GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
THIRD QUARTER OF 2011

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 unaudited condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion contains forward looking statements. Please see "Forward-Looking Statements" for a discussion of the risks, uncertainties and assumptions relating to these financial statements.

This MD&A is a review of activities and results for the three and nine-month periods ended September 30, 2011 as compared to the corresponding period in the previous year. Comments relate to, and should be read in conjunction with, the comparative unaudited consolidated interim financial statements for the three and nine months ended September 30, 2010 and also in conjunction with the audited consolidated financial statements and Management's Discussion and Analysis contained in Company's annual report for the year ended December 31, 2010.

The MD&A is dated November 4, 2011. 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 for the most recently completed financial year, 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 unless otherwise indicated.

FORWARD-LOOKING INFORMATION

The 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 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 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 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 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 MD&A.

Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, 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 statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Corporate Overview

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

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. The location of the workshop and operations base enables the Company to reach most of its current program sites within a 12 hour drive.

Business Strategy

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

Management believes that the Company has a number of attributes that make its performance sustainable and that provide a solid base for continued growth, while providing a competitive advantage over its peers, including:

- **A Young and Modern Fleet of Drill Rigs and a World Class Workshop:** The Company has accumulated modern drill rigs, with an average age of 2 years or less, and a centrally located world class workshop to promote client satisfaction through reliable operational performance. In addition, a manufacturing facility with the capacity to produce ancillary equipment such as RC drill pipe and RC wire-line drill subs in-house reduces downtime and supplier reliance for these items.

- **Local Knowledge**: The Company's local market knowledge, expertise and experience have enabled Geodrill to further develop the local networks required to support its operations.

- **Presence in West Africa:** The Company is able to mobilize drill rigs and associated ancillary equipment within a few days of request by a client. The well resourced, centrally located workshop further reduces downtime, as the Company can reach most of its current program sites within a 12 hour drive.

- **Low Cost Operations:** The Company has developed low cost operations by maximizing efficiencies, minimizing administrative, overhead and other fixed costs and maintaining a lean management team which has allowed Geodrill to maintain and grow market share even during past periods of industry slow down.

- **An Active and Experienced Management:** Geodrill is led by David Harper, President and Chief Executive Officer, Terry Burling, Chief Operating Officer and Ian Lacey, Chief Financial Officer and Secretary. This group has been further strengthened in 2011 by the addition of the following individuals to the management team: Roy Sinke, General Manager, Allan McConnon, Training and Operations Manager and Jocelyn Gingras, Country Manager – Burkina Faso. The management team collectively has over 165 years experience in the drilling industry with all of the management team having West African experience.

- **A Skilled and Dedicated Workforce:** A favorable compensation and benefits package, coupled with the Company's commitment and track record of hiring and training permanent and contract employees, has reduced unplanned workforce turnover even during robust mining cycles.

INDUSTRY OVERVIEW

Market Participants and Geodrill's Client Base

Approximately 95% of the Company's current revenues are derived from ongoing, continuous work programs with existing "repeat business clients", who because of this, although the original contracts may have been for 3 to 12 months, have in effect become similar to the status of "long term clients".

The diversity of major, intermediate and junior mining clients, coupled with the different drilling services that Geodrill provides, allows the Company to minimize its exposure to the cyclical nature of the commodities industry. The Company has the ability to service junior mining companies that typically undertake higher margin exploratory work during periods of expansion and intermediate and major mining companies that are typically better positioned to maintain stable operations during all phases of the industry cycle. This diverse client base better enables the Company to maintain a steady and reliable income stream during all stages of the commodities cycle more effectively than drilling companies that focus on a specific client type or service.

Geodrill's current client mix is predominately made up of gold companies (exploration, development and production). The drilling services performed by Geodrill are not, however, gold specific and can be easily applied to other precious and base metals. Its drill rigs do not need to be re-tooled or retro-fitted to conduct drilling activities relating to other precious and base metals, and the skill-set of the Company's workers can equally be applied to non-gold drilling activities.

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 centre of this development is the recognition that West Africa hosts some of the largest remaining undeveloped mineral deposits, containing iron ore, gold, bauxite and diamonds.

Management's expansion plans include taking advantage of opportunities in other minerals, including iron ore, which may not follow the same economic cycles as precious metals. The proximity of Ghana to countries such as Mauritania, Guinea, Liberia, Sierra Leone, the Democratic Republic of the Congo, Niger, Nigeria, Cameroon and Togo positions the Company favorably in its ability to service these markets as well if it so chooses.

On account of political instability and continuous internal conflict, the Company suspended operations in Cote d'Ivoire during 2010 and redeployed its drill rigs to other contracts in Ghana and Burkina Faso. Having ceased operations in Cote d'Ivoire, the local subsidiary, Geodrill Cote d'Ivoire (SARL), was dissolved on March 30, 2011. The Company continues to monitor closely the political situation in Cote d'Ivoire and may re-enter Cote d'Ivoire in the future.

The Company has strong client relationships, having serviced two of its clients for over 10 years. All longer term client relationships of the Company originally commenced as short term drill contracts won under competitive bidding processes, which have been continually renewed as the respective drilling programs of the clients have progressed through various phases. The Company has received testimonials from senior persons representing Ampella Mining Limited, Azumah Resources Limited, Castle Minerals Limited, Keegan Resources Inc., Perseus Mining Limited and Gryphon Minerals Limited. Each cite high levels of client satisfaction, commending Geodrill's well-maintained rigs, overall efficiency, knowledgeable workforce and high regard for safety and the environment.

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 favourable to the Company. However, on account of: (i) the robust demand for Geodrill's services with existing and potential new clients; (ii) the number of tender proposals that Geodrill has historically been asked to bid on; and (iii) the high success rate of the Company in past competitive tender processes (more than a 95% success rate), the Company is confident that it can redeploy its drill rigs to other locations without a significant interruption to the Company's operations in the event that any of its current contracts are not extended, renewed or renewed on favorable terms.

Geodrill's business is not substantially dependent on any one client or contract. In the 3rd quarter of 2011, no individual client accounted for more than 30% of Geodrill's revenues and the Company anticipates that four or five different clients will continue to account for approximately 70% of the Company's revenues (in approximately equal portions).

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, are at September 30, 2011, currently 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 by 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
TOTAL OPERATIONAL	**21**		**22**		**25**		**25**	
In transit	1	Air core	1	Multi- Purpose			4 1	Multi- Purpose Air core
Total In Transit	**1**		**1**				**5**	
In W/Shop	1	Core only	1	Core Only				
Total In W/Shop	**1**		**1**				**0**	
Under Manufacturing	1	Multi- Purpose	4 1	Multi- Purpose Air core	4 1	Multi- Purpose Air core	9 1	Multi- Purpose Air core
Total Under Manufacturing	**1**		**5**		**5**		**10**	
TOTAL DRILL RIGS	**24**		**29**		**30**		**40**	

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

OVERALL PERFORMANCE

Geodrill continues its strong performance as demonstrated by its operational efficiency (reflected by the annual average income per rig, operationally available and working, which at approximately US$3M is three times what management has determined to be industry average of US$1M per rig) and in financial terms (EBITDA (as defined below) margin for 3rd quarter of 2011 being 30% compared to the 3rd quarter of 2010 margin of 26%). See "Non - IFRS Measures" disclosure on page 30.

The number of drill rigs in operation has increased from 22 to 25 during the 3rd quarter of 2011. It is anticipated that there will be no further increase in number of operational rigs until 2012. It is expected that a total of 25 drill rigs will be operational as at December 31, 2011, representing a 39% increase from December 31, 2010. With the planned increase of 15 additional operational drill rigs in 2012 then making a total of 40 operational drill rigs, the result will be a 60% increase in 2012.

The Company continued to improve its operations in 3rd quarter of 2011 with revenue generated of US$20.25M, an increased of 83% when compared to the 3rd quarter of 2010. This has been achieved with an operational rig fleet rising to 25 in the 3rd quarter of 2011 compared to 14 rigs in operation in the 3rd quarter of 2010. Meters drilled for 3rd quarter of 2011 was 236,999 compared to 118,443 for the 3rd quarter of 2010.

Gross Profit in the 3rd quarter of 2011 was US$9.74M, being 48% of revenue, an increase of 171% compared to the 3rd quarter of 2010 of US$3.60M, being 32% of revenue in that quarter. The improvement over the 3rd quarter of 2010 reflects the increase in the drill rig fleet combined with operational efficiencies. Part of expenses previously classified as Cost of Sales in 2010 have been classified as selling, general and administrative expenses in 2011. Results from operating activities after giving effect to cost of sales and selling, general and administrative expenses for the 3rd quarter of 2011 were US$3.98M, being 20% of revenue, as compared to the 3rd quarter of 2010 of US$1.56M, being 14% of revenue.

Comprehensive income in 3rd quarter of 2011 was US$3.09M or US$0.07 per share for the quarter, compared to US$1.00M or US$0.03 per share for the 3rd quarter of 2010.

EBITDA margin for the 3rd quarter of 2011 was 30%, compared to 26% for the 3rd quarter of 2010. See "Non - IFRS Measures" disclosure on page 30.

SELECTED FINANCIAL INFORMATION

in US$ 000 except meters drilled and earnings per share	Nine months ended			Three months ended		
	Sept 30, 2011	Sept 30, 2010	% Change	**Sept 30, 2011**	Sept 30, 2010	% Change
Revenues	**49,285**	33,480	47%	**20,253**	11,090	83%
Gross profit	**27,313**	13,580	101%	**9,737**	3,595	171%
Gross profit percentage	55%	41%		48%	32%	
Comprehensive income	**11,191**	5,668	97%	**3,088**	1,001	208%
Comprehensive percentage	23%	17%		15%	9%	
EBITDA*	**17,316**	10,721	62%	**6,099**	2,892	111%
EBITDA percentage	35%	32%		30%	26%	
Meters Drilled	666,792	357,560	86%	236,999	118,443	100%
EBITDA (before dissolution of Cote d'Ivore)*	**15,269**	10,721	42%	**6,099**	2,892	111%
EBITDA (before dissolution of Cote d'Ivore) percentage	31%	32%		30%	26%	
Earnings per Ordinary Share	0.26	0.19	38%	0.07	0.03	110%
Dilluted earning per Ordinary Share	0.25	0.19	32%	0.06	0.03	100%
Total assets	72,589	35,355	105%	72,589	35,355	105%
Total long-term liabilities	1,919	3,192	-40%	1,919	3,192	-40%
Cash dividends declared	NIL	NIL		NIL	NIL	

**See: "Non-IFRS Measures" disclosure on page 30.*

TRANSACTIONS WITH RELATED PARTIES

Transtraders Limited ("TTL") is a company which is owned by Redcroft Limited and Bluecroft Limited who also, collectively, own 41.2% (2010: 100%) of the issued share capital of Geodrill Limited. TTL was responsible for centralised offshore procurement for Geodrill Limited up to June 2010 when it ceased to be the purchasing arm of Geodrill Limited.

On October 28, 2010, the Company acquired DSI Services Limited ("DSI"), a subsidiary company originally incorporated on September 9, 2010 domiciled in the British Virgin Islands. DSI commenced

operating in November 2010 as the purchasing entity for the Group, responsible for centralised procurement.

Geodrill Limited operates a branch in Burkina Faso. Geodrill Limited is in charge of all contractual arrangements and rights whilst the execution of the contract is done in Burkina Faso. Geodrill Limited's branch in Burkina Faso does not have any non-current assets and as such currently rents drill rigs from Geodrill Ghana Limited.

Geodrill Limited charges a management fee of 2% of gross revenue earned by Geodrill Ghana Limited.

Prior to the cessation of business in Cote d'Ivoire, Geodrill Limited subcontracted its contract in Cote d'Ivoire to Geodrill Cote d'Ivoire SARL at 50% of the contract sum. Geodrill Cote d'Ivoire SARL also rented all its required drilling equipment from Geodrill Ghana Limited at predetermined rates. On account of the political instability and continuous internal conflict, the Company suspended operations in Cote d'Ivoire during 2010 and redeployed its drill rigs to other contracts in Ghana and Burkina Faso. With the Cote d'Ivoire operation having ceased, the local subsidiary Geodrill Cote d'Ivoire (SARL) was dissolved on March 30, 2011. The Company continues to monitor closely the political situation in Cote d'Ivoire and may re-enter Cote d'Ivoire in the future.

On November 1, 2010, the board of directors of Geodrill ratified, confirmed and approved a resolution passed by Geodrill Ghana Limited on September 30, 2010 declaring a dividend to its shareholder (the "Real Estate Dividend"), Geodrill, of US$2,350,000, which was satisfied by the distribution of the following Geodrill Ghana Limited's real estate assets: (i) administrative office buildings owned and a long-term lease in respect to the land situated at 20B Aviation Road, Airport Residential Area, Accra, Ghana; and (ii) operations base and workshop owned and a long-term lease in respect to the land located in Anwiankwanta, Ghana, which assets were subsequently distributed to Geodrill's shareholders and are currently held by the Harper Family Settlement, the then ultimate beneficial shareholder of the Company.

Subsequent to the distribution of the Real Estate Dividend, Geodrill Ghana Limited entered into an agreement with the Harper Family Settlement to lease the Anwiankwanta property at US$112,000 per annum and the Accra property at 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.

The Company'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 Company 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.

Geodrill Limited pays management fees to Kingston Management (Isle of Man). Management fees paid during the 3rd quarter 2011 amounted to US$34,074 (2010: US$5,893). Two of the directors of Kingston Management (being John Bingham and Victoria Prentice) are also directors of Geodrill. Kingston Management is the fiduciary service provider of the Harper Family Settlement.

On March 10, 2011, Geotool Limited was formed as a subsidiary company situated in the British Virgin Islands. Geotool Limited was formed as the corporate hub for Group operational services.

During the 2nd quarter of 2011, Geoforage BF SARL was formed as a subsidiary company of Geotool Limited situated in Burkina Faso, West Africa. The company was formed to provide operational services in Burkina Faso.

Also, during the 3rd quarter of 2011, Geoforage Cote d'Ivoire was formed as a subsidiary company of Geotool Limited situated in Cote d'Ivoire. The company was formed to provide operational services in Cote d'Ivoire.

PUBLIC OFFERING

On December 16, 2010, Geodrill closed its initial public offering (the "Offering") of Ordinary Shares. The Ordinary Shares commenced trading on December 21, 2010 on the Toronto Stock Exchange under the symbol "GEO".

The Offering was priced at CDN$2.00 per share for aggregate gross proceeds of CDN$40 million. In addition, the Company granted the agents an over-allotment option to purchase up to an additional 3,000,000 shares at the offering price exercisable for a period of 30 days from the date of closing of the Offering, to cover over-allotments, if any, and for market stabilization purposes.

The Offering comprised of 7,500,000 shares which were issued and sold by the Company and 12,500,000 shares which were sold by certain shareholders. The Company received aggregate gross proceeds from the Offering of CDN$15 million.

On December 21, 2010, the agents exercised the over-allotment option in full and the Company closed the over-allotment option. In connection therewith, the Company issued 3,000,000 Ordinary Shares at a price of CDN$2.00 per share for aggregate gross proceeds of CDN$6 million to the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

As at November 4, 2011, the issued and outstanding Ordinary Shares totaled 42,476,000. The Company had granted 1,890,000 stock options to Directors and Officers.

RESULTS OF OPERATIONS – THIRD QUARTER ENDED SEPTEMBER 30, 2011

Revenue

During the 3rd quarter of 2011, the Company recorded revenue of US$20.25M, as compared to, US$11.09M in the 3nd quarter of 2010, representing an increase of 83%. The Company exhibited strong growth as compared to the same quarter last year, mainly from new drilling contracts and deployment of new drill rigs. Meters drilled for 3rd quarter of 2011 was 236,999 compared to 118,443 for the 3rd quarter of 2010.

Revenues were positively impacted by the continuing strong price of gold and the enhanced profitability of mining companies. The increase in profitability has enabled mining companies to generate cash internally to finance their projects, including those projects that in lean times may have been assessed as too speculative or costly to pursue. In addition, the strengthening capital markets for mining

companies has provided funding to Geodrill's client base assisting them in initiating and expanding drilling programs

Cost of Sales and Gross Profit

The gross profit for the 3rd quarter of 2011 was US$9.74M, as compared to US$3.60M for the 3rd quarter of 2010, being an increase of 171%.

The gross margin percentage for the 3rd quarter of 2011 was 48% compared to 32% for the 3rd quarter of 2010. The increase in gross profit during the 3rd quarter of 2011 as compared to 3rd quarter of 2010 was primarily due to the increased drill rig fleet in operations and operational efficiency. The revised depreciation rate applied to drill rigs had no significant impact.

Results from operating activities after charging cost of sales and selling, general and administrative expenses for the 3rd quarter of 2011 were US$3.98M, being 20% of revenue, as compared to the 3rd quarter of 2010 of US$1.56M, being 14% of revenue

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses were US$5.75M for the 3rd quarter of 2011, compared to US$2.05M for the 3rd quarter of 2010. The increase from the 3rd quarter of 2010 is due to the addition of key management staff, new employees, and motor running costs of vehicles. Also, the depreciation policy, being a changed in the accounting estimate for motor vehicles was adjusted to better reflect their anticipated life span from previously 5 years to 3 years. The resulting impact on SG&A of the depreciation change was US$0.45M in the 3rd quarter of 2011. In addition, certain expenses previously classified as Cost of Sales in 2010 have been classified as Selling, General and Administrative expenses in 2011.

EBITDA margin (see *"Non-IFRS Measures"* disclosure)

EBITDA margin for the 3rd quarter of 2011 was 30%, compared with 26% in the 3rd quarter of 2010. The increase is due to the increase of drill rig fleet being operational, meters drilled and operational efficiencies.

Depreciation and amortization

Depreciation and amortization of property, plant and equipment was US$2.12M during the 3rd quarter of 2011 compared to US$1.33M during the 3rd quarter of 2010. The increase in depreciation, as compared to 3rd quarter of 2010, reflects the additional drill rigs and property, plant and equipment purchases, and the change in the accounting estimates relating to the rate of depreciation on drill rigs and motor vehicles. The resulting impact of the change in the depreciation rate was US$0.53M in the 3rd quarter of 2011.

Net Earnings

Net earnings were US$3.09M for the 3rd quarter of 2011, being 15% of revenue, or US$0.07 per share (US$0.06 per share diluted), compared to US$1.00M for the 3rd quarter of 2010, being 9% of revenue, or US$0.03 per share (US$0.03 per share diluted).

Net earnings for the 3rd quarter of 2011 were affected by changes in:

The depreciation policy resulting in additional depreciation of US$0.53M, and

The accounting policy, whereby withholding taxes are accounted for, on an accrual basis resulting in US$0.48M additional withholding tax expenses, for the receivables for the year to date not yet collected.

Without these changes, net earnings for the 3rd quarter of 2011 would have been US$4.1M, being 20% of revenue.

Note that in order to compare the figures from each period in a meaningful fashion, the earnings per share calculations for the 3rd quarter of 2010 were adjusted retrospectively to account for the share split that occurred in the 4th quarter of 2010.

RESULTS OF OPERATIONS – YEAR TO DATE ENDED SEPTEMBER 30, 2011

Revenue

Revenue for the nine months ended September 30, 2011 was US$49.29M, as compared to US$33.48M for the corresponding period in 2010, being an increase in revenue of 47%. The increase in revenue is attributable to new drilling contracts, and the deployment of new drill rigs resulting in increased meters drilled in the period. Meters drilled for nine months ended September 30, 2011 was 666,792 compared to 357,560 for the nine months ended September 30, 2010.

Cost of Sales and Gross Profit

Gross profit for the nine months ended September 30, 2011 was US$27.31M, as compared to US$13.58M for the nine months ended September 30, 2010, being an increase of 101%.

The gross profit percentage for the nine months ended September 30, 2011 was 55% compared to 41% for the nine months ended September 30, 2010. The increase in the gross profit percentage for the nine months ended September 30, 2011 as compared to nine months ended September 30, 2010 was primarily due to an increase in the drill rig fleet in operations, meters drilled and operational efficiency.

Results from operating activities after giving effect to cost of sales and selling, general and administrative expenses for the nine month period ended September 30, 2011 were US$12.82M,being 26% of revenue, as compared to the nine month period ended September 30, 2010 of US$7.81M, being 23% of revenue.

Selling, General and Administrative Expenses

"SG&A" expenses were US$14.5M for the nine months ended September 30, 2011, compared to US$5.79M for the nine months ended September 30, 2010. The increase is due to the addition of key management staff, new employees, and an increase in the motor running cost of vehicles. The depreciation policy for motor vehicles was adjusted to better reflect the anticipated life span from previously 5 years to 3 years. The impact on depreciation was US$0.45M in the 3rd quarter of 2011. As well, certain expenses previously classified as Cost of Sales in 2010 have been classified as Selling, General and Administrative expenses in 2011.

The increase in Selling, General and Administrative expenses is divided among three quarter of 2011 as follows:

Being US$3.94M in the 1st quarter of 2011 compared to US$4.8m in the 2nd quarter of 2011. The increase was due to higher training costs for new staff associated with the increase in rigs expected in the second half of the year, annual salary increases of all Ghana based staff effective April 1, 2011 and the accrual of anticipated year-end bonuses for management based on operational results achieved by the Company year to date.

Being US$4.8M in the 2nd quarter of 2011 compared to US$5.8M in the 3rd quarter of 2011. The increase is mainly due to the change in the accounting estimate of useful lives used in the calculation of depreciation of motor vehicles. The impact is that motor vehicles are now being depreciated over 3 years beginning with the 3rd quarter of 2011, instead of 5 years, and the accrual of anticipated year-end bonuses.

EBITDA margin (see *"Non-IFRS Measures"* disclosure)

EBITDA margin for the nine months ended September 30, 2011 was 35%, with this improvement reflecting the reduction in cost of sales associated with the reversal in Q1, 2011 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, compared with 32% for the nine months ended September 30, 2010.

Depreciation and amortization

Depreciation and amortization of property, plant and equipment was US$4.48M for the nine months ended September 30, 2011 compared to US$2.88M for the nine months ended September 30, 2010. The increase in depreciation for the nine months ended September 30, 2011, as compared to the nine months ended September 30,2010, reflects the additional drill rigs and property, plant and equipment purchases, and the changes in the period of depreciation for drill rigs and motor vehicles. The resulting impact of the change in the depreciation rate was US$0.53M for the nine months ended September 30, 2011.

Net Earnings

Net earnings were US$11.19M, being 23% of revenue, for the nine months ended September 30, 2011, or US$0.26 per share (US$0.25 per share diluted), compared to US$5.67M, being 17% of revenue, for the nine months ended September 30, 2010, or US$0.19 per share (US$0.19 per share diluted). Note that in order to compare the results from each period in a meaningful fashion, the earnings per share calculations for the 3rd quarter of 2010 were adjusted retrospectively to account for the share split that occurred later in 2010.

As noted above, revenues increased due to new drilling contracts, meters drilled and the deployment of new drill rigs during the period. The dissolution of the Cote d'Ivoire operation, which triggered the positive resolution of VAT and salary tax obligations positively impacted net earnings. The net effect reflected in the nine month period ended September 30, 2011 financial statements was a decrease in the Cost of Sales of US$2.0M.

Also, net earnings for the nine month period ended September 30, 2011 were affected by changes in:

The depreciation policy resulting in additional depreciation of US$0.53M, and

The accounting policy, whereby withholding taxes are accounted for, on an accrual basis resulting in US$0.48M additional withholding tax expenses, for the receivables for the year to date not yet collected.

Without these changes, net earnings for the nine month period ended September 30, 2011 would have been US$10.2M, being 21% of revenue.

Effect of Exchange Rate

The Company's income is 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.

During the 3rd quarter of 2011, the Company incurred a foreign exchange loss of US$0.07M.

The Company's revenue is invoiced in US Dollars. The Company's main purchases were in US Dollars and Australian Dollars, with less than 20% of the purchases in other (mainly Euros) and local currencies. Other local expenses include local purchases and wages which are paid in the local currency. Fluctuations in the US Dollar against the Australian Dollar and local currencies was the cause of the foreign exchange loss in the period.

SUMMARY OF QUARTERLY RESULTS

in US$ '000 except per share	2011			2010			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	20,253	16,556	12,476	11,583	11,090	11,854	10,535
Gross profit	9,737	8,738	8,838	8,813	3,595	5,253	4,732
Gross profit margin	48%	53%	71%	76%	32%	44%	45%
Net Earnings	2,854	3,238	4,866	(586)	1,001	3,249	1,418
Per share - basic	0.07	0.08	0.11	-0.02	0.03	0.11	0.05
Per share - dilluted	0.06	0.07	0.11	-0.02	0.03	0.11	0.05

The Company's operations tend to exhibit a seasonal pattern whereby the 2nd quarter (April to June) is the strongest. The 4th quarter is normally the Company's weakest quarter followed by the 1st quarter due to the shutdown of exploration activities, often for extended periods over the holiday season (Christmas and New Year of up to two weeks over the period). This can also be impacted by the number of new rigs and the timing of their deployment in future periods.

Although the3rd quarter of 2011 had higher revenue compared to both the 2nd quarter and 1st quarter of 2011, this was due to operating the additional new drill rigs.

The wet season, which occurs (in some geographical areas where we operate, particularly in Burkina Faso) normally is in the 3rd quarter, but in the recent years the global weather pattern has become somewhat erratic. It may possibly affect the Company's drilling operations and revenue. This is dependent upon the severity and as to whether alternate contracts can be found, in less affected areas of operation. The Company historically took advantage of the wet season and scheduled for the 3rd quarter for maintenance and rebuild programs for drill rigs and equipment. But in 2011 the wet season had no significant impact on revenue.

LIQUIDITY AND CAPITAL RESOURCES – THIRD QUARTER ENDED SEPTEMBER 30, 2011

Operating Activities

In the 3rd quarter of 2011, the Company generated positive operating cash flows in the amount of US$1.06M, compared to positive operating cash flows of US$2.28M in the 3rd quarter of 2010.

Cash inflow in the 3rd quarter of 2011 from operating activities was driven mainly by the general increase in revenues, which was the used to finance the advance payments for drill rigs ordered along with utilization of extended credit terms from suppliers. Looking forward, it is anticipated that cash flows from operations will continue to be utilized to fund growth.

Investing Activities

Cash outflow from investing activities mainly relates to the Company's investment in property, plant and equipment.

In the 3rd quarter of 2011, the Company's investment in property, plant and equipment was US$3.60M compared to US$2.83M in the 3rd of quarter 2010. In the 3rd quarter of 2011, the Company obtained a one year term loan to meet the financial commitments of advance, progress and final payments relating to additional drill rigs on order. The Company is exploring additional alternative financing arrangements to cover off the possibility that drill rigs on order are delivered prior to their expected arrival dates, or to cover off the possibility that operating cash flows are not sufficient to satisfy such financial commitments.

Financing Activities

Cash flow in the 3rd quarter of 2011 from financing activity was US$3.13M, compared to cash outflow of US$0.41M in the 3rd quarter of 2010.

In the 3rd quarter of 2011, the Company entered into an agreement (the "Prepayment Agreement") with Azumah Resources Limited (ASX:AZM) ("Azumah"), whereby pursuant to the terms of the Prepayment Agreement, Azumah has agreed to prepay up to US$3.0M for drilling services. In return Geodrill has agreed to provide Azumah access to at least three drilling rigs and fixed contract rates for Azumah's drilling requirements for 12 months. Performance of the terms of prepayment contract has been secured by the 3 drill rigs. The funds have not yet been received from Azumah.

In addition, the Company has entered into a private loan agreement with Silverwood Ventures Limited (the "Silverwood Loan"), a private investment company, in the amount of GBP2.0M. The loan is for period of one year at a commercial rate and is secured by 3 drill rigs of the Company. On August 5, 2011,

the funds of US$3.13M (GBP2.0M) was received from Silverwood Ventures Limited to facilitate payment for the advance, progress and final payments of certain drill rigs being manufactured.

LIQUIDITY AND CAPITAL RESOURCES – YEAR TO DATE ENDED SEPTEMBER 30, 2011

Liquidity

As at September 30, 2011 the Company had cash and cash equivalents equal to $5.56 million. In the 3rd quarter of 2011, a loan of US$3.13M (GBP2.0M) from Silverwood Ventures Limited was obtained. We anticipate that the funding from Azumah pursuant to the Prepayment Agreement will be received in the 4th quarter of 2011. In anticipation of a possible need to fund purchases of additional previously ordered drill rigs, the Company is actively exploring alternative options including traditional bank debt, vendor financing, prepayment arrangements with customers and private financing. The Company believes that based on efforts to date, accessing such funding at acceptable rates and on acceptable terms should be achievable; however, no assurance can be given in this regard. In the unlikely event that the Company is unable to secure acceptable financing arrangements or is unable to pay for the previously ordered drill rigs, the Company may cancel or delay the arrival of the drill rigs.

Operating Activities

The Company generated positive operating cash flows in the amount of US$1.44M for the nine month period ended September 30, 2011, compared to positive operating cash flows of US$7.61M for the nine month period ended June 30, 2010.

The lower positive cash flows in 2011 compared to 2010 reflect increased prepayments for drill rigs and other property, plant and equipment of US$8.01M and increased inventory levels of US$4.74M.

Investing Activities

For the nine month period ended September 30, 2011, the Company's investment in property, plant and equipment was US$9.05M compared to US$6.94M for the nine month period ended September 30, 2010.

Financing Activities

For the nine month period ended September 30, 2011 cash flows generated from financing activities were US$2.98M, compared to cash out flows of US$1.01M for the nine month period ended September 30, 2010.

For the nine month period ended September 30, 2011, IPO related cost of US$0.14 was paid. On August 5, 2011, the funds of US$3.13M (GBP2.0M) was received from Silverwood Ventures Limited to facilitate payment for the advance, progress and final payments of certain drill rigs being manufactured.

Other than Prepayment Agreement and Silverwood Loan, the Company did not undertake any financing activities during the nine month period ended September 30, 2011.

For the nine month period ended September 30, 2010, to assist in financing the Company's growth strategy, the Company received a USD1.94M (AUD2.0M) Convertible Loan Note from Terry Burling, the

Chief Operating Officer of the Company. Also, Real Estate Dividends of US$2.36M were paid to shareholders and USD0.6M medium term loan was paid.

Contractual Obligations

	Payments Due by Period				
Contractual Obligations	**Total**	**01.10.2011 to 31.12.2011**	**01.01.2012 to 31.12.2013**	**01.01.2014 to 31.12.2015**	**After 5 years**
in US$					
Long Term Debt [1]	3,438,199	3,438,199	N/A	N/A	N/A
Capital Leases Obligations	N/A	N/A	N/A	N/A	N/A
Operating Leases [2]	680,000	40,000	320,000	320,000	N/A
Purchase Obligations [3]	13,231,814	5,763,681	7,468,133	N/A	N/A
Other Short Term Obligations [4]	3,000,000	3,000,000	N/A	N/A	N/A
Total Contractual Obligations	**20,350,013**	**12,241,880**	**7,788,133**	**320,000**	**N/A**

Notes:

(1) Refers to the private loan agreement with Silverwood Ventures Limited including the interest.
(2) The operating leases relate to the lease payments for the two real estate properties, as fully disclosed under "Transactions with Related Parties".
(3) The purchase obligations refer to purchase of drill rigs and equipment.
(4) Refers to the prepayment for drilling services to be rendered to Azumah Resources Limited pursuant to the Prepayment Agreement signed on August 22, 2011.
(5) All amounts included in above table are stated in US$.

Contractual obligations will be funded in the short term by cash flows from operations, the Silverwood Loan and the Azumah Prepayment Agreement. Any additional obligations will be funded by cash flows from operations.

Please see discussion on page 15 under the heading "Liquidity" in regards to the anticipated sources of funding for the Company.

ADOPTION OF NEW ACCOUNTING STANDARDS

New Standards and Interpretations not yet adopted (or recently adopted)

At the date of authorisation of the unaudited condensed consolidated interim financial statements for the quarter ended September 30, 2011 the following standards and interpretations, which are applicable to the Company, were as follows:

Standard / Interpretation		Effective Date
IFRS 10	Consolidated Financial Statements	Annual periods beginning on or after January 1, 2013 (early adoption permitted)
IFRS 11	Joint Arrangements	Annual periods beginning on or after January 1, 2013 (early adoption permitted)
IFRS 12	Disclosure of Interest in Other Entities	Annual periods beginning on or after January 1, 2013 (early adoption permitted)
IFRS 13	Fair Value Measurement	Annual periods beginning on or after January 1, 2013 (early adoption permitted)
IAS 27 (revised)	Separate Financial Statements	Annual periods beginning on or after January 1, 2013 (early adoption permitted)
IAS 28 (revised)	Investment in associates and joint ventures	Annual periods beginning on or after January 1, 2013 (early adoption permitted)
IAS 1 (Amendment)	Presentation of items of other comprehensive income	Annual periods beginning on or after January 1, 2012

Management is of the opinion that the impact of the application of the Standards and Interpretations have been, or will be, as follows:

IFRS 10:

IFRS 10 replaces the consolidation requirements in IAS 27, Consolidated and Separate Financial Statements, and SIC-12 Consolidation - Special Purpose Entities. It is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted, provided IFRS 11, IFRS 12 and the related amendments to IFRS 27 and 31 are adopted at the same time.

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

The impact on the financial statements for the Group has not yet been estimated.

IFRS 11

IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-Monetary Contributions by Venturer. It is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted, provided IFRS 10, IFRS 12 and the amendments to IFRS 27 and 28 are adopted at the same time.

IFRS 11 improves on IAS 31 by requiring a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. The standard also addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities, namely the equity method. The substance of the entity that is jointly controlled needs to be considered. If an interest in the net assets of the business arises then it is accounted for using the equity method. If it has an interest in a share of the individual assets of the entity then it would account for its share of those assets.

The impact on the financial statements for the Group has not yet been estimated.

IFRS 12

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 12 is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted, provided IFRS 10, IFRS 11 and the related amendments to IFRS 27 and 28 are adopted at the same time.

The impact on the financial statements for the Group has not been estimated.

IFRS 13

IFRS 13 is a new standard that defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value.

Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions). IFRS 13 will have a much wider effect (potentially) on accounting as it will change the definitions of fair value in all other standards and may lead to adjustments to figures recorded.

This project was carried out jointly with the FASB. As a result of concurrent changes approved by the FASB to Topic 820, US GAAP has a nearly identical definition and meaning of fair value and the same disclosure requirements about fair value measurements.

Additional disclosures will be made by the Group, as required, if the above situations arise.

IAS 27 (revised)

IAS 27 was re-issued by the IASB on May 12, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements as the consolidation guidance will now be included in IFRS 10.

The impact on the financial statements for the Group has not yet been estimated.

IAS 28 (revised)

IAS 28 was re-issued by the IASB on May 12, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 28 continues to prescribe the accounting for investments in associates, but is now the only source of guidance describing the application of the equity method. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

The impact on the financial statements for the Group has not yet been estimated.

Amendment to IAS 1

The amendments retain the option to present profit or loss and other comprehensive income either in one continuous statement or in two separate but consecutive statements.

Items of other comprehensive income are required to be grouped into those that will and will not be subsequently reclassified to profit or loss.

Tax on items of other comprehensive income is required to be allocated on the same basis.

The measurement and recognition of items of profit or loss and other comprehensive income are not affected by the amendments.

Additional disclosures will be made by the Group, as required, if the above situations arise.

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.

Income taxes

The Company is subject to income tax in the countries where it operates in and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may not be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

Local tax law in one or more of the jurisdictions that the Company operates in provides for accelerated capital allowances on property, plant and equipment in the determination of total tax payable. Deferred tax is recognised in respect of the resultant temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Useful lives of property, plant and equipment.

The depreciation methods, estimated useful lives and residual values of property, plant and equipment are reassessed at each reporting date. The Company depreciates its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment. The actual lives of these assets and residual values can vary depending on a variety of factors, including technological innovation and maintenance programs. Changes in estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific periods.

Impairment of property, plant and equipment

The Company's property, plant and equipment is reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of the cash-generating units is based on value-in-use calculations. These calculations require an estimation of the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Changes in these estimates can result in significant variations in the carrying value and amounts charged to the statement of comprehensive income in specific periods.

Revenue - drilling Revenue

Revenue from the provision of drilling services is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Drilling income for all types of drilling services is recognised when the outcome of the drilling can be estimated reliably and by reference to stage of completion of the drilling at the end of the reporting period. The stage of completion is assessed by reference to the actual chargeable meters drilled.

The outcome can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the drilling service rendered will flow to the Company
- the stage of completion of the drilling service at the end of the reporting period can be measured reliably
- the costs incurred for and to complete the drilling can be measured reliably

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Trade and other receivables: The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the current market rate of instruments with similar credit risk profile and maturity at the reporting date. Receivables, all due within 90 days, were not discounted as the carrying values approximate their fair values.

Cash and cash equivalents: The fair value of cash and cash equivalents approximate their carrying values.

Non-derivative financial liabilities: Fair value, which is determined for disclosure purposes, is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date or by using recent arm's length market transactions. Instruments with maturity periods of up to six months are not discounted as their carrying values approximate their fair values.

Share-based payment transactions: The fair value of the employee share options is measured using the Black-Scholes methodology. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility (based on an evaluation of similar entities' volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

RISK FACTORS

The following are certain relevant factors according to the Company's business and Industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing in this MD&A under the heading "Risk Factors" and in the Company's unaudited condensed consolidated interim financial statements as at and for the three and nine month periods ended September 30, 2011. These risks are not the only risks facing the Company. Additional risks and uncertainties presently not

known to the Company, or that the Company currently deems immaterial, may also impair the operations and could materially adversely affect the Company.

Risks Related to the Business and the Industry

Cyclical Downturns

The Company's business is highly dependent upon the levels of mineral exploration, development and production activity by mining companies in West Africa. A reduction in exploration, development and production activities will cause a decline in the demand for drilling rigs and drilling services, which could have a material adverse effect on the Company's business, financial position, resulting operations and prospects.

The operations and financial results of Geodrill may be materially adversely affected by declines in the price of gold and other commodities. The prices of gold and other commodities fluctuate widely and are affected by numerous factors beyond Geodrill's control, such as the sale or purchase of metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuations in the value of the United States dollar and foreign currencies, global and regional supply and demand and the political and economic conditions of major metals-producing countries throughout the world. The price of gold and other commodities has fluctuated widely in recent years, and future serious price declines could cause continued exploration, development of and commercial production from Geodrill's clients to be impracticable. In such event, the operational and financial results from drilling operations would suffer.

Industry experience indicates that prevailing and projected prices of commodities are major influences on the Company's clients' activity levels and planned expenditures. Gold prices are currently at levels well above historical averages. Strong commodities market conditions have led to an increased supply of drilling rigs to the market. In the event of a sustained decrease in demand, the market may be oversupplied with drilling rigs, which may result in downward pressure on drilling service providers' margins and drilling operations. In addition, historically when commodity prices fall below certain levels, it is not uncommon for mining and exploration expenditures to decline in the following 12 month period. There is a risk that a significant, sustained fall in commodity prices could substantially reduce future mining expenditures, particularly in relation to exploration and production, leading to a decline in demand for the drilling services offered by the Company which may have a material adverse effect and impact on the Company's business, financial position, results of operations and prospects.

Revenues and EBITDA

The Company does not provide financial guidance. The Company has experienced increasing cash generation from revenues and EBITDA in the past. However, there can be no assurance that this will continue in the future. It may be difficult for the Company to maintain historic EBITDA growth figures, as it did in the past, as the Company expands its operations.

Global Financial Condition

Global financial conditions have been subject to increased volatility in recent years and numerous financial institutions have either gone into bankruptcy or have received capital bail-outs or other relief from governmental authorities. These factors may impact the ability of the Company and its clients to obtain equity or debt financing in the future on terms that are favourable. Worldwide economic

conditions, in particular, economic conditions of countries such as the United States and China, influence the activity in the mining industry which in turn has an effect on the demand for the drilling services provided by Geodrill. Although there have been numerous indications of economic recovery during 2009, 2010 and 2011, if these increased levels of volatility and market turmoil continue, the Company's results of operations could be adversely impacted and the trading price of the Ordinary Shares could be adversely affected.

Foreign Currency exposure

The Company receives the majority of its revenues in U.S. dollars. However, a significant part of the Company's foreign exchange exposure is in Australian dollars. As a result, the Company is exposed to currency fluctuations and exchange rate risks. Currency fluctuations and exchange rate risks between the value of the U.S. dollar and the value of the Australian dollar may increase the cost of the Company's operations and could adversely affect financial results.

Dependence on Certain Key Personnel

The success of the Company was and is currently largely dependent on the performance of management and, in particular, David Harper, Terry Burling and Ian Lacey. The Company has added 3 new personnel to its' management structure; Roy Sinke, General Manager, Allan McConnon, Training and Operations Manager and Jocelyn Gingras, Country Manager – Burkina Faso, to cope with its immediate and planned growth as well as the obligations of running a public company. The loss of the services of these persons would likely have a materially adverse effect on the Company's business and prospects. Additionally, there is no assurance that the Company can maintain the services of its management or its key drillers required to operate the business. The Company does not maintain key person insurance on the lives of any of its key personnel, but is in the course of reviewing this at the moment

Ongoing Integration of Business Systems

The Company is installing an enterprise resource planning system including financial, inventory, asset maintenance, operating information and technology systems. These systems are designed to improve the business operations and management oversight. However, there may be a level of disruption to the business with incorrect information produced and relied upon while software implementation and training is being implemented and completed - management's attention may be diverted to ensuring the successful integration of the new technology during this process.

Sensitivity to General Economic Conditions

The operating and financial performance of the Company is influenced by a variety of international and country-specific general economic and business conditions (including inflation, interest rates and exchange rates), access to debt and capital markets, as well as monetary and regulatory policies. A deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on the financial performance, financial position and condition, cash flows, distributions, share price and growth prospects of the Company.

Political Instability

The Company's operations are currently based in Ghana and Burkina Faso, West Africa. Conducting operations in West Africa presents political and economic risks including, but not limited to, terrorism, hostage taking, military repression, expropriation, extreme fluctuations in currency exchange rates, high rates of inflation and labour unrest. Changes in mining or investment policies or shifts in political attitudes may also adversely affect the Company's business. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production and exploration activities, currency remittance, income taxes, environmental legislation, land use, land claims of local people, water use and safety. The effect of these factors cannot be accurately predicted.

Specialized Skills and Cost of Labour Increases

A key limiting factor in the growth of drilling services companies is the supply of qualified drillers, upon whom the Company relies to operate its drills. The increase in demand for drilling services has created a situation where there is a shortage of qualified drillers and competition for drillers is intense. As such, the ability to attract, train and retain high quality drillers is a high priority for all drilling services providers. The company has recruited Mr. Allan McConnon as Operations and Training Manager, who has 45 years drilling expertise, whose responsibility includes training. The Company may not be able to recruit or retain drillers and other key personnel who meet the Company's high standards, especially as it pursues growth opportunities. A failure by the Company to retain qualified drillers or attract and train new qualified drillers could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, rising rates paid to drillers and helpers will exert pressure on the Company's profit margins if it is unable to pass on such higher costs to its clients through price increases.

Increased Cost of Sourcing Consumables and Drilling Equipment

When bidding on a drilling contract, the cost of consumables (including fuel) is a key consideration in deciding upon the pricing of a contract. Due to the worldwide increased demand for drilling services, the industry is experiencing tightness in the supply of drilling equipment, including drills, and this could impede the Company's ability to grow its business. A material increase in the cost of consumables (including fuel) could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects. Although the Company mitigates the risk of sourcing and pricing of consumables by keeping an inventory and having the capacity to fabricate certain consumable equipment, such as RC drill pipe and RC wire-line drill subs, there remains a risk that the pricing and availability of certain other consumables such as fuel could have a material negative effect on the Company's operations. Additionally, the delay or inability of suppliers to supply key manufacturing inputs, such as steel and other raw materials, may delay manufacturing certain consumables such as RC drill pipe and RC wire-line drill subs, that may have an adverse effect on the operations and the financial position of the Company's business.

Access of Clients to Equity Markets

Economic factors may make it more difficult for mining companies, particularly junior mining companies, to raise money to fund exploration activity. This difficulty would have an adverse impact on the demand for drilling services and could have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Expansion Plans

The Company's expansion plans partly rely on the anticipated addition to its drill rig fleet of fifteen additional drill rigs being operational in 2012. A significant delay in delivery or time lag between manufacture, shipping, delivery, commissioning and dispatch to the field may have a material adverse effect on the expansion plans of the Company.

Competition

The Company faces considerable competition from several large drilling services companies and a number of smaller regional competitors. Some of the Company's competitors have been in the drilling services industry for a longer period of time and have substantially greater financial and other resources than the Company. This may mean that they are perceived as being able to offer a greater range of services than the Company. The capital cost to acquire drill rigs is relatively low, enabling current competitors to expand and new competitors to enter the market. In addition, new and current competitors willing to provide services at a lower cost may occur as the West African mining market matures. Increased competition in the drilling services market may adversely affect the Company's current market share, profitability and growth opportunities. Any erosion of the Company's competitive position could have a material adverse effect on the Company's business, results of operations, financial condition and growth prospects.

A significant portion of the drilling services business is a result of being awarded contracts through a competitive tender process. It is possible that the Company may lose potential new contracts to competitors if it is unable to demonstrate reliable performance, technical competence and competitive pricing as part of the tender process or if mining companies elect not to undertake a competitive tender process. Or continue to provide a premium service as compared to other competitors, to its existing client base. Or, lose its reputation in the market place.

Inability to Sustain and Manage growth

The Company's revenue has grown in recent years. The Company's ability to sustain its growth will depend on a number of factors, many of which are beyond the Company's control, including, but not limited to, commodity prices, the ability of mining companies to raise financing and the global demand for materials. In addition, the Company is subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place significant strain on the Company's management personnel and key drillers and likely will require the Company to recruit additional management personnel and train and retain additional key drillers and mechanics.

There can be no assurance that the Company will be able to manage its expanding operations (including any acquisitions) effectively, that it will be able to sustain or accelerate its growth or that such growth, if achieved, will result in profitable operations, that it will be able to attract and retain sufficient management personnel necessary for continued growth or that it will be able to successfully make strategic investments or acquisitions. The failure to accomplish any of the foregoing could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. Further, as the Company increases its number of rigs, it may need to expand its operations base or establish a new operations base in order to continue to maintain its fleet of drill rigs. There is no assurance that the Company will be able to secure additional real estate leases at all or on commercial terms acceptable to the Company.

Client Contracts

The Company's drilling client contracts are typically for a term of three months to one year and can be cancelled by the client on short or no notice in certain circumstances with limited or no amounts payable to the Company. The short duration of contract periods typical for the drilling industry does not provide any certainty of long term cash flows. There is a risk that existing contracts may not be renewed or replaced and that the drill rigs may not be able to be placed with alternative clients. The failure to renew or replace some or all of these existing contracts and cancellation of existing contracts could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Operational Risks and Liability

Risks associated with drilling include, in the case of employees, personal injury and loss of life and, in the case of the Company, damage and destruction to property, equipment, release of hazardous substances to the environment, including potential environmental liabilities associated with the Company's fuel storage activities, and interruption or suspension of drill site operation due to unsafe drill operations. The occurrence of any of these events may have an adverse effect on the Company, including financial loss, key personnel loss, legal proceedings and damage to the Company's reputation.

In addition, poor or failed internal processes, people or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, drill rig failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues and business integration issues.

Advances in exploration, development and production technology which could reduce the demand for drilling services may have an adverse impact on the financial performance of the Company.

Business Interruptions

Business interruptions may result from a variety of factors, including regulatory intervention, delays in necessary approvals and permits, health and safety issues or supply bottlenecks and seasonal or extraordinary weather conditions. In addition, the Company operates in geographic locations which are prone to political risks and natural or other disasters. Further, logistical risks such as road conditions, ground conditions and political interference may affect the Company' ability to quickly mobilize or demobilize its drill rigs. The occurrence of business interruptions or conditions could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Environment, Labour and Health and Safety Requirements and Related Considerations

The drilling services industry is regulated by environmental and health and safety regulations. To the extent that the Company fails to comply with laws and regulations, it could lose client contracts and be subject to suspension of operations or other penalties. In addition, accidents at the sites at which the Company operates could adversely affect the Company's ability to retain client contracts and win new business.

The Company is subject to the labour laws and regulations of the various countries in which it operates. Although none of Geodrill's employees are currently unionized, there is the potential that some or all of its employees may become unionized in the future. There can be no assurance that the Company will not experience labour problems in the future, such as prolonged work stoppages due to labour strikes, which may have an adverse effect on its results of operations and financial conditions.

Clients are required to hold certain permits and approvals in order for the Company to conduct operations. Clients are generally responsible for obtaining the environmental permits necessary for drilling. There is no assurance that clients will be able to renew or obtain the permits or approvals which are required for the drilling services the Company provides to them, in the time frame anticipated or at all. Any failure to renew, maintain or obtain the required permits or approvals may result in interruption or delay to operations and may have an adverse impact on the Company's business, financial position, results of operations and prospects. In addition, clients rely on concessions, licenses and permits to conduct their activities. Any modification or revocation of these concessions, licenses or permits could result in a decrease in demand for the services of the Company or in contracts with clients being terminated.

Insurance Limits

The Company maintains to a limited extent, fixed property, motor and general liability insurance. The Company does not insure all of its drill rigs nor its goods in transit, as management has determined that paying the insurance premiums are not economically feasible at this time. Regarding the insurance that the Company does have, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company. The Company does not carry business interruption insurance or key man insurance and, as such, any such interruption or loss would have an adverse effect on the financial position of the Company. To the extent that Geodrill incurs losses not covered by its insurance policies, the funds available for sustaining and growing operations will be reduced.

Uncertain Legal and Regulatory Frameworks

The Company's business and operations are potentially subject to the uncertain legal and regulatory frameworks in the countries in which it operates. Laws, regulations and local rules governing business entities in these countries may change and are often subject to a number of possibly conflicting interpretations, both by business entities, government departments and the courts. Laws and regulations may be promulgated and overseen by different government entities or departments, which may be national, regional or municipal and these entities may differ in their interpretation and enforcement of the laws and regulations. The business, financial condition, profitability and results of operations of the Company could potentially be adversely affected by changes in and uncertainty surrounding governmental policies, in particular with respect to business laws and regulations, licenses and permits, taxation, exchange control regulations, labour laws and expropriation.

Given the uncertain legal and regulatory framework in some of the West African countries in which the Company operates or may operate in the future, there is a risk that the necessary licenses, permits, certificates, consents and authorizations to implement or conduct operations may not be obtained by either the client or the Company under conditions or within time frames that make such operations

viable and that changes to applicable laws, regulations or the governing authorities may result in additional material expenditure or time delays.

Tax Risk

The Company has organized its group structure and its operations in part based on certain assumptions about various tax (laws including, among others, income tax and withholding tax), foreign currency and capital repatriation laws and other relevant laws of a variety of jurisdictions. While the Company believes that such assumptions are correct, there can be no assurance that foreign taxing or other authorities will reach the same conclusion. If such assumptions are incorrect, or if such jurisdictions were to change or modify such laws or the current interpretation thereof, the Company may suffer adverse tax and financial consequences. Geodrill is an Isle of Man company with operations currently in Ghana, Burkina Faso and British Virgin Islands. There is a risk in which the countries where Geodrill operates may change their current tax regime with little or no prior notice or that the tax authorities in these jurisdiction may attempt to claim tax on the global revenues of the Company. A change to the tax regimes in these countries or an unfavourable interpretation of the current tax legislation could have a material adverse effect on the profitability of the Company.

Credit Risk

The Company provides credit to its clients in the normal course of its operations. As at September 30, 2011, 100% of the trade accounts receivable is aged as less than 90 days and none are considered to be impaired.

One major client represents 28% of the trade accounts receivable as at September 30, 2011. Other major clients represented 20%, 11%, and 10% respectively. The balance of the remaining client grouping all represented less than 10% each. Credit risk also arises from cash and cash equivalents with banks. This risk is limited, as it is spread over various countries and banking institutions.

Future Expansion Strategy

Although the Company currently expects to grow organically through the acquisition of drill rigs rather than other companies, the Company may in the future determine to pursue growth targets through corporate acquisitions. There is considerable competition within the drilling services industry for suitable acquisition targets. There can be no assurance that suitable candidates will be identified at acceptable prices or that the Company will be able to finance or complete potential acquisitions. The Company’s future acquisitions may be subject to unanticipated risks or liabilities. In addition, there can be no assurance that any such acquisitions will be profitable or be successfully integrated into the Company’s operations, that any such integration will be smooth or that such acquisition and integration will not have a material adverse effect on the Company’s business, financial position, results of operations and prospects.

Expansion into new geographies organically and via acquisitions also brings additional geographic and currency risk. There is a risk that the operations, assets, employees or repatriation of revenues could be impaired by factors specific to the regions into which Geodrill may choose to expand.

Risks due to Foreign Incorporation

The Company is incorporated under and governed by the laws of the Isle of Man and consequently shareholders may not have the same rights and protections as they would have under provincial or federal corporate law in Canada. There can be no assurance that shareholder rights and remedies available under the corporate law of the Isle of Man will be enforceable in Canada through Canadian courts or that any orders of the courts of the Isle of Man made under such corporate law will be enforceable in Canada.

Equity Market Risks

There is a risk associated with any investment in the Ordinary Shares. The market price of securities such as the Ordinary Shares of the Company are affected by numerous factors including, but not limited to, general market conditions, actual or anticipated fluctuations in the Company's results of operations, changes in estimates of future results of operations by the Company or securities analysts, risks identified in this section and other factors. In addition, the financial markets have experienced significant price and volume fluctuations that have sometimes been unrelated to the operating performance of the issuers or the industries in which they operate.

The Influence of Existing Shareholders and Future Sales by the Harper Family Settlement

The Harper Family Settlement shareholders holds or controls, directly or indirectly, 17,500,000 Ordinary Shares representing approximately 41.23% of the Company's issued Ordinary Shares. As a result, the Harper Family Settlement has the ability to affect the control of the Company's strategic direction and policies, including any sale of all or substantially all of its assets, the election and composition of the Board of Directors, the amendment of the Company's Memorandum and Articles of Association and the declaration of dividends. The foregoing ability to affect the control and direction of the Company could adversely affect investors' perception of the Company's corporate governance and reduce its attractiveness as a target for potential take-over bids and business combinations, and correspondingly affect its share price.

Future Sales of Ordinary Shares by the Harper Family Settlement

Sales of a large number of Ordinary Shares in the public markets, or the potential for such sales, could decrease the trading price of the Ordinary Shares and could impair Geodrill's ability to raise capital through future sales of Ordinary Shares.

Dilution

The Company may raise additional funds in the future by issuing equity securities. Holders of Ordinary Shares will have no pre-emptive rights in connection with such further issues. Additional Ordinary Shares may be issued by the Company in connection with the exercise of options. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Ordinary Shares.

Lack of Dividend Payments

Geodrill does not pay dividends as it intends to use cash for future growth. Other than the Real Estate Dividend in 2010, issued in connection with the pre-Offering reorganization of the Company, no

dividends on the Ordinary Shares have been paid to date. Geodrill anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including Geodrill's earnings, operating results, financial condition, current and anticipated cash needs and restrictions in financing agreements.

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 financial statements in accordance with IFRS.

There were no changes in the Company's internal control over financial reporting during the period beginning on July 1, 2011, and ended on September 30, 2011, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Non-IFRS Measures

EBITDA is defined as Earnings before Interest, Taxes, Depreciation, and Amortisation and is used in this MD&A 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.

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

	Nine months ended		Three months ended	
in US$ 000	**Sept 30, 2011**	Sept 30, 2010	**Sept 30, 2011**	Sept 30, 2010
Results from operating activities	12,815	7,806	3,976	1,564
Add : finance income	16	32	5	-
Add back: depreciation and amortization	4,485	2,883	2,118	1,328
Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA)	17,316	10,721	6,099	2,892

Additional Information

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