

# MASTER DRILLING ACQUIRES STAKE IN UNDERGROUND CONTROL SYSTEMS COMPANY, A&R GROUP

**30 July 2021** - Master Drilling Group Limited (“Master Drilling”, JSE: MDI), a global leader in providing drilling services to the mining, civil engineering and building construction sectors, today announced an initial 25% investment in A&R Group (“A&R”).

Over the years A&R Engineering & Mining Supplies (Founded 1978), has become a leading operator in the underground rail bound and trackless equipment hardware environment in terms of management systems and focusing on safety solutions. The digitisation by installation of thousands of intelligent devices across various mining operations has resulted in various spin-offs that include measurement of productivity, missing person location, pedestrian, vehicle and other asset tracking - all contributors to operational optimisation opportunities.

The core offering of Lamproom Solutions & Consulting (LSC), part of the A&R Group, is the Comprehensive Mine Management System (CMMS). The system (software) undergoes continual enhancement and development and together with the hardware supplied has enabled LSC to become a leader in this field within the mining industry, currently managing in excess of 100 000 lamps on a daily basis over a wide geographical area.

The ongoing need and drive for intelligent management information is constantly driven by the end user and this service is provided by Moxie Digital whose area of expertise is centred around providing reporting and data visualisation as well as 24/7 software support for the CMMS.

Since acquiring a stake in Embedded IQ (EIQ), Johannesburg-based R&D business, over a decade ago, the Group has developed proximity avoidance hardware for underground rail bound and trackless vehicles to facilitate safe and efficient mining. Equipment and systems supplied by the Group track the movements of more than 50 000 people and machines underground in South Africa daily and, through specialised hardware, allow missing personnel to be located. The Group’s competitive position is maintained by prioritising safety through innovation tailored for South African mines.

Danie Pretorius, Master Drilling CEO, said: ***“Technological innovation remains a priority for Master Drilling as we continue to support our clients to optimise their operations, move down the cost curve and increase safety. Investing in A&R is synergistic for Master Drilling and aligned with our strategy to diversify our services and invest in businesses that help us meet our clients’ demand for increased mechanisation and digitisation. Other opportunities with low capital requirements and short return cycles are currently under consideration.”***

A&R is a capital-light business with short return cycles, and minimal working capital needed for the deployment of projects. The company is also highly cash generative and has experienced stable earnings in the past four years, making A&R a sound investment for Master Drilling. The entrepreneurial spirit of the founders of A&R is a natural fit for Master Drilling, and the Group's vision and strategic intent, together with the A&R founders, is firmly founded on the objective of continued business growth.

Giel Oberholster, Managing Director of the A&R Group, added: ***“We are delighted to have Master Drilling become a shareholder of reference in A&R and look forward to leveraging the solidified relationships that have been established with mining houses. While A&R is currently focused on providing its services and hardware to South African clients, with a focus on Tier 1 and Tier 2 underground miners, we believe that there is a clear opportunity to broaden our reach across different markets that Master Drilling operates in globally.”***

As Master Drilling's strategy is geared towards developing the opportunities that innovation and technology present within the mining industry, further diversification into hardware selling and support, software licencing and data analytics has become one of the ways that the company has differentiated itself from its competitors.

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## **NOTES TO EDITORS**

### **About Master Drilling**

“We challenge the status quo to provide our clients with specialised, adaptive and integrated drilling solutions.”

Master Drilling was established in 1986 and listed on the Johannesburg Stock Exchange in 2012. The company delivers innovative drilling technologies and has built trusted partner relationships with blue-chip major and mid-tier companies in the mining, civil engineering and building construction sectors across various commodities worldwide.

The Master Drilling business model of providing drilling solutions to clients through tailor-made designs coupled with a flexible support and logistics chain makes it the preferred drilling partner throughout the lifecycle of projects from exploration to production and capital stages.

[www.masterdrilling.com](http://www.masterdrilling.com)

## **About A&R Group**

“Safety through innovation.”

Combined, the Directors have over 100 years history within the A&R Group and mining industry. Ongoing commitment of skills transfer within the Group include a MQA accredited Training Centre supplying training up the Millright Level. This investment in our Human Capital (currently > 400 employees), is not only for personal development of employees but to enhance service delivery to clients. Service delivery to clients has been the cornerstone of the success of the group and include solid infrastructure with branches located in all major gold and platinum centres. The business started with the supply of electrical batteries for horizontal transport in the South African gold mining sector.

The A&R group are leaders in the industry and were the first to successfully implement Loco Driver Information Systems, Front Driven Remote Control and Level 9 Operational Systems for underground mining in South Africa.

The company established a business called LSC (Lamproom Solutions and Consulting) in an effort to control, monitor and ensure quality control of hardware devices going underground. Today, LSC controls around 100 000 people going underground within the South African mining industry, differentiating the group from its competitors in the market.

A&R provides their services to a significant number of Tier 1 and Tier 2 underground miners in South Africa offering services such as the supply of proximity detection for mines with the vision of diversifying their business to other geographies around the world.

[www.areng.co.za](http://www.areng.co.za)