GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED MARCH 31, 2013

Management's discussion and analysis ("MD&A") is a review of the operations, the liquidity and the results of operations and capital resources of Geodrill Limited ("Geodrill", the "Company" or the "Group"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS")**.** This discussion contains forward-looking information. Please see "Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions relating to this MD&A.

This MD&A is a review of activities and results for the three months ended March 31, 2013 as compared to the corresponding period in the previous year and should be read in conjunction with, the comparative condensed interim consolidated financial statements for the three months ended March 31, 2012, and also in conjunction with the audited annual consolidated financial statements and corresponding MD&A for the year ended December 31, 2012.

This MD&A is dated May 13, 2013. Disclosure contained in this document is current to that date unless otherwise stated.

Additional information relating to Geodrill, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

All references to "US$" are to United States dollars and all references to "CDN$" are to Canadian dollars.

FORWARD-LOOKING INFORMATION

This MD&A contains "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, capital needs, performance, business prospects and opportunities. Often, but not always, forward-looking information 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 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 information is 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 information involves 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 information contained in this MD&A. 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 information, 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 information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this MD&A.

Forward-looking information contained herein is made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Corporate Overview

Geodrill operates a fleet of multipurpose, core and air-core drill rigs. The multipurpose rigs can perform both reverse circulation ("RC") and diamond core ("Core") drilling and can switch from one to the other with little effort or downtime. Multipurpose rigs provide clients with the efficiency and high productivity of RC drilling and the depth and accuracy of Core drilling without the need to have two different drill rigs on site.

The Company's rigs and support equipment also incorporate a fleet of boosters and auxiliary compressors, which enable Geodrill to achieve high-quality sampling and operations to greater depths.

The state-of-the-art workshop and supply base at Anwiankwanta, near Kumasi, Ghana, provides a centralized location for repair and storage of equipment and supplies, which in turn minimizes trucking, shipping and supply costs and allows the rigs to be mobilized to drill sites with minimal delay.

An experienced management and workforce, a modern fleet of drill rigs and a state-of-the-art workshop and supply base have contributed to Geodrill's reputation as a results-oriented drilling company that strives to achieve greater drilling depths and provide better quality samples than its competitors in the shortest possible time, safely and in a cost-effective and environmentally conscious manner.

Business Strategy

The Company competes with other drilling companies on the basis of price, accuracy, reliability and experience in the marketplace. The Company's competitors in West Africa consist of both large public companies as well as small local operators.

The Company continually improves its operation including the following recent and ongoing developments:

- Increase in the number of drill rigs from 28 at the end of 1st quarter of 2012 to 37 at the end of the 1st quarter of 2013;

- Increase in our geographic footprint in West Africa, as the Company has maintained its strong presence in both Ghana and Burkina Faso and has entered Niger and Guinea and re-entered Cote d'Ivoire;

- Expansion of drilling for other minerals, as the Company has successfully obtained new clients and contracts to drill for iron ore, uranium and manganese;

- Securing of a US$10 million Term Facility in 2012 to assist the Company with managing our working capital and the financing of our capital expenditures; and

- Finalization of a financing arrangement in 2012 with a supplier relating to the financing of six drill rigs on standard commercial terms for the industry.

Market Participants and Geodrill's Client Base

West Africa has become the scene of intense competition amongst international mining companies as the price of minerals has risen following the 2009 global financial crisis. At the center of this development is the recognition that West Africa hosts some of the largest remaining undeveloped mineral deposits in the world, containing gold, iron ore and bauxite. The drilling services provided by Geodrill can be applied to both precious and base metals.

The Company's client base is predominately in Ghana and Burkina Faso. For the 1st quarter of 2013, Ghana accounted for 47% of the Company's revenue and Burkina Faso, Niger, Cote d'Ivoire and Guinea collectively accounted for 53% of the Company's revenue compared to 44% for Ghana and 56% for Burkina Faso in the 1st quarter of 2012.

Management's plans include taking advantage of opportunities in other minerals, including iron ore, manganese and uranium which may not follow the same economic cycles as precious metals. In addition, the proximity of Ghana to countries such as Mauritania, Liberia, Sierra Leone, the Democratic Republic of the Congo, Nigeria, Cameroon and Togo positions the Company favorably in its ability to service these markets as well, if it so chooses. The Company's drilling focus is still predominately on gold and is still predominately in Ghana and Burkina Faso. The Company has recently successfully diversified into drilling for other minerals and has increased its footprint in West Africa as follows:

- In the 1st quarter of 2013, the Company started a gold project in Ghana for a new client;
- In the 1st quarter of 2013, the Company started a gold project in Guinea for a new client;
- In the 1st quarter of 2013, the Company continued drilling a manganese project in Burkina Faso for a new client; and
- In the 1st quarter of 2013, the Company completed a uranium project in Niger for a new client.

The signing of a drilling contract and the actual commencement of drilling do not always happen simultaneously, and in numerous situations there may be a two to three month interval between the signing of an agreement and the commencement of drilling. In addition, given the short-term nature of drilling contracts, there can be no assurance that any contract that the Company currently services will be extended or renewed on terms favorable to the Company. In the event that any of its current contracts are not extended, or renewed on favorable terms this could have a significant impact on the Company's operations.

There are two customers who individually contributed 10% or more to the Company's revenue for the 1st quarter of 2013. One customer contributed 26% and the other customer contributed 11%.

OUTSTANDING SECURITIES AS OF MAY 13, 2013

The Company is authorized to issue an unlimited number of Ordinary Shares. As of May 13, 2013 the Company has the following securities outstanding:

Number of Ordinary Shares	42,512,000
Number of Options	2,610,000
Fully Diluted	45,122,000

From January 1, 2013 to May 13, 2013 no options were issued, exercised, forfeited or expired.

OVERALL PERFORMANCE

Revenue Per Country

	Three months ended			
	March 31		March 31	
	2013		2012	
Location	US$ 000's	%	US$ 000's	%
Ghana	7,082	47%	9,638	44%
Burkina Faso and other [1]	7,950	53%	12,021	56%
	15,032	100%	21,659	100%

[1]Included in Burkina Faso and other is Niger, Cote d'Ivoire and Guinea.

Meters Drilled Per Country

	Three months ended			
	March 31		March 31	
Location	2013	%	2012	%
Ghana	56,693	32%	115,575	36%
Burkina Faso and other [1]	119,801	68%	202,166	64%
	176,494	100%	317,741	100%

[1] Included in Burkina Faso and other is Niger, Cote d'Ivoire and Guinea.

The Company had 37 drill rigs as at March 31, 2013. The Company had 34 drill rigs available for operation and three rigs in the workshop. There are an additional two rigs on hold with the manufacturer as at March 31, 2013.

The Company generated revenue of US$15.03M in the 1st quarter of 2013, a decrease of 31% when compared to US$21.66M in the 1st quarter of 2012. The Company was affected by the industry wide slowdown in drilling activities. In general, there continues to be pressure on early stage exploration companies as financing from the capital markets continues to be challenging and there is also pressure on producing companies as they continue to need to manage their exploration costs in light of increasing costs on the production side of their business. Specifically, the Company's revenue decreased as certain customers' jobs came to an end and certain continuing customers significantly reduced the number of drill rigs operating on their sites. The continuing customers have still elected to continue drilling, but with many fewer rigs. Due to the holiday season (Christmas and New Year's) certain clients took the opportunity to delay the resumption of drilling activities longer into the 1st quarter of 2013, versus the past resumptions of drilling activities in the first couple of weeks of January. Meters drilled for the 1st quarter of 2013 totaled 176,494 which is a decrease of 44% when compared to 317,741 meters drilled in the 1st quarter of 2012. The Company remains hopeful that demand for its services will improve as the economic environment begins to stabilize. The 1st quarter of 2013 showed improvement over both the 3rd and 4th quarters of 2012.

The gross profit for the 1st quarter of 2013 was US$6.39M, being 43% of revenue compared to gross profit of US$11.52M, being 53% of revenue for the 1st quarter of 2012. The gross profit decrease reflects the decrease in revenue of US$6.63M with only a corresponding decrease in cost of sales of US$1.50M. The gross profit margin decreased as the percentage decrease in revenue of 31% was greater than the percentage decrease in cost of sales of 15%.

EBITDA (as defined herein) for the 1st quarter of 2013 was US$4.27M, being 28% of revenue compared to US$7.54M, being 35% of revenue for the 1st quarter of 2012 . The EBITDA decreased by US$3.27M in the 1st quarter of 2013 compared to the 1st quarter of 2012. See "Supplementary Disclosure – Non-IFRS Measures" on page 13.

The EBIT (as defined herein) for the 1st quarter of 2013 was US$1.88M, being 13% of revenue compared to US$5.82M, being 27% of revenue for the 1st quarter of 2012. The EBIT decreased by US$3.94M in the 1st quarter of 2013 compared to the 1st quarter of 2012. See "Supplementary Disclosure - Non - IFRS Measures" on page 13.

The net earnings for the 1st quarter of 2013 was US$1.42M or US$0.03 per Ordinary Share (US$0.03 per Ordinary Share fully diluted), compared to net earnings of US$4.43M for the 1st quarter of 2012 or US$0.10 per Ordinary Share (US$0.10 per Ordinary Share fully diluted).

SELECTED FINANCIAL INFORMATION

(in US$ 000's)	Three months Ended March 31 2013	March 31 2012	% Change March 31 2013 vs. 2012
Revenue	**15,032**	**21,659**	**-31%**
Cost of Sales	**8,641**	**10,136**	**-15%**
Cost of Sales (%)	57%	47%	
Gross Profit	**6,391**	**11,523**	**-45%**
Gross Profit Margin (%)	43%	53%	
Selling, General and Administrative Expenses	**4,500**	**5,298**	**-15%**
Selling, General and Administrative Expenses (%)	30%	24%	
Foreign Exchange Loss	**10**	**406**	
Foreign Exchange Loss (%)	0%	2%	
Results from Operating Activities	**1,881**	**5,819**	**-68%**
Results from Operating Activities (%)	13%	27%	
Finance Income	**1**	**4**	
Finance Income (%)	0%	0%	
EBIT*	**1,882**	**5,823**	**-68%**
EBIT (%)	13%	27%	
Finance Costs	**328**	**104**	
Finance Costs (%)	2%	0%	
Income before Taxation	**1,554**	**5,719**	**-73%**
Income before Taxation (%)	10%	26%	
Income Tax Expense	**131**	**1,290**	**-90%**
Income Tax Expense (%)	1%	6%	
Net Income	**1,423**	**4,429**	**-68%**
Net Income (%)	9%	20%	
EBITDA **	**4,270**	**7,537**	**-43%**
EBITDA (%)	28%	35%	
Meters Drilled	**176,494**	**317,741**	**-44%**
Earnings Per Share			
Basic	**0.03**	**0.10**	
Diluted	**0.03**	**0.10**	
Total Assets	**87,354**	**88,026**	**-1%**
Total Long - Term Liabilities	**6,551**	**5,406**	**21%**
Cash Dividend Declared	**NIL**	**NIL**	

*EBIT = Earnings before interest and taxes

**EBITDA = Earning before interest, taxes, depreciation and amortization

See "Supplementary Disclosure - Non-IFRS Measures" on page 13

RESULTS OF OPERATIONS

Revenue

The Company recorded revenue of US$15.03M for the 1st quarter of 2013, as compared to US$21.66M for the 1st quarter of 2012, representing a decrease of 31%. The decrease in revenue is primarily attributable to the number of meters drilled decreasing from 317,741 meters in the 1st quarter of 2012 to 176,494 in the 1st quarter of 2013. The percentage of meters drilled for the 1st quarter of 2013 can be broken down as to 49% RC, 21% Core and 30% air core as compared to 34% RC, 14% Core and 52% air core for the 1st quarter of 2012. Air Core drilling is the most economical method of drilling and provides the capability to drill the most meters in the shortest period of time. The reduction in air core meters drilled from 52% in the 1st quarter of 2012 to 30% in the 1st quarter of 2013 explains why total meters drilled decreased by 44% but revenue for the 1st quarter of 2013 only decreased by 31% compared to the 1st quarter of 2012. In the 1st quarter of 2013 compared to the 1st quarter of 2012, the Company's revenue decreased as certain continuing customers have significantly reduced the number of drill rigs operating on their sites. The decrease in revenue in the 1st quarter of 2013 reflected an industry wide slowdown as many of Geodrill's competitors also experienced decreasing revenue during this period.

Cost of Sales and Gross Profit

The gross profit for the 1st quarter of 2013 was US$6.39M, as compared to a gross profit of US$11.52M for the 1st quarter of 2012, being a decrease of US$5.13M or 45%. The gross profit percentage for the 1st quarter of 2013 was 43% compared to 53% for the 1st quarter of 2012. The decrease in the gross profit reflects the decrease in revenue and the decrease in cost of sales.

The decrease in cost of sales for the 1st quarter of 2013 as compared to the 1st quarter of 2012 of US$1.50M reflects the following:

- Drill rig expenses decreased by approximately US$1.16M in conjunction with the decrease in revenue and the decrease in meters drilled.

- Salaries expense decreased by US$0.54M due to fewer workers being required in conjunction with the reduced revenue and reduced meters drilled.

- Depreciation expense increased by US$0.57M due to higher depreciation costs associated with the number of additional drill rigs and related equipment in the Company's fleet.

Selling, General and Administrative ("SG&A") Expenses

SG&A expenses were US$4.50M for the 1st quarter of 2013, compared to US$5.30M for the 1st quarter of 2012 or a reduction of approximately US$0.80M, or 15%.

The decrease in SG&A expense for the 1st quarter of 2013 as compared to the 1st quarter of 2012 reflects the following:

- Repair and maintenance decreased by US$0.24M due to less maintenance on the Company's motor vehicles, administrative vehicles and leaseholds.

- Share based payment expense decreased by US$0.23M associated with issuing options.

Foreign Exchange Loss

The Company realized a foreign exchange loss in the 1st quarter of 2013 of US$0.01M compared to a foreign exchange loss of US$0.41M in the 1st quarter of 2012. The exchange loss is the result of fluctuations in the US Dollar against the Australian Dollar, the British Pound, the Euro, the Canadian Dollar, the Ghana Cedi and the Central African Franc.

Results from Operating Activities

Results from operating activities (after cost of sales, SG&A expenses and foreign exchange loss) for the 1st quarter of 2013 was a profit of US$1.88M, being 13% of revenue, as compared to a profit of US$5.82M in the 1st quarter of 2012, being 27% of revenue.

EBITDA Margin (see “Supplementary Disclosure – Non-IFRS Measures” on page 13)

EBITDA margin for the 1st quarter of 2013 was 28% compared to 35% for the 1st quarter of 2012. See “Supplementary Disclosure - Non - IFRS Measures" on page 13.

EBIT Margin (see “Supplementary Disclosure – Non-IFRS Measures” on page 13)

EBIT margin for the 1st quarter of 2013 was 13% compared to 27% for the 1st quarter of 2012. See Supplementary Disclosure - "Non-IFRS Measures" on page 13.

Depreciation and Amortization

Depreciation and amortization of property, plant and equipment was US$2.39M (US$1.96M in cost of sales and US$0.43M in SG&A) for the 1st quarter of 2013 compared to US$1.71M (US$1.39M in cost of sales and US$0.32M in SG&A) for the 1st quarter of 2012.

Income Tax Expense

Income tax expense was US$0.13M for the 1st quarter of 2013 compared to an income tax expense of US$1.29M for the 1st quarter of 2012. The income tax expense of US$0.13M is comprised of withholding taxes of US$0.68M offset by a deferred tax recovery of US$0.55M. The Company’s corporate tax rate in Ghana is 25%. In addition to corporate tax in Ghana, the Company pays withholding tax on revenues in other countries in which it provides drilling services. The change in the effective tax rate quarter over quarter reflects the impact on deferred taxes of the slow down of the Company’s rig acquisition program.

Net Earnings

Net earnings were US$1.42M, being 9% of revenue for the 1st quarter of 2013, or US$0.03 per Ordinary Share (US$0.03 per Ordinary Share fully diluted), compared to US$4.43M, being 20% of revenue, for the 1st quarter of 2012, or US$0.10 per Ordinary Share (US$0.10 per Ordinary Share fully diluted).

SUMMARY OF QUARTERLY RESULTS

	2013	2012				2011		
(in US$ 000's)	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenue	15,032	12,921	10,146	20,860	21,659	20,863	20,253	16,556
Revenue Increase (Decrease) %	*16%*	*27%*	*(51%)*	*(4%)*	*4%*	*3%*	*22%*	*33%*
Gross Profit	6,391	5,808	(990)	9,512	11,523	10,743	9,737	8,738
Gross Margin (%)	*43%*	*45%*	*(10%)*	*46%*	*53%*	*51%*	*48%*	*53%*
Net Earnings (loss)	1,423	988	(4,994)	2,781	4,429	1,221	3,088	3,238
Per Share - Basic	0.03	0.02	(0.12)	0.07	0.10	0.03	0.07	0.08
Per Share - Diluted	0.03	0.02	(0.12)	0.06	0.10	0.03	0.07	0.07

The Company's revenue increased by US$2.11M in the 1st quarter of 2013 compared to the 4th quarter of 2012. However, on a quarter to quarter basis, the Company's revenue decreased by US$6.63M compared to the 1st quarter of 2012. The Company continues to believe that there is an industry wide slowdown in drilling activities as there is pressure on early stage exploration companies as financing from the capital markets continues to be challenging and there is also pressure on producing companies as they continue to need to manage their exploration costs in light of increasing costs on the production side of their business. The Company had certain customers reduce the number of drill rigs operating at their sites and have parked certain rigs. The Company believes that the slowdown in drilling activity will continue throughout 2013 and as such the Company continues to actively bid on new jobs and has taken immediate steps to control costs, monitor its workforce and is reviewing its capital expenditures.

The Company's operations have tended to exhibit a seasonal pattern whereby the second quarter (April to June) is typically its strongest, but sometimes in previous years this includes the Easter shutdown of exploration activities affecting some of the rigs for up to one week over the Easter holiday. In 2013, the Easter shutdown straddled the 1st quarter of 2013 and the 2nd quarter of 2013. The fourth quarter is normally the Company's weakest quarter, due to the shutdown of exploration activities, often for extended periods over the holiday season (Christmas and New Year's). Revenue patterns can also be impacted by the number of new rigs and the timing of their deployment during a year. The wet season occurs (in some geographical areas where the Company operates, particularly in Burkina Faso) normally in the third quarter, but in the recent years the global weather pattern has become somewhat erratic. In the 3rd quarter of 2012, the wet season affected the Company's drilling operations and revenue as no air core meters were drilled due to the prolonged wet season.

Effect of Exchange Rate Movements

The Company's receipts and disbursements are denominated in US Dollars and local currencies. The Company's main exposure to exchange rate fluctuations arises from certain capital costs, wage costs and purchases denominated in other currencies and borrowings denominated in other currencies.

The Company's revenue is invoiced in US Dollars. The Company's main purchases are in Australian Dollars and US Dollars with less than 20% of the purchases in other major (mainly Euros) and local currencies. Other local expenses include purchases and wages which are paid in the local currency. During the 1st quarter of 2013, the Company incurred a foreign exchange loss of US$0.01M (compared to US$0.41M in the 1st quarter of 2012) predominately as a result of fluctuations in the US Dollar against the Australian Dollar and the British Pound and local currencies.

SELECTED INFORMATION FROM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months Ended		
	March 31	March 31	
(in US$ 000's)	2013	2012	% Change
Net Cash generated from operating activities	235	6,899	-97%
Net Cash used in investing activities	(1,052)	(10,580)	-90%
Net Cash used in financing activities	(1,543)	-	-
Effect of movement in exchange rates on cash and cash equivalents	-	107	-
Net decrease in cash and cash equivalents	(2,360)	(3,574)	-34%

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at March 31, 2013 the Company had cash and cash equivalents equal to US$5.20M. As at March 31, 2013 the Company had loans payable of US$10.69M compared to a loan payable of US$3.20M as at March 31, 2012. The increase in the loan payable amount largely related to the funding of the purchases of property plant and equipment in 2012. Since the Company has increased its loans payable amount, the Company continues to monitor its cash and cash equivalents and its capital spending in response to the industry wide slowdown for drilling activities and in conjunction with the loans that need to be repaid.

FIRST QUARTER ENDED MARCH 31, 2013

Operating Activities

In the 1st quarter of 2013, the Company generated net cash from operating activities of US$0.24M, as compared to generating net cash from operating activities of US$6.90M in the 1st quarter of 2012. The Company realized a profit before taxation of US$1.55M for the 1st quarter of 2013 but the impact of changes in non-cash items and increases in trade and other receivables resulted in operating cash flow of US$0.24M.

Investing Activities

In the 1st quarter of 2013, the Company's investment in property, plant and equipment was US$1.05M compared to US$10.58M in the 1st quarter of 2012. Plant and equipment expenditures in the 1st quarter of 2013 mainly included the costs associated with rebuilding existing drill rigs and related equipment.

Financing Activities

During the 1st quarter of 2013, the Company used cash of US$1.54M relating to the quarterly principal repayments on loans compared to US$Nil in the 1st quarter of 2012.

Contractual Obligations

Contractual Obligations in US$	Payments Due by						
	Total	April 1 to Dec 31 2013	2014	2015	2016	2017	2018
Operating Leases [(1)]	860,000	204,000	272,000	222,000	72,000	72,000	18,000
Purchase Obligations [(2)]	3,200,000	3,200,000	N/A	N/A	N/A	N/A	N/A
Loans [(3)]	11,551,490	5,430,680	5,748,450	372,360	N/A	N/A	N/A
Total Contractual Obligations	**15,611,490**	**8,834,680**	**6,020,450**	**594,360**	**72,000**	**72,000**	**18,000**

Notes:

(1) The operating leases relate to the lease payments for the two real estate properties, as fully disclosed under "Transactions with Related Parties". The annual rent payable shall be reviewed on an upward only basis every two years depending on the average price of two firms of real estate valuators/surveyors or real estate agents. The amount for 2015 represents nine months only as the initial lease term expires on September 30, 2015. In addition, the operating lease includes an amount for a site in Burkina Faso.

(2) The purchase obligations refer to the purchase of additional drill rigs.

(3) Loans refer to the Zenith Term Loan and the Sandvik Equipment Loans, including the related interest.

Contractual obligations will be funded in the short-term by cash and cash equivalents as at March 31, 2013 of US$5.20M and cash flow generated from operations.

OUTLOOK

The Company continues to believe that there is an industry wide slowdown in drilling activities as there is pressure on early stage exploration companies as financing from the capital markets continues to be challenging and there is also pressure on producing companies as they continue to need to manage their exploration costs in light of increasing costs on the production side of their business. The Company had certain customers reduce the number of drill rigs operating at their sites and have parked certain rigs. The Company believes that the slowdown in drilling activity will continue throughout 2013 and, as such, the Company continues to actively bid on new jobs and has taken immediate steps to control costs, monitor its workforce and is reviewing its capital expenditures.

As at March 31, 2013 the Company had 34 drill rigs that were available for operation, three drill rigs in the workshop and two drill rigs on hold with the manufacturer.

The Company's drill rig fleet available for operation or planned to be available for operation is noted below:

Make - Model	Type	Available for Operation as at Mar 31, 2013 No. of Rigs		Planned to be available for Operation as at Jun 30, 2013 No. of Rigs		Planned to be available for Operation as at Sep 30, 2013 No. of Rigs		Planned to be available for Operation as at Dec 31, 2013 No. of Rigs	
UDR - 650	Multi-Purpose	2	1x2003 1x1993	2	1x2003 1x1993	2	1x2003 1x1993	2	1x2003 1x1993
UDR - KL900	Multi-Purpose	2	1x2007 1x2003	3	1x2007 1x1999 1x1998	4	1x2007 1x2003 1x1999 1x1998	4	1x2007 1x2003 1x1999 1x1998
Sandvik - DE820	Multi-Purpose	4	1x2010 3x2008	4	1x2010 3x2008	4	1x2010 3x2008	4	1x2010 3x2008
Sandvik - DE810	Multi-Purpose	6	6x2012	6	6x2012	6	6x2012	6	6x2012
EDM - 2000	Multi-Purpose	3	3x2011	3	3x2011	3	3x2011	3	3x2011
Austex - X900	Multi-Purpose	5	3x2011 2x 2012	5	3x2011 1x 2012	5	3x2011 1x 2012	5	3x2011 1x 2012
Sandvik - DE710	Core	8	2x2011 5x2010 1x2009	8	2x2011 5x2010 1x2009	8	2x2011 5x2010 1x2009	8	2x2011 5x2010 1x2009
Austex - X300	Aircore	4	1x2011 2x2010 1x2010	4	1x2011 2x2010 1x2010	5	2x2011 2x2010 1x2010	5	2x2011 2x2010 1x2010
Total Drill Rigs Available for Operation		**34**		**35**		**37**		**37**	

	As at Mar 31, 2013		Planned as at Jun 30, 2013		Planned as at Sep 30, 2013		Planned as at Dec 31, 2013	
	No. of Rigs	**Type**	**No. of Rigs**	**Type**	**No. of Rigs**	**Type**	**No. of Rigs**	**Type**
Available for Operation	22 8 4	Multi-Purpose Core Only Air core	23 8 4	Multi-Purpose Core Only Air core	24 8 5	Multi-Purpose Core Only Air core	24 8 5	Multi-Purpose Core Only Air core
TOTAL AVAILABLE FOR OPERATION	34		35		37		37	
In transit								
Total in Transit								
In W/Shop	2 1	Multi-Purpose Air core	1 1	Multi-Purpose Aircore				
Total in W/Shop	3		2					
Manufacturing - on hold	2	Multi-Purpose	2	Multi-Purpose	2	Multi-Purpose	2	Multi-Purpose
Total Manufacturing - on hold	2		2		2		2	
TOTAL DRILL RIGS	39		39		39		39	

Split								
Multi-Purpose	26		26		26		26	
Core Only	8		8		8		8	
Air Core	5		5		5		5	
TOTAL	39		39		39		39	

SUPPLEMENTARY DISCLOSURE - NON-IFRS MEASURES

EBIT is defined as Earnings before Interest and Taxes and EBITDA is defined as Earnings before Interest, Taxes, Depreciation, and Amortization. The definitions are used in this MD&A as measures of financial performance. The Company believes EBIT and EBITDA are useful to investors because they are frequently used by securities analysts, investors and other interested parties to evaluate companies in the same industry. However, EBIT and EBITDA are not measures recognized by IFRS and do not have standardized meanings prescribed by IFRS. EBIT and EBITDA should not be viewed in isolation and do not purport to be alternatives to net income or gross profit as indicators of operating performance or cash flows from operating activities as a measure of liquidity. EBIT and EBITDA do not have standardized meanings prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies. Also, EBIT and EBITDA should not be construed as alternatives to other financial measures determined in accordance with IFRS.

Additionally, EBIT and EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements.

The following table is a reconciliation of Geodrill's results from operations to EBIT and EBITDA

	Quarter Ended	
(US$ 000's)	**Mar 31, 2013**	**Mar 31, 2012**
Results from Operating Activities	1,881	5,819
Add: Finance Income	1	4
Earnings Before Interest and Taxes (EBIT)	**1,882**	**5,823**
Add: Depreciation and Amortization	2,388	1,714
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	**4,270**	**7,537**

In the 1st quarter of 2012, the foreign exchange loss of US$0.41M was not included in the EBIT and EBITDA calculation. In the 1st quarter of 2012 the EBIT was previously disclosed as US$6.23M and the EBITDA was previously disclosed as US$7.94M.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO") of the Company are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

As at March 31, 2013, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P were effective as at March 31, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS.

There were no changes in the Company's internal control over financial reporting during the period beginning on January 1, 2013 and ended on March 31, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

A complete discussion of general risks and uncertainties may be found in the Company's Annual Information Form for the fiscal year ended December 31, 2012 which can be found on the SEDAR website at www.sedar.com, and which continue to apply to the business of the Company. The Company is not aware of any significant changes to risk factors from those disclosed at that time.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair values of financial assets and liabilities together with the carrying amounts shown in the statement of financial position are as follows:

	Loans and Receivables	Other Financial Liabilities	Carrying Amount	Total Fair Value
	US$	US$	US$	US$
March 31, 2013				
Financial assets				
Trade and other receivables	11,976,166	-	11,976,166	11,976,166
Cash and cash equivalents	5,202,541	-	5,202,541	5,202,541
	17,178,707	-	17,178,707	17,178,707
Financial liabilities				
Trade payables, creditors and accrued expenses	-	8,368,803	8,368,803	8,368,803
Related party payables	-	923,025	923,025	923,025
Loans payable	-	10,686,061	10,686,061	10,686,061
	-	19,977,889	19,977,889	19,977,889
December 31, 2012				
Financial assets				
Trade and other receivables	8,386,243	-	8,386,243	8,386,243
Cash and cash equivalents	7,562,174	-	7,562,174	7,562,174
	15,948,417	-	15,948,417	15,948,417
Financial liabilities				
Trade payables, creditors and accrued expenses	-	9,503,097	9,503,097	9,503,097
Related party payables	-	923,025	923,025	923,025
Loan payable	-	12,228,824	12,228,824	12,228,824
	-	22,654,946	22,654,946	22,654,946

RELATED PARTY TRANSACTIONS

Related party	Relationship	Country of Incorporation	Ownership Interest	
			2013	2012
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
DSI Services Limited	Subsidiary	British Virgin Islands	100%	100%
Geotool Limited	Subsidiary	British Virgin Islands	100%	100%
Geo-Forage BF SARL	Subsidiary	Burkina Faso	100%	100%
Geo-Forage Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Transtraders Limited	Related party	Isle of Man	-	-
Bluecroft Limited	Significant shareholder	Isle of Man	-	-
Redcroft Limited	Significant shareholder	Isle of Man	-	-
Harper Family Settlement	Significant indirect shareholder	Isle of Man	-	-

(i) Transactions with related parties

Transactions with companies within the Group have been eliminated on consolidation.

Transtraders Limited ("TTL") is a company which is owned by Redcroft Limited and Bluecroft Limited who also, collectively, own 41.2% (December 31, 2012: 41.2%) of the issued share capital of Geodrill Limited.

Geodrill Ghana Limited originally entered into an agreement with the Harper Family Settlement to lease the Anwiankwanta property for US$112,000 per annum and the Accra property for US$48,000 per annum. The material terms of the lease agreement include: (i) the annual rent payable shall be reviewed on an upward only basis every two years based on the average price of two firms of real estate valuators/surveyors or real estate agents; (ii) at the end of the original five year lease term, Geodrill Ghana Limited shall have the option to renew the lease for an additional five year term with similar rent and conditions; and (iii) either party may terminate the lease agreement provided they give the other party 12 months' notice.

On October 1, 2012 in conjunction with the rent review, Geodrill Ghana Limited agreed to lease the Anwiankwanta property for US$140,000 per annum and the Accra property for US$60,000 per annum for a period of two years effective October 1, 2012.

Future operating lease commitments related to the properties are:

	March 31, 2013 US$	December 31, 2012 US$
Payable within one year	272,000	200,000
Payable between 1 and 5 years	588,000	350,000
Total	860,000	550,000

During the three months ended March 31, 2013 lease payments amounted to US$50,000 (March 31, 2012: US$40,000).

(ii) Key management personnel and directors' transactions

The Group's key management personnel, and persons connected with them, are also considered to be related parties for disclosure purposes. The definition of key management includes the close members of the family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as directors of the Group and other management staff. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with Geodrill Limited.

The Group previously paid management fees to Kingston Management (Isle of Man) Ltd. which is also the licensed and regulated fiduciary service provider of the Harper Family Settlement. In the first quarter of 2012, two of the directors of Kingston Management (Isle of Man) Ltd. were also directors of Geodrill. Management fees paid during the first quarter of 2013 amounted to US$Nil (2012: US$29,382). One of the directors of Geodrill resigned from Kingston Management (Isle of Man) Ltd on January 31, 2013 and the other director resigned on February 28, 2013.

The Group previously paid management fees to City Trust Limited. One of the directors of City Trust Limited was also a director of Geodrill up to December 21, 2012, when that director resigned from City Trust Limited. Management fees paid during the first quarter of 2013 amounted to US$Nil (2012: US$2,822).

The Group previously paid consulting fees to MS Risk Limited. Two of the directors of MS Risk Limited are also directors of Geodrill Limited. Consulting fees paid during the first quarter of 2013 amounted to US$Nil, (2012: US$96,581).

Key management personnel compensation and directors fees for the period comprised:

	March 31, 2013 US$	March 31, 2012 US$
Short-term benefits	346,066	554,046
Share-based payment expense	121,298	347,126
Total	467,364	901,172

(iii) Related party balances

The aggregate value of related party transactions and outstanding balances at each period end were as follows:

Balances outstanding as at,

	Type	March 31, 2013 US$	December 31, 2012 US$
Transtraders Limited:			
Payable	Line of credit	923,025	923,025
Total		923,025	923,025

The related party payable to Transtraders Limited is unsecured and is interest free.

SIGNIFICANT ACCOUNTING POLICIES

The Company's IFRS significant accounting policies are provided in Note 2 to the audited annual consolidated financial statements for the year ended December 31, 2012 and can be found on SEDAR at www.sedar.com.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's application of new and revised IFRS are provided in Note 3 to the audited annual consolidated financial statements for the year ended December 31, 2012 and can be found on SEDAR at www.sedar.com. There have been no material effects on the condensed interim consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant areas requiring the use of management estimates relate to property, plant and equipment and inventory valuation, determination of income and deferred taxes, and amounts recorded as accrued liabilities.

Management reviews property, plant and equipment at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the respective assets or cash-generating units recoverable amount is estimated.

Management reviews inventories at each reporting period to determine whether indicators exist which would lead to a downward revision in the net realizable value of the inventory. Management's estimate of net realizable value of such inventories is based primarily on sales price and current market conditions.

Tax interpretations, regulations and legislations in the various countries in which the Group operates are subject to change and management uncertainty. Current income tax expense is based on tax currently payable or current withholding tax rates in countries in which the group operates. In addition, deferred income tax liabilities are assessed by management at the end of each reporting period and are measured at the tax rates that are expected to be applied to the temporary differences when they reverse.

The amount recognized as provisions and accrued liabilities is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses it's liabilities at each reporting period, based upon the best information available, relevant to tax laws and other appropriate requirements.

Additional Information

Additional information relating to Geodrill, including the Company's Annual Information Form can be found on SEDAR at www.sedar.com