall be effected through the order book operated by the JSE trading system or on the open market of any other stock exchange on which the shares are or may be listed, subject to the approval of the JSE and of the relevant other stock exchange, as applicable, in either event without any prior understanding or arrangement between the Company and the counterparty;
- Authorisation thereto being given by the Memorandum of Incorporation;
- This approval shall be valid only until the next Annual General Meeting of the Company, or for 15 months from the date of passing of this resolution, whichever period is shorter;
- Shares issued by the Company may not be acquired at a price greater than 10% above the weighted average market price of the Company's shares for the five business days immediately preceding the date of the acquisition being effected;
- The Company only appoints one agent to effect any acquisitions on its behalf;
- The Board has resolved to authorise the acquisition and that the Company and its subsidiaries shall satisfy the solvency and liquidity test immediately after the acquisition and that, since the test was done, there have been no material changes to the financial position of the Group;
- The Company may not, in any one financial year, acquire in excess of 5% of the Company's issued ordinary share capital as at the date of passing of this resolution;
- An announcement containing details of such acquisitions shall be published as soon as the Company and/or the subsidiaries, collectively, shall have acquired ordinary shares issued by the Company constituting, on a cumulative basis, not less than 3% of the number of ordinary shares in the Company in issue as at the date of this approval, and an announcement containing details of such acquisitions will be published in respect of each subsequent acquisition by either the Company and/or the subsidiaries, collectively, of ordinary shares issued by the Company, constituting, on a cumulative basis, not less than 3% of the number of ordinary shares in the Company in issue as at the date of this approval;

- The acquisition of shares by the Company or its subsidiaries may not be effected during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been submitted in writing to the JSE prior to the commencement of the prohibited period;
- The Company's subsidiaries shall not be entitled to acquire ordinary shares issued by the Company if the acquisition of shares will result in them holding, on a cumulative basis, more than 10% of the number of ordinary shares in issue in the Company; and
- The shares acquired by the Company's subsidiaries shall not carry with them any voting rights."

The purpose and effect of this special resolution is to grant a general authority for the acquisition of the Company's ordinary shares by the Company, or by a subsidiary or subsidiaries of the Company, should the directors deem that to be in the best interest of the Company and its shareholders.

The directors believe that the Company should retain the flexibility to take action if future acquisitions of its shares were considered desirable and in the best interests of the Company and its shareholders.

The directors shall ensure at the time of the Company's commencement of any acquisitions of its own shares, after considering the effect of acquisitions, up to the maximum limit, of the Company's issued ordinary shares, that they are of the opinion that if such acquisitions were implemented:

- The Company and the Group would be able in the ordinary course of business to pay its debts for a period of 12 months after the repurchase;
- The assets of the Company and the Group would be in excess of the liabilities of the Company and the Group for a period of 12 months after the repurchase. For this purpose, the assets and liabilities would be recognised and measured in accordance with the accounting policies used in the latest audited Group consolidated annual financial statements; and
- The ordinary capital and reserves of the Company and the Group would be adequate for ordinary business purposes for a period of 12 months after the date of the notice issued in respect of the Annual General Meeting, and the working capital of the Company and the Group would be adequate in the ordinary course of business for a period of 12 months after the date of the repurchase.

Prior to executing an acquisition of the Company's own shares under this authority granted in terms of special resolution number 1, the directors will submit to the JSE the required confirmation of the adequacy of working capital.

In terms of section 11.26 of the JSE Listings Requirements, the following information is disclosed in the 2023 Integrated Report, available on **www.masterdrilling.com**:

- Directors and management – pages 76 to 79;
- Major shareholders – page 148 ;
- Material change statement – page 156;
- Directors' interest in securities – page 97; and
- Share capital of the Company – page 148.

10. SPECIAL RESOLUTION NUMBER 2: NON-EXECUTIVE DIRECTORS' FEES

"Resolved, as special resolution number 2, in terms of section 66(9) of the Companies Act, that the remuneration, as set out in the following table, to be paid to non-executive directors for their services as directors of the Company (with effect from 1 July 2024), as recommended by the Remuneration Committee and the Board to the shareholders at the Annual General Meeting, is hereby approved, as well as payment of such value added tax as may be attributable to non-executive directors' fees payable by the Company."

Note:

The Board has recommended a 6% increase in the fees paid to non-executive directors.

The recommended fees to take effect from 1 July 2024 are set out more fully as follows. The annual basic remuneration is an annual fee payable in four equal quarterly amounts. The remuneration reflected as follows for meeting attendance is payable quarterly per meeting/s attended.

	ZAR
Annual basic remuneration, to be paid quarterly	
Non-executive Chairman of the Board	**509 755**
Non-executive member of the Board, including Lead Independent Director	**127 439**
Fees per meeting attended by the members of the Board and of the Board committees, to be paid quarterly	
Chairman of the Board	**110 877**
Non-executive member of the Board	**38 236**
Chairman of the Audit Committee	**38 236**
Chairman of the Risk Committee	**38 236**
Chairman of the Social, Ethics and Sustainability Committee	**25 494**
Chairman of the Corporate Governance Committee	**25 494**
Chairman of the Remuneration Committee	**31 865**
Chairman of the Nominations Committee	**26 764**
Chairman of an Ad hoc Committee	**26 764**
Member of the Audit Committee	**26 764**
Member of the Risk Committee	**26 764**
Member of the Social, Ethics and Sustainability Committee	**15 292**
Member of the Corporate Governance Committee	**7 652**
Member of the Remuneration Committee	**12 753**
Member of the Nominations Committee	**11 472**
Member of an Ad hoc Committee	**11 472**

* *The table above reflects a 6% increase for 2024. The directors' fees comprise a fixed annual portion as annual basic remuneration and a portion based on attendance at Board and committee meetings.*

The fees payable in terms of special resolution number 2 will be in accordance with the agreed fees between the Company and the directors for both Board and committee attendance during the ensuing year.

The purpose and effect of special resolution number 2 is to reward non-executive directors for their services as directors, in line with best practice.

11. SPECIAL RESOLUTION NUMBER 3: FINANCIAL ASSISTANCE IN TERMS OF SECTIONS 44 AND 45 OF THE COMPANIES ACT

"Resolved, to the extent required by the Companies Act, that the shareholders hereby approve of Master Drilling providing, at any time and from time to time during the period of 2 (two) years, commencing on the date of this special resolution, if passed and becoming effective, any direct or indirect financial assistance as contemplated in sections 44 and 45 of the Companies Act to any 1 (one) or more related or inter-related companies or corporations of Master Drilling, provided that:

- The recipient or recipients of such financial assistance;
- The form, nature and extent of such financial assistance; and
- The terms and conditions under which such finance assistance is provided,

are determined by the Board from time to time.

The Board may not authorise Master Drilling to provide any financial assistance pursuant to this special resolution unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet, and such financial assistance to a recipient thereof is, in the opinion of the Board, required for the purpose of:

- Meeting all or any of such recipient's operating expenses (including capital expenditure);
- Funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient; and/or
- Funding such recipient for any other purpose which in the opinion of the Board is directly or indirectly in the interest of Master Drilling."

The purpose and effect of special resolution number 3, if passed and becoming effective, is to allow Master Drilling to grant direct or indirect financial assistance to any company or corporation forming part of the Group, including in the form of loans or the guaranteeing of their debts and/or obligations.

RESPONSIBILITY

The directors whose names appear on pages 76 to 79 of the 2023 Integrated Report, available on **www.masterdrilling.com**, collectively and individually accept full responsibility for the accuracy of the information given in this notice and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the JSE Listings Requirements.

NO MATERIAL CHANGES

Other than the facts and developments reported on in the 2023 Integrated Report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

By order of the Board

Hennie van der Merwe
Chairman of the Board

30 April 2024

FORM OF **PROXY**

MASTER DRILLING GROUP LIMITED

(Incorporated in the Republic of South Africa)
Registration number: 2011/008265/06
JSE share code: MDI ISIN: ZAE000171948
LEI: 37890095B2AFC611E529
(**Master Drilling** or **the Company**)

FORM OF PROXY FOR MASTER DRILLING SHAREHOLDERS

Only for use by certificated shareholders or those dematerialised shareholders of the Company who have selected "own name" registration.

For use by Master Drilling shareholders at the Annual General Meeting of shareholders to be held at the BDO South Africa Incorporated offices, Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg, on Monday, 10 June 2024 at 09:00 and at any adjournment of that meeting.

If you have dematerialised your shares with a Central Securities Depository Participant (CSDP) or broker and have not selected "own name" registration, you must arrange with your CSDP or broker to provide you with the necessary letter of representation to attend the general meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the custody agreement entered into between you and the CSDP or broker.

I/We (Names in full in BLOCK LETTERS) ____________________

of (address) ____________________

being the holder/s of ____________________ shares in the issued ordinary share capital of Master Drilling hereby appoint:

1. ____________________ of ____________________ or failing him/her,

2. ____________________ of ____________________ or failing him/her,

3. the Chairman of the Annual General Meeting,

as my/our proxy/ies to attend, speak and on a poll to vote or abstain from voting on my/our behalf at the Annual General Meeting or at any adjournment thereof for the purpose of considering and, if deemed fit, passing with or without modification, the following resolutions to be considered at the Annual General Meeting in accordance with the following instructions:

Please indicate with an "X" in the appropriate spaces how votes are to be cast	For	Against	Abstain
Ordinary resolution number 1: Reappointment of BDO South Africa Incorporated as the external auditor			
Ordinary resolution number 2: Re-election of Mr HR van der Merwe as a non-executive director			
Ordinary resolution number 3: Re-election of Mr AW Brink as a non-executive director			
Ordinary resolution number 4.1: Election of Mr AW Brink as a member of the Audit Committee of the Company			
Ordinary resolution number 4.2: Election of Mr ST Ferguson as a member of the Audit Committee of the Company			
Ordinary resolution number 4.3: Election of Mr AA Deshmukh as a member of the Audit Committee of the Company			
Ordinary resolution number 4.4: Election of Ms M Ramathe as a member of the Audit Committee of the Company			
Ordinary resolution number 5: General authority to directors to allot and issue ordinary shares			
Ordinary resolution number 6: General authority to directors to issue for cash, those ordinary shares placed under the control of the directors in terms of ordinary resolution number 5			
Ordinary resolution number 7: Approval of the Master Drilling remuneration policy			
Ordinary resolution number 8: Approval of the implementation report on the Master Drilling remuneration policy			
Special resolution number 1: Acquisition of the Company's own shares			
Special resolution number 2: Non-executive directors' fees			
Special resolution number 3: Approval to grant financial assistance in terms of sections 44 and 45 of the Companies Act			

Signed at ____________________ on ____________________ 2024

Name of shareholder/joint holders
Assisted by (if applicable) ____________________

Full name/s of signatory/ies if signing in a representative capacity ____________________

(In block letters and authority to be attached – refer to note 7 on page 158).

NOTES TO **THE FORM OF PROXY**

1. Every shareholder present in person or represented by proxy and entitled to vote at the Annual General Meeting of the Company shall, on a show of hands, have only one vote, irrespective of the number of shares such shareholder holds. In the event of a poll, the total number of votes exercised and/or abstained on by the shareholder or his/her proxy shall be counted, provided that such votes shall not exceed the total of the votes exercisable by the shareholder and the proxy.
2. A signatory to this form of proxy may insert the name of a proxy or the name of an alternate proxy of the signatory's choice in the blank spaces provided, with or without deleting "the Chairman of the Annual General Meeting", but such deletion must be signed in full by the signatory. Any insertion or deletion not complying with the foregoing will be deemed not to have been validly effected. The person present at the Annual General Meeting, whose name appears first on the list of names overleaf, shall be the validly appointed proxy for the shareholder at the Annual General Meeting.
3. A shareholder's instructions to the proxy must be indicated in the appropriate spaces provided. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, or to cast all those votes in the same way, but the total of votes cast and in respect whereof abstention is directed, may not exceed the total of the votes exercisable by the shareholder or the proxy. Failure to comply with the above or to provide voting instructions or the giving of contradictory instructions will be deemed to authorise the proxy, if he is the Chairman of the Annual General Meeting, to vote in favour of all resolutions at the Annual General Meeting in respect of all the shareholder's votes exercisable at the Annual General Meeting or if he/ she is not the Chairman of the Annual General Meeting, to vote or abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder's votes exercisable at the Annual General Meeting.
4. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the share in respect of which the proxy is given, unless written notice as to any of the aforementioned matters shall have been received by Computershare prior to the commencement of the Annual General Meeting, or at any adjournment thereof.
6. Any alteration or correction made to this form of proxy must be signed in full and not merely initialled by the signatory.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by Computershare.
8. A minor must be assisted by his/her guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by Computershare.
9. When there are joint holders of shares, any one holder may sign the form of proxy.
10. The completion and lodging of this form of proxy will not preclude the shareholder who grants the proxy from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
11. The Chairman of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with these notes, provided that he is satisfied as to the manner in which the shareholder concerned wishes to vote.
12. The appointment of a proxy or proxies:
    - 12.1 is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
    - 12.2 is revocable in which case a shareholder may revoke the proxy appointment by:
        - cancelling it in writing or making a later inconsistent appointment of a proxy; and
        - delivering a copy of the revocation instrument to the proxy and to the Company.
13. Forms of proxy must be lodged with or posted to Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (Private Bag X9000, Saxonwold, 2132) or emailed to **proxy@computershare.co.za** and are requested to be lodged timeously so as to be received, for administrative purposes, by 09:00 on Friday, 7 June 2024. Any forms of proxy not lodged by this date must be handed to the Chairman of the Annual General Meeting immediately prior to the commencement of the meeting. The Chairman may reject or accept any form of proxy which is completed and/or received otherwise than in accordance with the proxy notes, provided that he is satisfied as to the manner in which the shareholder concerned wishes to vote.

SHAREHOLDERS' DIARY

Financial year-end	31 December 2023
Annual results 2023	Published on 26 March 2024
2023 Integrated Report	Published on 30 April 2024
Annual General Meeting 2024	10 June 2024
Interim results 2024	Published on or about 27 August 2024

DEFINITIONS AND GLOSSARY

GLOSSARY

A&R Group	A&R Engineering and Mining Services Proprietary Limited and related companies
AVA	Applied Vehicle Analysis Proprietary Limited
B-BBEE	Broad-based black economic empowerment
Board	The Board of Directors of Master Drilling Group Limited
BRICS	Brazil, Russia, India, China and South Africa
Capex	Capital expenditure
Companies Act	The South African Companies Act (Act 71 of 2008)
COSO	Committee of Sponsoring Organisations of the Treadway Commission
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CSDP	Central Securities Depository Participant
DRC	Democratic Republic of Congo
ESG	Environmental, social and governance
GBV	Gender-based violence
Group	Master Drilling Group Limited and its subsidiaries and associates
Hall Core	Hall Core Holdings Proprietary Limited
HIV/Aids	Human immunodeficiency virus/acquired immunodeficiency syndrome
IAS	International Accounting Standards
IDC	Industrial Development Corporation
IFRS	IFRS Accounting Standards as issued by the International Accounting Standards Board
<IR Framework>	The International Integrated Reporting Council Framework
ISO	International Organisation for Standardisation
ISO 9001	ISO Quality Management System
ISO 31000	Risk management framework
IT	Information technology
JSE	Johannesburg Stock Exchange Limited
King IV™	King Report on Corporate Governance for South Africa, 2016™
km	Kilometre
KPI	Key performance indicator
LMS	Learner Management System
LTI	Long-term incentive scheme
LTIFR	Lost-time injury frequency rate
m	Metre
Master Drilling or the Company	Master Drilling Group Limited
MD	Master Drilling
MDI	Master Drilling, JSE share code
MTB	Mobile Tunnel Borer
NPO	Non-profit organisation
NQF	National Qualifications Framework
PGMs	Platinum group metals
R&D	Research and development
RAISE	Response, advocacy, integration, sustainability and effect
Remco	Remuneration Committee
SBS	Shaft Boring System
SETA	Sector Education and Training Authority
SHEQ	Safety, health, environmental and quality
SLPs	Social and Labour Plans
SOS	Share option scheme
SPR	Special performance reward
STI	Short-term incentive scheme
TB	Tuberculosis
TGP	Total gross package
UN SDGs	UN Sustainable Development Goals
USA	United States of America

OPERATIONAL DEFINITIONS

Air rotary drilling	Air rotary drilling is most commonly used for the application of large-diameter blast holes in the surface or opencast mining industry and is similar to the blast hole application of percussion drilling. This type of drilling is often used in weak ground when a raise boring rig is used to establish a pilot hole for paste, utility holes or a raise bored shaft.
Blind hole boring	Blind hole boring or enlargement is used for the construction of access or ventilation shafts for the mining industry in various forms. In the urban infrastructure industry, this form of boring is used for access and ventilation shafts ranging from metro tunnels to underground storage areas such as parking garages. In the energy sector it is used for surge, ventilation, access and pressure shafts.
Box hole drilling	Most box holes are drilled in underground mining applications, where bottom access is available in a production section. The holes are drilled from the bottom up to intersect with the orebody. When mining activity reaches this hole, it may be used as a transfer pass for dropping material from the reef/ore horizon downwards where it can be collected and transported, or as a ventilation shaft to the mining location. In some cases, the shaft is equipped with a chute to hold a certain volume of material, similar to a small silo. In other cases, it is used for transfer passes into an existing ore pass or where construction of material handling infrastructure is already in place and explosives cannot be used to create an excavation. In addition, it is used for trough passes in block cave mines.
Core drilling	Core drilling is used in surface and underground mining for delineation of an orebody and resource definition and valuation. Cover drilling is used in tunnel infrastructure to ensure that no methane pockets of air are mined into and for water-bearing areas that could potentially flood the underground infrastructure. In addition, core drilling is used for the geotechnical evaluation of the nature, material properties and type of rock for the purposes of designing a certain size shaft, tunnel or stopping panel to be used for the calculation of the type and amount of rock support required. In many cases, core drilling is used for resource definition, which enables engineers to see the exact position in relation to an access tunnel of a certain geological feature of interest in the construction of infrastructure or in mining. On the surface, it is similar, depending on the stage of exploration of grid holes for resource estimation and information purposes. This is optimised to a finer grid as mining operations start and finer detail is required. In the construction or urban infrastructure industries, core drilling is mainly used for geotechnical information in the design of foundations for bridges, buildings, tunnels, etc. In the energy industry, core drilling is used for collecting core in gas, oil, coal or uranium carrying geology. The sample is stored and tested in a laboratory to understand the yield of energy that could be extracted from this type of geology and the nature of the structure.
Mud rotary drilling	Mud rotary drilling is used in the mining industry for the drilling of utility, paste, de-watering and other infrastructure holes. In urban infrastructure, it is used predominantly for water wells and horizontal directional drilling, while the most common use in the energy sector is the drilling of coalbed methane, shale gas, gas, oil and geothermal holes. Mud rotary drilling is also commonly used for the directional drilling of horizontal wells.
Percussion drilling	Percussion drilling is a mobile type of drilling with fast production rates. The drilling assembly down the hole comprises a button bit fitted to a precipitating hammer with drill rods to the drill rig. Percussion drilling is commonly used to establish a hole in the ground quickly. When used for sampling geology, it is referred to as reverse air blast or RAB drilling. The most common use for this type of drilling is for the drilling of de-watering holes on opencast mines, water wells for domestic use, blast holes for the injection of explosives during mining, utility holes used for cables and production wells for oil and gas. In many cases, these types of holes are also established for diamond tailing, which refers to the establishment of a fast hole by percussion drilling to a particular depth of no geological importance and then to diamond tail the hole with core drilling.

Piling	We predominantly use piling for the construction of circular secant pile walls to establish a barrel from surface through unconsolidated ground socketed into fresh rock.
Piloting	Some drilling methods require pre-drilling operations to ensure hole accuracy and stability or to enable the subsequent process. The pilot process is usually executed using percussion or mud rotary drilling methods.
Reaming	Reaming is the process of enlarging an existing hole. This can be done by re-drilling a pilot hole using a large cutter, hammer, bit or reaming shell. In the raise boring application, the pilot hole can be enlarged by drawing a large-diameter reamer head from the bottom of the hole upwards.
Reef boring	Reef boring is used where vein orebodies are narrow. The equipment is moved underground and positioned in such a way that it can drill a hole on the reef horizon, whether down dip, up dip or on strike. Small single pass holes are drilled and, if required, enlarged by reaming.
Reverse circulation drilling	Reverse circulation drilling is a cost-effective way for resource definition and very effective for grade control drilling to determine the accurate composition of the orebody that will be mined just before blasting.
Semi-skilled	C-lower and B-upper level employees e.g. artisan aids and operators.
Skilled	Using the Paterson grading model, skilled employees are classified as upper level employees from C4 level e.g. managers, skilled artisans, foremen and administrators.
Slot hole boring	Slot hole boring is similar to traditional raise and box hole boring. The raise boring configuration can be adapted so that a pilot hole is drilled downward and then reamed from the top down, instead of from the bottom up, depending on the mining method required. Slot hole boring systems are faster moving than the other conventional boring methods as the length of boring is shorter and normally a number of holes are required. There is no sequence to the holes and a suite of equipment can easily move between levels, lodes or east/west sections of a mine, between holes.
Trackless mining	Mobile equipment not using mining tracks i.e. the mobile unit uses its own wheels or method of movement.
Tunnel boring	Tunnel boring is used to excavate tunnels with a circular cross-section through a variety of soil and rock strata, varying from hard rock to sand. This method is used for the construction of metro, utility (waste water pipes, communication, etc.), fresh/waste water collection/removal, railway tunnels in the transport and urban infrastructure industries. In the mining industry, it is used for the construction of access tunnels to orebodies in either a decline-type ramp or horizontal haulage format. There are various other applications where it is effective for the opening up of blocks of ground and increasing the mine's footprint such as finger raises. For energy-type projects, tunnel boring is predominantly used in hydro-energy or pumped storage projects for the use of tailrace tunnels. It is also used for nuclear waste storage facility construction.
Unskilled	Wage workers e.g. raise bore assistants, general workers and cleaners.

FINANCIAL DEFINITIONS

ARPOR	Average revenue per operating rig
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
HEPS	Headline earnings per share
ROCE	Return on capital employed = $\frac{\text{Earnings before interest and tax}}{\text{(Total assets – current liabilities)}}$
The previous year	The year ended 31 December 2022
The year	The year ended 31 December 2023
USD	United States Dollar
ZAR	South African Rand

CORPORATE **INFORMATION**

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Alternate Director

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