



FOR IMMEDIATE RELEASE

**GEODRILL REPORTS RECORD 2011 THIRD QUARTER AND YEAR-TO-DATE RESULTS**

**-Increased Productivity Drives Growth -**

**TORONTO, ON November 7, 2011** - Geodrill Limited (“Geodrill” or “the Company”) (TSX: GEO), a leading West African based drilling company, reported its financial results for the three-month and nine-month periods ended September 30, 2011. All figures are reported in US dollars (US\$), unless otherwise indicated. Geodrill’s financial statements are prepared in accordance with IFRS.

**Financial Highlights**

US\$ 000 (except earnings per share)	For the nine months ended September 30, 2011	For the nine months ended September 30, 2010	For the three months ended September 30, 2011	For the three months ended September 30, 2010
	Q3-11	Q3-10	Q3-11	Q3-10
Revenue	49,285	33,480	20,253	11,090
Gross profit	27,313	13,580	9,737	3,595
As percentage of revenue	55%	41%	48%	32%
Comprehensive income	11,191	5,668	3,088	1,001
Earnings per share – basic	0.26	0.19	0.07	0.03
EBITDA <sup>(1)</sup>	17,316	10,721	6,099	2,892
EBITDA margin <sup>(1)</sup>	35%	32%	30%	26%

**Notes:**

(1) Please see “Non-IFRS Measures” below for additional discussion.

**Third Quarter 2011 Operational Highlights:**

- Revenue for the quarter was \$20.25 million; up 83% for same period last year;
- New contracts: Pelangio, Abzu Gold, and Midlands Minerals
- Average rig shift revenue up 7.5% for same period last year, consistent with drill price increasing;
- Increased the number of drill rigs in operation and/or mobilizing to projects from 22 to 25;

- Increased drilling shifts worked to 3,050 from 1900 for same period last year; and
- Completed 236,999 meters of drilling.

“In the third quarter, Geodrill continued its exceptionally strong financial performance driven by increased productivity and additional rigs in operation,” said David Harper, President and CEO of Geodrill Limited. “With the addition of three rigs in operation this quarter and continued strong underlying demand for mineral drilling services in West Africa, we expect solid revenue for the remainder of the year.”

### **Financial Review for Three Months Ended September 30, 2011**

#### ***Revenue***

Q3-2011 revenue increased 83% to \$20.25M compared to \$11.09M for Q3-2010. Revenue growth was achieved with a growing rig fleet which increased to 25 rigs in operation in Q3-2011. Meters drilled for 3rd quarter of 2011 was 236,999 compared to 118,443 for the 3rd quarter of 2010.

#### ***Gross Profit***

Gross profit for Q3-2011 increased to \$9.74M, or 48% of revenue compared to \$3.59M or 32% for Q3-2010. The increase in the margin was primarily due to operational efficiencies.

#### ***Selling, General and Administrative (“SG&A”) Expenses***

SG&A expenses were \$5.75M in Q3-2011 compared to \$2.05 for Q3-2010. The increase in SG&A was primarily due to the addition of key management staff and increased motor running costs.

#### ***Depreciation and Amortization***

Depreciation and amortization of property, plant and equipment increased to \$2.12 for Q3-2011 compared to \$1.33M during for Q3-2010 as a result of additional drill rigs and property, plant and equipment purchases.

#### ***EBITDA***

EBITDA was approximately \$6.10M or 30% of revenue in Q3-2011, compared to approximately \$2.89M or 26% of revenue in Q3-2010.

#### ***Comprehensive Income***

Net earnings were approximately \$3.09M or \$0.07 per share in Q3-2011, compared to approximately \$1.00M or \$0.03 per share for Q3-2010.

### **Financial Review for nine-months ended September 30, 2011**

#### ***Revenue***

Revenue for the nine months ended September 30, 2011 increased 47% to \$49.29M compared to \$33.48M for the corresponding period in 2010. Revenue growth was driven by new drilling

contracts and the deployment of additional rigs, as well as an increase in meters drilled. Meters drilled for the nine months ended September 30, 2011 was 666,792 compared to 357,560 for the corresponding period in 2010.

***Gross Profit***

Gross profit for the nine months ended September 30, 2011 increased to \$27.31M, which is a 101% increase compared to \$13.58M for the corresponding period in 2010.

***Selling, General and Administrative (“SG&A”) Expenses***

SG&A expenses were \$14.50M for the nine months ended September 30, 2011 compared to \$5.79M for corresponding nine months in 2010. The increase in SG&A was primarily due to the addition of key management staff and increased costs with respect to the motor running costs of vehicles. The depreciation policy for motor vehicles was rewritten to reflect more accurately the life span of the vehicles from 5 years to 3.

***Depreciation and Amortization***

Depreciation and amortization of property, plant and equipment increased slightly to \$4.48M for nine months ended compared to \$2.88M during the corresponding nine months in 2010 as a result of additional drill rigs and property, plant and equipment purchases.

***EBITDA***

EBITDA was \$17.32M or 35% of revenue for the nine months ended September 30, 2011, compared to \$10.72M or 32% of revenue for the corresponding period in 2010. The EBITDA margin reflects the reduction in cost of sales associated with the reversal of US\$2M of VAT and salary taxes no longer considered to be an obligation of the Company. Without this impact, EBITDA margin would have been 31% for the nine months ended September 30, 2011.

***Comprehensive income***

Net earnings was approximately \$11.19M or \$0.26 per share for the nine months ended, compared to approximately \$5.67M or \$0.19 per share for the corresponding period of 2010.

The Company currently has 42,476,000 ordinary shares issued and outstanding.

**Outlook**

The Company views the industry dynamics underlying demand for its services to be favourable and, accordingly, has added significantly to its capacity through the acquisition of additional drill rigs. All of the Company’s drill rigs, as at September 30, 2011, were committed to contracts. With 25 of the Company’s drill rigs commissioned and being utilized on client sites, and 15 drill rigs on order and with the supplier under manufacturing, which are expected to arrive in Ghana and be operational during 2012, the Company will be able to leverage increased capacity.

In the 1st quarter of 2011, the Company ordered an additional eight drill rigs that it expects to arrive and be operational in 2012. Also, in 3rd quarter of 2011, the Company confirmed an additional order of two drill rigs that it expects to be operational by 2012.

The Company's drill rig fleet and the drill rigs deployed or planned to be operational in the field are noted below:

	As at 31.03.2011		As at 30.06.2011		As at 30.09.2011		Planned as at 31.12.2011	
	No. of Rigs	Type	No. of Rigs	Type	No. of Rigs	Type	No. of Rigs	Type
Operational	12 7 2	Multi- Purpose Core Only Air core	12 7 3	Multi- Purpose Core Only Air core	14 8 3	Multi- Purpose Core Only Air core	14 8 3	Multi- Purpose Core Only Air core
<b>TOTAL OPERATIONAL</b>	<b>21</b>		<b>22</b>		<b>25</b>		<b>25</b>	
In transit	1	Air core	1	Multi- Purpose			4 1	Multi- Purpose Air core
<b>Total In Transit</b>	<b>1</b>		<b>1</b>				<b>5</b>	
In W/Shop	1	Core only	1	Core Only				
<b>Total In W/Shop</b>	<b>1</b>		<b>1</b>				<b>0</b>	
Under Manufacturing	1	Multi- Purpose	4 1	Multi- Purpose Air core	4 1	Multi- Purpose Air core	9 1	Multi- Purpose Air core
<b>Total Under Manufacturing</b>	<b>1</b>		<b>5</b>		<b>5</b>		<b>10</b>	
<b>TOTAL DRILL RIGS</b>	<b>24</b>		<b>29</b>		<b>30</b>		<b>40</b>	

<b>Split</b>								
Multi- Purpose	13		17		18		27	
Core Only	8		8		8		8	
Air Core	3		4		4		5	
<b>TOTAL</b>	<b>24</b>		<b>29</b>		<b>30</b>		<b>40</b>	

**Geodrill's interim financial statements and management's discussion & analysis ("MD&A"), for the nine and three-month periods ended September 30, 2011 are available via Geodrill's website at [www.geodrill-gh.com](http://www.geodrill-gh.com) and will be available on SEDAR at [www.sedar.com](http://www.sedar.com).**

### **Notice of Conference Call**

The Company will host a conference call at 10:00 am EST to discuss the financial results. The call will be hosted by David Harper, President and Chief Executive Officer, and Ian Lacey, Chief Financial Officer.

You can join the call by dialing 1-888-231-8191 or 647-427-7450. A live audio webcast of the conference call will also be available through:

<http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3727680>

## **Non-IFRS Measures**

EBITDA is defined as Earnings before Interest, Taxes, Depreciation, and Amortisation and is used as a measure of financial performance. The Company believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in the Company's industry. However, EBITDA is not a measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA should not be viewed in isolation and does not purport to be an alternative to net income or gross profit as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. EBITDA does not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and EBITDA should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements. Please see the Company's MD&A for the nine and three-month period ended September 30<sup>th</sup>, 2011 for the EBITDA reconciliation.

## **About Geodrill Limited**

Geodrill Limited is a leading West African based drilling company currently operating in Ghana and Burkina Faso. Geodrill provides exploration and development drilling services to major, intermediate and junior mining companies with exploration and development operations in West Africa. The Company specializes in providing reverse circulation, diamond core and air-core drilling services using a modern fleet of drill rigs. The Company plans to grow organically and build its current client base while continuing to assess expansion opportunities throughout West Africa and other jurisdictions of Africa, to meet demand for its services and expertise.

## **Forward Looking Information**

*This press release and the planned conference call may contain "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries, future growth, results of operations, performance, business prospects and opportunities. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations (including negative variations) of such words and phrases, or by the use of words or phrases that state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.*

*Forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be*

*materially different from any future results, performance or achievements expressed or implied by the forward-looking statements contained in this press release including, without limitation those described in the Management's Discussion & Analysis for the quarter ended September 30, 2011 and the Company's Annual Information Form dated March 30, 2011 under the heading "Risk Factors". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that may cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying such forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this press release. The forward-looking information and forward-looking statements contained herein and statement which may be made on the conference call are made as of the date of this press release and the Company disclaims any obligation to update or review such information or statements, whether as a result of new information, future events or results of otherwise, except as required by law.*

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