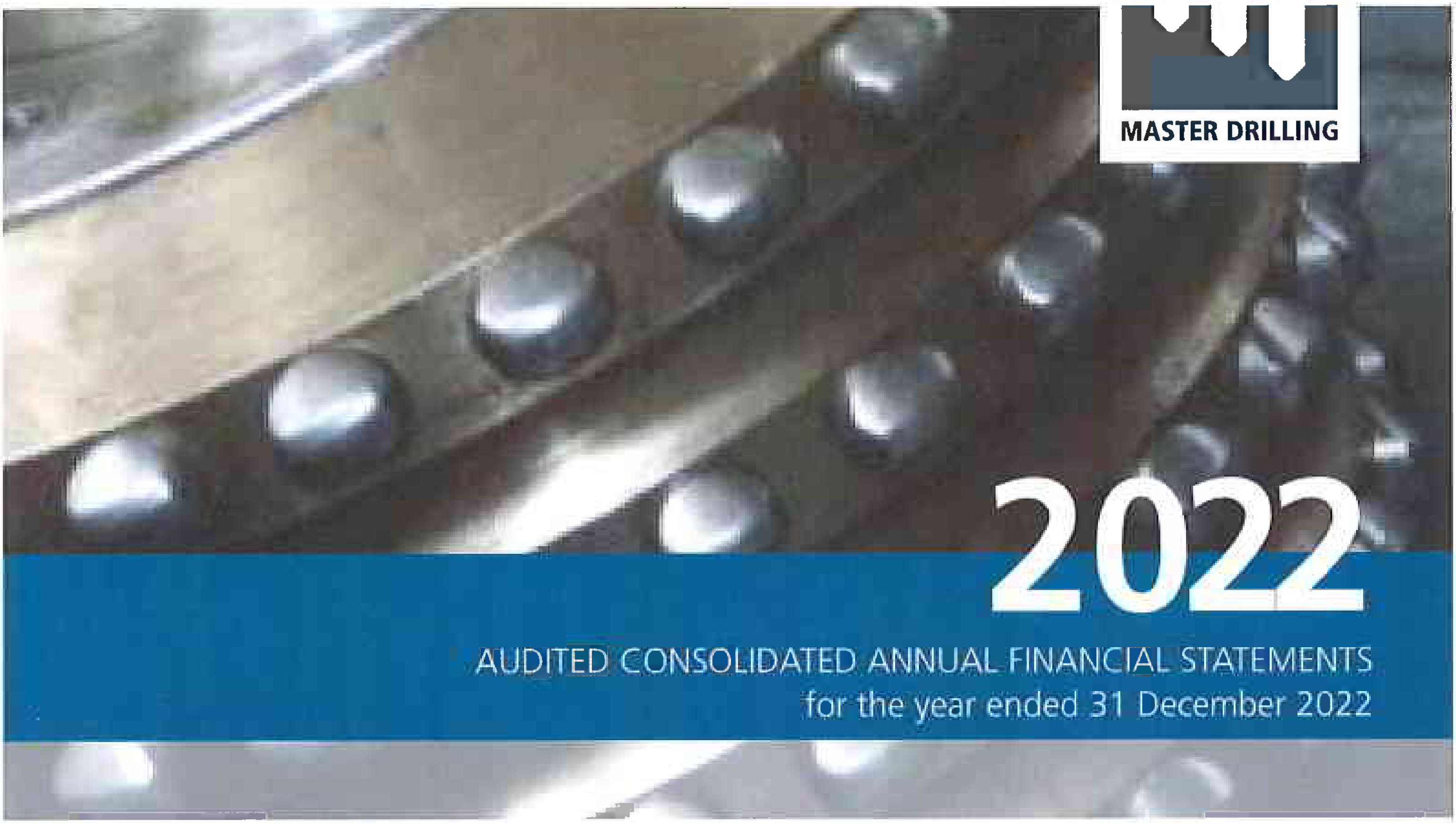

MASTER DRILLING

2022

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2022

TABLE OF CONTENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors of Master Drilling Group Limited and its subsidiaries ("the Group") are required in terms of the Companies Act No. 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 International Financial Reporting Standards ("IFRS"), the Companies Act and the Johannesburg Stock Exchange ("JSE") 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, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council 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, systems, 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 2023 and, in the 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 29(1)(e)(ii) of the Companies Act, the financial statements of the Group, for the year ended 31 December 2022, have been audited by BDO South Africa Incorporated, the Group's independent external auditor, whose unqualified audit report can be found on pages 6 to 10 of this document.

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

1. the annual financial statements set out on pages 1 to 5 and 11 to 102, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
2. 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;
3. internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;

DIRECTORS' RESPONSIBILITIES AND APPROVAL (CONTINUED)

4. 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 implementation and execution of controls;
5. where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies;
6. we are not aware of any fraud involving directors;

The Group's audited annual financial statements as approved on 27 March 2023, which have been prepared on the going concern basis, were signed by the CEO and CFO on behalf of the board of directors.

Daniël Coenraad Pretorius
Director

Johannesburg
27 March 2023

André Jean van Deventer
Director

Johannesburg
27 March 2023

SECRETARY'S CERTIFICATE

In my capacity as company secretary, I hereby certify that in terms of section 88(2)(e) of the Companies Act, for the year ended 31 December 2022, the Company has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act, and that all such returns and notices are true, correct and up-to-date.

Andrew Colin Beaven
Company Secretary

6 Dwars Street
Krugersdorp
1741
27 March 2023

AUDIT COMMITTEE REPORT
for the year ended 31 December 2022

This report is provided by the audit committee in respect of the 2022 financial period of the Group. The Group's audit committee is 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 was informed by the Companies Act, JSE Listings Requirements as well as the Corporate Governance Principles under King IV and approved by the directors. The Audit Committee Terms of Reference is 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 of AW Brink (Chairman), AA Deshmukh, ST Ferguson and M Ramathe. In addition, the chief executive officer, chief financial officer, Group's 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, amongst 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 2023;
- ensured that the appointment of the external auditor complied with all applicable legal and regulatory requirements for the appointment of an auditor. The audit committee confirms that the auditor is accredited by the JSE;
- approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditor for 2022;
- obtained an annual written statement from the 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.

In respect of the annual financial statements, the audit committee, amongst other matters:

- confirmed the 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 2022 pro-active monitoring report and other various JSE communications, where applicable.

AUDIT COMMITTEE REPORT (CONTINUED)

In respect of internal financial control and internal audit, the audit committee, amongst other matters:
- established an independent inhouse internal auditor department along with existing external internal auditor with the necessary international presence and experience and was satisfied that it effectively provided objective and relevant assurance on the areas covered during the year;
- reviewed internal audit reports and deliberated on the audit findings of the internal auditor as part of the 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 auditors; and
- 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, amongst other matters:

- reviewed the Group's Enterprise Risk Management implementation and improvements initiatives and the combined assurance framework;
- Reviewed the Group's combined assurance policy and framework; and
- forms an integral part of the risk management process and oversees 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. Although the Covid-19 pandemic had an impact on the execution of audit plans, assurance activities were focused to address all 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. The integrated report is expected to be released in April 2023.

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 auditor's report;
- reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listings Requirements and confirmed that based on the amended requirements for the JSE-accreditation of Auditors, effective 15 October 2017, the audit committee was satisfied that:
  - (i) 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;
  - (ii) the auditor has provided to the audit committee the required IRBA 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
  - (iii) both the audit firm and the individual 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	14 March 2022	16 March 2022 Special	2 June 2022	15 August 2022	17 November 2022
Andries Willem Brink	P	P	P	P	P
Akhter Ali Deshmukh	P	P	P	P	P
Shane Trevor Ferguson	P	P	P	P	P
Mamokete Ramathe	P	P	P	P	P

P – 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 auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit 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 annual financial statements of the Group for the period ended 31 December 2022, the audit committee is of the view that, in all material aspects, they comply with the relevant provisions of the Companies Act, IFRS and 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 2022 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 Willem Brink
Chairman of the audit committee

Johannesburg
27 March 2023

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MASTER DRILLING GROUP LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Master Drilling Group Limited and its subsidiaries ("the group") set out on pages 16 to 99, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Master Drilling Group Limited and its subsidiaries as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following key audit matter relates to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Plant, machinery and related intangible asset (Notes 3 and 4.1): Drilling machinery is used in various remote locations, including underground mines, around the world. This fact results in practical difficulty regarding the assessment of the existence of plant and machinery. In addition, the depreciation calculations relating to plant and machinery are complex, specifically for Rods, due to the estimates in the Units of Production, i.e. the useful lives, used. Management's assessment of the Units of Production for plant and machinery requires significant judgement and estimates. Furthermore, a patent is held by the group in relation to an under-construction shaft boring machine. The accounting policies adopted by management is that the patent has an indefinite useful life. The patent was assessed for impairment in the current year, considering that the related asset is not yet operational, with additional costs still to be incurred in getting it to operate. Due to this technology being a first in its class, limited information is available in determining its recoverable amount. Due to the: • practical challenges in respect of assessing the existence of the plant and machinery; • significant judgement and estimates involved in management's assessment of the useful lives, especially the Rods; and • significant judgments and estimates applied in the valuation of the shaft boring machine included in plant and machinery and the related intangible asset, the above matters were considered to be of most significance in our current year audit of the consolidated financial statements.	**Our audit procedures included the following:** • We assessed the design and implementation of relevant controls relating to the existence of plant and machinery; • In accordance with our scoping of the audit of the consolidated financial statements, we issued instructions to component teams regarding the specific information and audit evidence we required in respect of the existence of plant and machinery, the recalculation of depreciation charges and the assessment of useful lives assigned to plant and machinery. In this regard we held various update and feedback sessions with component auditors to assess the results of work performed. We also performed detailed reviews of the component auditors' plant and machinery working papers to assess the work performed and conclusions reached; • With the assistance of the component auditors, we assessed the existence of samples of drilling machinery through a combination of physical inspection during site visits, inspection of time stamped photos, conducting video conferencing calls and other relevant procedures; • We inspected management's control documentation to assess the physical movement of drilling machinery between sites and countries; • We assessed management's depreciation method against the requirements of International Accounting Standard 16 Property, Plant and Equipment; • On a sample basis, we performed assessments of the Rods' useful lives and recalculated the depreciation charges for the year. Further, we performed analytical review procedures to assess the actual depreciation charges against our independent expectations; • In assessing the value-in-use of the shaft boring machine, we performed a detailed review of key inputs and assumptions used in the valuation model used, considering specifically the operating cash flow projections, discount rates, and long-term growth rates to external sources where appropriate, and our knowledge of the industry and business. The key assumptions used for estimating cash flow projections in the group's impairment testing are those relating to growth in revenue and operating profit margin; • In respect of the patent, we made use of our corporate finance expertise to assess the valuation models and related key inputs and assumptions for reasonability, and to assess whether the methods applied are consistent with International Financial Reporting Standards and industry norms; and • We evaluated the adequacy of disclosures against the requirements of International Financial Reporting Standards.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Consolidated Annual Financial Statements for the year ended 31 December 2022" and in the document titled "Master Drilling Group Limited Separate Financial Statements for the year ended " which includes the Directors' Report, the Audit Committee's Report and the Secretary's Certificate as required by the Companies Act of South Africa which we obtained prior to the date of this report, and the Integrated Report which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Master Drilling Group Limited and its subsidiaries for eleven years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

EFG Dreyer
Director
Registered Auditor

28 March 2023
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT

NATURE OF BUSINESS

Master Drilling Group Limited is an investment holding company, whose subsidiary companies provide specialised drilling services to blue chip major and mid-tier companies in the mining, civil engineering, construction, and hydro-electric power sectors, across a number of commodities and geographies.

GOING CONCERN BASIS OF ACCOUNTING

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.

BENEFICIAL SHAREHOLDERS HOLDING 5% OR MORE OF MASTER DRILLING'S ISSUED SHARE CAPITAL

As at 31 December 2022	%
Barrange (Pty) Ltd	28,9
MDG Equity Holdings (Pty) Ltd	25,7
Ninety-One	5,9

FUND MANAGERS HOLDING 5% OR MORE OF MASTER DRILLING'S ISSUED SHARE CAPITAL

As at 31 December 2022	%
Camissa Asset Management (previously Kagiso Asset Management)	12,7
Abax Investments	6,3
Ninety-One	5,9

Share capital

Authorised

500 000 000 ordinary shares of no-par value.

There was no movement in authorised ordinary share capital during the year. The change in issued share capital relates to an employee who exercised share options during the year.

Unissued ordinary shares

	Number of shares	
	2022	2021
At 1 January	**348 737 223**	**348 737 223**
Issued during the year	**100 000**	
At 31 December	**348 637 223**	**348 737 223**

There have been no changes to the unissued ordinary share capital of the Company since year end to the date of this report.

RIGHTS ATTACHING TO SHARES

All the authorised and issued ordinary shares are of the same class, and rank *pari passu* with each other and are fully paid. Accordingly, no share has any special rights to dividends, capital, or profits of the Company. No share has any preferential voting, exchange, or conversion rights. The rights attaching to the shares may only be varied by a special resolution passed by the requisite majority of the Company's shareholders at a general meeting.

DIRECTORS' REPORT (CONTINUED)

CONTROL OF SHARE CAPITAL

In accordance with the Memorandum of Incorporation, the authorised but unissued ordinary shares of the Company are under the control of the directors, subject to the provisions of the Companies Act and the JSE Listings Requirements.

In terms of the JSE Listings Requirements and as permitted by the Memorandum of Incorporation of the Company, the shareholders of the Company have authorised the directors to issue ordinary shares held under their control for cash, subject to certain restrictions as set out below:

1. This authority shall be limited to a maximum number of 7 568 139 ordinary shares (being 5% of the issued ordinary shares in the share capital of the Company).
2. This authority shall only be valid until the next annual general meeting of the Company but shall not extend beyond 15 months.
3. An announcement, in compliance with section 11.22 of the Listings Requirements of the JSE Limited, shall be published after any issue representing, on a cumulative basis within the period contemplated as in paragraph 2 above, 5% (7 568 139) of the number of ordinary shares in issue prior to the issue concerned excluding treasury shares.
4. In the event of a sub-division or consolidation of issued ordinary shares during the period contemplated as per paragraph 2 above, this authority must be adjusted accordingly to represent the same allocation ratio.
5. 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 Limited 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.
6. Any issue of ordinary shares under this authority shall be made only to a public shareholder, as defined in the Listings Requirements of the JSE Limited.
7. Any equity securities issued under the authority during the period contemplated in paragraph 2 above, must be deducted from such number in 1 above.

There were no repurchases of ordinary shares during the period under review.

DIRECTORS' INTERESTS IN SHARES

The interests of Directors and associates in the ordinary share capital of the Company at 31 December, are made up as follows:

	Total % holding of issued capital	Beneficial 2022 Direct	Beneficial 2022 Indirect	Beneficial 2021 Direct	Beneficial 2021 Indirect
Director					
DC Pretorius	52.3	500 900	78 641 565	500 900	78 641 565
AJ van Deventer	1.8	10 000	2 671 784	10 000	2 671 784
GR Sheppard	2.0	–	2 955 884	–	2 955 884
BJ Jordaan	2.0	1 781 861	1 228 336	1 781 861	1 228 336
Total Directors	58.1	2 292 761	85 497 569	2 292 761	85 497 569
RJ Swanepoel	0	11 500	–	11 500	–
Total	58.1	2 304 261	85 497 569	2 304 261	85 497 569

Rounding of % may result in computational discrepancies.

At 31 December 2022, the directors of the Company held direct and indirect interests of 58,1% (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.

DIVIDENDS

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 2022, the Board on 27 March 2023 declared a gross dividend of ZAR47,5 cents per share payable to shareholders recorded in the company's share register on 19 May 2023. This dividend represents a 5 times earnings cover which is in line with the desired level indicated in its listing prospectus, of a 4 to 5 times earnings cover.

The dividend is payable from distributable reserves and where subject to dividend withholding tax of 20%, a net dividend of ZAR38,00000 cents per share to shareholders will be payable after such dividend withholding tax.

The number of shares in issue at date of declaration amounts to 151 362 777 and the Company's tax reference number is 9797/433/15/9.

In order to comply with the requirements of Strate, the following details are provided:

Last date to trade cum dividend:	Tuesday 16 May 2023
Trading ex dividend commences:	Wednesday 17 May 2023
Record date:	Friday 19 May 2023
Payment date:	Monday 22 May 2023

Shares may not be dematerialised or re-materialised between Wednesday, 17 May 2023 and Friday 19 May 2023, both dates inclusive.

A dividend of 32,5 cents per share in ZAR terms relating to FY2021 was declared and paid during June 2022. 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.

The Company complies with the requirements of the Companies Act in terms of satisfying the solvency and liquidity test when declaring this dividend.

BORROWING POWERS

The borrowing powers of the directors of the Company and its subsidiaries have not been exceeded and may only be varied by amending the relevant provisions of the Memorandum of Incorporation of the particular company. Such amendment must be effected in accordance with sections 16(1) and 16(4) of the Companies Act and would require a special resolution.

The directors of subsidiaries within the Group are restricted from borrowing any amount without the approval of subsidiaries' majority shareholder.

LEGAL PROCEEDINGS

There are no governmental, legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the board is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Group's financial position except for the contingent liability relating to a claim from the owner of the Atlantis Group as disclosed in note 44.

The Group is not a party to unduly onerous funding arrangements.

DIRECTORS' REPORT (CONTINUED)

MATERIAL CHANGE

The financial and trading position of Master Drilling Group Limited has not materially changed for the financial year. The ultimate holding company, Master Drilling Group Limited, is incorporated in South Africa.

CHANGES TO THE BOARD

There were no changes to the Board since the previous reporting period except GR Sheppard which has with effect from 24 March 2023 resigned as an executive director of the Company and he has been appointed as an alternate director to DC Pretorius on the Board.

SEPARATE COMPANY FINANCIAL STATEMENTS

A copy of the Master Drilling Group Limited company financial statements can be found on the company's website (www.masterdrilling.com).

ANNUAL GENERAL MEETING

The annual general meeting of Master Drilling Group Limited will be held virtually, on Tuesday, 13 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 2023.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The subsidiaries, associates and joint ventures of Master Drilling are disclosed in notes 32, 36 and 39 respectively of this document. During the year, the Group deconsolidated the investment in Master Detra LLC (Russia) – refer to note 5 and 42 respectively for more information. The Group also exercised its options to acquire a controlling interest in A&R Engineering and Mining Services (Pty) Ltd and related companies – refer to note 25.3 for more information.

EVENTS SUBSEQUENT TO YEAR-END

The Board approved a dividend on 27 March 2022 of ZAR47,5 cents per share payable to shareholders recorded in the Company's share register on 19 May 2023. The dividend declared is not reflected in the financial statements for the year ended 31 December 2022.

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.

COVID-19 PANDEMIC

Various measures have been announced by governments around the world in response to the Covid-19 pandemic. The Group is mainly operating in the mining industry and sought to comply with the specific government measures in the countries that it operates in as well as with the specific measures implemented by its customers. The Group remained fully committed to doing its part in limiting the spread of the Covid-19 virus, with stringent workplace measures in place and further measures to be implemented as required. Ensuring the safety of our staff, their families, and communities, and delivering our service to our clients, businesses and countries that we serve, remain key priorities. As the Group, we will continue our best endeavours to support all our key stakeholders and the countries in which we operate.

During the year, the Group received the following benefits from government institutions:

Europe

In Sweden, the Group received government assistance to the value of SEK1.8 million to sustain the business operations within the country. There were no special conditions linked to the assistance received from the government and the amount was disclosed as part of the Group's other income in the income statement.

Canada

In Canada, the Group received government assistance to the value of CAD0.1 million to sustain the business operations within the country. There were no special conditions linked to the assistance received from the government and the amount was disclosed as part of the Group's other income in the income statement.

MATERIAL RESOLUTIONS

No material special shareholders resolutions were passed during the year under review, except those passed at the annual general meeting held on 13 June 2022. Copies of all material shareholders resolutions taken by the subsidiaries during the year under review may be obtained from the office of the Company Secretary.

OPERATING SEGMENTS

Changes were made to the operating segments from those disclosed at 31 December 2021. These changes are aligned with the Group's strategic pillars and will enable the chief decision maker, under direct supervision of the resident boards, to improve the management of performances and decisions on allocation of resources to the different segments. The comparative reporting periods were adjusted accordingly as the information was available. See note 30 for more details.

On behalf of the Board

Hendrik Roux van der Merwe
Chairman

Johannesburg
27 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December

	Note(s)	2022 USD Audited	2021 USD Audited
Assets			
Non-current assets			
Property, plant and equipment	3	152 274 557	151 329 760
Intangibles and goodwill	4	15 921 053	5 242 991
Financial assets	5	5 084 173	5 112 298
Deferred tax asset	6	2 860 120	1 308 218
Related party loans	26	1 577 056	101 900
Investment in joint venture	39	4 382 221	4 027 024
Investment in associates	36	790 777	5 693 903
		182 889 957	172 816 094
Current assets			
Inventories	7	46 529 294	33 553 420
Related party loans	26	729 641	–
Trade and other receivables	8	79 359 647	54 469 805
Current tax receivable		4 034 447	4 125 018
Call option asset	38	–	2 322 360
Derivative financial instruments	37	248 648	54 604
Cash and cash equivalents	9	30 669 450	22 789 752
		161 571 127	117 314 959
Total assets		344 461 084	290 131 053
Equity and liabilities			
Equity			
Share capital	10	149 365 330	149 259 486
Reserves		(124 051 438)	(110 319 177)
Retained income		145 107 125	137 593 905
		170 421 017	176 534 214
Non-controlling interest	35	18 710 890	9 834 821
		189 131 907	186 369 035
Liabilities			
Non-current liabilities			
Interest bearing borrowings	12.1	41 411 477	143 909
Lease liabilities	13	5 773 563	4 507 689
Instalment sales liabilities	14	514 055	477 810
Contract liability	40	3 270 349	3 932 115
Provisions	16	500 182	–
Consideration payable	39	1 568 072	–
Contingent consideration	41	–	1 195 290
Put option liability for non-controlling interest	25.3	9 622 678	–
Deferred tax liability	6	9 956 970	8 636 487
		72 617 346	18 893 300
Current liabilities			
Interest bearing borrowings	12.1	4 702 628	32 024 901
Lease liabilities	13	610 876	292 543
Instalment sales liabilities	14	1 158 671	563 173
Related party loans	26	2 030 367	357 292
Current tax payable		7 344 355	5 435 563
Put option liability	38	–	314 675
Trade and other payables	15	57 335 004	35 516 720
Derivative financial instruments	37	424 288	195 422
Provisions	16	1 073 806	2 314 809
Contract liability	40	5 626 167	4 726 181
Contingent consideration	41	–	1 725 210
Put option liability for non-controlling interest	25.3	2 405 669	–
Cash and cash equivalents	9	–	1 402 229
		82 711 831	84 868 718
Total liabilities		155 329 177	103 762 018
Total equity and liabilities		344 461 084	290 131 053

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Note(s)	2022 USD	2021 USD
Revenue	17	226 393 741	171 836 530
Cost of sales		(161 478 511)	(123 198 088)
Gross profit		64 915 230	48 638 442
Other operating income	18	2 138 087	4 160 714
Other operating expenses		(31 933 529)	(23 994 766)
Movement of expected credit loss allowances	8 + 26	(22 614)	(1 032 149)
Operating profit	19	35 097 174	27 772 241
Investment income	20	893 544	518 961
Finance costs	21	(4 470 312)	(2 558 208)
Fair value adjustment	36 + 38	(167 929)	1 885 826
Share of profit from equity accounted investments	36 + 39	1 376 748	521 402
Profit before taxation		32 729 225	28 140 222
Taxation	22	(10 412 013)	(8 225 912)
Profit for the year		22 317 212	19 914 310
Other comprehensive income that will subsequently be classified to profit and loss:			
Exchange differences on translating foreign operations		(13 686 597)	(9 678 052)
Other comprehensive loss for the year net of taxation		(13 686 597)	(9 678 052)
Total comprehensive income		8 630 615	10 236 258
Profit/(Loss) attributable to:		22 317 212	19 914 310
Owners of the parent		21 532 239	20 026 271
Non-controlling interest		784 973	(111 961)
Total comprehensive income/(loss) attributable to:		8 630 615	10 236 258
Owners of the parent		7 845 642	10 348 219
Non-controlling interest		784 973	(111 961)
Earnings per share (USD)	24		
Basic earnings per share (cents)		14.2	13.2
Diluted earnings per share (USD)	24		
Diluted basic earnings per share (cents)		14.2	13.2
Earnings per share (ZAR)			
Basic earnings per share (cents)		232.5	195.3
Diluted earnings per share (ZAR)			
Diluted basic earnings per share (cents)		232.5	195.3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December

USD	Share capital	Equity arising on formation of the Group [1]	Foreign currency translation reserve [2]	Transactions between equity holders [3]
Balance as at 31 December 2020	149 259 486	(58 264 013)	(44 123 128)	1 611 385
Dividends declared by subsidiaries	–	–	–	–
Sale of interest in subsidiary	–	–	–	–
Total comprehensive income for the year	–	–	(9 678 052)	–
Total changes	–	–	**(9 678 052)**	–
Balance as at 31 December 2021	**149 259 486**	**(58 264 013)**	**(53 801 180)**	**1 611 385**
Dividends declared by subsidiaries	–	–	–	–
Non-controlling equity contribution	–	–	–	–
Change in control of subsidiary	–	–	–	–
Put option liability for non-controlling interest	–	–	–	–
Issue of share capital for options exercised	105 844	–	–	–
Dividends to shareholders	–	–	–	–
Total comprehensive income for the year	–	–	(13 686 597)	–
Total changes	105 844	–	(13 686 597)	–
Balance as at 31 December 2022	**149 365 330**	**(58 264 013)**	**(67 487 777)**	**1 611 385**
Note(s)	10	11		

[1] *Equity arising on formation of the Group – Equity that arose with the formation of the Group on the initial Johannesburg Stock Exchange Listing*

[2] *Foreign currency translation reserve – Equity that arose as a result consolidation 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 with the formation of the Group*

Share-based payments reserve	Total reserves	Retained income	Attributable to owners of the parent	Non-controlling interest	Total Shareholders' equity
134 631	(100 641 125)	117 773 867	166 392 228	9 757 161	176 149 389
–	–	–	–	(16 612)	(16 612)
–	–	(206 233)	(206 233)	206 233	–
–	(9 678 052)	20 026 271	10 348 219	(111 961)	10 236 258
–	**(9 678 052)**	**19 820 038**	**10 141 986**	**77 660**	**10 219 646**
134 631	**(110 319 177)**	**137 593 905**	**176 534 214**	**9 834 821**	**186 369 035**
–	**–**	**–**	**–**	**(973 062)**	**(973 062)**
–	**–**	**559 560**	**559 560**	**537 616**	**1 097 176**
–	**–**	**–**	**–**	**8 526 542**	**8 526 542**
–	**–**	**(11 527 166)**	**(11 527 166)**	**–**	**(11 527 166)**
(45 664)	**(45 664)**	**–**	**60 180**	**–**	**60 180**
–	**–**	**(3 051 413)**	**(3 051 413)**	**–**	**(3 051 413)**
–	**(13 686 597)**	**21 532 239**	**7 845 642**	**784 973**	**8 630 615**
(45 664)	**(13 732 261)**	**7 513 220**	**(6 113 197)**	**8 876 069**	**2 762 872**
88 967	**(124 051 438)**	**145 107 125**	**170 421 017**	**18 710 890**	**189 131 907**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December

	Note(s)	2022 USD	2021 USD
Cash flows from operating activities			
Cash generated from operations	25.1	35 282 480	42 952 024
Interest received	20	577 554	246 494
Dividends received	20	1 763	–
Finance costs paid	21	(3 326 260)	(1 674 018)
Tax paid	25.2	(7 577 569)	(9 008 759)
Net cash inflow from operating activities		24 957 968	32 515 741
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(21 369 195)	(17 533 557)
Purchase of intangibles	4.1	–	(1 292 702)
Sale of property, plant and equipment		1 919 155	927 792
Advances to related parties		(164 006)	(4 530)
Proceeds from related parties		234 221	–
Payment of consideration for joint venture	39	(1 196 968)	–
Loss of control in subsidiary	42	(349 350)	
Additional investment in associate		–	(5 053 615)
Acquisition of joint venture		–	(1 225 411)
Acquisition of business	25.3	(4 025 435)	–
Net cash outflow from investing activities		(24 951 578)	(24 182 023)
Cash flows from financing activities			
Advance from financial liabilities	12.2	20 953 706	138 848
Repayment of financial liabilities	12.2	(4 726 500)	(9 780 589)
Repayment of capital portion of lease liabilities	12.2	(355 167)	(502 810)
Repayment of capital portion of instalment sales agreements	12.2	(734 616)	(565 495)
Repayment from related parties	12.2	(365 543)	–
Advances received from related parties	12.2	178 213	188 194
Dividends paid to shareholders		(3 051 413)	–
Dividends paid to non-controlling interest		(973 062)	(1 661)
Net cash from financing activities		10 925 618	(10 523 513)
Total cash for the period		10 932 008	(2 189 795)
Cash at the beginning of the period		21 387 523	24 790 077
Effect of exchange rate movement on cash balances		(1 650 081)	(1 212 759)
Total cash at end of the period	9	30 669 450	21 387 523

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL INFORMATION

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act and the JSE Listings Requirements. The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value or amortised cost and incorporate the principal accounting policies set out below. They are presented in United States Dollar ("USD"). The accounting policies are consistent in all material respects with those applied in the previous year except for the list of amendments to IFRS that are mandatory and effective for the annual financial year ending 31 December 2022 as indicated in note 2.1 below.

1.1 Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e., "functional currency". The consolidated 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.

1.2 Consolidation

Basis of consolidation

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

At inception the Group financial statements had been accounted for under the pooling of interest method as acquisition of entities under common control, which 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.

(a) *The investor has power over the investee, i.e., the investor has existing rights that give it the ability to direct the relevant activities;*

(b) *The investor has exposure, or rights to variable returns from its involvement with the investee; and*

(c) *The investor has the ability to use its power over the investee to affect the amount of the investors 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.

1.3 Business combinations

The Group applies the acquisition method in accounting for business combinations.
The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

The group accounts for any fair value adjustments on call and/or put options and previously held equity interest through profit and loss.

1.4 Significant judgements and sources of estimation uncertainty

In preparing the Group financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial information and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial information. Significant judgements and areas of uncertainty include:

Estimates and assumptions

(a) Trade receivables and other receivables

In making this assessment, as far as available, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from various other external sources such as economic expert reports, financial analysts, governmental bodies as well as consideration of actual and forecast economic and other information such as expected growth rates, market condition, and others that relate to the Group's core operations. These assessments are done in the various business units for the specific countries that it operates in.

Contract assets for the Group arise as a result of its right to consideration as determined in the contractual agreement between the parties. These assets usually arise from the Group's providing a drilling related service in terms of the contractual performance obligations between the parties. Contract assets are assessed for expected credit losses in terms of IFRS 9. Contract assets are recognised aligned with the performance obligations being satisfied as to be consistent with IFRS15.

(b) Goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise. Refer to note 4.2 for more information on the assumptions used in estimation of the value-in-use.

1.4 Significant judgements and sources of estimation uncertainty continued

Estimates and assumptions continued

(c) Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The assessment of IFRIC 23 indicated no material changes in the corporate tax liabilities.

(d) Deferred taxation

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income based on potential contracts to be executed in the foreseeable future. Estimates of future taxable income are based on forecast taxable income is done with reference to confirmed contracts from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting year could be impacted.

(e) Useful lives of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain assets. Management uses judgement to determine the useful lives and residual values based on the specific environmental conditions it operates within. As the majority of the assets are purpose built for the drilling industry, no specific benchmark is available.

(f) Intangible assets

Management reviews its estimate of the useful lives and residual values of depreciable intangibles at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain intangibles. Management uses judgement to determine the recoverability based on the relevance of the technology it relates to in the markets it operate within.

(g) Financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument;

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

ACCOUNTING POLICIES (CONTINUED)

1.4 Significant judgements and sources of estimation uncertainty continued

(g) Financial instruments continued

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

The Group uses widely recognised valuation models for determining the fair value of common and more simple financial instruments. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and over the counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values.

For more complex instruments such as investments in unlisted equities, the Group uses primarily the Discounted Cash Flow and Black Scholes valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates such as comparable beta ratios or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for selection of the appropriate valuation model to be used, determination of expected future cash flows on the financial instrument being valued, selection of appropriate discount rates, forecasted and terminal growth rates and other model inputs.

Judgements

(h) Joint arrangements

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 amongst other, the factors specific to each joint arrangement 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.

(i) 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, Consorsio Master Drilling Besalco SA, without the 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.

(j) Loss of control in subsidiary

The board has considered the situation in Russia and Ukraine and relinquished control of Master Detra LLC incorporated in Russia during the current year. Based on the circumstances the board's judgement of the situation in Russia is that it no longer controls Master Detra LLC.

1.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost in the functional currency as established at the date of acquisition of the business (see note 4) less accumulated impairment losses, if any. Goodwill is translated to presentation currency and the difference is accounted for as a foreign currency translation difference.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

1.6 Put liability for non-controlling interest

The put liability relating to the obligation to pay in cash in the future to purchase minority shares must be recognised by the purchaser, even if the payment is conditional on the option being exercised by the holder. The put liability is recognised as a financial liability at the present value of the amount to be paid in terms of a contractual agreement On consolidation, the initial put liability is recognised as a reduction of the Group's equity, as the risk and rewards remain with the non-controlling interest.

On subsequent measurement, the adjustments to the redemption liability are recognised directly in equity as these are transactions with equity holders as there is no change in control.

1.7 Investment in associate

The assets, liabilities and share of profit or loss of associates are incorporated in these consolidated 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.

1.8 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 involves the contractually agreed sharing of control and arrangements subject to joint control are classified as either a joint venture (representing a share of net assets and equity accounted) or a joint operation (representing rights to assets and obligations for liabilities, accounted for accordingly). 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 amongst other, 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
- Other facts and circumstances

ACCOUNTING POLICIES (CONTINUED)

1.8 Investment in joint arrangements continued

The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

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.

1.9 Intangibles

Patents are acquired by the Group and have an indefinite useful life and are thus not depreciated as the Group's plan and ability are to renew and maintain the patent indefinitely. It is expected that the patents 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.

Software licence agreements are acquired by the Group and have an indefinite useful life and is thus not depreciated as the Group's plan and ability is to renew and maintain the software licence indefinitely. It is expected that the software licence agreements will generate revenue for the Group for an unlimited period of time. Software licence agreements are carried at cost less accumulated impairment losses. Software licence agreements are assessed annually for possible impairment.

Computer software are initially measured at cost and subsequently at cost less any accumulated amortisation and accumulated impairment losses.

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

Costs include costs incurred initially to acquire computer software.

Item	Average useful life	Depreciation Method
Computer software	3 – 10 years	Straight line

1.10 Property, plant and equipment

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment. Cost 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.

1.10 **Property, plant and equipment** continued

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life	Depreciation method
Land	Indefinite	Not Applicable
Buildings	20 years	Straight line
Drilling Rigs (included under plant and machinery)		
– Raisebore\Piling	20 years	Straight line
– Blindhole	20 years	Straight line
– Blasting	15 000 machine hours	Units of production
– Mobile tunnel boring	10 000 drilling metres	Units of production
– Dropraise	20 years	Straight line
– Slim drilling rigs (surface)	10 years	Straight line
– Slim drilling rigs (underground)	3 – 5 years	Straight line
Other drilling equipment (included under plant and machinery)		
– Drill rods	Remaining life percentages	Diminishing value
– Slim drilling surface rods	2 years	Straight line
– Drum rods	15 000 drilling metres	Units of production
– Reamers and reamer wings	2 000 drilling metres	Units of production
– Fins	1 000 drilling metres	Units of production
– Stem bars	800 drilling metres	Units of production
– Pilot and reaming stabilisers	800 drilling metres	Units of production
– Cross overs	600 drilling metres	Units of production
– Bitsubs	600 drilling metres	Units of production
– Raise beams	5 years	Straight line
– Locomotives	5 years	Straight line
– Tool and rod cars	5 years	Straight line
– Water pumps	5 years	Straight line
Furniture and fixtures	5 – 10 years	Straight line
Vehicles		
– Light duty vehicles	2 – 5 years	Straight line
– Heavy duty vehicles	5 – 10 years	Straight line
IT equipment	5 years	Straight-line

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year based on the economic, market and operating environment conditions. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset. Depreciation is recognised on a straight-line basis or units of production method as appropriate, to write down the cost less estimated residual values of the property, plant and equipment.

1.10 Property, plant and equipment continued

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.11 Segment reporting

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 drilling related services and sale of goods.

The Group has four operating segments. In identifying these operating segments, the group's chief operating decision maker reviews allocated resources based on the geographical areas. Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources.

1.12 Financial instruments

Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(a) Classification

The Group classifies financial assets and financial liabilities into the following categories:

- amortised cost; and
- fair value through profit and loss.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL.

Contract assets for the Group arise as a result of its right to consideration as determined in the contractual agreement between the parties. These assets usually arise from the Group providing a drilling related service in terms of the contractual performance obligations between the parties. Contract assets are assessed for expected credit losses in terms of IFRS 9. Contract assets are recognised aligned with the performance obligations being satisfied as to be consistent with IFRS15

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL, if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value, and net gains and losses including any interest expense, are recognised in profit or loss.

1.12 **Financial instruments** continued

(b) Initial recognition and measurement

Financial instruments are recognised initially at either fair value less transactional costs or fair value through profit and loss.

(c) Subsequent measurement

Financial assets are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Trade receivables are carried at amortised cost less expected credit losses using the Group's business model for managing its financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for expected credit losses which is presented as a separate line item on the consolidated statement of profit or loss and other comprehensive income.

All derivative financial instruments are subsequently measured at fair value through profit and loss.

(d) Impairment of financial assets

IFRS 9's impairment requires the use of forward-looking information to recognise expected credit losses. The Group uses the simplified approach on the expected credit loss measurements for trade receivables based on a provision matrix. The Group considers risks related to the clients that it deals with in the industries it operates in to calculate the expected credit loss measurements. The Group's clients have been fairly consistent over an extensive period of time, making it possible to consider the past events, current conditions, reasonable and supportable forecasts available in the determination of the expected credit loss measurements.

Other financial assets for which expected credit losses are consider include cash and cash equivalents and other debt-type financial assets which are measured at amortised cost. The Group uses the general approach to determine potential expected credit losses on these financial assets.

Besides for the trade receivables, the Group performed credit risk assessment on its financial assets, related party receivables and cash and cash equivalents and concluded that expected credit loss measurements are immaterial. Refer to notes 8, 9 and 26 respectively for more details on the assessment of expected credit losses.

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the expected credit loss model.

ACCOUNTING POLICIES (CONTINUED)

1.12 Financial instruments continued

In applying this forward-looking approach which is applied to all financial assets except for trade and other receivables, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); or
- financial instruments that have objective evidence of impairment at the reporting date ('Stage 3').

Expected credit losses and reversal of expected credit losses are recognised in profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the financial instruments. In assessing expected credit loss, the Group makes use of the simplified method approach as disclosed in note 8.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Expected credit losses and reversal of expected credit losses are recognised in profit or loss.

(e) Loans to/(from) related parties

These include loans to and from related parties and are recognised initially at fair value plus direct transaction costs.

Loans to related parties are classified as financial assets carried at amortised cost.

Loans from related parties are classified as financial liabilities measured at amortised cost.

(f) Loans to employees

These financial assets are classified as financial assets carried under amortised cost.

(g) Financial assets

These financial assets as disclosed in note 5 are classified as financial assets carried under amortised cost.

(h) Trade and other receivables

Trade receivables are measured at initial recognition at transaction price and are subsequently measured at amortised cost using the effective interest method.

(i) Trade and other payables

Trade payables are initially measured at fair value including transaction costs, and are subsequently measured at amortised cost, using the effective interest method.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets carried at amortised cost.

1.12 **Financial instruments** continued

(k) Bank overdrafts and borrowings

Bank overdrafts and borrowings are initially measured at fair value including transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

(l) Derivative financial instruments

Fair values for simple over-the-counter derivative financial instruments are based on market quotes. These quotes are assessed for reasonableness by discounting estimated future cash flows using the market rate for similar instruments at measurement date.

1.13 **Tax**

(a) Current tax assets and liabilities

Current tax for current and prior years is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior years are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

(b) Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

(c) Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different year, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different year, to other comprehensive income.

ACCOUNTING POLICIES (CONTINUED)

1.14 Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for

- leases of low value assets; and
- leases with a duration of 12 months or less

which are accounted for on a straight-line basis.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

On initial recognition, the carrying amount of lease liability includes amount expected to be payable under the agreement while the right-of-use asset are initially measured at the same amount as the lease liability.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

When the group revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate that is applicable at the date of revision. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Refer to note 3 and 13 of the financial statements to see the impact of both the right-of-use of assets and liabilities.

1.15 Provisions

The group has recognised provisions for liabilities of uncertain timing or amount for incentives. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

1.16 Inventories

Inventories are measured at the lower of cost and net realisable value. Allowance for obsolete stock is made on the basis of stock becoming redundant and no future economic benefits is expected to flow to the Group.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.16 Inventories continued

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are utilised, the carrying amount of those inventories are recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the number of inventories recognised as an expense in the year in which the reversal occurs.

1.17 Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment, and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which Management monitors goodwill.

The Group assesses goodwill for impairment annually or when there is are any indicators of potential impairment.

An impairment loss is recognised for the amount by which the assets or cash-generating units carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is allocated *pro rata* to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the assets or cash-generating unit's recoverable amount exceeds it carrying amount.

1.18 Employee benefits

(a) Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised as an expense in the year in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.18 Employee benefits continued

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

(b) Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.19 Contingencies

Contingent assets are disclosed when it is probable that there will be an inflow of future economic benefits. Contingent liabilities are recognised as a provision when it is probable that there will be an outflow of economic resources, unless the possibility of an outflow of economic resources is remote.

1.20 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a service to a customer using the five-step approach in the revenue framework in IFRS 15. The Group performance obligation is to provide drilling services to its customers. Drilling revenue is recognised as revenue when the outcome of the drilling can be estimated reliably to the actual chargeable meters drilled. Such services are recognised over time when the drilling service has met the performance obligations as contractual agreed and achieved under IFRS 15. Payment for drilling services is contractually agreed in advance and is not due from the customer until the drilling service has been performed and invoiced. Revenue from the provision of services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

The length of the Group's contracts varies between a couple of months to a maximum of five-years based on the drilling services to be rendered to the customers. Payment terms are negotiated with each customer individually.

The outcome can be estimated reliably when all the following conditions are satisfied:

- Identification of the contract with the customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price; and
- Revenue recognition when or as performance obligations are satisfied.

Management's assessment indicated that the contract's performance obligations and related contract costs are realised over time and revenue for the Group is recognised using the output method based on the progress towards completion of the contract and meters drilled. The selling prices are contract specific.

The Group has taken advantage of the practical exemptions:

- not to account for significant financing components where the time difference between receiving consideration and transferring control of services to its customers is one year or less; and
- expense the incremental costs of obtaining a contract when the amortization period of the asset otherwise recognized would have been one year or less.

1.20 **Revenue** continued

A portion of the group's revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for the small minority of export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the group no longer has physical possession, usually will have a present right to payment and retains none of the significant risks and rewards.

1.21 Investment income

Interest is recognised, in profit or loss, using the effective interest rate method. Interest is disclosed as investment income in the statement of profit and loss and other comprehensive income.

Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established. Dividends received is disclosed as investment income in the statement of profit and loss and other comprehensive income.

1.22 Cost of sales

The related cost of providing services recognised as revenue in the current year is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.23 Translation of foreign currencies

(a) Foreign currency translation

A foreign currency transaction is translated into the functional currency of the respective Group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate).

At the end of the reporting year:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the year or in previous financial statements are recognised in profit or loss in the year in which they arise.

When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

ACCOUNTING POLICIES (CONTINUED)

1.23 Translation of foreign currencies continued

(b) Translation to presentation currency

The results and financial position of operations are translated into the presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised in other comprehensive income and accumulated as a foreign currency translation reserve.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through other comprehensive income on disposal of the net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.24 Related party transactions

Related party transactions are those where a transfer of resources or obligations between related parties occur, regardless of whether or not a price is charged.

1.25 Share-based payments

Eligible employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments.

(a) Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the year in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting year has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a year represents the movement in cumulative expense recognised as at the beginning and end of that year and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS

2.1 Standards, amendments and interpretations adopted

The significant accounting policies are consistent in all material respects with those applied in the previous year except for the list of amendments to IFRS that are mandatory and effective for the financial year ending 31 December 2022 as indicated below:

- IFRS 3 *Reference to Conceptual Framework;*
- IFRS 9 *Financial instruments annual improvements to IFRS Standards 2018 to 2020;*
- IAS 16 *Property, plant and equipment: Proceeds before intended;*
- IAS 37 *Onerous Contracts: Cost of fulfilling a contract.*

The directors have reviewed the above-mentioned mandatory standards and has applied these, where applicable, in the consolidated financial statements for the financial year ending 31 December 2022. None of the standards adopted had a material impact on the consolidated financial statements.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group

At the date of authorisation of these annual financial statements, certain new standards, amendments and interpretations to existing standards have been published by the International Accounting Standards Board but are not yet effective and have not been early adopted by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first year beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's annual financial statements is provided below.

2.2.1 IAS 1 *Non-current liabilities with covenants*

Amendment clarifies that only covenants that is required to be complied with on or before reporting date affects the classification.

IAS 1 is effective from periods beginning on or after 1 January 2024.

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as the Group already discloses its compliance to long-term borrowings.

2.2.2 IAS 1 *Classification of liabilities as current or non-current*

Amendments were made to the classification of liabilities as current or non-current.

IAS 1 is effective from periods beginning on or after 1 January 2024.

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as careful consideration is given to classification and the necessary classifications are disclosed accordingly.

2.2.3 IAS 1 *Disclosure of accounting policies*

Amendments were made to the disclosure of material accounting policy information rather than the significant accounting policies.

IAS 1 is effective from periods beginning on or after 1 January 2023.

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group continued

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as the Group already discloses the accounting policies that is applicable.

2.2.4 IAS 8 *Definition of accounting estimates*
Amendments were made to the definition of accounting estimates to assist with distinguishing between changes in accounting policies and changes in accounting estimates.

IAS 8 is effective from periods beginning on or after 1 January 2023.

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as the Group does not have a history of changing accounting policies or estimates.

2.2.5 IAS 12 *Deferred taxation related to assets and liabilities arising from a single transaction*
Amendment clarifies how to account for income tax, including deferred taxation which represents tax payable or recoverable in future.

IAS 12 is effective from periods beginning on or after 1 January 2023.

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as the Group has a specific policy on deferred taxation.

2.2.6 IAS 28 *Investment in associates and joint ventures*
Amendments to address an acknowledged inconsistency in dealing with sale or contribution of assets between an investor and its associate or joint venture.

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as the Group does not have a history of such transactions.

IAS 28's effective date has been deferred indefinitely until further notice.

2.2.7 IFRS 10 *Consolidated financial statements*
Amendments to address an acknowledged inconsistency in dealing with sale or contribution of assets between an investor and its associate or joint venture.

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as the Group does not have a history of such transactions.

IFRS 10 effective date has been deferred indefinitely until further notice.

2.2.8 IFRS 16 *Lease liability in a sale and leaseback*
Amendments that requires the seller-lessee to determine lease payments in such a manner that there will be no gain or loss relating to the right-of-use retained by the seller-lessee.

The directors have assessed the impact of the new standard, they believe the new standards will not have a material impact on the Group's financial statements as the Group does not have a history of such transactions.

IFRS 16 is effective from periods beginning on or after 1 January 2024.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

2022 USD	Cost	Accumulated depreciation and impairment losses	Carrying value
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

2021 USD	Cost	Accumulated depreciation and impairment losses	Carrying value
Land and buildings	2 911 343	(808 832)	2 102 511
Right of use assets: Land and buildings	5 996 500	(2 014 106)	3 982 394
Instalment sale: Plant and machinery	5 696 718	(2 679 064)	3 017 654
Plant and machinery	190 255 715	(52 706 031)	137 549 684
Assets under construction	755 922	(2 567)	753 355
Furniture and fittings	1 439 757	(271 116)	1 168 641
Motor vehicles	5 769 745	(3 286 080)	2 483 665
Right of use assets: Motor Vehicles	–	–	–
IT equipment	686 305	(414 449)	271 856
Total	213 512 005	(62 182 245)	151 329 760

Borrowing cost

No borrowing costs were capitalised to the cost of property, plant and equipment during 2022 (2021:USD0).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT CONTINUED

3.1 Reconciliation of property, plant and equipment

2022 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries
Land and buildings	2 102 511	848 782	243 348
Right of use assets: Land and buildings	3 982 394	1 619 746	(34 010)
Instalment sale: Plant and machinery	3 017 654	264 125	(130 314)
Plant and machinery	137 549 684	16 293 266	(5 696 847)
Assets under construction	753 355	3 934 548	(30 779)
Furniture and fittings	1 168 641	20 122	(280 863)
Motor vehicles	2 483 665	1 070 744	(517 463)
Right of use assets: Motor Vehicles	–	107 708	(3 443)
IT equipment	271 856	242 098	47 441
	151 329 760	24 401 139	(6 402 930)

2021 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries
Land and buildings	2 085 861	291 869	(242 205)
Right of use assets: Land and buildings	3 703 062	–	(412 022)
Instalment sale: Plant and machinery	5 700 146	587 693	(381 874)
Plant and machinery	140 279 999	15 807 090	(13 002 276)
Assets under construction	942 741	179 712	(233 560)
Furniture and fittings	1 254 129	68 105	(2 281)
Motor vehicles	1 955 209	1 171 541	(49 312)
Right of use assets: Motor Vehicles	–	–	–
IT equipment	360 729	29 347	(17 176)
	156 281 876	18 135 357	(14 340 706)

Security

Moveable assets to the value of ZAR1,8 billion (USD105.4 million at 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 closing rate) of the European entity have been pledged to Swedbank as security for an interest bearing loan.

Impairment

During the year, the businesses within the African region recognised impairment/scrapping of USD658 265. The future cash flows of the particular rigs were negatively affected by the type of drilling it was initially designed and built for and resulting in becoming obsolete in the industry. There were no impairment of property, plant and equipment during the previous year.

Assets acquired through business combination	Reclassifications and transfers (to)/from intangibles	Disposals	Depreciation	Impairment/ Scrapping	Derecognition on loss of control	Re-measurement of right-of-use asset	Total
36 905	–	(4 766)	(113 647)	–	–	–	3 113 133
526 626	–	–	(627 587)	–	–	–	5 467 169
–	–	(449 756)	(305 599)	–	–	–	2 396 110
807 022	–	(567 183)	(11 885 613)	(658 265)	(1 763 075)	–	134 078 989
–	–	(4 108)	–	–	–	–	4 653 016
85 231	–	(43 241)	(633 049)	–	–	–	316 841
253 690	–	(72 112)	(1 451 992)	–	–	–	1 766 532
–	–	–	(19 186)	–	–	–	85 079
13 401	–	(27 322)	(149 786)	–	–	–	397 688
1 722 875	–	(1 168 488)	(15 186 459)	(658 265)	(1 763 075)	–	152 274 557

Assets acquired through business combination	Reclassifications and transfers (to)/ from intangibles	Disposals	Depreciation	Impairment/ Scrapping	Derecognition on loss of control	Remeasurement of right-of-use asset	Total
–	–	–	(33 014)	–	–	–	2 102 511
–	–	–	(478 678)	–	–	1 170 032	3 982 394
–	(2 158 071)	(3 941)	(726 299)	–	–	–	3 017 654
–	3 811 563	(188 169)	(9 158 523)	–	–	–	137 549 684
–	(135 538)	–	–	–	–	–	753 355
–	–	–	(151 312)	–	–	–	1 168 641
–	–	(32 881)	(560 892)	–	–	–	2 483 665
–	–	–	–	–	–	–	–
–	–	(4 268)	(96 776)	–	–	–	271 856
–	1 517 954	(229 259)	(11 205 494)	–	–	1 170 032	151 329 760

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4. INTANGIBLE ASSETS AND GOODWILL

	Notes	2022 USD	2021 USD
Intangible assets	4.1	8 152 825	2 446 297
Goodwill	4.2	7 768 228	2 796 694
		15 921 053	5 242 991

4.1 Intangible assets

2022 USD	Cost	Accumulated amortisation and impairment losses	Carrying value
Computer software	1 661 465	(1 414 872)	246 593
Software licence agreements	6 942 368	–	6 942 368
Patents	963 864	–	963 864
Total	9 567 697	(1 414 872)	8 152 825

2021 USD	Cost	Accumulated amortisation and impairment losses	Carrying value
Computer software	1 619 577	(1 337 855)	281 722
Software licence agreements	1 196 447	–	1 196 447
Patents	968 128	–	968 128
Total	3 784 152	(1 337 855)	2 446 297

2022 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries
Computer software	281 722	–	37 212
Software licence agreements	1 196 447	–	(51 062)
Patents	968 128	–	(4 264)
	2 446 297	–	(18 114)

2021 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries
Computer software	384 878	3 697	1 403
Software licence agreements	–	1 289 005	(92 558)
Patents	202 482	–	(16 218)
	587 360	1 292 702	(107 373)

Assets acquired through business combination	Reclassifications and transfers (to)/from property, plant and equipment	Deemed disposal on obtaining control	Amortisation	Impairment of intangible assets	Total
1 120	**–**	**–**	**(51 839)**	**(21 622)**	**246 593**
6 911 133	**–**	**(1 114 150)**	**–**	**–**	**6 942 368**
–	**–**	**–**	**–**	**–**	**963 864**
6 912 253	**–**	**(1 114 150)**	**(51 839)**	**(21 622)**	**8 152 825**

Assets acquired through business combination	Reclassifications and transfers (to)/from property, plant and equipment	Deemed disposal on obtaining control	Amortisation	Impairment of intangible assets	Total
–	–	–	(108 256)	–	281 722
–	–	–	–	–	1 196 447
–	781 864	–	–	–	968 128
–	781 864	–	(108 256)	–	2 446 297

4. INTANGIBLE ASSETS AND GOODWILL continued

4.1 Intangible assets continued

Software licence agreement

The Group is a co-licensor in software licence agreements and acquired additional stake during the current year. This software licence agreements 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 in the mines, to promote and enhance safety and productivity on the mines and provide intelligence to management of mines for development of future resource strategies.

In July 2021, the Group acquired an approximate 25% software licence agreements as part of the transaction related to investment in associate of A&R Engineering and Mining Services (Pty) Ltd (A&R) and Lamproom Solutions and Consulting (LSC). As part of the option exercised during the year (refer to note 38), the Group acquired an approximate 26% additional stakeholding in software licence agreements. The software license agreements has been identified as a separate identifiable intangible asset related to the A&R business combination. Refer to note 25.3 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") was approved. The patent relates to the specific design and functioning of the SBS that is currently being manufactured and tested by the Group.

Impairment testing

For the purpose of annual impairment testing, patents are allocated to the plant and machinery within the group that 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 forecasted period of seven years discounted with a suitable rate. The period of seven years deviate from the suggested five years due to the fact that the project for which the patent will be used will have a slow start-up as the concept, even though tested before put into working condition, might still have some aspects that needs to be modified to be fully operational as intended.

The recoverable amount of the software licence agreements and patents were 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 market conditions and is not reasonably expected to change so significantly that it could result in impairment.

The recoverable amount for the individual cash-generating unit utilising the software licence agreements and patents exceed the carrying value by USD2 709 170 (2021: USD0) and USD539 830 (2021: USD2 475 460) respectively.

	Growth rate 2022	Discount rate 2022	Growth rate 2021	Discount rate 2021
Software licence agreements	**4.50%**	**32.59%**	0.00%	16.00%
Patents	**4.50%**	**24.73%**	3.40%	16.00%

Growth rate

The growth rates reflect the long-term average growth rates for the cash generating units. Growth rates are based on the average inflation rates forecasted for regions that the intangibles will operate in.

Discount rate

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.

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

The following table indicates the sensitivity analysis:

Discount rate 2% increase	(527 001)
Growth rate 2% decrease	44 387
Project profitability 5% decrease	(641 108)

4.2 Goodwill

	2022 USD	2021 USD
Goodwill recognised from value chain business combinations	**2 162 370**	2 341 256
Goodwill recognised from raisebore business combinations	**445 038**	455 439
Goodwill recognised from software support services	**5 160 820**	–
Goodwill recognised from business combinations	**7 768 228**	2 796 694

2022 USD	**Opening balance**	**Additions**	**Exchange difference on consolidation of foreign subsidiaries**	**Total**
Goodwill recognised from value chain business combinations	**2 341 256**	**–**	**(178 886)**	**2 162 370**
Goodwill recognised from raisebore business combinations	**455 439**	**–**	**(10 401)**	**445 038**
Goodwill recognised from software support services	**–**	**5 107 039**	**53 781**	**5 160 820**
Goodwill recognised from business combinations	**2 796 695**	**5 107 039**	**(135 506)**	**7 768 228**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4. INTANGIBLE ASSETS AND GOODWILL continued

4.2 Goodwill continued

2021 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries	Total
Goodwill recognised from value chain business combinations	2 324 063	–	17 193	2 341 256
Goodwill recognised from raisebore business combinations	537 499	–	(82 060)	455 439
Goodwill recognised from software support services	–	–	–	–
Goodwill recognised from business combinations	2 861 562	–	(64 867)	2 796 695

Impairment testing

For the purpose of annual impairment testing, goodwill is allocated to the cash generating units which is 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 forecasted 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 and is not reasonably expected to change significantly that it could result in impairment.

The recoverable amount for the raise bore cash generating unit exceeds the carrying value by USD1 989 211 (2021: USD1 138 638). The recoverable amount of the value chain cash-generating unit exceeds the carrying value by USD7 577 550 (2021: USD4 391 414) while the recoverable amount of the software support services exceed the carrying amount by USD1 026 301 (2021: USD0).

	Growth rate 2022	**Discount rate 2022**	Growth rate 2021	Discount rate 2021
Value chain business combination	**3.00%**	**12.51%**	4.00%	11.55%
Software support services	**4.50%**	**25.65%**	N/A	N/A
Raisebore business combination	**2.45%**	**23.88%**	2.45%	13.38%

Growth rate

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

Discount rate

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

4. INTANGIBLE ASSETS AND GOODWILL continued

4.2 Goodwill continued

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. FINANCIAL ASSETS

	Notes	2022 USD	2021 USD
Investment in preference shares	5.1	5 084 173	5 112 298
Investment in unconsolidated entity	5.2	–	–
		5 084 173	5 112 298

5.1 Investment in preference shares

Subsidiary	**Master Drilling Exploration (Pty) Ltd**	**Drilling Technical Services (Pty) Ltd**	**Total**
Investment in BEE Partner	**Epha Drilling (Pty) Ltd**	**Mosima Drilling (Pty) Ltd**	
2022 USD			
Opening balance	5 013 662	98 636	5 112 298
Exchange rate differences on translation	(335 747)	(6 605)	(342 352)
Preference dividends receivable capitalised	308 164	6 063	314 227
Ordinary dividend received	–	–	–
Closing balance	4 986 079	98 094	5 084 173
2021 USD			
Opening balance	5 201 019	102 039	5 303 058
Exchange rate differences on translation	(439 630)	(8 646)	(448 276)
Preference dividends receivable capitalised	267 224	5 243	272 467
Ordinary dividend received	(14 951)	–	(14 951)
Closing balance	5 013 662	98 636	5 112 298

Variable rate cumulative redeemable preference shares. The variable rate is 72% of the prevailing South African prime overdraft rate as published by First National Bank.

Preference shares are redeemable the earlier of 10 years from date of issue (2015) or at the election of the holder when the BEE company ceases to be wholly-owned by historically disadvantaged individuals.

The carrying amounts of the financial assets approximate its fair value. Based on the assessment of the recoverable amount of the financial assets, no indicators of expected credit losses were identified. The financial assets are carried at amortised cost.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

5. FINANCIAL ASSETS continued

		2022 USD	2021 USD
5.2	**Investment in unconsolidated entity**	–	–

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 that the Group had to withdraw its control of the subsidiary 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. Refer to note 42 for more details on the unconsolidated entity.

6. DEFERRED TAX

	2022 USD	2021 USD
Property, plant and equipment	11 499 646	13 012 491
Pre-payments	580 491	5 562
Allowance for expected credit losses	(1 565 510)	(330 299)
Provisions	(408 446)	(648 147)
Leases	161 554	(125 665)
Contract liability	687 497	(1 093 834)
Accrual for employee benefits	(896 916)	(361 337)
Estimated tax losses	(2 615 564)	(3 055 389)
Unrealised foreign exchange loss	(345 902)	(75 113)
Net deferred tax liability	7 096 850	7 328 269
Reconciliation of net deferred tax liability		
Reported as at 1 January	7 328 269	7 753 836
Exchange differences on translation of foreign operations	(490 093)	(540 967)
Change in taxation rate	(35 226)	–
Property, plant and equipment	(1 512 845)	1 920 479
Pre-payments	574 929	6 207
Allowance for expected credit losses	(1 235 211)	(300 307)
Leases	287 219	(732 331)
Provisions	239 701	(658 456)
Contract liability	1 781 331	(1 187 252)
Accrual for employee benefits	(535 579)	(253 414)
Estimated tax losses	439 825	1 371 233
Derecognition on loss of control	97 528	–
Acquired through business combination	(71 911)	–
Unrealised foreign exchange profit/loss	228 913	(50 759)
	7 096 850	7 328 269
As disclosed in terms of IAS 12:		
Deferred tax liability	9 956 970	8 636 487
Deferred tax asset	(2 860 120)	(1 308 218)
	7 096 850	7 328 269

Deferred taxation assets have been recognised in respect of tax losses and temporary differences where, having reviewed the financial projections for the next 12 months of the underlying entities within the Group, the directors are of the opinion that it is probable that these assets will be recoverable.

The total unrecognised assessed loss at 31 December 2022 is USD5 107 581 (2021: USD3 589 869).

7. INVENTORIES

	2022 USD	2021 USD
Consumables	23 877 572	20 400 439
Cutters	17 329 086	12 662 267
Work in progress	6 105 866	907 528
	47 312 524	33 970 234
Allowance for obsolete inventory	(783 230)	(416 814)
	46 529 294	33 553 420

The carrying amount of inventory as presented reflects the cost price of inventory less allowance for obsolete inventory.

The Group reversed write-down of inventory during the current period to the value of USD0 (2021: USD0).

8. TRADE AND OTHER RECEIVABLES

	2022 USD	2021 USD
Trade receivables	59 973 365	42 254 945
Trade receivables – Normal (Gross)	63 566 215	46 584 592
Trade receivables – Retention (Gross)	1 213 210	471 184
Expected credit loss allowance of trade receivables	(4 806 060)	(4 800 831)
Contract asset	5 794 169	–
Loans to employees	270 735	117 181
Prepaid expenses	7 808 828	4 637 430
Deposits	291 886	941 917
Indirect taxes	4 083 177	5 106 153
Other receivables	1 137 487	1 412 179
	79 359 647	54 469 805

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 economical 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8. TRADE AND OTHER RECEIVABLES continued

	2022 USD	2021 USD
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 operate within. The Group assesses the recoverability of its other receivables based on the underlying economical factors of each of the countries that the subsidiaries operate within.		
The movement in expected credit losses is presented below		
Balance 1 January	4 800 831	3 731 677
Exchange differences on translation of foreign operations	(106 682)	37 005
Expected credit loss adjustment on business combination	89 297	–
Amounts written off	–	–
Allowance for credit losses recognised	22 614	1 032 149
	4 806 060	4 800 831
Gross trade receivables per region :		
Africa	25 899 131	17 038 685
Central and North America	9 671 893	6 526 545
Rest of the World	7 817 418	7 430 734
South America	21 390 983	16 059 811
	64 779 425	47 055 776
Expected credit losses matrix:		
AFRICA		
Current	4.05% to 4.55%	3.15% to 3.96%
30 days	4.15% to 4.65%	3.25% to 4.06%
31 to 60 days	4.40% to 4.90%	3.50% to 4.31%
61 to 90 days	4.90% to 5.40%	4.00% to 4.81%
90 + days	5.90% to 6.40%	4.50% to 5.21%
REST OF THE WORLD		
Current	0.10% to 4.05%	0.15% to 3.15%
30 days	0.15% to 4.15%	0.10% to 3.25%
31 to 60 days	0.35% to 4.40%	3.00% to 3.50%
61 to 90 days	0.55% to 4.90%	3.55% to 4.00%
90 + days	0.70% to 5.15%	4.10% to 4.50%
CENTRAL AND NORTH AMERICA		
Current	2.17% to 2.47%	2.21% to 2.52%
30 days	2.57% to 2.67%	2.55% to 2.69%
31 to 60 days	2.82% to 2.99%	2.88% to 3.03%
61 to 90 days	3.32% to 3.46%	3.43% to 3.66%
90 + days	3.69% to 3.94%	3.77% to 3.99%
SOUTH AMERICA		
Current	3.31% to 3.51%	3.41% to 3.71%
30 days	3.41% to 3.65%	3.51% to 3.75%
31 to 60 days	3.66% to 3.99%	3.76% to 4.09%
61 to 90 days	4.16% to 4.31%	4.06% to 4.44%
90 + days	4.33% to 4.58%	4.19% to 4.85%

8. TRADE AND OTHER RECEIVABLES continued

	2022 USD	2021 USD
The carrying amount in USD of trade and other receivables are denominated in the following currencies:		
United States Dollar (USD)	25 870 621	15 932 427
South African Rands (ZAR)	19 901 000	11 978 717
Brazilian Reals (BRL)	6 120 217	5 043 442
Chilean Peso (CLP)	13 481 684	7 559 807
Peruvian Nuevo Sol (PEN)	1 421 086	1 357 156
Chinese Yuan Renminbi (CNY)	280 618	449 573
Guatemalan Quetzal (GTQ)	91 004	8 677
Zambian Kwacha (ZMW)	8 010	577 135
Colombian Peso (COP)	1 242	3 867
Swedish Krona (SEK)	3 532 451	1 971 939
Australian Dollar (AUD)	140 962	1 585 708
Canadian Dollar (CAD)	3 180 354	3 291 519
Indian Rupee (INR)	5 330 398	4 709 838
	79 359 647	54 469 805

9. CASH AND CASH EQUIVALENTS

	2022 USD	2021 USD
Cash on hand	126 699	47 466
Bank balances	28 321 387	20 545 221
Short-term deposits (*)	2 221 364	2 197 065
Bank overdraft	–	(1 402 229)
	30 669 450	21 387 523
Current assets	30 669 450	22 789 752
Current liabilities	–	1 402 229

(*) Short-term deposits comprise of fixed cash deposits that ICICI Bank and NAB holds to the value of INR 24 995 520 and AUD1 820 529 respectively as cover for supplier invoices.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions the Group holds accounts with major international banks within the countries it operates with credit ratings ranging between Baa1 and Baa3. No expected credit losses allowances have been recognised.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

10. SHARE CAPITAL

Authorised	2022 Number of shares	2021 Number of shares
Ordinary no par value shares	500 000 000	500 000 000

Reconciliation of number of shares issued:	2022 Number of shares	2022 Value USD	2021 Number of shares	2021 Value USD
Balance at the beginning of the period	151 262 777	149 259 486	151 262 777	149 259 486
Movement	100 000	105 844	–	–
Balance at the end of the period	151 362 777	149 365 330	151 262 777	149 259 486

The un-issued shares are under the control of the directors. The increase in the number of issued shares in 2022 is as a result of share options exercised.

11. EQUITY ARISING ON FORMATION OF THE GROUP

	2022 USD	2021 USD
Foreign entities acquired through business combinations	9 594 855	9 594 855
South African entities acquired through business combinations	21 506 359	21 506 359
South African assets acquired through business combinations	27 162 799	27 162 799
Total	58 264 013	58 264 013

Equity that arose with the formation of the Group on the initial Johannesburg Stock Exchange Listing. Refer to note 1.2 for the accounting policy related to the equity arising on formation of the Group.

12. INTEREST-BEARING BORROWINGS

	2022 USD	2021 USD
12.1 Held at amortised cost		
Secured		
ABSA Bank	44 472 348	31 798 947
A portion of the loan, USD19 392 992 (2021: USD20 904 876), is denominated in USD. The remainder of the loan, USD25 079 356 (2021: USD10 894 071, is denominated in ZAR. The initial loan facility expired in June 2022 and the amount outstanding at that date was re-financed together with additional funding to the value of USD18 287 345.		
The USD denominated portion of the loan bears interest at a marginal rate of 3.25% over SOFR as applicable. The remainder of the loan is denominated in ZAR and bears interest at a marginal rate of 3,20% over JIBAR as applicable. USD15 723 784, denominated in ZAR is repayable over 20 equal quarterly installments until end September 2027. The remainder of the capital is repayable in full by end September 2025. The capital repayable by end September 2025 is renewable for a further two year period.		
Swedbank	13 052	240 986
The loan is denominated in Swedish Krona, secured by owned plant and machinery which is pledged as collateral. The loan bears interest at a 2.45% 3-month fixing period rate.		
The loan is repayable in equal quarterly instalments of which the final will be payable in 2023.		
Industrial Development Corporation ("IDC")	1 628 705	128 877
The loan is denominated in South African Rands, and together with the IDC forms part of the Group investment in new technology. The loan currently bears no interest and may be repayable after the initial term of 7 years. Should the underlying subsidiary be unable to repay, the IDC will convert the loan into equity.		
The Group discounted the interest free loan using the prime interest rate of South Africa over the remaining period of the loan. The fair value adjustment amounts to USD1 097 176 and was accounted for directly to equity.		
Total interest-bearing borrowings	46 114 105	32 168 810
Non-current liabilities		
At amortised cost	41 411 477	143 909
Current liabilities		
At amortised cost	4 702 628	32 024 901
	46 114 105	32 168 810

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

12. INTEREST-BEARING BORROWINGS continued

12.1 Held at amortised cost continued

The Group is currently exposed on its borrowings with the reform of the interest rate benchmark reform. Management is of the view that the impact of the reform of the interest rate benchmark is not going to have a significant impact on the profit and loss of the Group. As at the date of the report, the facility with its lenders were previously bearing interest at JIBAR and LIBOR respectively and in 2022 LIBOR is now reflected as SOFR.

12.2 Changes in liabilities arising from financing activities

	2022 USD	2022 USD	2022 USD	2022 USD	2022 USD
	Interest bearing borrowings	**Leases**	**Instalment Sales Agreement**	**Related Parties**	**Total**
Opening balance	**32 168 810**	**4 800 232**	**1 040 983**	**357 292**	**38 367 317**
Foreign exchange movement	**(1 750 186)**	**(206 998)**	**(28 197)**	**(90 526)**	**(2 075 907)**
Fair value adjustment	**(1 097 176)**	**–**	**–**	**–**	**(1 097 176)**
New agreements	**–**	**1 619 746**	**1 394 556**	**1 950 931**	**4 965 233**
Acquired through business combination	**–**	**526 626**	**–**	**–**	**526 626**
Accrued interest	**1 581 839**	**624 848**	**124 602**	**–**	**2 331 289**
Interest paid	**(1 016 388)**	**(624 848)**	**(124 602)**	**–**	**(1 765 838)**
Cash received	**20 953 706**	**–**	**–**	**178 213**	**21 131 919**
Cash flows – repayments	**(4 726 500)**	**(355 167)**	**(734 616)**	**(365 543)**	**(6 181 826)**
Closing balance	**46 114 105**	**6 384 439**	**1 672 726**	**2 030 367**	**56 201 637**

	2021 USD	2021 USD	2021 USD	2021 USD	2021 USD
	Interest bearing borrowings	Leases	Instalment Sales Agreement	Related Parties	Total
Opening balance	42 105 827	3 947 557	816 496	183 950	47 053 830
Foreign exchange movement	(919 272)	(259 735)	(148 496)	(14 622)	(1 342 125)
Remeasurement	–	1 170 032	–	–	1 170 032
New agreements	–	445 188	938 478	–	1 383 666
Accrued interest	623 996	385 530	46 537	–	1 056 063
Interest paid	–	(385 530)	(46 537)	–	(432 067)
Cash received	138 848	–	–	188 194	327 042
Cash flows – repayments	(9 780 589)	(502 810)	(565 495)	(230)	(10 849 124)
Closing balance	32 168 810	4 800 232	1 040 983	357 292	38 367 317

13. LEASE LIABILITIES

		2022 USD	2021 USD
13.1	**Lease liabilities**		
	Minimum lease payment due		
	– within one year	1 122 235	676 046
	– in second to fifth year	3 834 424	2 686 127
	– more than five years	6 773 906	6 672 938
		11 730 565	10 035 111
	Less: Future finance charges	(5 346 126)	(5 234 878)
	Present value of minimum lease payment	6 384 439	4 800 233
13.2	**Lease obligation reconciliation**		
	Opening balance	4 800 232	3 947 558
	Remeasurement	–	1 170 032
	Interest expense	624 848	360 749
	Additions	1 619 746	445 187
	Lease payments	(980 015)	(863 559)
	Acquired through business combination	526 626	–
	Foreign exchange movements	(206 998)	(259 735)
	Closing balance	6 384 439	4 800 232

The lease liabilities are related to the right of use asset for land and buildings as disclosed in note 3. The lease liabilities relate to land and buildings being leased across the world where the Group has a footprint. The lease periods vary between 3 to 20 years and interest rates used are based on the country specific market conditions.

The Group has low-value assets for which it does not recognise any lease liabilities or corresponding right of use asset that relates primarily to the rental of office equipment. The value of low-value asset expenses amounted to USD176 961 (2021: USD172 528).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

14. INSTALMENT SALES LIABILITIES

	2022 USD	2021 USD
Minimum payment due		
– within one year	904 298	595 928
– in second to fifth year	944 816	518 055
	1 849 114	1 113 983
Less: Future finance charges	(176 390)	(73 000)
Present value of minimum payment	1 672 724	1 040 983
– within one year	1 158 671	563 173
– in second to fifth year	514 055	477 810
Present value of minimum payments	1 672 726	1 040 983

Interest is payable at rates between zero and 2% above the current bank lending rate applicable in the respective countries. The settlement dates are between one and five years and therefore recorded at amortised cost. The liabilities are secured by a pledge over certain fixed assets of the Group. Refer to note 3 for more information.

15. TRADE AND OTHER PAYABLES

	2022 USD	2021 USD
Trade payables	24 254 945	21 466 659
Accruals	13 993 467	–
Indirect taxes	5 872 703	3 591 463
Leave pay accruals	3 465 954	2 579 363
Consideration payable (*)	2 665 460	1 077 444
Employee related	5 550 939	5 299 258
Other payables	1 531 536	1 502 533
	57 335 004	35 516 720

(*) *Included in consideration payable is an amount of USD1 568 072, the short-term portion, payable to Newham (Pty) Ltd which is also disclosed as a joint venture partner. Refer to note 33 and note 39.*

16. PROVISIONS

	2022 USD	2021 USD
Long-term incentive	500 182	1 143 941
Short-term incentive	1 073 806	1 170 868
	1 573 988	2 314 809
Non-current liabilities	500 182	–
Current liabilities	1 073 806	2 314 809

16. PROVISIONS continued

2022	Long term incentive	Short term incentive
Balance on 1 January	1 143 941	1 170 868
Increase in provision	480 727	1 032 039
Exchange rate differences	(91 056)	(209 236)
Utilisation of provision	(1 033 430)	(919 865)
Balance on 31 December	500 182	1 073 806

2021	Long term incentive	Short term incentive
Balance on 1 January	–	–
Increase in provision	1 143 941	1 170 868
Balance on 31 December	1 143 941	1 170 868

Provisions relate to an incentive scheme applicable to employees within the Group. Provisions are made at year-end as the key indicators of the policies in place are likely to be met and it is probable that economic benefits will flow as a result.

17. REVENUE

	2022 USD	2021 USD
Revenue from contracts with customers		
Rendering of services	212 948 610	171 836 530
Sale of goods	13 445 131	–
	226 393 741	171 836 530
Dissaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Rendering of services	212 948 610	171 836 530
Sale of goods	13 445 131	–
	226 393 741	171 836 530
Timing of revenue recognition		
Over time		
Rendering of services	212 948 610	171 836 530
At a point in time		
Sale of goods	13 445 131	–

Refer to note 30 – Segment Reporting for disaggregation of revenue by stage of mining activity and geographical area.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

18. OTHER INCOME

		2022 USD	2021 USD
Discount received		–	316 203
Gain on disposal of assets to third parties		750 667	698 532
Covid-19 relief funds		162 125	1 187 544
Royalty income		409 493	388 256
Rental income		358 370	476 319
Scrap sales		41 405	163 276
Gain on loss of control	42	219 199	–
Other		196 828	930 585
		2 138 087	4 160 715

Royalty income is earned on its software licence agreements in terms of the contracts the Group has with its clients. Royalty income is not considered to be part of the main revenue generating activities and thus disclosed separately from revenue.

Rental income is earned rental of auxiliary equipment rented out to clients and related parties to assist with achieving the drilling related milestones that is contractually agreed with the clients. Rental income is not considered to be part of the main revenue generating activities and thus disclosed separately from revenue.

19. OPERATING PROFIT

	2022 USD	2021 USD
Operating profit for the year is stated after accounting for the following:		
Gain on sale of property, plant and equipment	750 667	698 532
Impairment of property, plant and equipment	(658 265)	–
Impairment of intangibles	(21 622)	–
Loss on exchange differences	(1 832 634)	(183 080)
Depreciation on property, plant and equipment	(14 539 686)	(10 726 816)
Depreciation on right of use asset	(646 773)	(478 678)
Amortisation	(51 839)	(108 256)
Employee costs	(77 165 676)	(61 678 344)
Incentive provision	(1 573 988)	(2 314 809)
Research (*)	–	(946 406)
Royalty income	409 493	388 256
Covid-19 relief benefits	162 125	1 187 544

(*) Research

Shaft Boring System (SBS) concept was launched in 2016, in terms of the benefits it can deliver to the mining and construction sectors. SBS is an in-house technology currently being developed that promises to change mining and construction industry significantly.

20. INVESTMENT INCOME

	2022 USD	2021 USD
Total dividends	315 990	272 467
Unlisted preference dividends	314 227	272 467
Other dividends received	1 763	–
Total interest received	577 554	246 494
Interest from related party	84 761	–
Bank	492 793	246 494
	893 544	518 961

21. FINANCE COST

		2021 USD
Interest bearing borrowings	1 581 839	1 462 851
Lease and instalment sales agreement liabilities	749 450	740 376
Bank	1 500 206	91 711
Interest on unwinding of contract liability	429 306	–
Interest accrued in respect of taxes	–	260 194
Interest on consideration payable	149 295	–
Other	60 216	3 076
	4 470 312	2 558 208
Reconciliation of finance cost paid in cash:		
Total finance cost	4 470 312	2 558 208
Interest accrued on interest bearing borrowings	565 451	623 996
Interest unwinding contract liability	429 306	–
Interest accrued in respect of taxation	–	260 194
Interest accrued - considertion payable	149 295	–
Finance cost paid in cash	3 326 260	1 674 018

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

22. TAXATION

Taxation

	2022 USD	2021 USD
Current		
Normal taxation	9 610 429	8 110 512
Current taxation	11 039 947	7 329 220
(Over)/Under provision	(1 429 518)	781 292
Deferred taxation	707 972	115 400
Deferred taxation: Temporary differences	743 198	115 400
Deferred taxation: Change in taxation rate	(35 226)	–
Dividend withholding taxation	93 612	–
	10 412 013	8 225 912

	2022 USD	2021 USD
Reconciliation of the tax expense		
Accounting profit	32 729 225	28 140 222
Tax at the applicable tax rate - Average rate 34% (2021: 29%)	10 974 214	8 186 804
Over provision	(1 429 518)	(781 292)
Change in taxation rate	(35 226)	–
Interest accrued in respect of taxes	–	72 924
Imputed tax on controlled foreign companies	–	1 773 591
Exempt income - Dividends and royalties received	(375 709)	(7 197)
Non-deductible expenses - Fines and penalties	374 178	201 759
Estimated loss not recognised	1 092 122	183 057
Utilisation of estimated loss previously not recognised	(188 048)	(1 403 734)
Taxation per statement of profit or loss and other comprehensive income	10 412 013	8 225 912

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.

The tax at applicable rate has increased compared to prior year due a combination of no deferred taxation raised on certain estimated tax losses due to the different profit mix between the different tax jurisdictions with the different tax rates.

The total unrecognised assessed loss at 31 December 2022 is USD5 107 581 (2021: USD3 589 869).

22. TAXATION continued

	2022 USD	2021 USD
Normal taxation charge/(benefit) per entity within the Group		
MD Drilling Services Tanzania Ltd	42 595	–
Master Drilling Europe AB	682 070	302 349
Drilling Technical Services (Pty) Ltd	(226 675)	622 665
Drilling Technical Services SAC	324 181	21
Master Drilling (Pty) Ltd	152 846	380 124
Master Drilling Changzhou Co Ltd	750 989	116 219
Master Drilling do Brasil Ltda	331 003	513 597
MDG Shared Services (Pty) Ltd	73 186	–
Master Drilling Ghana Ltd	–	473 236
Master Drilling Mining Services (Pty) Ltd	92 615	107 858
Master Drilling Mali SRL	101 659	64 725
MDX Masterdrill Exploracoes E Sondagens Ltda	222 190	70 711
Master Drilling Group Ltd	(484 661)	1 820 515
Master Drilling India Ltd	1 809 494	998 445
Master Drilling International Ltd	295 358	604 306
Master Drilling Madencilik Ve Ticaret Limited Sirketi	(5 364)	–
Master Drilling Malta Limited	915 382	652 150
Consorsio Master Drilling Besalco SA	396 499	349 307
Master Drilling Peru SAC	6 482	–
Master Drilling RDC sprl	–	766 378
Master Mining (Pty) Ltd	101 485	–
Master Drilling USA LLC	155 410	–
Master Drilling Zambia Limited	–	(649 892)
MD Botswana (Pty) Ltd	45 710	112 975
Master Drilling Services Ecuador SA	–	262 855
MD Katanga Drilling Company SAS	938 588	539 436
A&R Engineering and Mining Services (Pty) Ltd	357 407	–
Embedded IQ (Pty) Ltd	283 075	–
Embedded Works (Pty) Ltd	54 444	–
Lamproom Solutions and Consulting (Pty) Ltd	87 132	–
Moxie Digital (Pty) Ltd	58	–
Master Drilling Mexico SA	1 195 581	–
Master Drilling Chile SA	863 818	–
Drilling Admin Services SAC	43 126	–
MD Training Services (Pty) Ltd	4 746	2 532
	9 610 429	8 110 512

There were no changes in normal income tax rates within the Group during 2022. The Group however accrued deferred taxation on the South African subsidiaries with the change in tax rate from 28% to 27% effective 31 March 2023.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

23. DIRECTORS' REMUNERATION

2022 USD	Basic salary	Bonus
Executive directors		
Danie Pretorius "	679 743	–
Andre van Deventer *	407 467	274 463
Gary Sheppard #	348 349	22 784
Koos Jordaan +	276 288	456 544
Sub-total	1 711 847	753 791
Non-executive directors		
Hennie vd Merwe ^	–	–
Shane Ferguson ^	–	–
Andries Brink ^	–	–
Hendrik Faul ^	–	–
Mamokete Ramathe ^	–	–
Akhter Deshmukh ^	–	–
Sub-total	–	–
Alternate director		
Eddie Dixon $	164 851	–
Sub-total	164 851	–
Prescribed Officer		
Roelof Swanepoel *	154 848	174 177
Sub-total	154 848	174 177
Total	2 031 546	927 968

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.

* *Paid by Drilling Technical Services (Pty) Ltd*
\+ *Paid by Master Drilling New Technology Holdings (Pty) Ltd*
" *Paid by Drilling Technical Services (Pty) Ltd and Master Drilling Malta Ltd*
\# *Paid by Master Drilling USA LLC*
^ *Paid by Master Drilling Group Ltd*
$ *Paid by Master Drilling Exploration (Pty) Ltd*

Fringe benefits	Provident/ Pension fund contributions	Director's fees	Consulting and legal fees	Total
19 979	–	–	–	699 722
15 361	–	–	–	697 291
12 732	–	–	–	383 865
18 735	–	–	–	751 567
66 807	–	–	–	2 532 445
–	–	60 266	–	60 266
–	–	33 904	79 392	113 296
–	–	34 708	–	34 708
–	–	23 585	–	23 585
–	–	25 729	–	25 729
–	–	40 896	–	40 896
–	–	219 088	79 392	298 480
11 423	18 347	–	–	194 621
11 423	18 347	–	–	194 621
6 244	12 678	–	–	347 947
84 474	31 025	219 088	79 392	3 373 493

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

23. DIRECTORS' REMUNERATION continued

2021 USD	Basic salary	Bonus
Executive directors		
Danie Pretorius "	344 880	–
Andre van Deventer "	340 294	–
Gary Sheppard #	354 657	–
Koos Jordaan +	251 018	–
Sub-total	1 290 849	–
Non-executive directors		
Hennie vd Merwe ^	–	–
Shane Ferguson ^	–	–
Octavia Matloa ^	–	–
Andries Brink ^	–	–
Hendrik Faul ^	–	–
Mamokete Ramathe ^	–	–
Akhter Deshmukh ^	–	–
Sub-total	–	–
Alternate director		
Eddie Dixon $	154 465	–
Sub-total	154 465	–
Prescribed Officer		
Roelof Swanepoel *	131 479	–
Sub-total	285 944	–
Total	1 576 793	–

* *Paid by Drilling Technical Services (Pty) Ltd*
\+ *Paid by Master Drilling New Technology Holdings (Pty) Ltd*
" *Paid by Drilling Technical Services (Pty) Ltd and Master Drilling Malta Ltd*
\# *Paid by Master Drilling USA LLC*
^ *Paid by Master Drilling Group Ltd*
$ *Paid by Master Drilling Exploration (Pty) Ltd*

Fringe benefits	Provident/ Pension fund contributions	Director's fees	Consulting and legal fees	Total
45 042	–	–	–	389 922
30 351	–	–	–	370 645
–	–	–	–	354 657
30 966	–	–	–	281 984
106 359	–	–	–	1 397 208
–	–	66 277	–	66 277
–	–	30 131	117 454	147 585
–	–	13 490	–	13 490
–	–	36 676	–	36 676
–	–	24 509	–	24 509
–	–	13 266	–	13 266
–	–	43 108	–	43 108
–	–	227 457	117 454	344 911
28 213	18 752	–	–	201 430
28 213	18 752	–	–	201 430
20 641	12 469	–	–	164 589
48 854	31 221	–	–	366 019
155 213	31 221	227 457	117 454	2 108 138

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

24. EARNINGS PER SHARE

	2022 USD	2021 USD
Reconciliation between earnings and headline earnings		
Basic earnings for the year	22 317 212	19 914 310
Deduct:		
Non-controlling interest	(784 973)	111 961
Attributable to owners of the parent	21 532 239	20 026 271
Gain on disposal of property, plant and equipment	(750 665)	(698 533)
Loss/(Gain) on disposal of property, plant and equipment from equity accounted investments	5 715	(7 105)
Impairment of property, plant and equipment	658 265	–
Impairment of intangibles	21 622	–
Impairment of property, plant and equipment from non-controlling interest	(171 149)	–
Fair value adjustment on step-up acquisition	213 367	–
Gain on loss of control of subsidiary	(109 599)	–
Loss on disposal of property, plant and equipment from non-controlling interest	64 321	8 068
Tax effect on gain on disposal of property, plant and equipment and impairments	35 553	197 848
Tax effect on gain on disposal of property, plant and equipment and impairments from equity accounted investments	(1 600)	1 989
Tax effect on gain on disposal of property, plant and equipment and impairments from non-controlling interest	29 912	–
Headline earnings for the year	21 527 981	19 528 538
Earnings per share (cents)	14.2	13.2
Diluted earnings per share (cents)	14.2	13.2
Headline earnings per share (cents)	14.2	12.9
Diluted headline earnings per share (cents)	14.2	12.9
Dividends per share (cents)	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	151 319 215	151 262 777
Effect of dilutive potential ordinary shares – employee share options (*)	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	151 369 413	151 262 777

(*) None of the share options were considered dilutive in the previous year. The total number of share options in issue is disclosed in note 34

25. CASH GENERATED FROM OPERATIONS

25.1 Cash generated from operations

	2022 USD	2021 USD
Profit before taxation	32 729 225	28 140 222
Adjustments for:		
Depreciation and amortisation	15 238 298	11 313 750
Fair value adjustment on derivatives	34 822	140 818
Fair value adjustment for options	(45 438)	(2 007 685)
Impairment of property, plant and equipment	679 887	–
Profit from equity accounted investments	(1 376 748)	(521 402)
Unrealised foreign exchange movements	1 880 083	1 159 237
Fair value adjustment for previously held interest in associate	213 367	–
Put option for non-controlling interest expense	501 181	–
Gain on loss of control of subsidiary	(219 200)	–
Gain on disposal of fixed assets	(750 667)	(698 532)
Movement in expected credit loss allowance	22 614	1 032 149
Movement in allowance for obsolete inventory	366 416	170 052
Dividends received	(315 990)	(272 467)
Interest received	(577 554)	(246 494)
Movement in provisions	(440 530)	2 314 810
Derivative financial instrument settled in cash	–	18 959
Finance costs	4 470 312	2 558 208
Changes in working capital:		
Inventories	(6 880 592)	(12 167 408)
Trade and other receivables	(25 418 721)	(13 402 969)
Trade and other payables	14 810 593	16 762 480
Contract liability	361 122	8 658 296
	35 282 480	42 952 024

25.2 Tax paid

	2022 USD	2021 USD
Reported as at 1 January	1 310 545	2 927 676
Acquired through business combination	196 833	–
Current tax for the period recognised in profit and loss	9 610 429	8 110 512
Interest accrued in respect of taxation	–	260 194
Exchange effect on consolidation of foreign subsidiaries	(230 330)	(979 079)
Balance at end of the period	(3 309 908)	(1 310 544)
	7 577 569	9 008 759

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

25. CASH GENERATED FROM OPERATIONS continued

25.3 Net cash flow on business combination

During August 2021, the Group purchased approximately 25% equity interest in A&R Engineering and Mining Services (Pty) Ltd 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 is currently primarily operating with 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 is 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 will better diversify overall market exposure and add additional revenue streams to the Group. As at 31 December 2021, the Group had contingent consideration payable that amounted to ZAR8,4 million (USD0.5 million). The contingent consideration was finalised during the year, adjusted upwards with ZAR17,8 million (USD1.0 million) and settled when control of was obtained. Refer to note 36.2.

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

The accounting for the business combination has been accounted for provisionally. Amounts recognised are subject to change in accordance with the requirements of IFRS 3 which permits the acquirer to use provisional amounts for the items for which the accounting is incomplete. A detailed purchase price allocation is being performed and directors currently anticipate that there will be a possible fair value revaluation of underlying assets, including intangible assets and liabilities. The purchase price allocation will be finalised by 28 August 2023.

The provisional carrying amount of assets and liabilities assumed at date of acquisition was:

2022 USD	2022 USD	2021 USD
Assets		
Property, plant and equipment (*)	1 722 875	–
Intangibles (*)	6 912 253	–
Deferred taxation asset (*)	71 911	–
Liabilities		–
Lease liabilities (*)	(526 626)	–
Related party balances acquired	(3 201 631)	–
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	17 481 467	–
Less: Non-controlling interests' portion of assets and liabilities acquired	(8 526 542)	–

25. CASH GENERATED FROM OPERATIONS continued

25.3 Net cash flow on business combination continued

2022 USD		2022 USD	2021 USD
Group's share of total assets and liabilities acquired		8 954 925	–
Goodwill at acquisition		5 107 039	–
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	–
Provisional 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	38.2	(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	–

(*) Provisional accounting

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 (Pty) Ltd and related companies.

The amount was determined using a contractual agreement indicating 5.00 to 6.50 times cover of the the average profit after taxation and royalties respectively for the three years ending 31 December 2022. 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 are no longer employed, that the Group is obligated to take up the equity and software license agreements. The amounts owed can be repaid over 60 equal instalments.

	2022 USD	2021 USD
Put option liability for non-controlling interest	12 028 347	–
Non-current liabilities	9 622 678	–
Current liabilities	2 405 669	–

26. RELATED PARTY LOANS RECEIVABLE FROM/(OWING TO)

	2022 USD	2021 USD
A&R Holdings (Pty) Ltd [6]	(1 283 647)	–
Applied Vehicle Analysis (Pty) Ltd [7]	164 006	–
Barrange (Pty) Ltd [1]	959	1 025
Drilling Properties (Pty) Ltd [1]	436	–
DrillX Innovations (Pty) Ltd [8]	33 127	–
Besalco SA [5]	–	(188 316)
Lamproom Holdings (Pty) Ltd [6]	(591 399)	–
EIQ Investment Holdings (Pty) Ltd [6]	232 893	–
Hall Core Holdings (Pty) Ltd [8]	1 779 434	–
Master Detra LLC [9]	–	–
MDG Equity Holdings (Pty) Ltd [1, 3 & 4]	774	828
Epha Drilling (Pty) Ltd [2]	(87 994)	(95 349)
Mosima Drilling (Pty) Ltd [2]	(65 441)	(70 671)
MD Drilling Employees Trust [2]	(1 716)	(2 956)
MD HDSA Trust [2]	33 156	35 095
DCP BEE Foundation Trust [2]	21 701	21 575
The Drillcorp BEE Trust [2]	40 211	42 638
MD Engineering Employees Trust [1]	(170)	739
	276 330	(255 392)
Related party loans receivable from	2 306 697	101 900
Net related party loans receivable from	(2 030 367)	101 900
Related party loans owing to	(2 030 367)	(357 292)
	276 330	(255 392)
Non-current assets	1 577 056	101 900
Current assets	729 641	–
Non-current liabilities	–	–
Current liabilities	2 030 367	357 292

Related party transactions generally relate to administration and management fees. Administration and management fees for the year amounted to USD2 748 (2021: USD2 966)

Related party loans are generally interest free with no repayment terms with the exception of the loan with Hall Core Holdings (Pty) Ltd which bears interest at the South African prime lending rate plus 2% and is repayable in monthly installments of ZAR800 000.

The group assesses the expected credit losses on related party receivables based on the forward-looking expected credit loss model. The methodology used to determine the amount of provision is based on the underlying liquid assets of the individual subsidiaries for on-demand collectability. Based on the assessment, no expected credit losses are probable.

The trusts included as related parties were established for the benefit of employees of the Group. The trusts were founded by a related party to the Group, DC Pretorius. The Group does not consolidate the trusts as the Group does not have the right to appoint the trustees of the trust nor is the Group a beneficiary of the trust.

26. RELATED PARTY LOANS RECEIVABLE FROM/(OWING TO) continued

The trusts are sponsored by its founder and the Group lends money to trustees, employees of the Group, and pays the accounting and administration fees on behalf of the trusts. The Group is also assisting in the dividend distribution process of the trusts due to insufficient resources available within the trusts.

Through Epha Drilling (Pty) Ltd and Mosima Drilling (Pty) Ltd, the employees of the Group effectively owns 26% of the shares in Master Drilling Exploration (Pty) Ltd and Drilling Technical Services (Pty) Ltd respectively via preference shares. These companies are sponsored through dividends declared on profits from the companies respectively.

The above loans are with legal entities where the following related parties have control:
[1] Danie Pretorius
[2] BEE Partner
[3] Andre van Deventer
[4] Koos Jordaan
[5] Co-owner of Consorsio Master Drilling Besalco SA
[6] Co-owner of A&R Engineering (Pty) Ltd and related companies
[7] Associate company of the Group
[8] Joint venture partner of Hallcore Holdings (Pty) Ltd
[9] Unconsolidated entity, Master Detra LLC, a related party loan of USD1 545 944 was credit impaired on initial recognition

Salaries and short-term benefits paid to key management amounts to 2022: USD2 797 595 (2021: USD1 703 269).

Key management is defined as the employees for the Group's subsidiaries who have the authority to directly or indirectly plan and control the specific business operations within the country it operates. Key management excludes the directors and prescribed officer of the Group. Refer to note 23 for disclosure on directors' remuneration.

27. RISK MANAGEMENT

27.1 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 12 and 13, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The ABSA Capital facility has the following covenant ratio requirements (actual ratios as at 31 December):
- leverage ratio less than 1.5 (2022:0.31);
- debt service cover ratio not less than 1.4 (2022:3.55); and
- interest coverage rate not less than 4 (2022:31.82).

The above covenant ratios are closely monitored by management and as at 31 December 2022 the above covenant ratios were all adhered to.

27. RISK MANAGEMENT continued

27.2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The principles for financial management are included in the Group's treasury policy and cover specific areas, such as foreign exchange risk, interest rate risk, credit risk.

27.3 Interest rate risk

As the Group has no significant interest-bearing assets, other than interest bearing preference shares, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During 2022 the Group's borrowings at variable rate were denominated in the United States Dollars and South African Rand. Interest bearing borrowings, including cash and cash equivalents, comprise 7,8% of equity and is therefore deemed to be low risk.

The relevant borrowing rates for the Group's significant borrowings are JIBAR plus 3,20% and SOFR plus 3.25% for ZAR and USD denominated loan facilities respectively. The Group is currently exposed on its borrowings with the reform of the interest rate benchmark reform. Management is of the view that the impact of the reform of the interest rate benchmark is not going to have a significant impact on the profit and loss of the Group. As at the date of the report, the facility with its lenders were previously bearing interest at JIBAR and LIBOR respectively and in 2022 LIBOR is now reflected as SOFR.

The Group does bi-annual comparisons of interest rates for similar facility of banks across the globe to determine if the Group's interest rate is still market related and if there are different options of facilities available from which the Group could benefit.

The Group assesses the sensitivity of interest rate based on the economical market indicative conditions specific to the countries that utilised the facility. Based on this, the below sensitivity analysis indicates the potential impact on the Group's result.

2022 **USD**	**+90 basis points**	**-90 basis points**
Profit and loss	**(448 102)**	**448 102**
Equity, net of finance tax	**(313 137)**	**313 137**
2021 USD	+50 basis points	-50 basis points
Profit and loss	(195 037)	195 037
Equity, net of finance tax	(140 160)	140 160

27. RISK MANAGEMENT continued

27.4 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors, related party loans and preference shares.

The main credit risk for the Group consist mainly on trade receivables and cash equivalents which is managed from a Group level as well as individual company basis.

Trade receivables comprise a widespread customer base of which the majority consists of large international mining companies. Management evaluates credit risk relating to customers on an ongoing basis. Individual risk limits are set in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Risk mainly arises from the fluctuations in commodity prices to which the clients are exposed to.

The maximum credit risk the Group is exposed to is the receivable balance on the financial assets, trade receivables, cash and cash equivalents and related party loans as disclosed in notes 5, 8, 9 and 26 respectively.

2022
USD

	Gross	ECL
Non-current financial assets		
Financial assets	5 084 173	–
Related-party loans	2 306 697	–
Current financial assets		
Trade and other receivables	71 981 816	(4 806 060)
Related-party loans	729 641	–
Derivative financial instrument	248 648	–
Cash and cash equivalents	30 669 450	–

ECL = expected credit losses

2021
USD

	Gross	ECL
Non-current financial assets		
Financial assets	5 112 298	–
Current financial assets		
Trade and other receivables	48 585 136	(4 800 831)
Related-party loans	101 900	–
Derivative financial instrument	54 604	–
Cash and cash equivalents	21 387 523	–

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

27. RISK MANAGEMENT continued

27.5 Liquidity risk

The Group's risk to liquidity is a result of the funds available to cover future commitments. Management manages cash flow on a Group-basis through an on-going review of future commitments and credit facilities. Cash flow forecasts are prepared and borrowing facilities are monitored for compliance with internal balance sheet ratio targets.

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying amount	Contractual cash flows					
2022 **USD**	**Total**	**Less than 1 year**	**2 to 3 years**	**3 to 4 years**	**4 to 5 years**	**5 years and after**	**Total**
Long-term interest bearing borrowings	46 114 105	8 764 719	6 423 201	33 506 412	3 513 844	5 098 463	57 306 639
Lease liabilities	6 384 439	1 122 235	1 299 805	1 278 141	1 256 478	6 773 906	11 730 564
Instalment sales obligations	1 672 726	904 298	708 697	163 348	72 771	–	1 849 114
Related party loans	2 030 367	2 030 367	–	–	–	–	2 030 367
Put option liability for non-controlling interest	12 028 347	3 511 029	3 633 604	3 766 467	3 931 090	4 224 246	19 066 436
Put option liability	–	–	–	–	–	–	–
Trade and other payables	42 445 408	42 445 408	–	–	–	–	42 445 408

27. RISK MANAGEMENT continued

27.5 Liquid risk continued

2021 USD	Carrying amount Total	Contractual cash flows Less than 1 year	2 to 3 years	3 to 4 years	4 to 5 years	5 years and after	Total
Long-term interest bearing borrowings	32 168 810	33 099 286	84 479	54 819	10 931	128 887	33 378 403
Lease liabilities	4 800 232	676 046	910 552	895 376	880 199	6 672 938	10 035 111
Instalment sales obligations	1 040 983	595 928	197 858	230 382	89 815	–	1 113 983
Related party loans	357 292	357 292	–	–	–	–	357 292
Put option liability	314 675	314 675	–	–	–	–	314 675
Trade and other payables	24 046 636	24 046 636	–	–	–	–	24 046 636

27.6 Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to ZAR, CLP, BRL, CAD, INR and PEN. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Management is of the view that only the ZAR poses a significant foreign exchange risk given its volatility against the USD.

The Group reviews its foreign currency exposure, including commitments on an ongoing basis, and has adopted a formal treasury policy to monitor and manage the foreign exchange risk. The Group makes use of collar instruments to mitigate exchange rate exposure arising from future commitments in functional currencies.

Illustrated below is the estimated impact on profitability due to currency movements:

		USD	USD	Year-end rate
Currency		+10%	-10%	
Australian Dollar	AUD	88 408	(108 055)	1.47
Brazilian Real	BRL	(211 116)	258 031	5.28
Botswana Pula	BWP	(10 780)	13 175	12.76
Canadian Dollar	CAD	(103 159)	126 084	1.36
Chilean Peso	CLP	(211 510)	258 512	850.63
Chinese Yuan Renminbi	CNY	(144 671)	176 820	6.90
Colombian Peso	COP	(9 356)	11 435	4 852.50
Euro	EUR	205	(306)	0.93
Guatemalan Quetzal	GTQ	–	–	7.85
Indian Rupee	INR	(352 616)	430 975	82.74
Peruvian Sol	PEN	(429 552)	525 008	3.81
Swedish Krona	SEK	(225 301)	275 368	10.43
Turkish Lira	TRY	1 729	(2 113)	18.71
Central African Franc	XOF	(70 262)	85 875	612.76
South African Rand	ZAR	(2 554 445)	3 122 100	17.04
Zambian Kwacha	ZMW	(3 664)	4 478	18.09

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28. FINANCIAL INSTRUMENTS

2022 USD	Category	Value
Non-current financial assets		
Financial assets	Amortised Cost	5 084 173
Related-party loans	Amortised Cost	1 577 056
Current financial assets		
Trade and other receivables	Amortised Cost	71 981 816
Related-party loans	Amortised Cost	729 641
Call option asset	FVTPL	–
Derivative financial instrument	FVTPL	248 648
Cash and cash equivalents	Amortised Cost	30 669 450

	Category	Value
Non-current financial liabilities		
Interest bearing borrowings	Amortised Cost	41 411 477
Consideration payable	Amortised Cost	1 568 072
Contingent consideration	FVTPL	–
Current financial liabilities		
Interest bearing borrowings	Amortised Cost	4 702 628
Put option liability	FVTPL	–
Loans to related parties	Amortised Cost	2 030 367
Derivative financial instrument	FVTPL	424 288
Contingent consideration	FVTPL	–
Trade and other payables	Amortised Cost	42 445 408
Cash and cash equivalents	Amortised Cost	–

FVTPL = fair value through profit or loss.

Financial assets carried at amortised cost - the carrying value approximates its fair value

28. FINANCIAL INSTRUMENTS continued

2021

USD	Category	Value
Non-current financial assets		
Financial assets	Amortised Cost	5 112 298
Related-party loans	Amortised Cost	101 900
Current financial assets		
Trade and other receivables	Amortised Cost	43 784 305
Related-party loans	Amortised Cost	–
Call option asset	FVTPL	2 322 360
Derivative financial instrument	FVTPL	54 604
Cash and cash equivalents	Amortised Cost	22 789 752

	Category	**Value**
Non-current financial liabilities		
Interest bearing borrowings	Amortised Cost	143 909
Contingent consideration	FVTPL	1 195 290
Current financial liabilities		
Interest bearing borrowings	Amortised Cost	32 024 901
Put option liability	FVTPL	314 675
Loans to related parties	Amortised Cost	357 292
Derivative financial instrument	FVTPL	195 422
Contingent consideration	FVTPL	1 725 210
Trade and other payables	Amortised Cost	24 046 636
Cash and cash equivalents	Amortised Cost	1 402 229

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

29. FAIR VALUE

2022

USD

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised (all amounts in USD as at 31 December):

	Notes	Level 1	Level 2	Level 3	Total
Derivative financial instrument	37	248 648	–	–	248 648
Call option asset	38	–	–	–	–
Contingent consideration	41	–	–	–	–
Derivative financial instrument	37	(424 288)	–	–	(424 288)
Put option for non-controlling interest	25.3	–	–	12 028 347	12 028 347

2021

USD

The table below analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised (all amounts in USD as at 31 December):

	Notes	Level 1	Level 2	Level 3	Total
Derivative financial instrument	37	–	54 604	–	**54 604**
Call option asset	38	–	–	2 322 360	**2 322 360**
Contingent consideration	41	–	–	(2 920 500)	**(2 920 500)**
Derivative financial instrument	37	–	(195 422)	–	**(194 946)**
Put option liability	38	–	–	(314 675)	**(314 675)**

30. SEGMENT REPORTING

30.1 Mining activity

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

	2022 USD	2021 USD
Sales revenue by activity		
Sale of industrial products	13 445 131	–
Raise boring	180 261 596	148 380 152
Support services	9 249 892	6 114 991
Slim drilling	11 197 473	12 124 795
New rock-boring technology	12 239 649	5 216 592
	226 393 741	171 836 530
Gross profit by activity		
Sale of industrial products	4 072 065	–
Raise boring	57 366 860	47 286 002
Support services	3 715 530	(2 258 728)
Slim drilling	(4 524 158)	1 948 737
New rock-boring technology	4 284 933	1 662 431
	64 915 230	48 638 442

30. SEGMENT REPORTING CONTINUED

30.1 Mining activity continued

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.

Changes were made to the operating segments from those disclosed at 31 December 2021. These changes are aligned with the Group's strategic pillars and will enable the chief decision maker, under direct supervision of the resident boards, to improve the management of performances and decisions on allocation of resources to the different segments. The comparative reporting periods were adjusted accordingly as the information was available.

30.2 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.

	2022 USD	2021 USD
Sales revenue by geographical market		
Africa	91 501 620	64 348 625
Central and North America	26 201 504	19 308 704
Rest of the World	37 820 595	33 234 859
South America	70 870 022	54 944 342
	226 393 741	171 836 530
Gross profit by geographical market		
Africa	31 520 829	19 166 684
Central and North America	7 756 373	4 905 188
Rest of the World	7 524 282	10 128 755
South America	18 113 746	14 437 815
	64 915 230	48 638 442

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

Assets and liabilities are relocated to amongst operating segments based the project requirements with these different segments. Transactions within the operating segments occur at arm's length.

	2022 USD	2021 USD
Depreciation and amortisation by geographical market		
Africa	7 868 304	4 807 315
Central and North America	1 914 503	1 811 332
Rest of the World	3 179 389	2 485 304
South America	2 276 102	2 209 799
	15 238 298	11 313 750

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

30. SEGMENT REPORTING CONTINUED

30.2 Geographical segments continued

	2022 USD	2021 USD
Investment income by geographical market		
Africa	709 956	272 467
Central and North America	–	–
Rest of the World	29 274	75 856
South America	154 314	170 638
	893 544	518 961

	2022 USD	2021 USD
Finance cost by geographical market		
Africa	3 118 136	1 440 475
Central and North America	459 152	338 033
Rest of the World	67 049	174 384
South America	825 975	605 316
	4 470 312	2 558 208

	2022 USD	2021 USD
Taxation by geographical market		
Africa	5 531 351	3 643 773
Central and North America	1 611 555	61 537
Rest of the World	2 235 134	3 136 341
South America	1 033 973	1 384 261
	10 412 013	8 225 912

	2022 USD	2021 USD
Total assets by geographical market		
Africa (*)	142 549 854	104 744 612
Central and North America	47 947 391	42 848 751
Rest of the World	73 990 307	76 947 105
South America	79 973 532	65 590 585
Total assets as per statement of financial position	344 461 084	290 131 053
Total liabilities by geographical market		
Africa	85 304 984	33 217 777
Central and North America	15 308 598	16 722 257
Rest of the World	20 138 767	26 899 489
South America	34 576 828	26 922 495
Total liabilities as per statement of financial position	155 329 177	103 762 018

* *Assets in Africa included the investment in associate and investment in joint venture. See note 36 and 39 respectively*

31. CONTINGENCY

	2022 USD	2021 USD
Payment bonds issued to customers	31 108	4 081 523
Retention bonds issued to customers	1 307 589	1 228 597
Performance bonds issued to customers	8 881 921	4 947 051
	10 220 618	10 257 171

The bonds are issued to customers and underwritten by Lombard's Insurance, ABSA Bank and Mapfre Seguros.

32. INVESTMENTS IN SUBSIDIARIES

Master Drilling Group Limited investment in subsidiaries	% holding 2022	% holding 2021	Status	Country	Functional Currency
MDI Exco Ltd	100.00%	100.00%	Investment Holding	Malta	USD
Raisebore Rental (Pty) Ltd	95.00%	95.00%	Operational	RSA	ZAR
Drilling Technical Services (Pty) Ltd	74.00%	74.00%	Operational	RSA	ZAR
Master Drilling Exploration (Pty) Ltd	74.00%	74.00%	Operational	RSA	ZAR
Master Drilling International Ltd (*)	85.00%	85.00%	Investment Holding	Malta	USD
MDG Shared Services (Pty) Ltd	52.91%	52.91%	Operational	RSA	ZAR
Master Sinkers (Pty) Ltd	51.00%	51.00%	Operational	RSA	ZAR
Master Drilling New Technologies Holding (Pty) Ltd	95.00%	95.00%	Investment Holding	RSA	ZAR
MD Training Services (Pty) Ltd	50.79%	50.79%	Operational	RSA	ZAR
Master Drilling Mining Services (Pty) Ltd	100.00%	100.00%	Operational	RSA	ZAR
Master Drilling (Pty) Ltd	100.00%	100.00%	Operational	RSA	ZAR
Master Drilling Exploration (Pty) Ltd investment in subsidiaries					
Geoserve Exploration Drilling (Pty) Ltd	100.00%	100.00%	Operational	RSA	ZAR
Master Drilling New Technologies Holding (Pty) Ltd investment in subsidiary					
Master Tunnelling (Pty) Ltd	100.00%	100.00%	Operational	RSA	ZAR
Master Mining (Pty) Ltd	100.00%	0.00%	Operational	RSA	ZAR
Master Drilling Mining Services (Pty) Ltd investment in subsidiaries (***)					
A&R Engineering and Mining Services (Pty) Ltd	51.40%	25.40%	Operational	RSA	ZAR
Embedded IQ (Pty) Ltd	50.83%	25.00%	Operational	RSA	ZAR
Lamproom Solutions and Consulting (Pty) Ltd	51.15%	25.35%	Operational	RSA	ZAR
Moxie Digital (Pty) Ltd	50.83%	25.00%	Operational	RSA	ZAR

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

32. INVESTMENTS IN SUBSIDIARIES continued

Master Drilling Group Limited investment in subsidiaries	% holding 2022	% holding 2021	Status	Country	Functional Currency
Embedded IQ (Pty) Ltd investment in subsidiaries					
Embedded Works (Pty) Ltd	100.00%	25.00%	Operational	RSA	ZAR
Master Drilling International Limited investment in subsidiaries					
Master Drilling Chile SA	100.00%	100.00%	Operational	Chile	CLP
Master Drilling Peru SAC	100.00%	100.00%	Operational	Peru	PEN
Master Drilling do Brasil Ltda	100.00%	100.00%	Operational	Brazil	BRL
Master Drilling Mexico SA	100.00%	100.00%	Operational	Mexico	USD
Master Drilling Zambia Ltd	100.00%	100.00%	Operational	Zambia	ZMW
Master Drilling Australia (Pty) Ltd	100.00%	100.00%	Operational	Australia	AUD
Master Drilling Colombia S.A.S	100.00%	100.00%	Operational	Colombia	COP
Master Drilling Namibia (Pty) Ltd	100.00%	100.00%	Dormant	Namibia	NAD
Drillcorp Burkina Faso SA	80.00%	80.00%	Dormant	Burkina Faso	XOF
Drillcorp Cote d'Ivoire SA	80.00%	80.00%	Dormant	Cote d'Ivoire	XOF
Master Drilling Botswana (Pty) Ltd	100.00%	100.00%	Operational	Botswana	BWP
Master Drilling Guatemala SA	100.00%	100.00%	Dormant	Guatemala	GTQ
Master Drilling RDC Sprl	100.00%	100.00%	Operational	DRC	USD
Master Drilling Malta Ltd	100.00%	100.00%	Operational	Malta	USD
Jiangsu Master Mining Engineering Technology Company Ltd	100.00%	100.00%	Dormant	China	CNY
Master Drilling Jiangsu Company Ltd	100.00%	100.00%	Dormant	China	CNY
Martwick Ltd	100.00%	100.00%	Dormant	Ireland	EUR
Drilling Technical Services SAC	100.00%	100.00%	Operational	Peru	PEN
Drilling Admin Services SAC	100.00%	100.00%	Operational	Peru	PEN
DCP Properties SAC	100.00%	100.00%	Dormant	Peru	PEN
Master Drilling Changzhou Co. Ltd	100.00%	100.00%	Operational	China	CNY
Orbit Insurance Company Ltd	100.00%	100.00%	Dormant	Anguilla	USD
Master Drilling Ecuador SA	100.00%	100.00%	Operational	Ecuador	USD
Master Drilling USA LLC	90.00%	90.00%	Operational	USA	USD
MD Drilling Services Tanzania Ltd	100.00%	100.00%	Operational	Tanzania	USD
Master Drilling Sierra Leone Ltd	100.00%	100.00%	Dormant	Sierra Leone	USD
Mater Drilling India Private Ltd	100.00%	100.00%	Operational	India	INR
Master Drilling Europe AB	100.00%	100.00%	Operational	Sweden	SEK
Master Drilling Mali SARL	100.00%	100.00%	Operational	Mali	XOF
Master Drilling Madencilik Ve Ticaret Limited Sirketi'	100.00%	100.00%	Dormant	Turkey	TRY
MD Katanga Drilling Company SAS	49.00%	49.00%	Operational	DRC	USD
MDX - Masterdrill Explorações E Sondagens Ltda	100.00%	100.00%	Operational	Brazil	BRL
Master Drilling Canada Ltd	100.00%	100.00%	Operational	Canada	CAD

32. INVESTMENTS IN SUBSIDIARIES continued

Master Drilling Group Limited investment in subsidiaries	% holding 2022	% holding 2021	Status	Country	Functional Currency
Master Drilling Ghana Sprl	100.00%	100.00%	Operational	Ghana	GHS
Master Detra LLC (**)	50.00%	50.00%	Operational	Russia	RUB
Master Drilling Nicaragua SA	100.00%	0.00%	Operational	Nicaragua	USD
Master Drilling Raise Boring Ltd	100.00%	0.00%	Dormant	Zambia	ZMW
Master Drilling Mauritius Ltd	100.00%	0.00%	Dormant	Mauritius	USD
Master Drilling Chile SA investment in subsidiaries					
Consorsio Master Drilling Besalco SA	50.00%	50.00%	Operational	Chile	CLP
Master Drilling Malta Limited investment in subsidiaries					
Master Drilling Chile División Raise Borer SpA	100.00%	100.00%	Operational	Chile	CLP

The Group obtains control in MD Katanga Drilling Company SAS where effective shareholding is 50% or less, via contractual arrangements where the Group has the power to appoint the majority of the subsidiary's board.

A&R Engineering and Mining Services and related companies (acquisition), Master Drilling Nicaragua SA, Master Mining (Pty) Ltd, Master Drilling Raise Boring Ltd and Master Drilling Mauritius (newly established subsidiaries) are new entities added during the current year.

The Group assessed the practical ability unilaterally to direct the relevant activities of Consorsio Master Drilling Besalco SA. The Group, based on its assessment of its practical ability to direct the relevant activities of the investee without the holding the majority of the voting rights as well as other relevant facts and circumstances concluded that de-facto control is obtained and as a result consolidated the subsidiary with a 50% non-controlling interest.

Master Drilling Europe AB has a 31 August and Master India Private Ltd has a 31 March year-ends while new subsidiaries for the current year, A&R Engineering (Pty) Ltd, Lamproom Solutions and Consulting (Pty) Ltd and Moxie Digital (Pty) Ltd has 28 February year-ends that are different from that of the Group. These reporting dates were established when that company was incorporated, and a change of reporting date is not possible at this stage. The financial information of each of these entities up to 31 December have 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.

Embedded IQ (Pty) Ltd changed its year-end from 28 February to 31 December during the current year.

(*) The remaining 15% shareholding of Master Drilling International Ltd is held by MDI Exco, a company that is a 100% subsidiary of Master Drilling Group Ltd.

(**) The Group unconsolidated the entity due to a loss of control - refer to note 42 for more information.

(***) Subsidiaries of Master Drilling Mining Services (Pty) Ltd were accounted for as equity accounted investments during the prior year. The Group obtained control of these entities during the current year - refer to note 25.3.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

33. RELATED PARTIES

Relationships	
Subsidiaries	Refer to note 32
Shareholder with significant influence	Barrange (Pty) Ltd
	MDG Equity Holdings (Pty) Ltd
Joint venture partner	Newham (Pty) Ltd
Companies controlled by directors	Refer to note 26
Related party balances	Refer to note 26
Associate	Refer to note 36
Joint venture	Refer to note 39

Rentals paid to Barrange (Pty) Ltd amounts to 2022: USD209 334 (2021: USD219 746). Rental income received from Hall Core (Pty) Ltd amounts to USD274 081 (2021: USD0). The loan with Newham (Pty) Ltd bears interest at the South African prime lending rate plus 2% and is repayable in monthly installments of ZAR800 000.

Key management is defined as the employees who have the authority to directly or indirectly plan and control the specific business operations within the country it operates in. Key management excludes the directors and prescribed officer of the Group. Refer to note 23 for disclosure on directors' and prescribed officer's remuneration.

34. SHARE OPTION SCHEME

General

The Group adopted the plan on 15 November 2012. The plan is administered by its compliance officer under the direction of the remuneration committee (the "RemCo"). The plan allows the grant of options to acquire fully paid ordinary shares to eligible employees after admission. An eligible employee is any employee (including any executive director) of any member of the Group, but shall not include any non-executive director of the Group, any member of the RemCo or any trustee of an employee benefit trust.

Any eligible employee selected at the discretion of the RemCo shall be eligible to receive grants under the plan. In making this selection, the RemCo shall take into account the contribution of the eligible employee's division to the Group and his/her individual performance measured in the context of the applicable internal performance appraisal process, amongst other factors.

Form of option

The plan allows for the grant of options in such form as the RemCo may consider appropriate, including to allow for options to be granted to individuals in jurisdictions outside the Republic of South Africa, subject to appropriate regulatory approvals. The plan allows for the grant of options with an exercise price determined by the RemCo at the date of grant. Options are granted for no consideration and will be non-transferable, except to the option holder's heirs or executors on death.

Plan limits

Overall

The maximum number of shares in respect of which options can be granted under the plan is five million shares. Options may be settled by existing shares purchased through the market, newly issued shares or shares held in treasury. Shares purchased through the market will not count towards this plan limit.

Individual

The maximum number of shares in respect of which options can be granted to any one option holder under the Plan is 500 000 shares in any three year cycle. Subject to this, 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 of the Group.

34. SHARE OPTION SCHEME continued

Vesting and exercise

Options will vest 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 tenth anniversary of the date of grant.

Voting and dividend rights

Option holders will have no right to voting or dividends until the acquisition of the shares following exercise of the option.

Options granted

No additional share options were granted for the year ended 31 December 2022 (31 December 2021: 0). The share options outstanding as at 31 December 2022 all vested and are exercisable.

Long-term incentive scheme

The long-term incentive is granted to eligible employees of the parent. The incentive comprises of the issue of either shares in the company, phantom shares based on the company shares or cash settlement. Vesting is dependant on the performance conditions which include annual compound growth in profit after tax as well as the annual compound growth in the share price of Master Drilling Group Limited.

The eligible employee must remain in service of the Group until terminal date.

No expense was recognised for the current or prior year as the initial policy period of three years lapsed.

Share option plan

Under the share option plan, share options of the Group are granted to eligible employees of the Group. The exercise price of the share options is determined on the grant date. The share options vest on the third anniversary of the grant date.

The fair value of the share options is estimated at the grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the share options were granted.

The contractual term of each share option granted is until the tenth anniversary of the grant date. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

The expense recognised for employee services received during the year is as follows:

	2022 USD	2021 USD
Expense arising from equity-settled share-based payment transactions	–	–

Movements during the year:

The following table illustrates the number and exercise prices in ZAR ("EP") of, and movements in share options.

	EP	**2022 USD**	EP	2021 USD
Outstanding – 1 January	5.21	410 000	5.21	410 000
Forfeited during the year		–		–
Exercised during the year	11.60	(100 000)		–
Outstanding – 31 December		310 000	5.21	410 000

The total number of share options exercised, amounted to 3 407 286 while 1 592 714 remains un-issued.

The remaining contractual life for the share options outstanding as at 31 December 2022 was 2,91 years (2021: 3,91).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

35. NON-CONTROLLING INTEREST

The following subsidiaries have material non-controlling interest.

2022 USD	Master Drilling Exploration (Pty) Ltd (*)	Master Drilling New Technology Holdings (Pty) Ltd (*)	Master Sinkers (Pty) Ltd	Drilling Technical Services (Pty) Ltd (*)
Principal place of business	RSA	RSA	RSA	RSA
Non-controlling interest ("NCI")	26.00%	5.00%	49.00%	26.00%
Revenue	11 197 473	11 080 601	–	20 667 508
Profit/(Loss)	(2 224 972)	3 418 286	(102 239)	508 173
Total comprehensive income/(loss)	(2 224 972)	3 418 286	(102 239)	508 173
Loss of control in subsidiary	–	–	–	–
Profit/Loss allocated to NCI	(578 493)	170 914	(50 097)	–
Comprehensive income attributable to NCI	(578 493)	170 914	(50 097)	–
Non-current assets	15 283 862	9 716 671	3 423 411	
Current assets	10 578 897	26 136 218	448 698	25 769 289
Non-current liabilities	1 027 224	14 272 999	1 694 872	2 741 337
Current liabilities	13 792 621	16 549 674	1 274 097	21 614 957
Net assets	11 042 914	5 030 216	903 140	1 412 995
Net assets attributable to NCI	2 871 158	251 511	442 539	367 379
Cash flows from operating activities	2 066 368	5 839 305	951 198	(12 956 812)
Cash flows from investing activities	(3 416 294)	602 606	(43 741)	(119 396)
Cash flows from financing activities	2 874 800	(6 117 111)	(31 979)	14 486 731
Net increase/(decrease) in cash and cash equivalents	1 524 874	324 800	875 479	1 410 522
Dividends paid	–	–	–	–

Master Drilling USA LLC	Master Detra LLC	Raisebore Rental (Pty) Ltd (*)	Consorsio Master Drilling Besalco SA	A&R Engineering and Mining Services (Pty) Ltd	Embedded IQ (Pty) Ltd	Embedded Works (Pty) Ltd	Lamproom Solutions and Consulting (Pty) Ltd	Moxie Digital (Pty) Ltd
USA	Russia	RSA	Chile	RSA	RSA	RSA	RSA	RSA
10.00%	50.00%	5.00%	50.00%	48.60%	49.17%	49.17%	48.85%	49.17%
1 367 479	648 979	7 150 487	19 623 667	5 267 634	4 048 044	277 944	6 265 355	239 963
732 865	(11 758)	416 364	1 441 080	170 361	263 104	22 511	223 784	25 523
732 865	(11 758)	416 364	1 441 080	170 361	263 104	22 511	223 784	25 523
–	219 200	–	–	–	–	–	–	–
73 286	103 721	–	720 540	82 797	129 368	11 069	109 318	12 550
73 286	103 721	–	720 540	82 796	129 368	11 069	109 318	12 550
5 042 615	–	22 530 215	129 124	282 741	1 176 254	300 148	237 905	12 150
5 608 353	–	7 166 979	8 813 249	10 188 799	6 993 358	315 861	5 510 173	232 268
–	–	11 828 182	–	–	420 132	–	51 120	–
15 875 052	–	14 054 665	6 937 803	8 504 819	989 825	368 083	4 333 022	37 755
(5 224 084)	–	3 814 348	2 004 570	1 966 720	6 759 655	247 926	1 363 937	206 664
(522 408)	–	190 717	1 002 285	955 826	3 323 722	121 905	666 283	101 617
(1 723 771)	–	1 751 599	2 406 778	(2 533 601)	577 848	328 754	360 785	218 884
3 728	–	(3 555 684)	(76 341)	(143 090)	(825 660)	(61 404)	(163 737)	–
2 176 003	–	1 857 743	(1 468 728)	1 804 778	106 600	(195 387)	(458 495)	(198 401)
455 960	–	53 658	861 709	(871 914)	(141 212)	71 963	(261 447)	20 484
–	–	–	–	–	(973 062)	–	–	–

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

35. NON-CONTROLLING INTEREST continued

2021 USD	Master Drilling Exploration (Pty) Ltd (*)	Master Drilling New Technology Holdings (Pty) Ltd (*)	Master Sinkers (Pty) Ltd	Drilling Technical Services (Pty) Ltd (*)
Principal place of business	RSA	RSA	RSA	RSA
Non-controlling interest ("NCI")	26.00%	5.00%	49.00%	26.00%
Revenue	13 577 807	1 972 187	–	15 230 973
Profit/(Loss)	(1 084 540)	2 678 280	(126 116)	2 083 554
Total comprehensive income/(loss)	(1 084 540)	2 678 280	(126 116)	2 083 554
Profit/Loss allocated to NCI	(281 981)	133 914	(61 797)	–
Comprehensive income attributable to NCI	(281 981)	133 914	(61 797)	–
Non-current assets	14 406 832	10 843 228	3 614 174	290 517
Current assets	12 304 304	5 452 783	26 665	29 326 284
Non-current liabilities	–	972 686	128 877	–
Current liabilities	12 779 758	13 457 979	2 427 355	25 925 443
Net assets	13 931 378	1 865 346	1 084 607	3 691 358
Net assets attributable to NCI	3 622 158	93 267	531 457	129 156
Cash flows from operating activities	1 663 063	1 552 192	309 722	309 772
Cash flows from investing activities	(5 405 136)	977 639	(90 122)	(102 349)
Cash flows from financing activities	2 356 691	(2 533 926)	(219 791)	(219 791)
Net increase/(decrease) in cash and cash equivalents	(1 385 382)	(4 095)	(191)	(12 368)
Dividends paid	16 612	–	–	–

(*) The non-controlling interest share of Drilling Technical Services (Pty) Ltd and Raisebore Rental (Pty) Ltd is calculated after taking into account the elimination of inter-group transactions. The non-controlling interest of both Master Drilling Exploration (Pty) Ltd and Master Drilling New Technology Holdings (Pty) Ltd represent the consolidated amounts for the company and its subsidiaries.

Master Drilling USA LLC	Master Detra LLC	Raisebore Rental (Pty) Ltd (*)	Consorsio Master Drilling Besalco SA	A&R Engineering and Mining Services (Pty) Ltd	Embedded IQ (Pty) Ltd	Embedded Works (Pty) Ltd	Lamproom Solutions and Consulting (Pty) Ltd	Moxie Digital (Pty) Ltd
USA	Russia	RSA	Chile	RSA	RSA	RSA	RSA	RSA
10.00%	50.00%	5.00%	50.00%	25.40%	25.00%	25.00%	25.35%	25.00%
–	482 870	4 891 398	11 331 611	–	–	–	–	–
(839 861)	(219 200)	985 315	582 977	–	–	–	–	–
(839 861)	(219 200)	985 315	582 977	–	–	–	–	–
(83 986)	(109 600)	–	291 489	–	–	–	–	–
(83 986)	(109 600)	–	291 489	–	–	–	–	–
5 166 545	1 945 118	22 347 235	230 132	–	–	–	–	–
3 064 484	2 779 830	7 397 505	3 809 564	–	–	–	–	–
–	–	2 742 831	–	–	–	–	–	–
14 187 978	4 954 676	23 352 036	3 509 450	–	–	–	–	–
(5 956 949)	(229 728)	3 649 873	530 246	–	–	–	–	–
(595 695)	(114 864)	182 494	265 123	–	–	–	–	–
(868 983)	415 768	7 895 984	(1 229 246)	–	–	–	–	–
(5 208)	(1 996 418)	(4 821 993)	(169 256)	–	–	–	–	–
857 660	1 775 444	(3 145 241)	1 478 092	–	–	–	–	–
(16 531)	194 794	(71 250)	79 590	–	–	–	–	–
–	–	–	–	–	–	–	–	–

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

36. INVESTMENT IN ASSOCIATES

	Note(s)	2022 USD	2021 USD
Investment in associate – Applied Vehicle Analysis (Pty) Ltd	36.1	790 777	957 710
Investment in associate – A&R Group (Pty) Ltd	36.2	–	4 736 193
		790 777	5 693 903

36.1 Investment in associate – Applied Vehicle Analysis (Pty) Ltd

During January 2021, the Group purchased a 40% equity interest in Applied Vehicle Analysis (Pty) Ltd ("AVA"), incorporated in South Africa and Applied Vehicle Analysis IOT Ltd ("AVA IOT"), incorporated in Ireland, for ZAR 19,1 million (USD 1.3 million). AVA is a specialist in data-driven mine fleet management solutions and is currently primarily operating with the African segment of the Group. Currently, AVA's unique digital platform analyses and tracks vehicles across 28 different sites in 5 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 have 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 2021.

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

	2022 USD	2021 USD
Cumulative reconciliation:		
Investment at cost	1 293 975	1 293 975
Foreign exchange differences	(57 592)	–
Share of loss from associate	(445 606)	(336 265)
Total investment	790 777	957 710
Carrying amount of the investment is as follow:		
Carrying amount as at 1 January	957 710	–
Additions	–	1 293 975
Foreign exchange differences	(57 592)	–
Share of loss from associate	(109 341)	(336 265)
Carrying amount as at 31 December	790 777	957 710
Loan to associate (refer to note 26)	164 006	–

36. INVESTMENT IN ASSOCIATES continued

	2022 USD	2021 USD
Revenue	**2 008 635**	2 259 052
Loss from continuing operations	**(273 353)**	(840 664)
Total comprehensive loss	**(273 353)**	(840 664)
Group's share of total comprehensive loss	**(109 341)**	(336 265)
Dividends received from associate	**–**	–

	2022 USD	2021 USD
Non-current assets	**97 507**	43 596
Current assets	**448 522**	455 238
Non-current liabilities	**(844 739)**	(160 467)
Current liabilities	**(593 829)**	(965 425)
Net assets	**(892 539)**	(627 058)
Group's share of net assets	**(357 015)**	(250 823)
Goodwill	**1 257 133**	1 544 798
Share of loss from associate	**(109 341)**	(336 265)
Investment in associate	**790 777**	957 710

36.2 Investment in associate – A&R Engineering and Mining Services (Pty) Ltd

During August 2021, the Group purchased approximately 25% equity interest in A&R Engineering and Mining Services (Pty) Ltd 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 is currently primarily operating with 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 is 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 will better diversify overall market exposure and add additional revenue streams to the Group. As at 31 December 2021, the Group still had contingent consideration payable that amounted to ZAR8,4 million (USD:0.5 million) - refer to note 41 for more information.

The contingent consideration was finalised during the year, adjusted upwards with ZAR17,8 million (USD1.0 million) and settled when control of was obtained.

As at 31 December 2021, the Group did not have control of A&R Engineering and Mining Services (Pty) Ltd and related companies via the call option it had for the remainder of the shares. The call option did not give rise to the substantive control until such time as the Group exercises the call option which expires within three years from now or the put option which expires towards the end of 2022. The put option gives the option to put the current 25% owned by the Group back to the sellers at the original purchase price thus effectively cancelling the transaction. Management considered the valuation of the call and put option. At 31 December 2021, the mark-to-market valuation indicated a value of ZAR37,0 million (USD2.3 million) and ZAR5,0 million (USD0.3 million) for the call and put options respectively - refer to note 38 for more information on the options.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

36. INVESTMENT IN ASSOCIATES continued

36.2 Investment in associate – A&R Group (Pty) Ltd continued

During August 2022, the Group exercised its option to acquire an approximate additional 26% shareholding in A&R Engineering and Mining Services (Pty) Ltd and related companies. As a result the Group obtained control of these companies and consolidated accordingly. Refer to note 25.3 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 date control was obtained have 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 date of obtaining control.

		2022 USD	2021 USD
Cumulative reconciliation:			
Investment at cost		**5 329 517**	3 759 639
Contingent consideration	41	**–**	529 920
Fair value adjustment		**(213 367)**	–
Foreign exchange difference		**(341 267)**	–
Share of profit from associate		**1 021 363**	446 634
Total investment		**5 796 246**	4 736 193
Derecognition on obtaining control		**(5 796 246)**	–
Total investment		**–**	4 736 193
Carrying amount of the investment is as follow:			
Carrying amount as at 1 January		**4 736 193**	–
Additions		**–**	3 759 639
Share of profit from associate		**574 729**	446 634
Fair value adjustment		**(213 367)**	–
Contingent consideration adjustment		**1 039 958**	529 920
Foreign exchange difference		**(341 267)**	–
Derecognition on obtaining control		**(5 796 246)**	–
Carrying amount as at 31 December		**–**	4 736 193

	2022 USD	2021 USD
Revenue	**19 235 468**	12 068 035
Profit from continuing operations	**2 298 915**	1 786 535
Total comprehensive profit	**2 298 915**	1 786 535
Group's share of total comprehensive profit	**574 729**	446 634
Royalties received from associate	**419 950**	388 256

(*) The amounts in the table above represent the information for the period it was still an equity accounted invested

36. INVESTMENT IN ASSOCIATES continued

36.2 Investment in associate – A&R Group (Pty) Ltd continued

	2022 USD	2021 USD
Non-current assets	–	1 470 330
Current assets	–	13 339 543
Non-current liabilities	–	(1 332 799)
Current liabilities	–	(2 521 981)
Net assets	–	10 955 093
Group's share of net assets	–	2 765 071
Goodwill	–	1 524 488
Share of loss from associate	–	446 634
Investment in associate	–	4 736 193

	2022 USD	2021 USD
37. DERIVATIVE FINANCIAL INSTRUMENTS		
Derivative financial instruments	248 648	54 604
Derivative financial instruments	(424 288)	(195 422)
Net derivative financial instruments	(175 640)	(140 818)
Loss on derivative financial instruments recognised through profit and loss	(34 822)	(159 777)

The Group uses collar instruments to mitigate exchange rate exposure arising from future commitments in functional currencies. These collar instruments are settled on a net basis and their fair values of this derivative have been estimated by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy. The fair value of the USD derivative reflects the US-dollar spot rate as at the reporting date.

38. OPTION INSTRUMENT

	2022 USD	2021 USD
Call option asset (*)	–	2 322 360
Put option liability (*)	–	(314 675)
Fair value option instrument recognised through profit and loss	–	2 007 685

(*) Refer to note 36.2 for more information on option instruments

During 2021, a ZAR32,0 million (USD2.0 million) fair value adjustment was recognised on the Group's option to acquire additional interest in A&R Engineering and Mining Services (Pty) Ltd and related companies. The options to acquire additional shares have been accounted for as a derivative financial asset measured at fair value through profit or loss up until 31 December 2021.

During August 2022, the Group exercised its option to acquire an approximate additional 26% shareholding in A&R Engineering and Mining Services (Pty) Ltd and related companies. The Group revalued the option on date of valuation and accounted for an fair value adjustment of ZAR7,7 million (USD0.5 million) through profit and loss.

Refer to note 25.3 for more information on the business combination.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

38. OPTION INSTRUMENT continued

	Call option asset	Put option liability	Nett
Opening Balance	2 322 360	(314 675)	2 007 685
Fair value option instrument recognised through profit and loss	668 030	(622 592)	45 438
Foreign exchange differences	(187 894)	48 326	(139 568)
De-recognition on exercising options	(2 802 496)	888 941	(1 913 555)
Closing balance	–	–	–

In calculating the fair value of the options, management used significant judgement in estimating unobservable inputs, which contains elements of estimation uncertainty. The options fall into level 3 of the fair value hierarchy.

The following assumptions were applied in valuing the options:

	2022	2021
Valuation method	Black-Scholes method	Black-Scholes method
Implied volatility	39.52%	39.00%
Risk-free rates	6.76%	4.84%
Dividend yield	Ranges between 0% and 23.82%	Ranges between 0% and 1.87%
Strike price	Ranges between ZAR47 161 and ZAR1 619 271	Ranges between ZAR47 161 and ZAR1 619 271

39. INVESTMENT IN JOINT VENTURE – HALL CORE HOLDINGS (PTY) LTD

Master Drilling Exploration (Pty) Ltd, a subsidiary within the Group, is a 50% partner in Hall Core Holdings (Pty) Ltd ("Hall Core"), incorporated in South Africa, 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 joint venture. As at 31 December, in terms of the contractual agreement between the parties, the Group still had consideration payable that amounted to ZAR53,4 million (USD3.1 million) payable in 2 equal instalments during 2023 and 2024 (2021:USD0) - after making a payment of USD1.2 million during the year. The amount outstanding bears interest at the South African prime lending rate.

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 have 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.

39. INVESTMENT IN JOINT VENTURE – HALL CORE HOLDINGS (PTY) LTD continued

		2022 USD	2021 USD
Cumulative reconciliation:			
Investment at cost		3 344 775	1 225 411
Contingent consideration	41	–	2 390 580
Foreign exchange differences		(284 947)	–
Share of profit from joint venture		1 322 393	411 033
Total investment		4 382 221	4 027 024
Carrying amount of the investment is as follow:			
Carrying amount as at 1 January		4 027 024	–
Additions		–	3 615 991
Contingent consideration fair value adjustment		2 008 459	–
Sales claims acquired		(2 279 675)	–
Foreign exchange differences		(284 947)	–
Share of profit from joint venture		911 360	411 033
Carrying amount as at 31 December		4 382 221	4 027 024
Loan to joint venture (refer to note 26)		1 779 434	–
Consideration payable to joint venture partner:			
Non-current liabilities		1 568 072	–
Current liabilities	15	1 568 072	–

	2022 USD	2021 USD
Revenue	19 068 318	6 666 209
Depreciation and amortisation	(585 812)	(648 066)
Interest income and expenses	(262 395)	–
Profit from continuing operations	1 822 720	822 067
Total comprehensive profit	1 822 720	822 067
Group's share of total comprehensive profit	911 360	411 033

	2022 USD	2021 USD
Non-current assets	4 739 864	2 392 436
Current assets (*)	8 160 636	2 244 395
Non-current liabilities	(2 627 362)	(1 666)
Current liabilities	(5 497 433)	(3 569 425)
Net assets	4 775 705	1 065 740
Group's share of net assets	2 387 853	532 870
Goodwill	1 083 008	3 083 121
Share of profit from associate	911 360	411 033
Investment in associate	4 382 221	4 027 024

(*) Includes an amount of USD194 150 for cash and cash equivalents

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

40. 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 customers that is expected to be realised aligned with the performance obligations in terms of the contract with the clients. During the current year the company also entered into an additional agreement where it received an amount upfront as part of a contract with customer that is expected to be realised aligned with the performance obligations in terms of the contract with the client. Unwinding of revenue and interest is respectively realised to profit and loss.

	2022 USD	2021 USD
Balance on 1 January	**8 658 296**	–
Contract with customers	**4 515 571**	8 658 296
Interest on unwinding of contract liability	**429 306**	–
Recognised as revenue	**(4 154 449)**	–
Foreign exchange differences	**(552 208)**	–
Closing on 31 December	**8 896 516**	8 658 296
Non-current liabilities	**3 270 349**	3 932 115
Current liabilities	**5 626 167**	4 726 181

41. CONTINGENT CONSIDERATION

	2022 USD	2021 USD
Contingent consideration – A&R Group (Pty) Ltd As at 31 December 2021, the Group had contingent consideration payable to the shareholders of A&R Engineering and Mining Services (Pty) Ltd and related companies as part of the approximate 25% investment in associate. The consideration payable was calculated based on a multiple between 4.50 and 5.85 of the company's audited profit after taxation for the FY2022 that ends 28 February and is payable upon the completion of each year's audited financial information. The consideration payable amount was based and calculated on the best information available as at 31 December 2021. All contingent consideration related to A&R Engineering and Mining Services (Pty) Ltd and related companies were settled during the year as part of the Group exercising its option to gain control by gaining another approximately 26% shareholding. Refer to Note 25.3 for more information.	–	529 920
Contingent consideration – Hall Core Holdings (Pty) Ltd As at 31 December 2021, the Group had contingent consideration payable to the shareholders of Hall Core Holdings (Pty) Ltd as part of the 50% investment in joint venture. The consideration payable was calculated based on a 3.80 multiple of the company's EBITDA for the FY2022 that ends 28 February and is payable in two equal instalments. The consideration payable amount was based and calculated on the best information available as at 31 December 2021. The business combination consideration payable was finalised during the year and the final amount payable is disclosed in note 39.	–	2 390 580
	–	2 920 500
Non-current liabilities	–	1 195 290
Current liabilities	–	1 725 210

42. 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

42. DECRECOGNITION ON LOSS OF CONTROL continued

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

	2022 USD	2021 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)	–
Nett 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.

43. SUBSEQUENT EVENTS

The Board approved a dividend on 27 March 2023 of ZAR47,5 cents per share payable to shareholders recorded in the Company's share register on 19 May 2023. The dividend declared is not reflected in the financial statements for the year ended 31 December 2022.

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.

44. CONTINGENT LIABILITY

The Group is the defendant in legal proceedings brought by the owner of the Atlantis Group with the acquisition of the Atlantis Group in 2018. Despite the additional claims brought by the owner of the Atlantis Group during the current year against the Group for the operations that was held in India, Zambia and Brazil, management's assessment, based on its interpretation of the underlying purchase agreement, independent legal advice and legal counsel, is that the basis for the claim has little merit and it is not probable that an outflow will be required to settle the claim. The Group's assessment of the estimated value of this contingent liability, taking into account the range of possible outcomes of the judicial process does not exceed the outstanding purchase price consideration.

45. 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.

46. CAPITAL COMMITMENTS

	2022 USD	2021 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.	4 843 883	**1 764 300**

SUPPLEMENTARY INFORMATION

ANALYSIS OF SHAREHOLDING

Size of holdings	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
1 – 1 000	3 492	74.9%	472 508	0.3%
1 001 – 10 000	859	18.4%	3 199 972	2.1%
10 001 – 100 000	228	4.9%	7 473 562	4.9%
100 001 – 1 000 000	65	1.4%	25 619 654	16.9%
1 000 000+	17	0.4%	114 597 081	75.7%
Total	**4 661**	**100.0%**	**151 362 777**	**100.0%**
Shareholder type				
Public shareholders	4 647	99.7%	63 560 947	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	**4 661**	**100.0%**	**151 362 777**	**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)	19 168 223	12.7%
Abax Investments	9 541 458	6.3%
Ninety One	8 950 043	5.9%
Total	**37 659 724**	**24.9%**

According to the share register of the Company the following beneficial shareholders 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
Barrange (Pty) Ltd	43 696 650	28.9%
MDG Equity Holdings (Pty) Ltd	38 954 436	25.7%
Ninety One Ltd	8 950 043	5.9%
Total	**91 601 129**	**60.5%**

Stock exchange information as at 31 December

JSE share code: MDI

		2022	2021
Market price (ZAR cents)	– high	**1 550**	1 360
	– low	**1 148**	652
	– closing	**1 448**	1 148
	– average	**1 349**	853
Shares traded		**13 131 721**	24 066 539

CORPORATE INFORMATION

MASTER DRILLING GROUP LIMITED

Registration number: 2011/008265/06
Incorporated in the Republic of South Africa
JSE share code: MDI
ISIN: ZAE000171948 ||| LEI: 37890095B2AFC611E529

REGISTERED AND CORPORATE OFFICE

4 Bosman Street
PO Box 902
Fochville, 2515
South Africa

DIRECTORS

Executive

Daniël (Danie) Coenraad Pretorius	Chief executive officer and founder
André Jean van Deventer	Financial director and chief financial officer
Barend Jacobus (Koos) Jordaan	Executive director

Non-executive

Hendrik (Hennie) Roux van der Merwe	Chairman and independent non-executive
Akhter Alli Deshmukh	Independent non-executive
Andries Willem Brink	Independent non-executive (also the lead independent director)
Hendrik Johannes Faul	Independent non-executive
Mamokete Ramathe	Independent non-executive
Shane Trevor Ferguson	Non-executive

COMPANY SECRETARY

Andrew Colin Beaven
6 Dwars Street
Krugersdorp
1739
South Africa
PO Box 158, Krugersdorp, 1740
South Africa

JSE SPONSOR

Investec Bank Limited
(Registration number: 1969/004763/06)
100 Grayston Drive, Sandown
Sandton, 2196
South Africa

INDEPENDENT AUDITOR

BDO South Africa Incorporated
South African member of BDO Group
52 Corlett Drive
Illovo
2196
South Africa

SHARE TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)
South Africa

INVESTOR RELATIONS CONTACTS

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MASTER DRILLING WEBSITE

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COMPANY SECRETARIAL E-MAIL

Companysecretary@masterdrilling.com

Master Drilling posts information that is important to investors on the main page of its website at www.masterdrilling.com and under the "investors" tab on the main page. The information is updated regularly, and investors should visit the website to obtain valuable information about Master Drilling.


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