

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

AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND DIVIDEND DECLARATION

HIGHLIGHTS FOR THE PERIOD

- USD Revenue increased by 11.5% to a record high USD270.8 million
- USD Headline earnings per share increased by 22.1% to 17.7 cents
- ZAR Headline earnings per share increased by 21,2% to 324,5 cents
- USD Earnings per share decreased by 15.4% to 11.5 cents
- ZAR Earnings per share decreased by 16,0% to 210,8 cents
- Stable order book of USD332.5 million
- Healthy pipeline of USD695.8 million
- Dividend of ZAR65,0 cents per share declared, an increase from the ZAR52,5 cents per share in 2023
- Cash generated from operating activities amounted to USD42.7 million up from USD34.7 million

REGULATORY REQUIREMENTS

The contents of the short form announcement is the responsibility of the Board of directors of Master Drilling. Master Drilling posts information that is important to investors on the main page of its website at [www.masterdrilling.com](http://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 important information about Master Drilling.

The annual financial statements for Master Drilling Group Limited (Registration number 2011/008265/06) for the period ended 31 December 2024 have been audited by BDO South Africa Incorporated, the Company's independent external auditors, whose unmodified audit report is available on: [www.masterdrilling.com](http://www.masterdrilling.com) and <https://senspdf.jse.co.za/documents/2025/JSE/ISSE/MDI/FY2024.pdf>

The annual financial statements have been prepared by the corporate reporting staff of Master Drilling, headed by Willem Ligthelm CA(SA), the Group's financial manager. This process was supervised by Andre Jean van Deventer CA(SA), the Group's chief financial officer.

Any investment decision by investors and/or shareholders should be based on consideration of the full announcement as available on [www.masterdrilling.com](http://www.masterdrilling.com). The full announcement is also available at the Company's registered office (for inspection, at no charge, during office hours on any business day).

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.

COMMENTARY

About Master Drilling

Master Drilling was established in 1986 and listed on the Johannesburg Stock Exchange Limited (JSE) in 2012. The Group delivers innovative drilling technologies and mining solutions. Master Drilling has built trusted partner relationships with blue-chip and mid-tier clients in the mining, hydro-electric energy, civil, engineering, as well as construction sectors worldwide. The Company is exposed to various key commodities that ensure its sustainability. The Master Drilling business model of providing drilling solutions and mining services to clients through tailor-made designs, coupled with a flexible support and logistics chain, makes it the preferred partner throughout the life cycle of projects.

Commenting on the results for the year ended 31 December 2024, Danie Pretorius, Chief Executive Officer of Master Drilling, said:  
"Master Drilling is pleased to report a resilient year in 2024, achieving a record high of USD 270.8 million in revenue, reflecting an 11.5% increase. This accomplishment comes amidst a backdrop of global market and economic uncertainty.

While profitability faced some pressure, we are grateful for the continued support of our valued clients and business partners. Our commitment to capital discipline continues to deliver positive returns.

Master Drilling remains dedicated to technological advancements. We are proud to witness our new drilling and cutting technologies maturing and impacting the mining industry. We are steadfast in our vision of "making a difference" by enhancing safety, productivity, and cost-effectiveness in the sector.

Beyond our core technologies, we have strategically invested in asset-light digital ventures. These initiatives encompass proximity detection solutions and integrated data and resource management systems specifically designed for mining operations. These ventures have not only contributed to our financial performance but have also opened doors to exciting new opportunities for the Group, ensuring continued relevance and solidifying our position as a leading innovator.

Master Drilling has capitalised on its established client and partner relationships, along with our global presence, to achieve business growth. We recognize the value of fostering strong relationships, which has empowered us to deliver a wider range of turnkey solutions to our clients. This approach has transformed Master Drilling into a more comprehensive contractor.

The Company remains optimistic about the future. However, we will continue to prioritize responsible practices with a focus on cost control, capital allocation, and operational excellence."

Financial Overview

Revenue increased 11.5% to USD270.8 million and operating profit decreased by 12.6% to USD29.6 million. This is primarily due to:

- The Reverse Circulation equipment in the Group's North and Central American operations is currently not utilised due to a decline in the relevant market. The Group has therefore provided for impairment losses on this equipment while it looks to market the equipment elsewhere in the world.
- The Group has furthermore provided for an impairment loss on the Mobile Tunnelboring Machine as no formal agreement is currently in place to project future cash flows.

USD earnings per share (EPS) decreased 15.4% to 11.5 cents, and ZAR EPS decreased 16,0% to 210,8 cents. USD headline earnings per share (HEPS) increased 22.1% to 17.7 cents, and ZAR HEPS increased 21,2% to 324,5 cents.

Net cash generated from operations amounted to USD42.5 million. Cash resources continue to be managed carefully to cater for emerging opportunities that require specific design, planning and investment.

Master Drilling's total capital spend of USD42.3 million was applied as follows: 77% on expansion and 23% on sustaining the existing fleet.

Debt increased from USD44.1 million to USD48.0 million and the gearing ratio, including cash, decreased slightly from 7.4% to 6.3% in the 2024 fiscal year.

As at 31 December 2024, the Group owed USD35.7 million on its banking facilities that are up for review during September 2025. The Group is in the process of finalising and signing contracts for its long-term debt facilities during the next couple of months. As at 31 December 2024, the negotiations had not been finalised and the facilities are thus reported under current liabilities.

Operational Overview

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

#### Safety and response to risk

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

Our Lost Time Injury Frequency Rate for 2024 has been 0,81. The year ended with this higher-than-expected frequency rate. In the rolling 12-month period, 5 Lost Time Injuries occurred This was achieved in a period where we employed many new employees which increase the risk. Through a focus on behavior-based training and growing a high-performance culture, we have been able to drive compliance with policies and procedures. Our priority remains to remove people out of harm's way through innovative engineering solutions.

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

#### South America

The region is promising a period of significant growth potential within the mining sector. Increased investment and project development are driving demand for advanced drilling solutions. Strategic initiatives, including technological advancements and partnerships, are being implemented to capitalize on these opportunities. Operational performance remains strong in key areas, with a focus on maintaining and improving profitability. Expansion into new market segments, such as open pit mining and innovative technology solutions, is underway. While some operational challenges have been encountered, strategic adjustments and proactive measures are being taken to ensure continued growth and achieve budgetary targets. The region is poised for substantial expansion, driven by strong market fundamentals and strategic positioning.

#### Central and North America

Following project completions, strategic resource reallocation and operational streamlining have been implemented across the North American region. This includes machinery redeployment, personnel adjustments, and a focus on operational efficiency. In one key operational area, significant revenue and utilization growth is driving progress towards greater profitability. Strategic leadership changes and regional support consolidation are underway to enhance operational effectiveness. Future growth initiatives are focused on contract extensions, new service offerings, and optimised resource management.

#### Africa

Africa has been a stronghold for the Group in the past couple of years and the current year was no exception. The Group continues to see Africa as a key market for growth and is actively looking for new business opportunities. The region is continuing to experience good performances. While some projects face temporary delays and financial challenges, others demonstrate strong growth and new contract acquisitions. Africa is positioned for significant expansion, driven by successful project execution and strategic growth initiatives. Operational efficiencies are being realized through localized agreements and streamlined manufacturing processes. In Southern Africa, existing operations are stable, with potential for further expansion in late 2025. Overall, the African region presents both opportunities and challenges, requiring adaptable strategies to navigate market fluctuations and capitalise on growth prospects.

#### South Africa

Our business in this region achieved exceptional financial growth in 2024, significantly surpassing projected revenue targets and demonstrating a strong upward trajectory anticipated to continue into 2025. This success was achieved while maintaining a consistent zero-harm safety record, highlighting a steadfast commitment to safe operational practices. Notably, the region expanded its service portfolio, successfully implementing new piling services. The project portfolio saw significant expansion through the initiation of several major projects. Despite challenges, a robust pipeline of future work exists, though some projects have been rescheduled for the following year. Overall, for us the region demonstrated strong financial performance and operational resilience, effectively navigating industry challenges, and adapting to evolving project demands.

#### Rest of the World

This region experienced strong financial performance, exceeding revenue targets. While a near-term slowdown is anticipated due to project delays, the long-term outlook remains positive. Operational projects are progressing, and new projects are scheduled to commence. Capacity expansion through increased operator hiring is underway to capitalize on future opportunities. Technological advancements, particularly in remote drilling, are being implemented to enhance efficiency and productivity. Business development efforts are focused on securing new contracts and diversifying into new sectors. Strategic partnerships are being pursued to expand market reach. The company is actively navigating a competitive market landscape, including responding to industry consolidation and potential acquisitions. Safety remains a paramount concern, with a strong emphasis on achieving and maintaining zero harm.

## Slim drilling

Regional drilling operations present a diverse landscape of activity. Established drilling projects are maintaining stability, with ongoing work progressing according to revised schedules and budgets. Both surface and underground drilling are actively underway. Notably, several projects have required strategic adjustments due to unforeseen geological challenges, necessitating adaptive solutions such as directional drilling. Expansion efforts are evident in underground operations, with planned increases in machine deployment at specific sites. Solar farm drilling projects are also in progress. A strong emphasis is placed on technological advancements, demonstrated by the deployment, and testing of robotic drilling equipment and the development of advanced sampling and processing systems. Contractual and operational landscapes are dynamic, with ongoing negotiations and tenders for long-term agreements, and some projects working on month-to-month contracts. Operational restructuring is occurring at certain sites, with shifts in operational systems. The regional drilling activities encompass a mix of geotechnical and exploration drilling, alongside specialized projects such as aquifer and fracking operations. The regional drilling sector is characterised by a combination of consistent core activities, strategic adaptations to challenges, and a forward-looking approach that leverages technological innovation.

## Other mining services

The region's mining technology sector is experiencing a period of dynamic evolution, characterized by both significant growth and strategic adaptation. Regulatory requirements have spurred substantial demand for safety-related solutions, leading to notable financial performance for providers in this space. However, as certain established markets mature, companies are actively diversifying their offerings and investing in cutting-edge technologies. This includes a strong focus on advanced data analytics, AI-driven insights, and enhanced communication infrastructure, all aimed at improving operational efficiency and safety. Strategic business initiatives are centered on expanding product portfolios, entering new geographical markets, and securing recurring revenue streams through SaaS models. Financial prudence is maintained to support ongoing research and development, as well as strategic investments in personnel and training. Growth is observed in the logistics solutions sector, and proof-of-concept projects are being prioritized to pave the way for future large-scale technology deployments.

## Technology

Master Drilling is committed to continuous technological advancement as a key driver of safety, accelerated access to orebodies and reducing waste/improving recovered mineral, metals grades and market competitiveness. To achieve this, we have implemented a focused strategy that leverages targeted investments across our various divisions:

### Tunnelling Division:

- Tunnel Boring Machine (TBM) Enhancement:
  - Ongoing refurbishment and engineering upgrades are being implemented to significantly enhance TBM performance capabilities.
  - Strategic contractual deployment is targeted for the second half of 2025, expanding market opportunities.
- Advanced Tunnelling Technology Development:
  - The company is actively developing polycrystalline diamond-based tunnelling technology, focusing on mobile, efficient, and safe operational parameters.
  - Comprehensive testing and phased client trials are scheduled for 2025, demonstrating the technology's commercial viability.

### Shaft Boring Systems:

- Shaft Boring System Trial Results:
  - A successful 50-meter shaft boring trial has been completed, validating the system's core functionality.
  - Planned engineering improvements are underway to optimize the system for commercial deployment consideration in late 2025.
  - Engineering will commence in 2025 to adapt the shaft boring system for future infrastructure projects.

### Mining Division:

- Reef Boring System Development:
  - The company is developing a non-explosive, continuous mining system designed to enhance efficiency and safety.
  - Successful surface testing has been completed, demonstrating the system's operational effectiveness.
  - Underground trials are scheduled for late 2025, with a focus on demonstrating the system's application within gold deposit mining operations, and with the goal of growth in that market.

## Operational equipment

The fleet consists of 143 raise bore, 46 slim drilling and 1 mobile tunnel boring rigs. The total raise boring fleet utilisation rate was around 73% while the slim drilling fleet utilisation was around 51%. The rate of new rigs coming on board will settle with a focus on larger units, which typically generate higher income.

## Our people

We prioritise building a highly motivated and engaged workforce. This commitment fuels our competitive advantage and delivers long-term value to our stakeholders. We actively attract, develop, and retain top talent by fostering a safe and inclusive work environment. We celebrate the unique perspectives and contributions of our diverse workforce, recognizing that this constructive interaction drives winning results.

Our commitment to fostering a thriving culture is unwavering. We continuously strive to refine our practices and ensure all employees feel valued, empowered, and equipped to excel.

Creating an ethical culture

At Master Drilling Group, fostering a culture of ethical conduct is paramount. We believe in conducting business with the utmost integrity and transparency, and this commitment is reflected in our comprehensive code of ethics.

This code, provided to all employees during onboarding, serves as a foundational document outlining the Group's core principles.

Outlook and prospects

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

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

The pipeline as of 31 December 2024 totaled USD695.8 million, while the committed order book totaled USD332.5 million for 2025 and beyond. In the short to medium term, the sales pipeline is expected to stabilise and increase with further strategic acquisitions and joint ventures supporting performance.

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

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

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, optimise 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.

For and on behalf of the Board

DC Pretorius	AJ van Deventer
Chief Executive Officer	Chief Financial Officer

Sponsor

Investec Bank Limited

REGISTERED AND CORPORATE OFFICE

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