



MASTER DRILLING'S STRONG PERFORMANCE SUPPORTED BY UPTICK IN GLOBAL COMMODITY PRICES

31 August 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 reported a strong operating performance for the half year ended 30 June 2021. Master Drilling's operations remained resilient amid a challenging global macroeconomic environment, with several Group businesses in different regions affected by various lockdowns.

Commenting on the half year results, Danie Pretorius, CEO of Master Drilling, said: ***"We have seen an increased demand for our services this year as a result of the uptick in commodity prices as well as an increase in capital expenditure by our clients. As a result, Master Drilling has seized the opportunity presented by this trend and continued on its growth strategy including the acquisition of interests in two businesses that complement our offering, A&R Engineering and AVA Solutions."***

The Group's revenue increased by 25.4% from USD57.4 million in the previous period to USD72.0 million, whilst operating profit was up 60.3% to USD11.8 million. Net cash generated remained consistent at USD11.2 million, while debtor days were maintained amid weak economic conditions. Master Drilling's capital spend was primarily on capacity expansion with the remaining 66% allocated towards maintenance capital. Management's continued focus on cost containment results in a prudent balance sheet for the period.

While uncertainty is exacerbated by the lagging vaccination rollouts in emerging economies, developed markets have made tremendous progress in containing excessive Covid-19 infections. As the pandemic has had an impact on the Group's logistics and operating costs, Master Drilling has put measures in place to prepare for expected disruptions due to the pandemic in various geographies that it operates in.

André van Deventer, Group CFO, said: ***"Master Drilling has adequate headroom in terms of liquidity with stringent, proactive measures implemented across the business to manage costs. The Group has optimised working capital and capital expenditure, with a stronger focus on cash flow generation during these uncertain times. The measures had limited the impact of lost productivity, and the business continues to operate at satisfactory levels. The Group is confident that business can continue to operate successfully in the current environment."***

Technological innovation and development remain part of Master Drilling's strategic pillars for the company's long-term success. Artificial intelligence and big data are driving changes around mining activities to enable cost reductions and improve safety. Master Drilling is committed to positioning itself as an innovation partner with its clients to equip them for a mining industry that continues to encourage further developments in autonomous mining methods. Master Drilling focused on technology value-add for the mining sector as it acquired A&R Engineering and AVA Solutions earlier this year.

For the first six months of FY21, Master Drilling's revenue pipeline totalled USD 602 million with a committed order book of USD232 million (2020H1: USD145 million). The improvement in commodity

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prices including gold, PGMs, iron ore, copper and polymetals, together with weaker emerging market currencies should drive positive momentum for the Group through the end of FY21.

“We have made significant progress in expanding our geographical footprint by securing new contracts in West Africa, Australia, Russia, Europe, and North America. The expansion has also ensured that we continued to increase our exposure to commodities experiencing significant upswing thereby driving increased mining activity.” concluded Pretorius.

Whilst the full impact of the pandemic across Master Drilling’s value chain remains unclear, the Group continues to drive diversification across regions, commodities, currencies and industries with an eye on the long term without compromising the management of short-term risks and headwinds associated with the pandemic over the remainder of FY21.

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CONTACTS

Master Drilling

Izak Bredenkamp izakb@masterdrilling.com +27 18 771 8100

Instinctif Partners (Media and Investor Relations)

Boipelo Mogamisi Boipelo.Mogamisi@instinctif.com +27 71 799 9507

Bryan Silke Bryan.Silke@instinctif.com +27 83 270 0720

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