MASTER DRILLING

2024

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2024

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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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("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 Accounting Standards, South African Financial Reporting Requirements 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 2025 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 30(2)(a) of the Companies Act, the financial statements of the Group, for the year ended 31 December 2024, 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 16 to 101, 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; and
6. we are not aware of any fraud involving directors.

The Group’s audited annual financial statements as approved on 24 March 2025, 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
24 March 2025

André Jean van Deventer
Director

Johannesburg
24 March 2025

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 2024, 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

Johannesburg
24 March 2025

AUDIT COMMITTEE REPORT
for the year ended 31 December 2024

This report is provided by the audit committee in respect of the 2024 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. ST Ferguson (non-independent) was a member of the audit committee until his unfortunate passing in November 2024. The members at the date of this report comprise of AW Brink (Chairman), AA Deshmukh 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 in the following:
In respect of the external auditor and the external audit, the audit committee, among other matters:

- nominated BDO South Africa Incorporated as the external auditor for both the holding and subsidiary companies for the financial period ended 31 December 2025;
- ensured that the appointment of the external auditor complied with all applicable legal and regulatory requirements;
- approved the external audit engagement letter, the audit plan and the budgeted audit fees payable to the external auditor for 2024;
- obtained an annual written statement from the external auditor that its independence was not impaired;
- determined the nature and extent of all non-audit services provided by the external auditor and approved the applicable non-audit services undertaken;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, 2005, and determined that there were none; and
- satisfied itself that the external auditor has been the external auditor of the Group and its subsidiaries for 13 years. This includes a period of six years before a merger with its predecessor audit firm. The audit committee further satisfied itself that the initial external audit partner has rotated after a period of seven years as prescribed.

In respect of the annual financial statements, the audit committee, among 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 2024 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, among other matters has:
- established an independent in-house internal audit function that is from time to time supported by PwC on specialist matters;
- satisfied itself that the function effectively provided objective and relevant assurance on the areas covered during the year;
- reviewed internal audit reports and deliberated on the audit findings in accordance with the combined assurance plan and internal audit work programme;
- considered the Group's system of internal financial control, during the year under review, with input and reports from the independent internal 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, among other matters has:
- reviewed the Group's enterprise risk management and combined assurance implementation plan and improvement initiatives;
- reviewed the Group's enterprise risk management and combined assurance policy and framework; and
- formed an integral part of the risk management process and 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. Assurance activities were focused on addressing significant financial and other risks facing the business.

In respect of the company's integrated report, the audit committee collaborated with the risk, social, ethics and sustainability, remuneration and governance committees to ensure the accuracy and completeness of the report. The integrated report is expected to be released in April 2025.

In addition, the audit committee:
- considered the expertise, resources and experience of the finance function and concluded that these were appropriate;
- considered the experience and expertise of the chief financial officer and concluded that these were appropriate;
- considered the key audit matters as determined by BDO South Africa Incorporated and as described in the independent external auditor's report;
- reviewed paragraphs 3.84(g) and 3.86 to 3.93 of the JSE Listings Requirements, as amended from time to time and 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 management (ISQM 1) inspection on the audit firm during its previous inspection cycle;
    ii. the external 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 external auditor levels; and
    iii. both the audit firm and the individual external auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities.

2025 FOCUS AREAS

During 2025 the Audit Committee will amongst others focus on the following:
- Internal Audit function: Oversee the design, implementation, and operation of internal controls to mitigate risks, review the adequacy of resources for Internal Audit, ensure audits align with organisational priorities, monitor compliance with regulations, track the implementation of Internal Audit recommendations, and assess the ongoing performance of internal controls to promote transparency, accountability, and effective risk management.

- Risk Management: Assess internal controls to prevent fraud, manage operational and financial risks.
- Regulatory Compliance: Monitor adherence to environmental, health, and safety regulations, with a focus on financial compliance.
- ESG: Monitor ESG reporting, corporate social responsibility, community engagement, and resource conservation efforts.
- Financial Oversight: Ensure accurate financial reporting, proper revenue and cost recognition, and compliance with IFRS or relevant financial standards.

MEMBERSHIP AND ATTENDANCE AT MEETINGS

The audit committee members attended the following meetings:

Members	15 March 2024	19 March 2024 Special	4 June 2024	15 August 2024	20 August 2024 Special	19 November 2024
Andries Willem Brink	P	P	P	P	P	P
Akhter Ali Deshmukh	P	P	P	P	P	P
Shane Trevor Ferguson	P	P	P	P	P	N/A
Mamokete Ramathe	P	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 external 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 consolidated annual financial statements of the Group for the period ended 31 December 2024, 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 2024 for approval to the board of directors who 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
24 March 2025

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 106, which comprise the consolidated statement of financial position as at 31 December 2024, 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 material accounting policy information.

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 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Group Final Materiality

Final materiality: USD2.75 million, which represents 7% of consolidated profit before tax, adjusted for a once-off impairment reversal to property, plant and equipment. In using the earnings-based measure, we believed it was necessary to adjust the base for the once-off write-down of equipment that is currently not being utilised as this may be a temporary impairment due to uncertainty over commodity prices within the machine's target industry.

Following assessment of the financial information needs of the owners of the group, including the relatively narrow shareholder spread and the fact that there have been no significant changes in ownership or the group structure, our assessment of other stakeholders to the group’s financial statements, our extensive experience with the group and our assessment of other factors relating to the public interest in the group, we selected 7% of consolidated profit before tax as an appropriate quantitative threshold for purposes of setting group final materiality.

Our assessment of the benchmark for materiality was informed based on our view of the following factors:

- Stakeholders of the group are focused on consolidated profits realised for the year as this is representative of the overall group performance considering current conditions;
- Earnings per share and Headline earnings per share are the key reporting measurements;
- Consolidated profit before tax is further used as a measurement tool as to the return being received on assets invested in (linked to overall machine utilisation); and
- How the company is converting its capital deployed in operations into profits.

GROUP AUDIT SCOPE

As part of our assessment of the audit risk, materiality and the allocation of performance materiality determine our audit scope for each component within the group. This enables us to form an opinion on the consolidated financial statements.

We also consider the organisation, location and business operations of each entity in the group and changes in the business environment when forming our view as to the grouping of each component which assist us in assessing the level of work to be performed at each component.

Our process focuses on identifying and assessing the risk of material misstatements of the consolidated financial statements as a whole, to assist us in forming our approach to the group audit. This process has assisted us in determining the audit work that needed to be undertaken at each of the components, either by us as the group audit engagement team, or by component auditors under our direction and supervision.

We identified 22 components and applied the following scoping:

- 11 full scope components, which were selected based on the risk in those components and for which we therefore performed procedures as necessary to address the assessed risk of material misstatement of the consolidated financial statements;
- 11 specific scope components where the extent of our testing was based on our assessment of the risk of material misstatement arising from certain specific financial balances and/or processes at those locations; and
- Analytical review procedures were performed over the remaining components that were considered inconsequential to the group.

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.

In terms of the EAR Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of plant and machinery (Note 4): The group's plant and machinery (disclosed as part of Property, Plant and Equipment in Note 4 to the consolidated financial statements), with a net book value of USD151 million are used in various remote locations, including underground mines, which pose significant practical challenges for assessing their existence and condition. These assets are often located in difficult-to-access areas, making physical verification and inspection challenging. The difficulty in obtaining reliable evidence regarding the existence and condition of plant and machinery increases the potential risk of misstatement in the consolidated financial statements. Additionally, the depreciation calculations for plant and machinery are complex, particularly with respect to the Drill Rods. The calculation of depreciation is based on the Units of Production method over the meters drilled and requires significant judgment regarding estimates of useful lives and future production levels. The accuracy of these estimates is critical, as they directly impact the depreciation expense recognised in the consolidated financial statements. During the current reporting period, an impairment loss was recognised by the group. The group impaired a Mobile Tunnel Borer included in plant and machinery to the value of USD 7.8 million as no formal agreement is currently in place to project future cash flows, due to uncertainty over commodity prices within the machine's target industry. The group undertook a strategic assessment and concluded that ceasing operations in the Shaft Reverse Circulation Equipment ("RCE") was in the best interest of the organisation to optimise resource allocation and mitigate financial losses. The group recognised an impairment loss of USD5.4 million on the RCE. Given the practical challenges in verifying the existence of plant and machinery, the significant judgment required in the assessment of useful lives for depreciation purposes (especially with respect to the Drill Rods), these matters, including the impairment of certain items of plant and equipment were considered to be of most significance in our current year audit of the group's consolidated financial statements.	**Our audit procedures included the following:** Assessment of Controls: • We assessed the design and implementation of the group's internal controls over the existence and valuation of plant and machinery. • This included evaluating controls over the physical verification of assets and monitoring the movement of plant and machinery, particularly for assets located at remote and difficult-to-access locations. • We inspected management's control documentation related to the physical movement of drilling machinery between sites and countries. This documentation was assessed for adequacy and compliance with the group's policies and procedures. We performed procedures to assess the existence of plant and machinery, including physical inspection during site visits and the inspection of time-stamped photographs, virtual video calls, and other relevant procedures. For drilling equipment on site, we confirmed the existence and potential impairment through revenue generation. We evaluated the depreciation methodology applied to plant and machinery, specifically the Units of Production method applied to the Drill Rods. Our evaluation included consideration as to whether the method complies with IAS 16 – Property, Plant and Equipment, and whether the assumptions regarding useful lives were reasonable. We recalculated the depreciation for a sample of assets to confirm the accuracy of the calculations. We selected a sample of Drill Rods for testing to assess the appropriateness of the estimated useful lives and to verify the accuracy of the depreciation charges. We performed specific procedures to assess the impairment of the asset within Master Tunnelling, considering both internal and external sources of information, and evaluated the appropriateness of the impairment loss recognised as per the requirements of IAS 36 – Impairment of Assets. We assessed the disclosures in the consolidated financial statements related to plant and machinery, ensuring that against the requirements of IAS 16, IAS 36, and IAS 38. The disclosures relating to the significant judgments and estimates were assessed for completeness and accuracy against the requirements of IAS 1 – Presentation of Financial Statements. Based on the procedures performed above, we did not identify any matters requiring further consideration.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Master Drilling Group Limited Audited Financial Statements 31 December 2024" and in the document titled "Master Drilling Group Limited Separate Financial Statements for the year ended 31 December 2024, which includes the Directors' Report, the Audit Committee's Report and the Company 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 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, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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.

INDEPENDENT AUDITOR’S REPORT (CONTINUED)

- 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Master Drilling Group Limited for thirteen years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

J Barradas
Director
Registered Auditor

25 March 2025
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 and provides solutions that enforce business rules, optimize output, safe-guard miners, protect/manage assets and locate missing persons 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 2024	%
Barrange (Pty) Ltd	29.0
MDG Equity Holdings (Pty) Ltd	25.9
Ninety-One	7.8

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

As at 31 December 2024	%
Camissa Asset Management	10.2
Ninety-One	7.9
Abax Investments	6.0

Share capital

Authorised

500 000 000 ordinary shares of no-par value.

There was no movement in authorised ordinary share capital during the year. Changes made to issued share capital since 31 December 2023 relate to the buyback of shares as disclosed in note 11.

Unissued ordinary shares

	Number of shares	
	2024	2023
At 1 January	**348 522 223**	**348 637 223**
Issued during the year		**115 000**
Bought back during the year	**940 998**	
At 31 December	**349 463 221**	**348 522 223**

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.

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 7 526 839 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% (7 526 839) 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.

During the year Master Drilling Group Ltd exercised a share buyback in line with its Memorandum of Incorporation to the value of USD614 658 (940 998 shares) at an average price of ZAR11,96 in 4 different tranches. Refer to note 11 for more details.

DIRECTORS' INTERESTS IN SHARES

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

	Total % holding of issued capital	**Beneficial** **Direct** **2024**	**Beneficial** **Indirect** **2024**	Beneficial Direct 2023	Beneficial Indirect 2023
Director					
DC Pretorius	52.60	**500 900**	**78 641 565**	500 900	78 641 565
AJ van Deventer	1.80	**10 000**	**2 671 784**	10 000	2 671 784
GR Sheppard	2.00	**–**	**2 955 884**	–	2 955 884
BJ Jordaan	2.00	**1 781 861**	**1 228 336**	1 781 861	1 228 336
Total directors	58.40	**2 292 761**	**85 497 569**	2 292 761	85 497 569
RJ Swanepoel	0.00	**11 500**	**–**	11 500	–
Total	58.40	**2 304 261**	**85 497 569**	2 304 261	85 497 569

(*) Rounding of % may result in computational discrepancies.

At 31 December 2024, the directors of the Company held direct and indirect interests of 58.4% (2023: 58.0%) 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 2024, the Board on 24 March 2025 declared a gross dividend of 65,00 cents per share in ZAR terms payable to shareholders recorded in the company's share register on Friday, 20 June 2025. This dividend represents a five times earnings cover which is in line with the desired level indicated in its listing prospectus, of a four to five times earnings cover.

The dividend is payable from distributable reserves and, where dividend withholding tax of 20% is applicable, a net dividend of 52,00 cents per share in ZAR terms will be payable to shareholders.

The number of shares in issue at date of declaration amounts to 150 536 779 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, 17 June 2025
Trading *ex* dividend commences:	Wednesday, 18 June 2025
Record date:	Friday, 20 June 2025
Payment date:	Monday, 23 June 2025

Shares may not be dematerialised or re-materialised between Wednesday, 18 June 2025 and Friday, 20 June 2025, both dates inclusive.

A gross dividend of 52,5 cents per share in ZAR terms relating to FY2023 was declared and paid during May 2024. 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 subsidiary's majority shareholder.

DIRECTORS' REPORT (CONTINUED)

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.

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 for the unfortunate passing of ST Ferguson during November 2024.

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, 12 June 2025 at 09:00. More details on the arrangements around the virtual annual general meeting will be disclosed in the notice and proxy that will be available no later than 30 April 2025.

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

The subsidiaries, associates and joint ventures of Master Drilling are disclosed in notes 33, 37 and 40 respectively of this document.

EVENTS SUBSEQUENT TO YEAR-END

The Board approved a gross dividend on 24 March 2025 of 65,00 cents per share in ZAR terms payable to shareholders recorded in the Company's share register on Friday, 20 June 2025. The dividend declared is not reflected in the financial statements for the year ended 31 December 2024.

After the end of the 2024 financial year, the Group entered into a purchase agreement where it acquired 75% of the shares of Konec Spa on 2 January 2025, a company incorporated in Chile. The purchase price to be paid is expected to be approximately CLP384 million (USD385 542 at year-end spot rate). Konec Spa is a technology company specialising in fleet tracking and management software for industrial technology, the investment is aligned with the Group's strategy to diversify its services and invest in businesses in different regions and services.

Due to the recent nature of this transaction, the initial accounting for the acquisition has not been finalised as it is impractical in the limited timeframe to do so. Management is currently still in the process of determining the fair value of all the identifiable assets and liabilities, therefore, initial accounting for the business combination is incomplete and will only be finalised during the next financial reporting period. Refer to note 42.

The directors are not aware of any other matters outside of this report or circumstances arising that could have a material impact in the business subsequent to the reporting date.

MATERIAL RESOLUTIONS

No material special shareholders resolutions were passed during the year under review, except those passed at the annual general meeting held on 10 June 2024. 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

There have been changes made to the operating segments from those disclosed at 31 December 2023. The changes will enable the chief decision maker, under the direct supervision of the resident boards, to improve the assessment of the performances and make better informed decisions on the allocation of resources to the different operating segments. The comparative reporting periods were adjusted accordingly as the information was available. Refer to note 31 for more details.

On behalf of the Board

Hendrik Roux van der Merwe
Chairman

Johannesburg
24 March 2025

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December

	Note(s)	2024 USD	2023 USD
Assets			
Non-current assets			
Property, plant and equipment	4	**169 973 461**	165 493 018
Intangibles and goodwill	5	**19 686 373**	21 079 664
Financial assets	6	**5 660 854**	5 196 817
Deferred tax asset	7	**8 296 393**	3 350 729
Related party loans	27	**5 925 969**	3 623 467
Investment in joint ventures	40	**4 042 648**	4 469 712
Investment in associates	37	**1 277 266**	958 496
		214 862 964	204 171 903
Current assets			
Inventories	8	**46 869 381**	48 106 842
Related party loans	27	**512 661**	726 464
Trade and other receivables	9	**71 205 690**	76 367 261
Current tax receivable		**9 970 640**	4 319 829
Derivative financial instruments	38	**323 121**	326 327
Cash and cash equivalents	10	**34 615 375**	27 851 965
		163 496 868	157 698 688
Total assets		**378 359 832**	361 870 591
Equity and liabilities			
Equity			
Share capital	11	**148 855 517**	149 470 175
Reserves		**(139 233 312)**	(129 762 649)
Retained income		**177 532 905**	165 166 453
		187 155 110	184 873 979
Non-controlling interest	36	**24 314 317**	24 110 007
		211 469 427	208 983 986
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	13	**7 172 461**	39 508 019
Lease liabilities	14	**4 405 979**	5 153 677
Instalment sales liabilities	15	**875 469**	61 160
Contract liability	41	**–**	4 782 670
Employee Benefit Provision	17	**791 429**	1 288 163
Related party loans	27	**1 619 164**	–
Put option liability for non-controlling interest	39	**7 976 656**	7 074 250
Deferred tax liability	7	**10 246 586**	9 922 984
		33 087 744	67 790 923
Current liabilities			
Interest-bearing borrowings	13	**40 849 123**	4 572 533
Lease liabilities	14	**508 064**	601 775
Instalment sales liabilities	15	**822 946**	1 339 205
Related party loans	27	**59 565**	1 894 998
Current tax payable		**12 456 863**	6 920 411
Trade and other payables	16	**69 624 514**	63 770 049
Derivative financial instruments	38	**673 651**	576 164
Employee Benefit Provision	17	**2 708 853**	1 145 024
Contract liability	41	**4 104 918**	2 506 961
Put option liability for non-controlling interest	39	**1 994 164**	1 768 562
Cash and cash equivalents		**–**	–
		133 802 661	85 095 682
Total liabilities		**166 890 405**	152 886 605
Total equity and liabilities		**378 359 832**	361 870 591

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December

	Note(s)	2024 USD	2023 USD
Revenue	18	**270 842 794**	242 797 541
Cost of sales		**(186 879 370)**	(172 138 604)
Gross profit		**83 963 424**	70 658 937
Other operating income	19	**2 464 314**	3 109 686
Other operating expenses		**(43 106 536)**	(37 993 230)
Impairment of property, plant and equipment	4.1 + 5.1	**(13 894 642)**	(2 227 106)
Movement of expected credit loss allowances	9	**141 426**	289 139
Operating profit	20	**29 567 986**	33 837 426
Investment income	21	**2 225 804**	1 402 578
Finance costs	22	**(6 260 390)**	(5 804 895)
Fair value adjustment		**62 572**	(22 989)
Share of profit from equity accounted investments	37 + 40	**25 905**	753 445
Profit before taxation		**25 621 877**	30 165 565
Taxation	23	**(6 916 570)**	(7 867 907)
Profit for the year		**18 705 307**	22 297 658
Other comprehensive income that will subsequently be classified to profit and loss:			
Exchange differences on translating foreign operations		**(10 003 571)**	(5 844 900)
Other comprehensive loss for the year net of taxation		**(10 003 571)**	(5 844 900)
Total comprehensive income		**8 701 736**	16 452 758
Profit attributable to:		**18 705 307**	22 297 658
Owners of the parent		**17 417 254**	20 582 171
Non-controlling interest		**1 288 053**	1 715 487
Total comprehensive income attributable to:		**8 701 736**	16 452 758
Owners of the parent		**7 413 683**	14 737 271
Non-controlling interest		**1 288 053**	1 715 487
Earnings per share (USD)	25		
Basic earnings per share (cents)		**11.5**	13.6
Diluted earnings per share (USD)	25		
Diluted basic earnings per share (cents)		**11.5**	13.6
Earnings per share (ZAR)			
Basic earnings per share (cents)		**210.8**	251.0
Diluted earnings per share (ZAR)			
Diluted basic earnings per share (cents)		**210.8**	251.0

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 2022	149 365 330	(58 264 013)	(67 487 777)	1 611 385
Dividends declared by subsidiaries	–	–	–	–
Share-based payment	–	–	–	–
Put option liability for non-controlling interest	–	–	–	–
Issue of share capital for options exercised	104 845	–	–	–
Dividends to shareholders	–	–	–	–
Total comprehensive income for the year	–	–	(5 665 631)	–
Total changes	104 845	–	(5 665 631)	–
Balance as at 31 December 2023	149 470 175	(58 264 013)	(73 153 408)	1 611 385
Dividends declared by subsidiaries	**–**	**–**	**–**	**–**
Share buy backs	**(614 658)**	**–**	**–**	**–**
Share-based payment	**–**	**–**	**–**	**–**
Put option liability for non-controlling interest	**–**	**–**	**–**	**–**
Equity impact on common control transaction	**–**	**–**	**–**	**383 738**
Dividends to shareholders	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**(10 003 571)**	**–**
Total changes	**(614 658)**	**–**	**(10 003 571)**	**383 738**
Balance as at 31 December 2024	**148 855 517**	**(58 264 013)**	**(83 156 979)**	**1 995 123**
Note(s)	11	12		

[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.

Share-based payments reserve	Total reserves	Retained income	Attributable to owners of the parent	Non-controlling interest	Total Shareholders' equity
88 967	(124 051 438)	147 707 905	173 021 797	23 060 403	196 082 200
–	–	–	–	(665 883)	(665 883)
(13 636)	(13 636)	–	(13 636)	–	(13 636)
–	–	591 291	591 291	–	591 291
(31 944)	(31 944)	–	72 901	–	72 901
–	–	(3 714 914)	(3 714 914)	–	(3 714 914)
–	(5 665 631)	22 297 658	14 916 540	1 715 487	16 632 027
(45 580)	(5 711 211)	19 174 035	11 852 182	1 049 604	12 901 786
43 387	(129 762 649)	165 166 453	184 873 979	24 110 007	208 983 986
–	**–**	**–**	**–**	**(1 083 743)**	**(1 083 743)**
–	**–**	**–**	**(614 658)**	**–**	**(614 658)**
149 170	**149 170**	**–**	**149 170**	**–**	**149 170**
–	**–**	**(677 847)**	**(677 847)**	**–**	**(677 847)**
–	**383 738**	**–**	**383 738**	**–**	**383 738**
–	**–**	**(4 372 955)**	**(4 372 955)**	**–**	**(4 372 955)**
–	**(10 003 571)**	**17 417 254**	**7 413 683**	**1 288 053**	**8 701 736**
149 170	**(9 470 663)**	**12 366 452**	**2 281 131**	**204 310**	**2 485 441**
192 557	**(139 233 312)**	**177 532 905**	**187 155 110**	**24 314 317**	**211 469 427**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December

	Note(s)	2024 USD	2023 USD
Cash flows from operating activities			
Cash generated from operations	26.1	**58 274 476**	51 320 693
Interest received		**1 150 581**	674 275
Dividends received	21	**67 339**	–
Finance costs paid	22	**(4 994 598)**	(4 634 630)
Tax paid	26.2	**(12 031 169)**	(11 903 235)
Net cash inflow from operating activities		**42 466 629**	35 457 103
Cash flows used in investing activities			
Purchase of property, plant and equipment	4	**(28 078 653)**	(33 932 052)
Purchase of intangibles	5.1	**(38 964)**	(72 639)
Sale of property, plant and equipment		**634 153**	3 566 451
Advances to related parties		**(2 070 693)**	(815 988)
Proceeds from related parties		**1 260 469**	1 369 568
Payment of consideration for joint venture	40.1	**(1 520 432)**	(1 186 684)
Loans acquired from joint venture		**(721 551)**	–
Acquisition of joint venture	40.2	**(1)**	–
Net cash outflow from investing activities		**(30 535 672)**	(31 071 344)
Cash flows from financing activities			
Advance from financial liabilities	13.2	**9 959 700**	2 716 083
Repayment of financial liabilities	13.2	**(4 919 264)**	(2 830 443)
Repayment of capital portion of lease liabilities	13.2	**(1 299 003)**	(564 787)
Repayment of capital portion of instalment sales agreements	13.2	**(828 433)**	(888 403)
Repayment of related parties	13.2	**(1 132 670)**	–
Advances received from related parties	13.2	**908 123**	–
Issue of share capital		**–**	21 918
Share buy backs		**(614 658)**	–
Dividends paid to shareholders		**(4 372 955)**	(3 714 914)
Dividends paid to non-controlling interest		**(1 083 743)**	(665 883)
Net cash used in financing activities		**(3 382 903)**	(5 926 429)
Total cash inflow/(outflow) for the period		**8 548 054**	(1 540 670)
Cash at the beginning of the period		**27 851 965**	30 669 450
Effect of exchange rate movement on cash balances		**(1 784 644)**	(1 276 814)
Total cash at end of the period	10	**34 615 375**	27 851 966

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

1. ABOUT THESE CONSOLIDATED FINANCIAL STATEMENTS

1.1 Reporting entity

Master Drilling Group Limited is an investment holding company, whose subsidiary companies provide specialised drilling services and provides solutions that enforce business rules, optimize output, safe-guard miners, protect/manage assets and locate missing persons 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. The consolidated financial statements comprise Master Drilling Group Limited and its subsidiaries who are wholly-owned subsidiaries, joint ventures and associates operating in:

- **Africa**
- **South America**
- **Central and North America**
- **North, Central and Eastern Europe**
- **Asia**
- **India**
- **Australia**

Master Drilling Group Limited is domiciled in South Africa with a registration number of 2011/008265/06. The registered address of Master Drilling Group Limited is 4 Bosman Street, PO Box 902, Fochville, 2515, South Africa.

1.2 Basis of accounting

The Group's consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, 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 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 Accounting Standards that are mandatory and effective for the annual financial year ending 31 December 2024 as indicated in note 2.1 below.

1.3 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. Assets and liabilities are translated at the closing rate, income and expenses at transaction rates. Exchange differences are recognised in other comprehensive income and reported within equity.

1.4 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).

1. ABOUT THESE CONSOLIDATED FINANCIAL STATEMENTS continued

1.4 Translation of foreign currencies continued

At the end of the reporting period:

- 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.

(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 foreign currency and the functional currency at the dates of the cash flows.

1.5 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.

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.

2. 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.

Information about assumptions and estimates in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

useful lives and depreciable assets	Note 4
Intangible assets	Note 5.1
Deferred taxation	Note 7
Trade receivables and other receivables	Note 9
Taxation	Note 23
Financial instruments	Note 29
Put option	Note 39

Information about significant judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the notes:

De facto control	Note 32
Joint arrangements	Note 40

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS

3.1 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 2024 as indicated below:

- IFRS 7 *Supplier finance arrangements*;
- IAS 1 *Non-current liabilities with covenants;*
- IAS 1 *Classification of liabilities as current or non-current;* and
- IFRS 16 *Lease liability in a sale and leaseback.*

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 2024. None of the standards adopted had a material impact on the consolidated financial statements or require retrospective amendments to the consolidated financial statements.

3.2 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:

3.2.1 IAS 21 *Lack of exchangeability*

Amendment requires a company to apply a consistent approach to assess whether a currency is exchangeable into another currency and, when it is not, to determine the exchange rate to use and disclosure to provide.

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 with lack of exchange ability of currencies into another currency.

IAS 21 is effective from periods beginning on or after 1 January 2025.

3.2.2 IFRS 7 *Supplier finance arrangements – Annual Improvements to IFRS Accounting Standards – Gain or loss on derecognition*

Amendments to delete an obsolete reference that remained in IFRS 7 following the publication of IFRS 13 Fair Value Measurement and to make the wording of the requirements of IFRS 7 relating to disclosure of a gain or loss on derecognition consistent with the wording and concepts in IFRS 1.

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 7 is effective from periods beginning on or after 1 January 2026.

3.2.3 IFRS 9 *Financial instruments*

Amendments were made to address diversity in accounting practice by making the classification and measurement requirements of IFRS 9 more understandable and consistent, by:

- Clarifying the date on which a financial asset or financial liability is derecognised when a liability is settled through electronic payment systems. These amendments also introduce an accounting policy option to allow a company to derecognise a financial liability before it delivers cash on the settlement date if specified criteria are met.

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.

IFRS 9 is effective from periods beginning on or after 1 January 2026.

3.2.4 IFRS 9 *Financial instruments* – Annual Improvements to IFRS Accounting Standards

Narrow scope amendments were made:

- Derecognition of lease liabilities. The amendment clarifies that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss arising from the difference between the carrying amount of the lease liability extinguished or transferred and any consideration paid in profit or loss; and
- Transaction price. Removal of an inconsistency between the requirements of IFRS 9 and the requirements in IFRS 15 Revenue from Contracts from Customers in relation to the initial measurement of trade receivables at their transaction price. The amendment clarifies that trade receivables must be measured at the amount determined by applying IFRS 15.

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 9 is effective from periods beginning on or after 1 January 2026.

3.2.5 IFRS 10 *Consolidated financial statements* - Annual Improvements to IFRS Accounting Standards – Determination of a *'de facto agent'*

Amendment to clarify whether a party acts as a *de facto agent* in assessing control of an investee.

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.

IFRS 10 is effective from periods beginning on or after 1 January 2026.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

3. STANDARDS, AMENDMENTS AND INTERPRETATIONS TO EXISTING STANDARDS continued

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

3.2.6 IAS 7 *Cash flows* – Annual Improvements to IFRS Accounting Standards – Cost method

Amendments to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of 'cost method' from IFRS Accounting Standards.

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 7 is effective from periods beginning on or after 1 January 2026.

3.2.7 IFRS 18 *Presentation and disclosure in financial statements*

Amendments that replaces IAS 1, but retains many of its original requirements, and introduces three key improvements for better financial reporting and comparability:

- Standardised income statement structure – Income and expenses are categorised into operating, investing, and financing, with required subtotals like operating profit for improved clarity; and
- Greater transparency in management-defined performance measures – Companies must disclose explanations for custom financial metrics linked to the income statement; and
- Better information grouping – Enhanced guidance on organising financial data, improving transparency about operating expenses and presentation in statements or notes.

The directors are in the process of assessing the impact on the financial statements.

IFRS 18 is effective from periods beginning on or after 1 January 2027.

4. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Recognition and measurement

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.

Useful life and residual value

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
– 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.

Depreciation

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.

4. PROPERTY, PLANT AND EQUIPMENT continued

SIGNIFICANT JUDGEMENTS AND SOURCE OF ESTIMATION UNCERTAINTY

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.

Impairment

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated. For the purposes of assessing impairment, the recoverable amount of an asset is the greater of its value-in-use and its fair value less costs to sell. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in profit or loss if the carrying amount of an asset exceeds its recoverable amount.

Gain/loss on derecognition of property, plant and equipment

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.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

ACCOUNTING POLICY

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 14 of the financial statements to see the impact on lease liabilities.

2024 USD	**Cost**	**Accumulated depreciation and impairment losses**	**Carrying value**
Land and buildings	**1 383 534**	**(167 826)**	**1 215 708**
Right-of-use assets: Land and buildings	**5 952 076**	**(2 454 882)**	**3 497 194**
Instalment sale: Plant and machinery	**525 521**	**(26 134)**	**499 387**
Plant and machinery	**226 367 904**	**(76 907 629)**	**149 460 275**
Assets under construction	**10 884 927**	**–**	**10 884 927**
Furniture and fittings	**1 643 937**	**(1 474 674)**	**169 263**
Motor vehicles	**9 043 383**	**(5 251 320)**	**3 792 063**
Right-of-use assets: Motor vehicles	**382 510**	**(341 584)**	**40 926**
IT equipment	**1 312 405**	**(898 687)**	**413 718**
Total	**257 496 197**	**(87 522 736)**	**169 973 461**

2023 USD	Cost	Accumulated depreciation and impairment losses	Carrying value
Land and buildings	1 557 091	(701 374)	855 717
Right-of-use assets: Land and buildings	6 712 984	(2 092 537)	4 620 447
Instalment sale: Plant and machinery	713 469	(512 534)	200 935
Plant and machinery	204 911 205	(61 356 564)	143 554 641
Assets under construction	12 781 073	–	12 781 073
Furniture and fittings	1 880 631	(1 661 355)	219 276
Motor vehicles	7 210 466	(4 374 611)	2 835 855
Right-of-use assets: Motor vehicles	248 241	(188 510)	59 731
IT equipment	1 044 595	(679 252)	365 343
Total	237 059 755	(71 566 737)	165 493 018

Borrowing cost

No borrowing costs were capitalised to the cost of property, plant and equipment during 2024 (2023: USD0).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT continued

4.1 Reconciliation of property, plant and equipment

2024 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries
Land and buildings	**855 717**	**–**	**(123 520)**
Right-of-use assets: Land and buildings	**4 620 447**	**40 862**	**(49 092)**
Instalment sale: Plant and machinery	**200 935**	**363 683**	**(41 808)**
Plant and machinery	**143 554 641**	**28 149 332**	**(8 691 470)**
Assets under construction	**12 781 073**	**10 014 747**	**(528 286)**
Furniture and fittings	**219 276**	**227 454**	**(8 262)**
Motor vehicles	**2 835 855**	**2 360 684**	**(107 419)**
Right-of-use assets: Motor vehicles	**59 731**	**594 990**	**(2 556)**
IT equipment	**365 343**	**479 173**	**(22 154)**
	165 493 018	**42 230 925**	**(9 574 567)**

2023 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries
Land and buildings	3 113 133	73 719	(231 419)
Right-of-use assets: Land and buildings	5 467 169	30 438	(237 387)
Instalment sale: Plant and machinery	2 396 110	–	188 085
Plant and machinery	134 078 989	23 630 155	(2 235 024)
Assets under construction	4 653 016	8 449 904	25 540
Furniture and fittings	316 841	234 895	12 496
Motor vehicles	1 766 532	2 081 974	170 674
Right-of-use assets: Motor vehicles	85 079	–	(6 239)
IT equipment	397 688	155 540	(33 498)
	152 274 557	34 656 625	(2 346 772)

Security

Moveable assets valued at ZAR1,8 billion (USD95.3 million at closing spot rate) of the South African subsidiaries is bonded to ABSA Capital as security for an interest-bearing loan.

Property, plant, and equipment valued at SEK 40.8 million (USD 4.0 million at the closing rate) of the European entity was pledged to Swedbank as security for an interest-bearing loan until the end of the first quarter of 2024, when the loan was settled in full (refer to Note 13).

Impairment

During the current reporting period, an impairment loss (USD7.8 million) was recognized on the Group's Mobile Tunnel Borer included in the plant and machinery of the South African region as no formal agreement is currently in place to project future cash flows.

This impairment reflects a decline in the asset's recoverable amount, which is the estimated future cash flows expected to be generated from the asset. A discounted cash flow based on

Reclassifications between different categories	**Disposals**	**Depreciation**	**Impairment/ Scrapping**	**Remeasurement**	**Reclassification from assets under construction to plant and machinery**	**Total**
644 382	**–**	**(160 871)**	**–**	**–**	**–**	**1 215 708**
(644 382)	**–**	**(689 911)**	**–**	**219 270**	**–**	**3 497 194**
–	**(10 835)**	**(12 588)**	**–**	**–**	**–**	**499 387**
–	**(519 768)**	**(10 766 777)**	**(13 648 290)**	**–**	**11 382 607**	**149 460 275**
–	**–**	**–**	**–**	**–**	**(11 382 607)**	**10 884 927**
–	**–**	**(269 205)**	**–**	**–**	**–**	**169 263**
32 172	**–**	**(1 328 279)**	**(950)**	**–**	**–**	**3 792 063**
(32 172)	**–**	**(579 067)**	**–**	**–**	**–**	**40 926**
–	**–**	**(169 834)**	**(238 810)**	**–**	**–**	**413 718**
–	**(530 603)**	**(13 976 532)**	**(13 888 050)**	**219 270**	**–**	**169 973 461**

Reclassifications between different categories	Disposals	Depreciation	Impairment/ Scrapping	Remeasurement	Reclassification from Assets under construction to plant and machinery	Total
–	(1 975 371)	(124 345)	–	–	–	855 717
–	–	(639 773)	–	–	–	4 620 447
(1 896 622)	(395 627)	(91 011)	–	–	–	200 935
1 896 622	(392 869)	(11 567 785)	(2 202 834)	–	347 387	143 554 641
–	–	–	–	–	(347 387)	12 781 073
–	(307 679)	(37 277)	–	–	–	219 276
–	(193 511)	(989 814)	–	–	–	2 835 855
–	–	(19 109)	–	–	–	59 731
–	(17 909)	(136 478)	–	–	–	365 343
–	(3 282 966)	(13 605 592)	(2 202 834)	–	–	165 493 018

management's best estimate determined that the asset's expected future cash flows will not be sufficient to cover its current carrying value.

During the current year, the Shaft Reverse Circulation Equipment (RCE) equipment was impaired. This decision was driven by the absence of an active market for the unit's services. The lack of market demand rendered the continued operation of the RCE unit economically unfeasible. As a result, the Group undertook a strategic assessment and concluded that ceasing operations was in the best interest of the organization to optimize resource allocation and mitigate financial losses. The Group therefore recognised an impairment loss of USD5.4 million on the RCE that forms part of the Central and North American region.

During the previous year, the businesses within the African region recognised impairment/scrapping of plant and machinery. The future cash flows of the particular rigs were negatively affected by the type of drilling it was initially designed and built for and resulting in becoming obsolete in the industry.

No impairment losses recognised in prior years were reversed in the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT continued

4.1 Reconciliation of property, plant and equipment continued

	2024 USD	2023 USD
Reconciliation of property, plant and equipment paid for in cash:		
Total additions	**42 230 925**	34 656 625
Included in trade payables	**(12 306 313)**	–
New 16 Lease agreements and instalment sales additions	**(1 845 959)**	(724 573)
Property, plant and equipment paid for in cash	**28 078 653**	**33 932 052**

4.2 Capital commitments

	2024 USD	2023 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.	**3 758 863**	**10 420 709**

5. INTANGIBLE ASSETS AND GOODWILL

	Notes	2024 USD	2023 USD
Intangible assets	5.1	**16 755 786**	18 042 647
Goodwill	5.2	**2 930 587**	3 037 017
		19 686 373	21 079 664

5.1 Intangible assets

ACCOUNTING POLICY

Patents are acquired by the Group and have an indefinite useful life 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.

Software licence agreements is a solution, that the Group acquired which is very unique and specific to the industry that the Group operates within.

The software licence agreements have an indefinite useful life and is thus not depreciated. Software licence agreements are assessed annually for impairment.

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

Contractual client relationships are initially recognised at cost when they are acquired in a business combination and meet the identifiability intangible asset criteria. Contractual client relationships are amortised over straight line and is subsequently measured at cost less accumulated amortisation and 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
Patent	Indefinite	Indefinite
Software licence agreements	Indefinite	Indefinite
Contractual client relationships	15 years	Straight line

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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.

Software licence agreement

The software licence agreements is recognised as a intangible asset with an indefinite useful life because the hardware and software used to operate the solution are developed in-house and evolves with changes in information technology over time in order to remain relevant to the industry, the solution was developed more than 10 years ago and implemented at various clients operating on different operating systems.

At present it is difficult for the Group to determine a reasonable useful life for the solution. Continuous monitoring of the solution remain relevant to ensure the solution does not become redundant in the near future. The Group continue to use the headroom on the impairment assessment as a potential indicator for useful life adjustment.

Contractual client relationship

The Group identified formal agreements between itself and clients, outlining the specific services that will be provided and the obligations of each party. These agreements are legally binding and define the terms of the business engagement.

The remaining useful life is 12.67 years (2023: 13.67 years).

Patents

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

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 five years discounted with a suitable rate.

The recoverable amount of the software licence agreements 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.

5. INTANGIBLE ASSETS AND GOODWILL continued

5.1 Intangible assets continued

Discount and growth rates used are based on industry-linked underlying market conditions of the country the cash-generating unit is operational and will vary depending on the status of the market the asset is operational within.

The recoverable amount of patents is calculated over a period of six 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.

2024 USD	Cost	Accumulated amortisation and impairment losses	Carrying value
Computer software	**980 569**	**(847 336)**	**133 233**
Software licence agreements	**6 262 525**	**–**	**6 262 525**
Contractual client relationship	**11 171 639**	**(1 737 812)**	**9 433 827**
Patents	**926 201**	**–**	**926 201**
Total	**19 340 934**	**(2 585 148)**	**16 755 786**

2023 USD	Cost	Accumulated amortisation and impairment losses	Carrying value
Computer software	1 199 464	(1 027 375)	172 089
Software licence agreements	6 441 475	–	6 441 475
Contractual client relationship	11 429 125	(953 289)	10 475 836
Patents	953 247	–	953 247
Total	20 023 311	(1 980 664)	18 042 647

2024 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries	Amortisation	Impairment/ Scrapping of intangible assets	Total
Computer software	**172 089**	**38 964**	**(29 869)**	**(41 359)**	**(6 592)**	**133 233**
Software licence agreements	**6 441 475**	**–**	**(178 950)**	**–**	**–**	**6 262 525**
Contractual client relationship	**10 475 836**	**–**	**(274 322)**	**(767 687)**	**–**	**9 433 827**
Patents	**953 247**	**–**	**(27 046)**	**–**	**–**	**926 201**
	18 042 647	**38 964**	**(510 187)**	**(809 046)**	**(6 592)**	**16 755 786**

2023 USD	Opening balance	Additions	Exchange difference on consolidation of foreign subsidiaries	Amortisation	Impairment/ Scrapping of intangible assets	Total
Computer software	246 593	11 099	(2 350)	(58 981)	(24 272)	172 089
Software licence agreements	6 942 368	2 930	(503 823)	–	–	6 441 475
Contractual client relationship	12 116 481	–	(878 153)	(762 492)	–	10 475 836
Patents	963 864	58 609	(69 226)	–	–	953 247
	20 269 306	72 638	(1 453 552)	(821 473)	(24 272)	18 042 647

Assumptions

	Growth rate 2024	**Discount rate 2024**	**Head room (*)**	Growth rate 2023	Discount rate 2023	Head room (*)
Software licence agreements	**1.80%**	**18.38%**	**12 622 288**	1.00%	24.50%	3 170 259
Contractual client relationship	**1.80%**	**18.38%**	**12 622 288**	1.00%	19.22%	14 031 520
Patents	**4.50%**	**16.20%**	**84 647 841**	5.50%	18.84%	2 874 171

(*) Head room is defined as the value the recoverable amount for the individual cash-generating unit exceed the carrying value.

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.

Change in assumptions - Software licence agreements

The head room on the assessment of the software licence agreements increased compared to previous year due to the improved performance of the business unit.

Change in assumptions - Patents

The headroom has experienced a significant increase compared to the previous year, driven by rates confirmed by EPCM companies, allowing for a clearer outlook on future projections.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

5. INTANGIBLE ASSETS AND GOODWILL continued

5.1 Intangible assets continued

Sensitivity analysis – Patents

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

No sensitivity analysis was performed for the current year as there is sufficient head room.

	2024 USD	2023 USD
The following table indicates the sensitivity analysis:		
Discount rate 2% increase	**n/a**	(459 213)
Growth rate 2% decrease	**n/a**	114 919
Project profitability 5% decrease	**n/a**	(169 792)

5.2 Capital Commitments

	2024 USD	2023 USD
Capital expenditure for computer software authorised by the directors and contracted for within 12 months. Capital expenditure will be funded through cash generated from operations.	**5 461 316**	–

5.3 Goodwill

ACCOUNTING POLICY

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 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.

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

	2024 USD	2023 USD
Goodwill recognised from value chain business combinations	**2 028 512**	2 085 808
Goodwill recognised from raisebore business combinations	**386 367**	435 146
Goodwill recognised from software support services	**515 708**	516 063
Goodwill recognised from business combinations	**2 930 587**	3 037 017

2024 USD	**Opening balance**	**Exchange difference on consolidation of foreign subsidiaries**	**Total**
Goodwill recognised from value chain business combinations	**2 085 808**	**(57 296)**	**2 028 512**
Goodwill recognised from raisebore business combinations	**435 146**	**(48 779)**	**386 367**
Goodwill recognised from software support services	**516 063**	**(355)**	**515 708**
Goodwill recognised from business combinations	**3 037 017**	**(106 430)**	**2 930 587**

2023 USD	Opening balance	Exchange difference on consolidation of foreign subsidiaries	Total
Goodwill recognised from value chain business combinations	2 162 370	(76 562)	2 085 808
Goodwill recognised from raisebore business combinations	445 038	(9 892)	435 146
Goodwill recognised from software support services	555 622	(39 559)	516 063
Goodwill recognised from business combinations	3 163 030	(126 013)	3 037 017

5. INTANGIBLE ASSETS AND GOODWILL continued

5.3 Goodwill continued

Assumptions

	Growth rate 2024	**Discount rate 2024**	**Head room (*)**	Growth rate 2023	Discount rate 2023	Head room (*)
Value chain business combination	**4.48%**	**11.49%**	**18 620 281**	4.16%	19.74%	4 573 887
Raisebore business combination	**1.50%**	**18.56%**	**2 741 154**	1.90%	15.30%	1 863 668
Software support services	**1.80%**	**18.38%**	**12 622 288**	1.00%	23.97%	27 510 498

(*) Head room is defined as the value the recoverable amount for the individual cash-generating unit exceed the carrying value.

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.

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.

6. FINANCIAL ASSETS

ACCOUNTING POLICY

Financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument. A financial asset 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.

In assessing whether the Group became party to the contractual provisions of the investment in preference shares instrument, the Group considered the Group's relevant activities related to the instrument. As the management structure of the underlying trust ensure independent decision-making results in that the Group does exert control. Therefore, the Group recognises the investment in preference shares as a financial asset.

	Notes	**2024 USD**	2023 USD
Investment in preference shares	6.1	**5 412 101**	5 121 733
Investment in equity instruments	6.2	**248 753**	75 084
		5 660 854	5 196 817

6.1 Investment in preference shares

Investment in BEE Partner

2024 **USD**	**Epha Drilling (Pty) Ltd[1]**	**Mosima Drilling (Pty) Ltd[2]**	**Total**
Opening balance	**5 022 959**	**98 774**	**5 121 733**
Exchange rate differences on translation	**(155 661)**	**(3 061)**	**(158 722)**
Preference dividends receivable capitalised	**440 445**	**8 645**	**449 090**
Closing balance	**5 307 743**	**104 358**	**5 412 101**

Investment in BEE Partner

2023 USD	Epha Drilling (Pty) Ltd[1]	Mosima Drilling (Pty) Ltd[2]	Total
Opening balance	4 986 079	98 094	5 084 173
Exchange rate differences on translation	(357 617)	(7 036)	(364 653)
Preference dividends receivable capitalised	394 497	7 716	402 213
Closing balance	5 022 959	98 774	5 121 733

[1] *Master Drilling Exploration (Pty) Ltd has an investment in BEE Partner – Epha Drilling (Pty) Ltd*
[2] *Drilling Technical Services (Pty) Ltd has an investment in BEE Partner – Mosima Drilling (Pty) Ltd*

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 on the earlier of 10 years from date of issue in 2012 or at the election of the holder when the BEE company ceases to be wholly-owned by historically disadvantaged individuals. In 2022 an extension of three years was agreed upon.

The carrying amounts of the financial assets approximate its fair value. The Group performs an annual calculation on the underlying businesses, the issuers of preference shares, to determine the credit risks associated within these businesses. Since the initial issue of these financial assets, the credit risks of the preference shares have not increased significantly. The calculation of future cash flows generated by the underlying businesses that would be available to settle the interest and capital in future indicated that any expected credit loss allowance would not be material. The financial assets are carried at amortised cost.

Refer to note 29 and note 30 for more details.

		2024 **USD**	2023 USD
6.2	**Investment in equity instruments**	**248 753**	75 084

The investments in equity instruments consist of equity shares in publicly traded companies which are measured at fair value through profit and loss. Refer to Note 30.

Fair value adjustments for the year amounted to USD173 669 (2023:0).

7. DEFERRED TAX

ACCOUNTING POLICY

Deferred tax

A deferred tax liability is recognized for all taxable temporary differences, excluding those from initial asset or liability recognition in transactions that don't impact accounting or taxable profit. A deferred tax asset is recognized for deductible temporary differences and unused tax losses, assuming probable future taxable profit for utilization. Exceptions include assets or liabilities from initial recognition transactions not affecting profits. Deferred taxes are measured using tax rates expected to apply in the asset realization or liability settlement year, according to enacted or substantively enacted tax laws by the reporting period's end.

A deferred tax asset is recognized for deductible temporary differences and unused tax losses, assuming probable future taxable profit for utilization. Exceptions include assets or liabilities from initial recognition transactions not affecting profits. Deferred taxes are measured using tax rates expected to apply in the asset realization or liability settlement year, according to enacted or substantively enacted tax laws by the reporting period's end.

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.

Deferred tax 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.

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Deferred tax

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 which 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.

	2024 USD	2023 USD
Property, plant and equipment	**6 570 254**	11 249 955
Intangibles	**2 562 273**	2 751 115
Pre-payments	**911 330**	483 925
Allowance for expected credit losses	**(306 350)**	(1 197 501)
Provisions	**(825 644)**	(632 905)
Lease asset	**472 153**	(167 791)
Lease liability	**(748 731)**	–
Contract liability	**(180 267)**	(272 331)
Accrual for employee benefits	**(1 434 799)**	(1 371 318)
Estimated tax losses	**(5 167 314)**	(4 381 788)
Unrealised foreign exchange loss	**97 288**	110 894
Net deferred tax liability	**1 950 193**	6 572 255

	2024 USD	2023 USD
Reconciliation of net deferred tax liability		
Reported as at 1 January	**6 572 255**	10 365 291
Exchange differences on translation of foreign operations	**74 397**	132 544
Change in taxation rate		(21 649)
Property, plant and equipment	**(4 755 026)**	803 443
Intangibles	**(191 867)**	(517 326)
Pre-payments	**431 383**	(96 566)
Allowance for expected credit losses	**905 481**	(685 124)
Lease asset	**650 245**	15 139
Lease liability	**(756 400)**	–
Provisions	**(195 841)**	(568 943)
Contract liability	**92 064**	(959 828)
Accrual for employee benefits	**(64 503)**	(474 402)
Estimated tax losses	**(798 170)**	(1 766 224)
Unrealised foreign exchange profit/loss	**(13 825)**	345 900
	1 950 193	6 572 255
As disclosed in terms of IAS 12:		
Deferred tax liability	**10 246 586**	9 922 984
Deferred tax asset	**(8 296 393)**	(3 350 729)
	1 950 193	6 572 255

Deferred taxation assets have been recognised in respect of tax losses and temporary differences where, having reviewed the financial projections for the foreseeable future 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 2024 is USD8 152 116 (2023: USD5 205 422). These do not have an expiry date.

There were no changes to tax rates in the current year.

8. INVENTORIES

ACCOUNTING POLICY

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

8. INVENTORIES continued

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.

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.

	2024 USD	2023 USD
Consumables	**34 753 064**	33 765 776
Cutters	**8 231 569**	8 948 159
Goods in transit	**3 645 465**	4 729 985
Work in progress	**1 372 023**	1 651 677
	48 002 121	49 095 597
Allowance for obsolete inventory	**(1 132 740)**	(988 755)
	46 869 381	48 106 842

The carrying amount of inventory as presented reflects the cost price of inventory less allowance for obsolete inventory. No write downs were recorded in the current year (2023:0).

9. TRADE AND OTHER RECEIVABLES

ACCOUNTING POLICY

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

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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 IFRS 15.

	2024 USD	2023 USD
Trade receivables	**62 501 830**	65 623 024
Trade receivables – Normal (Gross)	**58 871 276**	63 677 158
Trade receivables – Retention (Gross)	**682 647**	1 854 961
Contract asset	**7 251 523**	4 536 722
Expected credit loss allowance of trade receivables	**(4 303 616)**	(4 445 817)
Loans to employees	**268 411**	194 562
Prepaid expenses	**2 191 856**	6 943 248
Deposits	**319 614**	320 125
Indirect taxes	**3 872 335**	2 007 357
Other receivables	**2 051 644**	1 278 945
	71 205 690	76 367 261

Trade receivables of South African subsidiaries have been ceded to ABSA Capital as security for an interest-bearing loan (refer to note 13). Retention receivables are collectable within a period of 12 months.
Trade receivables are assessed for recoverability using the expected credit losses matrix. The matrix is determined based on the underlying economic factors of each of the countries that the subsidiaries operate within.
The Group's policy does not allow for loans to employees to exceed the monetary value of earnings due to the employee in the notice period. As a result, no expected credit loss allowances have been recognised.
Deposits represent deposits held as security for rentals and utilities across the world where the Group operates. Deposits are generally a month's rental and/or payment in advance and no expected credit losses have been recognised as one would expect to still receive the service for the month that notice is given by the supplier.
Retention trade receivables are considered for expected credit losses based on the same assumptions as for normal trade receivables. The expected credit losses remained fairly consistent year on year. This is due to the mix of the specific risk factors across the various jurisdictions the Group operate within.
The Group provides for clients that have specifically been identified as not recoverable. Thereafter the Group uses the general matrix approach and expected credit loss allowance per ageing bracket for each of the regions. The general matrix is based on the specific economically, political and market conditions for each of the country that is included in each of the regions.

The movement in expected credit losses is presented below:		
Balance 1 January	**4 445 817**	4 806 060
Exchange differences on translation of foreign operations	**(283 627)**	480 022
Reversal of credit losses recognised previously	**141 426**	(1 226 395)
Amounts written off	**–**	(551 126)
Allowance for credit losses recognised	**–**	937 256
	4 303 616	4 445 817
Gross trade receivables per region:		
Africa	**10 709 620**	13 602 174
Central and North America	**8 258 118**	8 562 041
Rest of the World	**12 692 941**	7 823 240
South Africa	**21 618 908**	14 269 514
South America	**13 525 859**	25 811 872
	66 805 446	70 068 841

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

9. TRADE AND OTHER RECEIVABLES continued

Contract asset reconciliation	2024 USD	2023 USD
Balance on 1 January	**4 536 722**	5 794 169
Additions during the year	**91 334 062**	182 419 117
Exchange rate differences	**(214 997)**	99 582
Transfers to receivables	**(88 404 264)**	(183 776 146)
Balance on 31 December	**7 251 523**	4 536 722

Contract assets primarily relate to contracts and construction agreements, where the company has recognised revenue in accordance with the performance obligations method under IFRS 15. The revenue recognised represents work performed but not yet billed to customers.

2024

Expected credit losses matrix:	Estimated gross carrying amount	Loss allowance	Expected credit loss rate
AFRICA			
Current	**1 377 154**	**47 293**	**2.35% to 3.80%**
30 days	**4 575 529**	**169 988**	**2.45% to 3.90%**
31 to 60 days	**3 313 742**	**132 676**	**2.70% to 4.15%**
61 to 90 days	**1 443 196**	**64 753**	**3.20% to 4.65%**
Specific provision		**1 558 020**	
CENTRAL AND NORTH AMERICA			
Current	**2 358 871**	**72 179**	**3.25% to 3.65%**
30 days	**2 976 279**	**102 809**	**3.35% to 3.75%**
31 to 60 days	**238 162**	**8 574**	**3.60% to 4.00%**
61 to 90 days	**2 684 807**	**119 271**	**4.10% to 4.50%**
Specific provision		**–**	
REST OF THE WORLD			
Current	**7 846 498**	**110 152**	**2.20% to 2.90%**
30 days	**4 135 803**	**105 286**	**2.30% to 3.00%**
31 to 60 days	**26 357**	**6 033**	**2.55% to 3.25%**
61 to 90 days	**684 279**	**27 118**	**3.05% to 3.75%**
Specific provision		**273 176**	
SOUTH AFRICA			
Current	**3 609 665**	**84 443**	**0.85% to 4.20%**
30 days	**4 404 035**	**195 199**	**0.95% to 4.30%**
31 to 60 days	**1 811 215**	**84 945**	**1.20% to 4.55%**
61 to 90 days	**1 371 676**	**55 850**	**1.70% to 5.05%**
Specific provision		**–**	
SOUTH AMERICA			
Current	**15 727 820**	**451 451**	**2.70% to 3.60%**
30 days	**2 889 132**	**107 700**	**2.80% to 3.70%**
31 to 60 days	**2 213 420**	**81 442**	**3.05% to 3.95%**
61 to 90 days	**3 117 806**	**139 760**	**3.55% to 4.45%**
Specific provision		**305 498**	
Total	**66 805 446**	**4 303 616**	

2023

Expected credit losses matrix:	Estimated gross carrying amount	Loss allowance	Expected credit loss rate
AFRICA			
Current	5 259 341	315 758	3.62% to 4.20%
30 days	3 293 562	600 664	3.72% to 4.30%
31 to 60 days	1 701 993	729 171	3.97% to 4.55%
61 to 90 days	3 347 280	104 279	3.97% to 4.55%
Specific provision		37 430	
CENTRAL AND NORTH AMERICA			
Current	4 131 411	295 613	0.00% to 2.47%
30 days	1 748 157	227 505	0.10% to 2.67%
31 to 60 days	1 677 566	42 836	0.35% to 2.99%
61 to 90 days	1 004 906	37 912	0.35% to 2.99%
Specific provision		6 381	
REST OF THE WORLD			
Current	3 520 729	134 208	2.35% to 3.41%
30 days	2 694 268	188 735	2.45% to 3.51%
31 to 60 days	–	–	2.65% to 2.70%
61 to 90 days	1 608 242	141 542	2.65% to 2.70%
Specific provision		–	
SOUTH AFRICA			
Current	6 564 716	106 634	3.62% to 4.20%
30 days	3 105 143	34 370	3.72% to 4.30%
31 to 60 days	1 172 618	10 636	3.97% to 4.55%
61 to 90 days	3 427 036	113 579	3.97% to 4.55%
Specific provision		–	
SOUTH AMERICA			
Current	16 649 861	257 929	3.31% to 3.51%
30 days	5 148 562	512 705	3.41% to 3.65%
31 to 60 days	2 150 220	499 340	3.66% to 3.99%
61 to 90 days	1 863 230	19 650	4.16% to 4.31%
Specific provision		28 940	
Total	70 068 841	4 445 817	

9. TRADE AND OTHER RECEIVABLES continued

Risk factor identification:

AFRICA

The African segment presents a mixed risk profile across various regions, with significant variations in credit ratings, exchange rate stability, debt levels, economic growth, political risks, and mining prospects. The southern region remains the most stable, with strong creditworthiness, low debt levels, and a relatively controlled exchange rate, though economic contraction is a concern due to reliance on key exports. Central areas experience high credit risk, volatile currency movements, and moderate external debt, with economic growth largely tied to resource extraction. West Africa faces notable fiscal and political instability, with high public debt, inflationary pressures, and governance concerns impacting investor confidence. East Africa shows moderate economic resilience, though political unrest and regulatory challenges pose risks to long-term stability. Mining remains a dominant driver of growth across multiple regions, particularly in areas rich in copper, gold, and lithium, yet policy shifts and investor concerns in some parts threaten sustained expansion. Overall, the continent presents a diverse risk landscape, with some regions offering stability and growth potential, while others face heightened financial, political, and economic vulnerabilities.

REST OF THE WORLD

The rest of the world segment presents a stable financial outlook with moderate risks. External and public debt levels remain manageable in some regions, while others have higher government debt requiring fiscal oversight. Economic growth is steady but varies, with some regions maintaining moderate expansion and others experiencing slight slowdowns. Political risk remains low to moderate, supporting investment confidence. The economic outlook is positive, though challenges such as inflation, low productivity, and weak household spending may impact future growth. The mining sector shows strong potential, driven by policy reforms and investment opportunities. Overall, financial conditions are stable, with moderate risks that require careful monitoring.

CENTRAL AND NORTH AMERICA

The North and Central America segment presents a mixed financial risk profile. The northern region maintains strong credit ratings and economic stability but faces challenges with rising public debt and political uncertainty. Central areas have moderate credit risks, currency fluctuations, and external debt burdens, though economic growth remains steady. Some regions experience high financial risks due to governance issues, corruption, and international sanctions. Fiscal policies and regulatory changes impact investment, particularly in industries like mining, where stricter regulations and trade uncertainties create potential financial constraints. Overall, financial stability varies across the region, with stronger economies in the north and higher risks in central areas.

SOUTH AMERICA

The South America segment presents moderate to high financial risks, with improving but still below investment-grade credit ratings increasing financing costs. Exchange rate volatility remains a challenge, impacting trade and investment, while external and public debt levels vary, with some regions maintaining stability and others facing fiscal pressures that could lead to increased taxation. Economic growth is projected to be moderate, but external factors such as global commodity demand, inflation control, and regulatory shifts pose risks. Political uncertainty, including policy changes, regulatory instability, and corruption concerns, adds to the financial risk profile. The mining sector, a key economic driver, faces challenges from fluctuating commodity prices, labour strikes, and environmental regulations. Financial risks in the region require careful assessment, particularly regarding fiscal policies, debt sustainability, and economic stability.

SOUTH AFRICA

The assessment of expected credit losses incorporates key macroeconomic and political risks affecting South Africa. The South African Rand continues to exhibit volatility against the USD, contributing to financial uncertainty. While external debt has slightly declined compared to 2023, public debt has continued to rise. Economic growth remains weak, constrained by weakened operational challenges in critical infrastructure sectors and cost-of-living crisis, which has dampened consumer spending. Political risk remains a concern, with increased uncertainty linked to potential US tariff adjustments post-election, although risks such as war, military intervention, or political upheaval remain low. The economic outlook remains subdued, with low growth projected. Additionally, the mining sector faces ongoing challenges, including structural constraints, fluctuating commodity prices, labour unrest, and sustainability pressures, further impacting economic prospects. These factors collectively influence credit risk assessment and ECL provisioning within the consolidated financial statements.

	2024 USD	2023 USD
The carrying amount in USD of trade and other receivables are denominated in the following currencies:		
Australian Dollar	**1 407 925**	347 833
Brazilian Real	**3 463 012**	3 721 250
Botswana Pula	**643**	18 253
Canadian Dollar	**131 470**	3 773 360
Chilean Peso	**14 551 281**	18 006 942
Chinese Yuan	**372 000**	573 164
Colombian Peso	**1 556**	1 600
Euro	**–**	5 744
Ghanaian Cedi	**–**	889 390
Quatemalan Quetzales	**7 885**	10 057
Indian Rupee	**6 493 528**	4 437 217
Peruvian Sol	**1 209 213**	860 953
Swedish Krona	**3 496 741**	2 516 073
Turkish Lira	**1 513**	–
United States Dollar	**26 545 477**	28 999 403
West African Franc	**549 394**	–
South African Rand	**12 448 839**	11 515 006
Zambian Kwacha	**525 214**	691 016
	71 205 691	76 367 261

Refer to note 27.6 where the Group's potential impact on profit after taxation is assessed for currency exposure.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

10. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

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.

	2024 USD	2023 USD
Cash on hand	**273 929**	67 230
Bank balances	**27 909 653**	26 304 243
Short-term deposits (*)	**6 431 793**	1 480 492
Bank overdraft	**–**	–
	34 615 375	27 851 965
Current assets	**34 615 375**	27 851 965
Current liabilities	**–**	–

(*) Short-term deposits comprise of fixed cash deposits that ICICI Bank holds to the value of INR 10 million as cover for supplier invoices. Short-term deposits are easily accessible.

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, therefore no expected credit losses allowances have been recognised.

11. SHARE CAPITAL

Authorised	**2024 Number of shares**	2023 Number of shares
Ordinary no par value shares	**500 000 000**	500 000 000

Reconciliation of number of shares issued:	**2024 Number of shares**	**2024 Value USD**	2023 Number of shares	2023 Value USD
Balance at the beginning of the period	**151 477 777**	**149 470 175**	151 362 777	149 365 330
Share options exercised	**–**	**–**	115 000	104 845
Share buy backs	**(940 998)**	**(614 658)**	–	–
Balance at the end of the period	**150 536 779**	**148 855 517**	151 477 777	149 470 175

The un-issued shares are under the control of the directors. The increase in the number of issued shares in 2023 is as a result of share options exercised.

During the current year, Master Drilling Group undertook a share buyback in line with its Memorandum of Incorporation to the value of USD614 658 (940 998 shares) at an average price of ZAR11,96 in 4 different tranches as per the table below:

Number of shares	Date	Average price (ZAR)
69 043	**21 May 2024**	11.57
85 125	**27 May 2024**	11.93
781 026	**4 June 2024**	12.00
5 804	**24 June 2024**	11.55

None of the shares were repurchased by a subsidiary of the Group or repurchased from treasury shares. All shares repurchased were cancelled and reverted back to unissued shares.

12. EQUITY ARISING ON FORMATION OF THE GROUP

ACCOUNTING POLICY

Equity arising on formation of the Group

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.

	2024 USD	2023 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

13. INTEREST-BEARING BORROWINGS

ACCOUNTING POLICY

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.

Interest-free loan from equity partner

Based on guidance provided in the IFRS 9:B5.1.1, the difference between the cash advance and initial fair value should be recognised as a capital contribution and not be recognised in profit or loss.

Initial measurement

The fair value of a financial instrument at initial recognition is normally the transaction price.

In order to meet the SPPI test, the contractual cash flow must represent payments of principal (being the initial fair value) and interest (being interest accrued using the EIR method).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

13. INTEREST-BEARING BORROWINGS continued

The initial fair value will be the amount recognised in accordance with IFRS 9 at initial recognition that is generally equal to the transaction price. However, in the case of long-term interest-free loans, the standard contains guidance that is more specific. In such scenarios, the initial fair value is measured as the present value of future cash receipts discounted at an appropriate market rate of interest for a similar loan at the date of initial recognition.

The difference between the initial fair value and the amount of cash advanced will be considered a capital contribution and an addition to the Group. This amount will not be within the scope of IFRS 9. Instead, it will be accounted for in accordance with IAS 27 and subject to impairment testing in accordance with the requirements of that standard (i.e. IAS 36 Impairment of Assets).

Subsequent measurement

The deemed interest will be recognised in profit and loss, reflecting the financial impact on the period in which it accrues.

		2024 USD	2023 USD
13.1	**Held at amortised cost**		
	Secured		
	ABSA Bank		
	USD Facility		
	A portion of the loan, USD27 275 079 (2023: USD21 486 497), is denominated in USD. The USD denominated portion of the loan bears interest at a marginal rate of 3.25% over SOFR as applicable.	**27 275 079**	21 486 497
	ZAR Facility		
	The remainder of the loan, USD18 395 798 (2023: USD20 382 732), is denominated in ZAR and bears interest at a marginal rate of 3,20% over JIBAR as applicable. USD9 184 131, denominated in ZAR is repayable over 20 equal quarterly instalments 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. Refer to note 4 and 9 respectively for the securities	**18 395 799**	20 382 732

	2024 USD	2023 USD
Swedbank *The loan was denominated in Swedish Krona, secured by owned plant and machinery which is pledged as collateral. The loan was fully settled during the current financial year.*	**–**	1 930
Industrial Development Corporation ("IDC") *The loan is denominated in South African Rands, has been utilised for the development, manufacturing and testing of new technology in collaboration with the IDC. The loan is interest-free for the initial seven-year term, with the inception date in 2021. Repayment of the loan will be required once the subsidiary generates sufficient free cash flow.* *The Group discounted the interest free loan using the prime interest rate of South Africa over the remaining period of the loan.*	**2 350 706**	2 209 393
Total interest-bearing borrowings	**48 021 584**	44 080 552
Non-current liabilities		
At amortised cost	**7 172 461**	39 508 019
Current liabilities		
At amortised cost	**40 849 123**	4 572 533
	48 021 584	44 080 552

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

13. INTEREST-BEARING BORROWINGS continued

13.2 Changes in liabilities arising from financing activities

	2024 USD Interest-bearing borrowings	2024 USD Leases	2024 USD Instalment sales agreement	2024 USD Related parties	2024 USD Total
Opening balance	**44 080 552**	**5 755 452**	**1 400 365**	**1 894 998**	**53 131 367**
Foreign exchange movement	**(2 043 164)**	**(406 749)**	**(83 624)**	**8 277**	**(2 525 260)**
Deemed interest	**(150 424)**	**–**	**–**	**–**	**(150 424)**
New agreements	**–**	**635 852**	**1 210 107**	**–**	**1 845 959**
Remeasurements	**–**	**219 269**	**–**	**–**	**219 269**
Accrued interest	**4 269 250**	**430 257**	**389 311**	**–**	**5 088 818**
Interest paid	**(3 175 066)**	**(421 070)**	**(389 311)**	**–**	**(3 985 447)**
Cash received	**9 959 700**	**–**	**–**	**2 669**	**9 962 369**
Cash flows – repayments	**(4 919 264)**	**(1 299 003)**	**(828 433)**	**(227 216)**	**(7 273 916)**
Closing balance	**48 021 584**	**4 914 008**	**1 698 415**	**1 678 728**	**56 312 735**

	2023 USD Interest-bearing borrowings	2023 USD Leases	2023 USD Instalment sales agreement	2023 USD Related parties	2023 USD Total
Opening balance	46 114 105	6 384 439	1 672 726	2 030 367	56 201 637
Foreign exchange movement	(1 948 585)	(144 087)	(78 098)	(144 609)	(2 315 379)
Fair value adjustment	(317 049)	–	–	–	(317 049)
New agreements	–	30 438	694 140	–	724 578
Accrued interest	4 226 263	562 135	174 946	–	4 963 344
Interest paid	(3 879 822)	(512 686)	(174 946)	–	(4 567 454)
Cash received	2 716 083	–	–	–	2 716 083
Cash flows – repayments	(2 830 443)	(564 787)	(888 403)	9 240	(4 274 393)
Closing balance	44 080 552	5 755 452	1 400 365	1 894 998	53 131 367

14. LEASE LIABILITIES

		2024 USD	2023 USD
14.1	**Lease liabilities**		
	Lease payment due		
	– within one year	**960 897**	1 067 510
	– in first to second year	**905 878**	1 030 790
	– in second to third year	**723 254**	934 382
	– in third to fourth year	**609 603**	853 962
	– in fourth to fifth year	**568 546**	639 642
	– more than five years	**5 004 826**	5 733 975
	Total lease payments due	**8 773 004**	10 260 261
	Less: Future finance charges	**(3 858 996)**	(4 504 809)
	Present value of lease payment	**4 914 008**	5 755 452
	Non-current liabilities	**4 405 979**	5 153 677
	Current liabilities	**508 064**	601 775
14.2	**Lease obligation reconciliation**		
	Opening balance	**5 755 452**	6 384 439
	Remeasurement	**219 269**	–
	Interest expense	**430 257**	562 135
	Additions/(Disposal)	**635 852**	30 438
	Lease payments	**(1 720 073)**	(1 077 473)
	Foreign exchange movements	**(406 749)**	(144 087)
	Closing balance	**4 914 008**	5 755 452

The lease liabilities are related to the right of use asset for land and buildings and motor vehicles 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 USD78 889 (2023: USD176 961).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

15. INSTALMENT SALES LIABILITIES

	2024 USD	2023 USD
Minimum payment due		
– within one year	**943 306**	1 364 060
– in first to second year	**478 434**	93 426
– in second to third year	**357 291**	41 482
– in third to fourth year	**79 321**	25 453
– in fourth to fifth year	**59 491**	–
– more than five years	**–**	–
	1 917 843	1 524 421
Less: Future finance charges	**(219 428)**	(124 056)
Present value of minimum payment	**1 698 415**	1 400 365
– within one year	**822 946**	1 339 205
– in first to second year	**414 562**	25 383
– in second to third year	**332 874**	11 270
– in third to fourth year	**70 704**	24 507
– in fourth to fifth year	**57 329**	–
– more than five years	**–**	–
Present value of minimum payments	**1 698 415**	1 400 365
Non-current liabilities	**875 469**	61 160
Current liabilities	**822 946**	1 339 205

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 4 for more information.

16. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade payables

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

	2024 USD	2023 USD
Trade payables	**44 732 910**	39 048 646
Accruals	**7 242 737**	6 780 857
Indirect taxes	**3 381 620**	4 344 654
Leave pay accruals	**2 893 571**	3 028 456
Consideration payable (*)	**908 623**	2 455 588
Employee related	**6 960 741**	6 276 423
Claims liability (**)	**2 701 315**	–
Other payables	**802 997**	1 835 425
	69 624 514	63 770 049

(*) *Included in consideration payable for the prior year is an amount of USD1 520 432, the short-term portion, payable to Newham (Pty) Ltd which is also disclosed as a joint venture partner. Refer to note 40. The amount was settled in the current year.*

(**) *The claims liability amount represents a possible claim from a client in the African region where they claim that not all the scope of works was completed as contractually agreed between the parties.*

17. EMPLOYEE BENEFIT PROVISION

ACCOUNTING POLICY

Employee Benefit Provision

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.

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

17. EMPLOYEE BENEFIT PROVISION continued

b. Defined contribution plans

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

	2024 USD	2023 USD
Long-term incentive	**2 469 361**	1 288 163
Short-term incentive	**1 030 921**	1 145 024
	3 500 282	2 433 187
Non-current liabilities	**791 429**	1 288 163
Current liabilities	**2 708 853**	1 145 024

2024	**Long term incentive**	**Short term incentive**
Balance on 1 January	**1 288 163**	**1 145 024**
Increase in provision	**1 255 207**	**1 062 634**
Exchange rate differences	**(74 009)**	**(29 977)**
Utilisation of provision	**–**	**(1 146 760)**
Balance on 31 December	**2 469 361**	**1 030 921**

2023	**Long term incentive**	Short term incentive
Balance on 1 January	500 182	1 073 806
Increase in provision	837 688	1 137 062
Exchange rate differences	(49 707)	(113 297)
Utilisation of provision	–	(952 547)
Balance on 31 December	1 288 163	1 145 024

Employee benefit provisions relate to an incentive scheme applicable to employees within the Group. Employee benefit 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.

18. REVENUE

ACCOUNTING POLICY

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. Contractually agreed services are recognised as revenue over time when the drilling service has met the performance obligations as 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 amortisation period of the asset otherwise recognised would have been one year or less.

A portion of the Group's revenue is derived from selling industrial products with revenue recognised at a point in time when control of the products has transferred to the customer. This is generally when the products 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.

	2024 USD	2023 USD
Revenue from contracts with customers		
Rendering of services	**235 216 732**	208 839 091
Sale of industrial products	**35 626 062**	33 958 450
	270 842 794	242 797 541
Disaggregation of revenue from contracts with customers		
The Group disaggregates revenue from customers as follows:		
Rendering of services	**235 216 732**	208 839 091
Sale of industrial products	**35 626 062**	33 958 450
	270 842 794	242 797 541
Timing of revenue recognition		
Over time		
Rendering of services	**235 216 732**	208 839 091
At a point in time		
Sale of industrial products	**35 626 062**	33 958 450

Refer to note 31 – Segment Reporting for disaggregation of revenue by stage of mining activity and geographical area.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

19. OTHER INCOME

Rental income

Rental income is derived from the provision of auxiliary equipment to clients and related parties. This equipment is supplied to facilitate the achievement of contractually stipulated drilling-related milestones. These rental agreements are ancillary to our core drilling services contracts. Rental agreements are of a short term nature.

It is important to note that this rental income is not considered a primary revenue stream. Consequently, it is disclosed separately from core revenue to ensure financial transparency and accurate representation of the Group's principal business activities.

	2024 USD	2023 USD
Foreign exchange gains	**–**	1 051 740
Gain on disposal of assets to third parties	**103 550**	283 485
Rental income	**1 613 006**	1 534 763
Scrap sales	**286 963**	140 420
Profit with the acquisition of loans	**395 335**	–
Other	**65 460**	99 278
	2 464 314	3 109 686

20. OPERATING PROFIT

ACCOUNTING POLICY

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.

	2024 USD	2023 USD
Operating profit for the year is stated after accounting for the following:		
Gain on sale of property, plant and equipment	**103 550**	283 485
Impairment of property, plant and equipment	**(13 888 050)**	(2 202 834)
Impairment of intangibles	**(6 592)**	(24 272)
(Loss)/Gain on exchange differences	**(4 459 279)**	1 051 740
Depreciation on property, plant and equipment	**(13 286 621)**	(12 946 710)
Depreciation on right of use asset	**(689 911)**	(658 882)
Amortisation	**(809 046)**	(821 473)
Employee costs	**(91 679 232)**	(81 984 344)
Incentive provision	**(2 317 841)**	(1 974 750)
External audit fee	**(518 540)**	(398 855)
Approved audit fees payable for the year ended	**(518 075)**	(381 549)
Non- audit service	**(465)**	(17 306)
Consumables	**(40 676 066)**	(14 173 591)
Maintenance	**(32 162 319)**	(26 091 987)
Site support services	**(37 304 245)**	(52 207 877)
Professional services	**(10 338 240)**	(12 110 618)
Rentals paid	**(11 229 734)**	(10 651 262)

21. INVESTMENT INCOME

ACCOUNTING POLICY

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.

	2024 USD	2023 USD
Total dividends	**516 429**	402 214
Unlisted preference dividends	**449 090**	402 214
Related party dividends	**67 339**	–
Total interest received	**1 709 375**	1 000 364
Interest from related party	**657 371**	246 675
Bank	**931 457**	753 689
Other interest received	**120 547**	–
	2 225 804	1 402 578

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

22. FINANCE COST

	2024 USD	2023 USD
interest-bearing borrowings	**4 269 250**	4 076 840
Lease and instalment sales agreement liabilities	**819 568**	737 081
Bank	**404 646**	120 852
Interest on unwinding of contract liability	**305 252**	496 644
Interest accrued in respect of taxes	**16 423**	29 746
Interest in respect of related parties payables	**140 781**	–
Interest on consideration payable	**160 985**	247 980
Other	**143 485**	95 752
	6 260 390	5 804 895
Reconciliation of finance cost paid in cash:		
Total finance cost	**6 260 390**	5 804 895
Interest accrued on interest-bearing borrowings	**943 760**	346 441
Interest accrued on instalment sales agreement	**9 187**	49 454
Interest unwinding contract liability	**296 422**	496 644
Interest accrued in respect of taxation	**16 423**	29 746
Interest accrued – consideration payable	**–**	247 980
Finance cost paid in cash	**4 994 598**	4 634 630

23. TAXATION

ACCOUNTING POLICY

Taxation

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.

Current 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 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.

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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.

23. TAXATION continued

	2024 USD	2023 USD
Current		
Normal taxation	**11 613 014**	11 338 997
Current taxation	**11 684 952**	11 543 717
(Over)/Under provision	**(71 938)**	(204 720)
Deferred taxation	**(4 696 444)**	(3 471 090)
Deferred taxation: Temporary differences	**(4 696 444)**	(3 449 441)
Deferred taxation: Change in taxation rate	**–**	(21 649)
Dividend withholding taxation	**–**	–
	6 916 570	7 867 907
Reconciliation of the tax expense		
Accounting profit	**25 621 877**	30 165 565
Tax at the applicable tax rate – Average rate 23% (2023: 24%)	**5 988 233**	6 966 652
Over provision	**(71 938)**	(204 720)
Change in taxation rate	**–**	(21 649)
Exempt income – Dividends and royalties received	**(769 112)**	(1 298 828)
Non-deductible expenses – Fines and penalties	**44 512**	1 912 270
Estimated loss not recognised	**2 322 016**	514 182
Utilisation of estimated loss previously not recognised	**(597 141)**	–
Taxation expense	**6 916 570**	7 867 907

Deferred tax assets relating to the carry forward of unutilised tax losses and/or deductible temporary differences are recognised to the extent it is probable that future taxable profit will be available against which the unutilised tax losses and/or deductible temporary differences can be recovered, utilising management's best estimates and assumptions.

The applicable tax rate is calculated based on the profit mix between the different tax jurisdictions with the different tax rates.

The total unrecognised assessed loss at 31 December 2024 is USD8 152 116 (2023: USD5 205 422). These do not have an expiry date.

	2024 USD	2023 USD
Normal taxation charge/(benefit) per entity within the Group		
Master Drilling Australia (Pty) Ltd	**–**	300 378
MDX Masterdrill Exploracoes E Sondagens Ltda	**377 615**	189 530
MD Botswana (Pty) Ltd	**229 658**	273 100
Master Drilling Canada Ltd	**1 765 498**	–
MD Katanga Drilling Services SAS	**228 355**	687 088
Kibali Raisebore Drilling SAS	**147 450**	–
Master Drilling Chile Borer Division SpA	**224 107**	–
Consorsio Master Drilling Besalco SA	**248 935**	394 643
Master Drilling Changzhou Co Ltd	**370 975**	398 425
Master Drilling Ghana Ltd(USD)	**185 971**	849 674
Master Drilling Guatemala SA	**2 512**	–
Master Drilling India Pvt Ltd	**1 776 434**	1 707 439
Master Drilling Mali Sarl	**59 230**	1 122 842
Master Drilling Malta Limited	**2 410**	134 040
Master Drilling International Ltd	**172 539**	5 386
Master Drilling Mexico SA de CV	**–**	(387 957)
Master Drilling Nacaragua SA	**–**	43 004
Master Drilling Peru S.A.C.	**396 216**	839 955
Drilling Technical Services Peru S.A.C.	**61 209**	246 625
Drilling Administrative Services S.A.C.	**–**	88 046
Bergteamet Raiseboring Europe AB	**1 244 781**	1 368 461
Master Drilling Tanzania Ltd	**23 299**	91 204
Master Drilling Group Ltd	**54 016**	(28 544)
Raisebore Rental (Pty) Ltd	**724 643**	–
Drilling Technical Services (Pty) Ltd	**312 556**	(119 714)
Master Drilling Exploration (Pty) Ltd	**454 767**	–
Master Sinkers (Pty) Ltd	**29 777**	–
Master Drilling New Technology Holding (Pty) Ltd	**34 917**	–
Master Mining (Pty) Ltd	**13 297**	(31 495)
Master Drilling (Pty) Ltd	**52 897**	757 323
MDG Shared Services (Pty) Ltd	**29 355**	3 860
Master Drilling Mining Services (Pty) Ltd	**97 399**	243 696
MD Training Services (Pty) Ltd	**13 848**	9 167
A&R Engineering and Mining Services (Pty) Ltd	**1 031 832**	648 525
Embedded IQ (Pty) Ltd	**884 768**	1 092 187
Embedded Works (Pty) Ltd	**87 427**	56 874
Lamproom Solutions and Consulting (Pty) Ltd	**127 300**	199 303
Kipushi Drilling ASA	**117 611**	155 932
EIQ Manufacturing (Pty) Ltd	**29 410**	–
	11 613 014	11 338 997

There were no changes to tax rates in the current year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

24. DIRECTORS' REMUNERATION

2024 USD	Basic salary	Bonus
Executive directors		
Danie Pretorius"	481 279	294 708
Andre van Deventer"	295 988	71 490
Koos Jordaan+	290 039	74 260
Sub-total	1 067 306	440 458
Non-executive directors		
Hennie van der Merwe^	–	–
Shane Ferguson^	–	–
Andries Brink^	–	–
Hendrik Faul^	–	–
Mamokete Ramathe^	–	–
Akhter Deshmukh^	–	–
Sub-total	–	–
Alternate director		
Gary Sheppard#	348 865	28 867
Eddie Dixon$	165 742	–
Sub-total	514 607	28 867
Prescribed Officer		
Roelof Swanepoel*	186 085	16 363
Sub-total	186 085	16 363
Total	1 767 998	485 688

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

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

* *Paid by MDG Shared Services (Pty) Ltd*
\+ *Paid by Master Drilling New Technology Holdings (Pty) Ltd*
" *Paid by MDG Shared 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*

Share options held by directors and/or prescribed officers:

Refer to note 34	EP(*) ZAR	Number of shares	Danie Pretorius	Roelof Swanepoel
Outstanding – 1 January	1.27	709 758	500 000	209 758
Additional share options granted		–	–	–
Outstanding – 31 December	0	709 758	500 000	209 758
Expense recognised		149 170	105 085	44 085

(*) EP = Exercise price

Fringe benefits	Provident/ Pension fund contributions	Director's fees	Consulting and legal fees	Total
22 725	–	–	–	798 712
14 593	–	–	–	382 071
17 223	–	–	–	381 522
54 541	–	–	–	1 562 305
–	–	63 195	–	63 195
–	–	–	152 119	152 119
–	–	35 617	–	35 617
–	–	23 776	–	23 776
–	–	26 564	–	26 564
–	–	40 626	–	40 626
–	–	189 778	152 119	341 897
5 060	–	–	–	382 792
45 649	12 042	–	–	223 433
50 709	12 042	–	–	606 225
7 058	10 169	–	–	219 675
7 058	10 169	–	–	219 675
112 308	22 211	189 778	152 119	2 730 102

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

24. DIRECTORS' REMUNERATION continued

2023 USD	Basic salary	Bonus
Executive directors		
Danie Pretorius"	395 123	204 314
Andre van Deventer"	289 391	162 471
Koos Jordaan+	280 500	111 604
Sub-total	965 014	478 389
Non-executive directors		
Hennie van der Merwe^	–	–
Shane Ferguson^	–	–
Andries Brink^	–	–
Hendrik Faul^	–	–
Mamokete Ramathe^	–	–
Akhter Deshmukh^	–	–
Sub-total	–	–
Alternate director		
Gary Sheppard#	348 505	28 796
Eddie Dixon$	155 071	–
Sub-total	503 576	28 796
Prescribed Officer		
Roelof Swanepoel*	164 503	70 146
Sub-total	164 503	70 146
Total	1 633 093	577 331

* *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*

Share options held by directors and/or prescribed officers:

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

(*) EP = Exercise price

Fringe benefits	Provident/ Pension fund contributions	Director's fees	Consulting and legal fees	Total
20 203	–	–	–	619 640
13 372	–	–	–	465 234
15 387	–	–	–	407 491
48 962	–	–	–	1 492 365
–	–	58 683	–	58 683
–	–	32 027	81 927	113 954
–	–	32 787	–	32 787
–	–	16 546	–	16 546
–	–	24 305	–	24 305
–	–	38 590	–	38 590
–	–	202 938	81 927	284 865
36 679	–	–	–	413 980
11 270	17 393	–	–	183 734
47 949	17 393	–	–	597 714
5 157	12 062	–	–	251 868
5 157	12 062	–	–	251 868
102 068	29 455	202 938	81 927	2 626 812

25. EARNINGS PER SHARE

	2024 USD Gross	2024 USD Net	2023 USD Gross	2023 USD Net
Reconciliation between earnings and headline earnings				
Basic earnings for the year	18 705 307	18 705 307	22 297 658	22 297 658
Deduct:				
Non-controlling interest	–	(1 288 053)	–	(1 715 487)
Attributable to owners of the parent	18 705 307	17 417 254	22 297 658	20 582 171
Gain on disposal of property, plant and equipment	(103 550)	(46 849)	(283 485)	(136 653)
Impairment of property, plant and equipment	13 888 050	9 340 846	2 202 834	1 506 277
Impairment of intangibles	6 592	4 813	24 272	24 272
Headline earnings for the year	32 496 399	26 716 064	24 241 279	21 976 067
Earnings per share				
Earnings per share (cents)		11.5		13.6
Diluted earnings per share (cents)		11.5		13.6
Headline earnings per share (cents)		17.7		14.5
Diluted headline earnings per share (cents)		17.7		14.5
Dividends per share (cents)		52.5		47.5
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		150 982 516		151 512 667
Effect of dilutive potential ordinary shares – employee share options (*)		226 366		17 290
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		151 208 882		151 529 957

(*) The total number of share options in issue is disclosed in note 35

26. CASH GENERATED FROM OPERATIONS

26.1 Cash generated from operations

	2024 USD	2023 USD
Profit before taxation	**25 621 877**	30 165 565
Adjustments for:		
Depreciation	**13 976 532**	13 605 592
Amortisation	**809 046**	821 473
Share-based payment expense	**149 170**	(13 636)
Fair value adjustment on derivatives	**111 097**	22 989
Fair value adjustment of equity investments	**(173 669)**	–
Impairment of property, plant and equipment	**13 894 642**	2 227 106
Profit from equity accounted investments	**(25 905)**	(753 445)
Unrealised foreign exchange movements	**4 784 244**	7 067
Put option for non-controlling interest expense	**743 476**	840 519
Loans acquired at a discount	**(379 787)**	–
Gain on disposal of fixed assets	**(103 550)**	(283 485)
Movement in expected credit loss allowance	**(425 829)**	(289 139)
Movement in allowance for obsolete inventory	**143 985**	205 525
Bad debt written off	**–**	551 126
Dividends received	**(516 429)**	(402 214)
Interest received	**(1 709 375)**	(1 000 364)
Movement in provisions	**1 171 081**	1 022 203
Finance costs	**6 260 390**	5 804 895
Changes in working capital:		
Inventories	**(1 307 355)**	(4 284 113)
Trade and other receivables	**3 225 775**	(2 105 508)
Trade and other payables	**(4 612 015)**	6 499 067
Contract liability	**(3 362 925)**	(1 320 530)
	58 274 476	51 320 693

26.2 Tax paid

	2024 USD	2023 USD
Reported as at 1 January	**2 600 582**	3 309 908
Current tax for the period recognised in profit and loss	**11 613 014**	11 338 997
Interest accrued in respect of taxation	**16 423**	29 746
Exchange effect on consolidation of foreign subsidiaries	**287 373**	(174 834)
Balance at end of the period	**(2 486 223)**	(2 600 582)
	12 031 169	11 903 235

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

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

	2024 USD	2023 USD
A&R Holdings (Pty) Ltd [6]	**(1 156 061)**	(1 191 501)
Applied Vehicle Analysis (Pty) Ltd [7]	**–**	161 404
Barrange (Pty) Ltd [1]	**3 981**	2 624
Kairos Raising (Pty) Ltd [6]	**1 169**	–
DrillX Innovations (Pty) Ltd [8]	**655 447**	454 931
Besalco SA [5]	**(58 513)**	195 141
Lamproom Holdings (Pty) Ltd [6]	**(326 975)**	(558 654)
EIQ Investment Holdings (Pty) Ltd [6]	**152 913**	184 751
Hall Core Holdings (Pty) Ltd [8]	**4 435 522**	3 260 862
Hall Core International Ltd [8]	**1 101 338**	–
MDG Equity Holdings (Pty) Ltd [1, 3 & 4]	**(354)**	718
Epha Drilling (Pty) Ltd [2]	**(76 755)**	(81 645)
Mosima Drilling (Pty) Ltd [2]	**(57 113)**	(60 720)
MD Drilling Employees Trust [2]	**(2 260)**	(2 478)
MD HDSA Trust [2]	**30 211**	30 764
DCP BEE Foundation Trust [2]	**20 029**	20 697
The Drillcorp BEE Trust [2]	**36 572**	37 311
MD Engineering Employees Trust [2]	**750**	728
	4 759 901	2 454 933
Related party loans receivable from	**6 437 932**	4 349 931
Related party loans owing to	**(1 678 031)**	(1 894 998)
Net related party loans	**4 759 901**	2 454 933
Non-current assets	**5 925 969**	3 623 467
Current assets	**512 661**	726 464
Non-current liabilities	**1 619 164**	–
Current liabilities	**59 565**	1 894 998

Related party loans are interest free with no repayment terms with the exception of the loan with Hall Core Holdings (Pty) Ltd and DrillX Innovations (Pty) Ltd which bears interest at the South African prime lending rate plus 2% and is repayable in monthly instalments of USD43 634.

The Group assesses the expected credit losses on related party receivables based on the forward-looking expected credit loss model, applying the general approach. The methodology used to determine the amount of provision is based on the underlying liquid assets of the individual related party for on-demand collectability. Based on the assessment, no expected credit losses have been recognised.

The Group performed and assessment of increase in credit risk for related party transactions included analysis of historical payment patterns, current financial condition of the related party, and forward looking macro economic factors. Based on this analysis, the credit risk has not significantly increased.

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. The Group also cannot force the trust to sell shares as the trustee structure ensures independent decision-making, requiring a majority vote among three trustees.

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 own 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. Refer to note 6 for more information.

Refer to note 34 for more details on related parties

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] Joint venture company of the Group
[8] Joint venture partner

28. RISK MANAGEMENT

28.1 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 13 and 14, cash and cash equivalents disclosed in note 10, 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):

	2024	2023
Leverage ratio less than 1.5	**0.23**	0.32
Debt service cover ratio not less than 1.4	**2.10**	2.59
Interest coverage rate not less than 4	**13.63**	12.37

The above covenant ratios are closely monitored by management and as at 31 December 2024 the above covenant ratios were all adhered to.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28. RISK MANAGEMENT continued

28.2 Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk, price 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.

28.3 Interest rate risk

The Group has no significant interest-bearing assets, other than bank balances and interest-bearing preference shares.

The Group’s main 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 2024 the Group's borrowings at variable rate were denominated in the United States Dollars, Swedish Krona and South African Rand. interest-bearing borrowings, including cash and cash equivalents, comprise 6,3% of equity and are 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 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.

2024
USD

USD denominated debt:	**+50 bps**	**-50 bps**
Profit and loss	**(136 375)**	**136 375**
Equity, net of finance tax	**(94 099)**	**94 099**
ZAR denominated debt:	**+75 bps**	**-75 bps**
Profit and loss	**(137 968)**	**137 968**
Equity, net of finance tax	**(100 717)**	**100 717**

2023 USD		
USD denominated debt:	**'+75 bps**	**'-75 bps**
Profit and loss	**(161 149)**	**161 149**
Equity, net of finance tax	**(119 117)**	**119 117**
ZAR denominated debt:	**+30 bps**	**-30 bps**
Profit and loss	**(61 148)**	**61 148**
Equity, net of finance tax	**(44 638)**	**44 638**

bps = basis points

28.4 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 arises 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 6, 9, 10 and 27 respectively.

2024 USD	Gross	ECL
Non-current financial assets		
Financial assets	**5 660 854**	**–**
Related-party loans	**5 925 969**	**–**
Current financial assets		
Trade and other receivables	**66 805 446**	**(4 303 616)**
Related-party loans	**512 661**	**–**
Derivative financial instrument	**323 121**	**–**
Cash and cash equivalents	**34 615 375**	**–**

ECL = expected credit losses

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28. RISK MANAGEMENT continued

28.4 Credit risk continued

2023

USD	Gross	ECL
Non-current financial assets		
Financial assets	5 196 817	–
Related-party loans	3 623 467	–
Current financial assets		
Trade and other receivables	70 068 841	(4 445 817)
Related-party loans	726 464	–
Derivative financial instrument	326 327	–
Cash and cash equivalents	27 851 965	–

ECL = expected credit losses

28.5 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.

USD35.7 million of the long-term interest-bearing borrowings is due during September 2025. The Group is currently in discussion with the borrowers to renew the facility and extend the repayment terms. As at the date of the release of the financial statements, this process was yet to be finalised and the entire repayment portion was disclosed to be repaid within 12 months.

2024 USD	Carrying amount Total	Contractual cash flows Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years and after	Total
Long-term interest-bearing borrowings	48 021 584	42 094 164	3 150 523	2 169 548	–	–	2 350 706	49 764 941
Lease liabilities	4 914 043	960 897	905 878	723 254	609 603	568 546	5 004 826	8 773 004
Instalment sales obligations	1 698 415	943 306	478 434	357 291	79 321	59 491	–	1 917 843
Related party loans	1 678 729	59 565	1 619 164	–	–	–	–	1 678 729
Put option liability for non-controlling interest	9 970 820	2 483 734	2 483 734	2 483 734	2 483 734	2 483 734	–	12 418 670
Trade and other payables	53 687 267	53 687 267	–	–	–	–	–	53 687 267

2023 USD	Carrying amount Total	Contractual cash flows Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 years and after	Total
Long-term interest-bearing borrowings	44 080 552	8 326 427	34 757 110	3 264 655	2 240 985	–	3 289 922	51 879 099
Lease liabilities	5 755 452	1 067 510	939 711	1 030 790	934 382	853 962	5 433 906	10 260 261
Instalment sales obligations	1 400 365	1 364 060	93 426	41 482	25 453	–	–	1 524 421
Related party loans	1 894 998	1 895 225	531 320	–	–	–	–	2 426 545
Put option liability for non-controlling interest	8 842 812	2 215 644	2 215 644	2 215 644	2 215 644	2 215 644	–	11 078 220
Trade and other payables	50 120 516	50 120 516	–	–	–	–	–	50 120 516

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

28. RISK MANAGEMENT continued

28.6 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 the emerging currencies 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 and derivatives 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	(13 328)	16 290	1.62
Brazilian Real	BRL	(140 235)	171 398	6.19
Botswana Pula	BWP	(72 048)	88 058	13.92
Canadian Dollar	CAD	(316 215)	386 485	1.44
Chilean Peso	CLP	(335 284)	409 792	996.51
Chinese Yuan Renminbi	CNY	(191 108)	233 577	7.30
Colombian Peso	COP	(1 312)	1 604	4 405.77
Euro	EUR	280	(342)	0.97
Ghanian Sedi	GHS	(57 224)	69 941	14.70
Indian Rupee	INR	(433 602)	529 958	85.61
Liberian Dollar	LRD	4 042	(4 941)	181.59
Mexican Peso	MXN	610 261	(745 874)	20.86
Nicaraguan córdoba	NIO	55 853	(68 264)	36.84
Peruvian Sol	PEN	(35 269)	43 107	3.74
Swedish Krona	SEK	(437 537)	534 768	11.07
Turkish Lira	TRY	3 187	(3 896)	35.37
Central African Franc	XOF	1 309	(1 600)	633.83
South African Rand	ZAR	(619 989)	757 764	18.90
Zambian Kwacha	ZMW	29 758	(36 370)	27.88

29. FINANCIAL INSTRUMENTS

ACCOUNTING POLICY

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 IFRS 15. Please refer to reconciliation in note 9.

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.

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 default and the expected credit loss measurements. Default is defined as the counterparty’s failure to meet its contractual obligations. Writing off financial assets is when the Group acknowledges that it may not recover the money owed by the counterparty. The Group is not exposed to significant credit risk due to the nature of trade receivables which consists mainly of blue-chip mining clients across the world.

29. FINANCIAL INSTRUMENTS continued

Other financial assets for which expected credit losses are consider include cash and cash equivalents and other debt-type financial assets, like loans to employees, deposits and 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.

In applying this forward-looking approach which is applied to all financial assets except for trade 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 6 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.

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.

2024 **USD**	**Category**	**Value**
Non-current financial assets		
Investment in preference shares	**Amortised Cost**	**5 412 101**
Investment in equity instruments	**FVTPL**	**248 753**
Related-party loans	**Amortised Cost**	**5 925 969**
Current financial assets		
Trade and other receivables	**Amortised Cost**	**64 821 885**
Related-party loans	**Amortised Cost**	**512 661**
Derivative financial instrument	**FVTPL**	**323 121**
Cash and cash equivalents	**Amortised Cost**	**34 615 375**
Non-current financial liabilities		
Interest-bearing borrowings	**Amortised Cost**	**7 172 461**
Related-party loans	**Amortised Cost**	**1 619 164**
Current financial liabilities		
Interest-bearing borrowings	**Amortised Cost**	**40 849 123**
Related-party loans	**Amortised Cost**	**673 651**
Derivative financial instrument	**FVTPL**	**350 530**
Trade and other payables	**Amortised Cost**	**53 687 267**
Cash and cash equivalents	**Amortised Cost**	**–**

FVTPL = fair value through profit or loss

Financial assets and liabilities carried at amortised cost – the carrying value approximates its fair value.

29. FINANCIAL INSTRUMENTS continued

2023

USD	Category	Value
Non-current financial assets		
Investment in preference shares	Amortised Cost	5 121 733
Investment in equity instruments	FVTPL	75 084
Related-party loans	Amortised Cost	3 623 467
Current financial assets		
Trade and other receivables	Amortised Cost	67 096 531
Related-party loans	Amortised Cost	726 464
Derivative financial instrument	FVTPL	326 327
Cash and cash equivalents	Amortised Cost	27 851 965
Non-current financial liabilities		
Interest-bearing borrowings	Amortised Cost	39 508 019
Related-party loans	Amortised Cost	–
Contingent consideration	FVTPL	–
Current financial liabilities		
Interest-bearing borrowings	Amortised Cost	4 572 533
Related-party loans	Amortised Cost	1 894 998
Derivative financial instrument	FVTPL	576 164
Trade and other payables	Amortised Cost	50 120 516
Cash and cash equivalents	Amortised Cost	–

FVTPL = fair value through profit or loss

Financial assets and liabilities carried at amortised cost – the carrying value approximates its fair value.

30. FAIR VALUE

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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.

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 derivative financial assets 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 joint ventured with determination of fair values.

For more complex instruments such as investments in unlisted equities, the Group uses primarily the discounted cash flow valuation model. 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.

2024

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
Investment in equity instruments	**6**	**248 753**	**–**	**–**	**248 753**
Derivative financial instrument	**38**	**–**	**323 121**	**–**	**323 121**
Derivative financial instrument	**38**	**–**	**(673 651)**	**–**	**(673 651)**
Put option for non-controlling interest	**39**	**–**	**–**	**9 970 820**	**9 970 820**

2023

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
Investment in equity instruments	6	75 084	–	–	75 084
Derivative financial instrument	38	–	326 327	–	326 327
Derivative financial instrument	38	–	(576 164)	–	(576 164)
Put option for non-controlling interest	39	–	–	8 842 812	8 842 812

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT REPORTING

ACCOUNTING POLICY

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.

31.1 Mining activity

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

	2024 USD	2023 USD
Sales revenue by activity		
Sale of industrial products	**35 626 062**	33 958 450
Raise boring	**211 225 931**	177 134 224
Support services	**10 735 700**	18 009 488
Slim drilling	**10 600 589**	10 599 275
New rock-boring technology	**2 654 512**	3 096 104
	270 842 794	242 797 541
Gross profit by activity		
Sale of industrial products	**14 205 018**	11 584 344
Raise boring	**64 545 870**	48 958 912
Support services	**2 919 023**	2 472 104
Slim drilling	**1 544 905**	4 148 896
New rock-boring technology	**748 608**	1 267 575
	83 963 424	68 431 831

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

There have been changes made to the operating segments of the Africa region, it has been separated into two regions namely Africa and South- Africa from those disclosed at 31 December 2023. The changes will enable the chief decision maker, under the direct supervision of the resident boards, to improve the assessment of the performances and make better informed decisions on the allocation of resources to the different operating systems. The comparative reporting periods were adjusted accordingly as the information was available.

31.2 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.

	2024 USD	2023 USD
Sales revenue by geographical market		
Africa	**41 897 849**	39 332 525
Central and North America	**34 612 075**	30 866 028
Rest of the World	**53 318 835**	37 528 777
South Africa	**75 306 429**	65 255 331
South America	**65 707 606**	69 814 880
	270 842 794	242 797 541
Gross profit by geographical market	**–**	
Africa	**9 101 279**	12 521 783
Central and North America	**7 835 189**	5 062 782
Rest of the World	**25 017 965**	9 724 038
South Africa	**25 591 282**	23 001 402
South America	**16 417 710**	20 348 932
	83 963 425	70 658 937

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

A customer in the African region, operating in the raiseboring segment accounts for 9% (2023: 9%) of the Group's total revenue.

Assets and liabilities are reallocated among the operating segments based on the specific requirements of each project within these segments. Transactions within the operating segments occur at arm's length.

	2024 USD	2023 USD
Depreciation, amortisation and impairment by geographical market		
Africa	**601 605**	2 353 614
Central and North America	**7 917 545**	2 667 220
Rest of the World	**3 872 946**	3 491 538
South Africa	**13 409 432**	5 082 410
South America	**2 878 691**	3 059 389
	28 680 219	16 654 171

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT REPORTING continued

31.2 Geographical segments continued

	2024 USD	2023 USD
Investment income by geographical market		
Africa	**41 959**	40 565
Central and North America	**–**	–
Rest of the World	**440 605**	200 872
South Africa	**1 479 002**	1 035 759
South America	**264 238**	125 382
	2 225 804	1 402 578

	2024 USD	2023 USD
Finance cost by geographical market		
Africa	**–**	555 850
Central and North America	**1 462 337**	2 004 017
Rest of the World	**176 307**	59 163
South Africa	**3 440 231**	1 880 934
South America	**1 181 515**	1 304 931
	6 260 390	5 804 895

	2024 USD	2023 USD
Taxation by geographical market		
Africa	**(256 107)**	1 795 573
Central and North America	**1 814 921**	(820 727)
Rest of the World	**2 585 553**	3 862 111
South Africa	**2 014 613**	1 034 966
South America	**757 590**	1 995 984
	6 916 570	7 867 907

	2024 USD	2023 USD
Total assets by geographical market		
Africa	**19 852 486**	33 355 888
Central and North America	**45 601 248**	51 040 634
Rest of the World (**)	**111 416 703**	84 062 830
South Africa (**)	**127 687 110**	111 636 820
South America	**73 802 285**	81 774 419
Total assets as per statement of financial position	**378 359 832**	361 870 591
Total liabilities by geographical market		
Africa	**13 768 846**	8 218 172
Central and North America	**26 557 595**	50 410 135
Rest of the World	**40 711 542**	10 882 470
South Africa	**60 163 921**	52 692 440
South America	**25 688 501**	30 683 388
Total liabilities as per statement of financial position	**166 890 405**	152 886 605

(**) Assets in South Africa and Rest of the World included the investment in associate and investment in joint venture. See note 37 and 40 respectively

32. CONTINGENCY

ACCOUNTING POLICY

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.

	2024 USD	2023 USD
Retention bonds issued to customers	**1 039 192**	1 397 580
Performance bonds issued to customers	**10 353 787**	11 609 286
	11 392 979	13 006 866

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

33. INVESTMENTS IN SUBSIDIARIES

ACCOUNTING POLICY

Investments in subsidiaries

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.

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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, Consortium Master Drilling Besalco SA, without holding the majority of the voting rights as well as other relevant facts and circumstances, concluded that de-facto control exists due to the Group's practical ability to direct the relevant activities and as a result consolidated the subsidiary with a 50% non-controlling interest.

The Group has control of MD Katanga Drilling Company SAS even though the effective shareholding is less than 50% because there are contractual arrangements that permit the Group to appoint the majority of the directors.

Master Drilling Group Limited investment in subsidiaries	% holding 2024	% holding 2023	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 (*)	**86.19%**	86.19%	Investment Holding	Malta	USD
MDG Shared Services (Pty) Ltd	**50.79%**	50.79%	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%**	100.00%	Operational	RSA	ZAR
Master Drilling Mining Services (Pty) Ltd investment in subsidiaries					
A&R Engineering and Mining Services (Pty) Ltd	**51.40%**	51.40%	Operational	RSA	ZAR
Embedded IQ (Pty) Ltd	**50.83%**	50.83%	Operational	RSA	ZAR
Lamproom Solutions and Consulting (Pty) Ltd	**51.15%**	51.15%	Operational	RSA	ZAR
Moxie Digital (Pty) Ltd	**50.83%**	50.83%	Operational	RSA	ZAR
Embedded IQ (Pty) Ltd investment in subsidiaries					
Embedded Works (Pty) Ltd	**100.00%**	100.00%	Operational	RSA	ZAR
EIQ Manufacturing (Pty) Ltd	**100.00%**	100.00%	Operational	RSA	ZAR

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

33. INVESTMENTS IN SUBSIDIARIES continued

Master Drilling Group Limited investment in subsidiaries	% holding 2024	% holding 2023	Status	Country	Functional currency
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
Master Drilling Liberia Ltd	**100.00%**	100.00%	Operational	Liberia	LRD
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
Master Drilling Ecuador SA	**100.00%**	100.00%	Operational	Ecuador	USD
Master Drilling USA LLC	**100.00%**	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
Master Drilling Ghana Sprl	**100.00%**	100.00%	Operational	Ghana	GHS
Master Drilling Nicaragua SA	**100.00%**	100.00%	Operational	Nicaragua	USD
Master Drilling Raise Boring Ltd	**100.00%**	100.00%	Dormant	Zambia	ZMW
Raisebore Rental Ghana Sprl	**100.00%**	0.00%	Dormant	Ghana	GHS
Master Drilling Mauritius Ltd	**100.00%**	100.00%	Dormant	Mauritius	USD

Master Drilling Group Limited investment in subsidiaries	% holding 2024	% holding 2023	Status	Country	Functional currency
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

Refer to note 36 for disclosure on non-controlling interest.

Master Drilling Liberia Ltd and EIQ Manufacturing (Pty) Ltd (newly established subsidiaries) are new entities established during the current year.

Master Drilling Europe AB has a 31 August and Master India Private Ltd has a 31 March year-ends. 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 the fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to 31 December.

(*) The remaining 13.81% shareholding of Master Drilling International Ltd is held by MDI Exco, a company that is a 100% subsidiary of Master Drilling Group Ltd.

34. RELATED PARTIES

ACCOUNTING POLICY

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.

Relationships	
Subsidiaries	Refer to note 33
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 27
Related party balances	Refer to note 27
Associate	Refer to note 37
Joint venture	Refer to note 40

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

34. RELATED PARTIES continued

Related party	Nature	2024 USD	2023 USD
Barrange (Pty) Ltd	Rental paid	**195 258**	403 101
HallCore Holdings (Pty) Ltd	Rental income	**1 613 006**	1 388 356
HallCore Holdings (Pty) Ltd	Interest received	**160 984**	247 979
MDG Equity Holdings (Pty) Ltd	Interest paid	**143 434**	–
Kairos Raising	Administration and management fees	**51**	–
A&R Investment Holding (Pty) Ltd	Administration and management fees	**1 683**	–
EIQ Investments (Pty) Ltd	Administration and management fees	**13 734**	–
Epha Drilling SA (Pty)	Administration and management fees	**271**	467
Mosima Drilling SA (Pty) Ltd	Administration and management fees	**159**	275
Lamproom Holdings (Pty) Ltd	Administration and management fees	**222 468**	–

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 24 for disclosure on directors' remuneration.

Salaries and short-term benefits paid to key management amounts to 2024: USD3 613 084 (2023: USD2 985 382).

35. SHARE OPTION SCHEME

ACCOUNTING POLICY

Share option Scheme

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

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 period 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.

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

35. SHARE OPTION SCHEME continued

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

Additional share options were granted for the year ended 31 December 2024 – 0 (31 December 2023: 709 758). The share options outstanding as at 31 December 2024 all vested and are exercisable except for the additional share options granted during the previous year. Refer to note 24.

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. Please refer to Note 17.

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:

	2024 USD	2023 USD
Expense arising from equity-settled share-based payment transactions	**149 170**	7 179

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

	2024 EP	**2024 Number of shares**	2023 EP	2023 Number of shares
Outstanding – 1 January	**1.42**	**824 758**	5.21	310 000
Additional share options granted	**–**	**–**	1.27	709 758
Expired during the year	**–**	**–**	–	(80 000)
Exercised during the year	**–**	**–**	11.60	(115 000)
Outstanding – 31 December	**1.42**	**824 758**	1.42	824 758

The total number of share options exercised under the share option plan, amounted to 4 117 044 while 882 956 remains un-issued.

The remaining contractual life for the share options outstanding as at 31 December 2024 was 1.97 years (2023: 2.97).

36. NON-CONTROLLING INTEREST

The following subsidiaries have material non-controlling interest.

2024 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	10 600 589	3 789 795	–	20 135 402
Profit/(Loss)	1 092 238	(6 122 097)	(369 131)	1 652 731
Total comprehensive income/(loss)	1 092 238	(6 122 097)	(369 131)	1 652 731
Profit/Loss allocated to NCI	283 982	(306 105)	(180 874)	–
Comprehensive income attributable to NCI	283 982	(306 105)	(180 874)	–
Non-current assets	19 480 497	16 453 752	3 921 863	6 582 073
Current assets	7 498 249	1 050 333	34 144	27 648 643
Non-current liabilities	10 773 490	16 294 049	2 445 254	19 448 546
Current liabilities	2 435 012	1 883 031	85 576	11 870 228
Net assets	13 770 244	(672 995)	1 425 177	2 911 942
Net assets attributable to NCI	3 580 263	(33 650)	698 337	757 105
Cash flows from operating activities	4 026 090	6 201 560	(334 573)	2 511 623
Cash flows from investing activities	(457 373)	404 095	(699 805)	(71 121)
Cash flows from financing activities	(3 284 223)	(6 603 170)	691 729	(921 351)
Net increase/(decrease) in cash and cash equivalents	284 493	2 485	(342 649)	1 519 152
Dividends paid	–	–	–	–

(*) *The non-controlling interest share of Drilling Technical Services (Pty) Ltd, Raisebore Rental (Pty) Ltd, Embedded IQ (Pty) Ltd and Embedded Works (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	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	RSA	Chile	RSA	RSA	RSA	RSA	RSA
10.00%	5.00%	50.00%	48.60%	49.17%	49.17%	48.85%	49.17%
5 365 611	–	17 507 105	33 109 526	10 222 074	821 587	5 253 649	–
(5 177 347)	774 085	999 218	2 735 783	3 235 148	238 920	369 350	(1 713)
(5 177 347)	774 085	999 218	2 735 783	3 235 148	238 920	369 350	(1 713)
(517 735)	–	499 609	1 329 590	–	–	180 428	(842)
(517 735)	–	499 609	1 329 590	–	–	180 428	(842)
1 800 822	28 057 964	763 719	967 178	1 320 389	165 129	337 069	6 137
4 914 725	2 732 200	8 158 376	10 228 276	7 847 425	445 103	2 890 745	175 406
14 919 586	12 423 143	508 427	2 561 226	83 594	–	918 141	11 402
2 829 045	15 071 640	5 033 226	2 676 002	460 491	6 137	357 989	4 707
(11 033 084)	3 295 380	3 380 442	5 958 226	8 623 730	604 095	1 951 683	165 434
(1 103 308)	164 769	1 690 221	2 895 698	4 240 288	297 033	953 397	81 344
(4 482 361)	4 854 417	788 996	1 596 350	2 395 909	345 559	1 809 539	1 594
(151 845)	(7 124 181)	(412 479)	(575 714)	(428 763)	(60 469)	(8 259)	(1 594)
4 191 928	2 318 897	(572 561)	(1 633)	(223 379)	(35 463)	(419 101)	–
(442 278)	49 132	(196 044)	1 019 003	1 743 766	249 627	1 382 179	–
–	–	–	–	1 083 743	–	–	–

36. NON-CONTROLLING INTEREST continued

2023 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	10 546 843	4 556 226	–	22 622 376
Profit/(Loss)	2 906 929	1 697 641	(243 235)	2 247 764
Total comprehensive income/(loss)	2 906 929	1 697 641	(243 235)	2 247 764
Amortisation on contractual client relationship	–	–	–	–
Profit/Loss allocated to NCI	755 802	84 882	(119 185)	–
Comprehensive income attributable to NCI	755 802	84 882	(119 185)	–
Non-current assets	21 318 669	22 567 677	3 728 607	5 073 888
Current assets	5 249 013	12 135 132	358 378	24 660 791
Non-current liabilities	11 277 392	23 052 150	2 217 191	20 253 638
Current liabilities	2 121 745	5 338 275	34 429	8 153 668
Net assets	13 168 545	6 312 384	1 835 366	1 327 373
Net assets attributable to NCI	3 423 822	315 619	899 329	345 117
Cash flows from operating activities	1 145 779	5 909 010	7 247	(12 557 334)
Cash flows from investing activities	(2 543 752)	404 600	(58 919)	(409 694)
Cash flows from financing activities	1 173 959	(6 249 593)	(407 550)	12 205 706
Net increase/(decrease) in cash and cash equivalents	(224 014)	(64 017)	(459 222)	(761 322)
Dividends paid	–	–	–	–

(*) The non-controlling interest share of Drilling Technical Services (Pty) Ltd, Raisebore Rental (Pty) Ltd, Embedded IQ (Pty) Ltd and Embedded Works (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	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	RSA	Chile	RSA	RSA	RSA	RSA	RSA
10.00%	5.00%	50.00%	48.60%	49.17%	49.17%	48.85%	49.17%
4 603 389	7 265 943	23 478 690	23 079 032	10 370 968	674 764	8 207 632	210 749
(631 653)	(877 170)	860 456	1 567 329	2 923 614	152 375	372 370	(18 780)
(631 653)	(877 170)	860 456	1 567 329	2 923 614	152 375	372 370	(18 780)
–	–	–	(153 338)	–	–	(154 126)	–
(63 165)	–	430 228	608 384	–	–	27 777	(9 234)
(63 165)	–	430 228	608 384	–	–	27 777	(9 234)
7 797 891	22 162 544	249 696	616 735	1 238 944	202 669	194 784	172 666
4 363 248	1 352 242	10 423 321	9 807 860	7 859 512	241 932	3 480 321	12 262
–	8 113 762	–	2 450 700	261 580	36 498	1 151 379	12 954
18 016 872	12 782 327	7 919 312	4 573 321	987 302	24 925	883 841	–
(5 855 733)	2 618 697	2 753 705	3 400 574	7 849 573	383 177	1 639 884	171 975
(585 573)	130 935	1 376 852	1 652 679	3 859 635	188 408	801 083	84 560
4 689 119	5 146 205	(1 456 992)	2 118 464	119 489	103 581	(1 863 327)	(63 994)
(2 921 102)	(3 732 720)	(43 363)	(439 802)	(142 052)	(12 321)	5 087	(76)
(1 520 100)	(1 433 854)	1 222 750	(1 974 626)	67 827	(142 507)	1 563 844	35 589
247 917	(20 369)	(277 605)	(295 964)	45 264	(51 247)	(294 396)	(28 481)
–	–	–	–	(665 883)	–	–	–

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

37. INVESTMENT IN ASSOCIATE

ACCOUNTING POLICY

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.

	Note(s)	2024 USD	2023 USD
Investment in associate – Applied Vehicle Analysis	37.1	**1 277 266**	958 496

37.1 Investment in associate – Applied vehicle analysis

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 South-Africa segment of the Group. Currently, AVA's unique digital platform analyses and tracks vehicles across various sites in 7 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.

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

	2024 USD	2023 USD
Cumulative reconciliation:		
Investment at cost	**1 293 975**	1 293 975
Foreign exchange differences	**(78 005)**	(61 388)
Share of profit/(loss) from associate	**61 296**	(274 091)
Total investment	**1 277 266**	958 496
Carrying amount of the investment is as follow:		
Carrying amount as at 1 January	**958 496**	790 777
Foreign exchange differences	**(16 617)**	(3 796)
Share of profit from associate	**335 387**	171 515
Carrying amount as at 31 December	**1 277 266**	958 496
Loan to associate (refer to note 26)	**–**	161 404
Dividends received from associate	**67 339**	–

	2024 USD	2023 USD
Revenue	**5 992 174**	3 500 637
Interest income	**–**	–
Taxation	**–**	–
Profit from continuing operations	**838 467**	428 788
Total comprehensive profit	**838 467**	428 788
Group's share of total comprehensive profit	**335 387**	171 515
Dividends received from associate	**67 339**	–

	2024 USD	2023 USD
Non-current assets	**342 360**	6 546
Current assets	**1 199 893**	990 028
Non-current liabilities(*)	**(39 186)**	(817 467)
Current liabilities (*)	**(461 803)**	(543 888)
Net assets	**1 041 264**	(364 781)
Group's share of net assets	**416 507**	(145 912)
Goodwill	**525 372**	932 893
Share of profit from associate	**335 387**	171 515
Investment in associate	**1 277 266**	958 496

(*) Excluded trade and other payables and provisions.

		2024 USD	2023 USD
38.	**DERIVATIVE FINANCIAL INSTRUMENTS**		
	Derivative financial instruments	**323 121**	326 327
	Derivative financial instruments	**(673 651)**	(576 164)
	Net derivative financial instruments	**(350 530)**	(249 837)
	Loss on derivative financial instruments recognised through profit and loss	**(100 693)**	(74 197)

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 2 of the fair value hierarchy. The fair value of the USD derivative reflects the US-dollar spot rate as at the reporting date. There are a number of collar instruments, each with a different strike rate and expiry date.

39. PUT OPTION LIABILITY FOR NON-CONTROLLING INTEREST

ACCOUNTING POLICY

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.

The put option liability represents the approximate 25% 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 average profit after taxation and royalties respectively for the three years ending 31 December 2024. The contractual agreement indicates that the shareholders need to be employed for a period of 36 months from the original contract date, 31 July 2021, and that should these employees no longer be employed, that the Group is obligated to take up the equity and software license agreements up to a shareholding percentage of 75%. The amounts owed can be repaid over 60 equal instalments.

Should the employees leave employment subsequent to the expiry date (31 July 2024), the put option remains exercisable. As at the release date of this financial statements, none of the shareholders left employment.

The Group accounts for 20% of the total purchase price as an deemed employee expense while 80% is accounted for as equity against non-controlling interest over a period of 23 months. The 23 months is calculated as the remaining months from the initial contract period of 36 months (as indicated above) when the Group acquired approximately 25% until the Group increased its shareholding to approximately 51% during August 2022. The amount recognised as an expense may vary over time as the put option liability is calculated with reference to the underlying subsidiaries' results.

As the put option liability is based on historical results, management deemed it not necessary to perform a sensitivity analysis as the historical results were audited and known to the Group.

	2024 USD	2023 USD
Put option liability for non-controlling interest	**9 970 820**	8 842 812
Non-current liabilities	**7 976 656**	7 074 250
Current liabilities	**1 994 164**	1 768 562
Reconciliation:		
Balance – 1 January	**8 842 812**	9 320 896
Service charge recognised	**743 476**	840 519
Release of option	**677 847**	(591 291)
Foreign exchange differences	**(293 315)**	(727 312)
Balance– 31 December	**9 970 820**	8 842 812

The earnings are based on historical data obtained from the underlying subsidiaries' financial records that not any stakeholder can gain access to other than upon request, therefore it is not observable data and is therefore classified as a level 3 fair value hierarchy.

40. INVESTMENT IN JOINT VENTURES

ACCOUNTING POLICY

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 among others, the following factors to determine whether it has rights to the joint arrangement's net assets or rights to and obligations for specific assets, liabilities, expenses and revenues:

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

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.

40. INVESTMENT IN JOINT VENTURE continued

SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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 among others, 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.

	Note(s)	2024 USD	2023 USD
Investment in joint venture – Hallcore Holdings (Pty) Ltd	40.1	**4 042 647**	4 469 712
Investment in joint arrangement – Hallcore International Ltd	40.2	**1**	–

Reconciliation of share of profit/(loss) in equity accounted investments:	Note(s)	2024 USD	2023 USD
Investment in associate – Applied Vehicle Analysis	37.1	**335 387**	171 515
Investment in joint venture – Hallcore Holdings (Pty) Ltd	40.1	**(309 482)**	581 930
Investment in joint arrangement – Hallcore International Ltd	40.2	**–**	–
		25 905	753 445

40.1 Investment in joint venture – Hallcore Holdings (Pty) Ltd

Master Drilling Exploration (Pty) Ltd, a subsidiary within the Group, is a 50% partner in Hallcore Holdings (Pty) Ltd ("Hallcore"), incorporated in South Africa, a joint venture formed within the exploration drilling industry. Hallcore's principal place of business is in South African. 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 or (loss) in joint venture. As at 31 December, in terms of the contractual agreement between the parties, the Group settled the consideration payable of ZAR27,9 million (USD1.5 million) during 2024.

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 Hallcore has been used in preparing the Group's consolidated annual financial statements. Appropriate adjustments were made for fair value adjustments at acquisition and differences in accounting policies and effects of significant transactions up to 31 December.

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

	Note(s)	2024 USD	2023 USD
Cumulative reconciliation:			
Investment at cost		**3 344 775**	3 344 775
Foreign exchange differences		**(896 969)**	(779 386)
Share of profit from joint venture		**1 594 841**	1 904 323
Total investment		**4 042 647**	4 469 712
Carrying amount of the investment is as follow:			
Carrying amount as at 1 January		**4 469 712**	4 382 221
Foreign exchange differences		**(117 583)**	(494 439)
Share of (loss)/profit from joint venture		**(309 482)**	581 930
Carrying amount as at 31 December		**4 042 647**	4 469 712
Loan to joint venture (refer to note 26)		**4 435 522**	3 260 862
Consideration payable to joint venture partner (refer to note 15):			
Non-current liabilities		**–**	–
Current liabilities	15	**–**	**1 520 432**

	2024 USD	2023 USD
Revenue	**17 501 884**	19 179 788
Depreciation and amortisation	**(1 788 408)**	(850 018)
Interest income	**966 315**	576 383
Interest expenses	**(1 417 261)**	(965 812)
Taxation	**–**	(537 949)
(Loss)/Profit from continuing operations	**(618 964)**	1 163 860
Total comprehensive (loss)/profit	**(618 964)**	1 163 860
Group's share of total comprehensive (loss)/profit	**(309 482)**	581 930

	2024 USD	2023 USD
Non-current assets	**9 288 336**	6 657 270
Current assets (*)	**1 285 604**	6 597 921
Non-current liabilities(**)	**(4 543 840)**	(3 777 752)
Current liabilities(**)	**(410 378)**	(5 291 202)
Net assets	**15 528 158**	4 186 237
Group's share of net assets	**7 764 079**	2 093 119
Goodwill	**(3 411 949)**	1 794 663
Share of profit from joint venture	**(309 482)**	581 930
Investment in joint venture	**4 042 647**	4 469 712

(*) Includes an amount of USD698 335 (2023: USD644 720) for cash and cash equivalents.
(**) Excluded trade and other payables and provisions.

40. INVESTMENT IN JOINT VENTURE continued

40.2 Investment in joint arrangement – Hallcore International Ltd

During April 2024, the Group purchased a 50% equity interest in Hallcore International Ltd ("HCIL"), incorporated in United Kingdom, for USD 0.7 million which includes share claims. HCIL is a specialist in exploration drilling and is currently primarily operating with the Rest of the World segment of the Group. This investment is aligned with the Group's strategy to diversify its services and invest in businesses in different regions and services.

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

The table below summarises and also reconciles the statement of comprehensive income's financial information as at 30 June and 31 December respectively.

	2024 USD	2023 USD
Cumulative reconciliation:		
Investment at cost	**–**	–
Additions	**1**	–
Gain from acquisition of joint arrangement	**81 271**	–
Share of loss from joint arrangement	**(81 271)**	–
Total investment	**1**	–
Carrying amount of the investment is as follow:		
Carrying amount as at 1 January	**–**	–
Additions	**1**	
Gain from acquisition of joint arrangement	**81 271**	–
Share of loss from joint arrangement	**(81 271)**	–
Carrying amount	**1**	–
Loan to joint arrangement	**–**	–
Revenue	**–**	–
Interest income	**63**	–
Interest expenses	**(151 267)**	–
Taxation	**–**	–
Loss from continuing operations	**(162 541)**	–
Total comprehensive loss	**(162 541)**	–
Group's share of total comprehensive loss	**(81 271)**	–

	2024 USD	2023 USD
Dividends received from joint arrangement	**–**	–
Non-current assets	**1 330 923**	–
Current assets	**–**	–
Non-current liabilities (*)	**(1 854 554)**	–
Current liabilities (*)	**–**	–
Net assets	**(523 631)**	–
Group's share of net assets	**(261 815)**	–
Goodwill	**343 087**	–
Share of loss from joint arrangement	**(81 271)**	–
Investment in joint arrangement	**1**	–

(*) Excluded trade and other payables and provisions.

41. CONTRACT LIABILITY

Subsidiaries within the South-African and South American segment entered into agreements where it received amounts upfront as part of contracts with customers that is expected to be realised by the end of the next financial year as aligned with the performance obligations in terms of the contract with the customers.

During the current year the South American region customers' contract was fulfilled and companies within the Group entered into additional agreements in its South-African region where it received amounts upfront as part of a contract with customer that are expected to be realised aligned with the performance obligations in terms of the contract with the customer. Unwinding of revenue and interest is respectively realised to profit and loss as the performance obligations in terms of the contract is met.

	2024 USD	2023 USD
Balance on 1 January	**7 289 631**	8 896 516
Contract with customers	**1 600 618**	3 457 520
Interest on unwinding of contract liability	**296 422**	496 644
Recognised as revenue	**(4 963 543)**	(4 957 847)
Foreign exchange differences	**(118 210)**	(603 202)
Closing on 31 December	**4 104 918**	7 289 631
Non-current liabilities	**–**	4 782 670
Current liabilities	**4 104 918**	2 506 961

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

42. SUBSEQUENT EVENTS

The Board approved a gross dividend on 24 March 2025 of 65,00 cents per share in ZAR terms payable to shareholders recorded in the Company's share register on Friday, 20 June 2025. The dividend declared is not reflected in the financial statements for the year ended 31 December 2024.

After the end of the 2024 financial year, the Group entered into a purchase agreement where it acquired 75% of the shares of Konec Spa on 2 January 2025, a company incorporated in Chile. The purchase price to be paid is expected to be approximately CLP384 million (USD385 542 at year-end spot rate). Konec Spa is a technology company specialising in fleet tracking and management software for industrial technology, the investment is aligned with the Group's strategy to diversify its services and invest in businesses in different regions and services.

Due to the recent nature of this transaction, the initial accounting for the acquisition has not been finalised as it is impractical in the limited timeframe to do so. Management is currently still in the process of determining the fair value of all the identifiable assets and liabilities, therefore, initial accounting for the business combination is incomplete and will only be finalised during the next financial reporting period.

The directors are not aware of any other matters outside of this report or circumstances arising that could have a material impact in the business subsequent to the reporting date.

43. CONTINGENT LIABILITY

As part of a global transaction in 2018, the Group and Atlantis Group concluded agreements pursuant to which the businesses in each of the following countries were sold by the Atlantis Group subsidiary in the country to the Group's subsidiary in that country, namely - India, Zambia, Brazil and South Africa.

The aggregate purchase price for all transactions was USD5.3 million (ZAR99,5 million).

In subsequent years, each of the Atlantis Group's subsidiaries has instituted legal action against the Group's respective subsidiaries to set aside the agreement in each country and for a claim of damages.

Management has assessed each claim and based on its interpretation of the underlying facts, independent legal advice from legal counsel, it is not probable that an outflow will be required to settle the claims. We received judgement from the High Court of Zambia, and we have been successful in our defence. It should be mentioned that the Atlantis Group have lodged an appeal.

44. 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.

SUPPLEMENTARY INFORMATION

ANALYSIS OF SHAREHOLDING

Size of holdings	Number of shareholders	% of total shareholders	Number of shares	% of shares in issue
1 – 1 000	2 960	73.4%	367 320	0.2%
1 001 – 10 000	770	19.1%	2 795 362	1.9%
10 001 – 100 000	228	5.5%	6 599 850	4.4%
100 001 – 1 000 000	59	1.5%	20 337 062	13.5%
1 000 000+	18	0.4%	120 437 185	80.0%
Total	**4 035**	**100.0%**	**150 536 779**	**100.0%**
Shareholder type				
Public shareholders	4 021	99.7%	62 734 949	41.7%
Non-public shareholders				
Directors' indirect holdings	10	0.2%	85 497 569	56.8%
Directors' direct holdings	4	0.1%	2 304 261	1.5%
Total	**4 035**	**100.0%**	**150 536 779**	**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	15 306 006	10.2%
Abax Investments	9 040 000	6.0%
Ninety One	11 848 560	7.9%
Total	**36 194 566**	**24.1%**

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	29.0%
MDG Equity Holdings (Pty) Ltd	38 954 436	25.9%
Ninety One Ltd	11 792 560	7.8%
Total	**94 443 646**	**62.7%**

Stock exchange information as at 31 December

JSE share code: MDI

		2024	2023
Market price (ZAR cents)	– high	**1 398**	1 477
	– low	**1 110**	1 120
	– closing	**1 360**	1 360
	– average	**1 248**	1 345
Shares traded		**13 596 788**	12 480 578

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,
Fochville, 2515
South Africa
(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

COMPANY SECRETARY

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

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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
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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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