GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SECOND QUARTER ENDED JUNE 30, 2012

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 condensed interim 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 and six months ended June 30, 2012 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 and six months ended June 30, 2011 and also in conjunction with the audited annual consolidated financial statements and corresponding MD&A for the year ended December 31, 2011.

This MD&A is dated August 3, 2012. 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.

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

An experienced workforce and management, 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.

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.

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 available for operation from 22 in the 2nd quarter of 2011 to 28 in the 2nd quarter of 2012;

- Increase in the inventory levels to maintain high levels of mechanical availability for ongoing rig expansion;

- Construction of a 50 person camp and workshop facilities in North West Ghana, for drilling in the Wa Gold Project currently underway together with securing of a new iron ore drill contract and the deployment of four rigs.

- Increase of the Company's footprint in Burkina Faso with additional drills being deployed and construction of an 80 person camp and workshop facilities.

- Deployment of one drill rig into Niger; and

- Planning re-entry into Cote d'Ivoire through a new iron ore contract and the anticipated deployment of three rigs in the 3rd quarter of 2012.

Market Participants and Geodrill's Client Base

Approximately 90% of the Company's current revenues are derived from ongoing, continuous work programs with existing repeat-business clients. These clients have been renewed from initial three to twelve month contracts, into long-standing loyal customers.

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.

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 2nd quarter of 2012, Burkina Faso accounted for 58% of the Company's revenue compared to 41% of its revenue for the 2nd quarter of 2011. The reason for the increase in revenue percentage from Burkina Faso in comparison to Ghana is due to significant additional drilling in Burkina Faso by two of the Company's existing clients.

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. In addition, 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. In the short-term expansion has commenced with the deployment of one drill rig into Niger, on a short term contract and a contract with a new client to initially deploy three rigs providing the Company with the opportunity to re-enter Cote d'Ivoire in the 3rd quarter of 2012. The Company believes that the current political and economic climate in Cote d'Ivoire is appropriate for the Company to re-enter.

In the 1st quarter of 2012 the Company commenced a new project in Ghana with an iron ore client. The terms are similar to those of the Company's gold drilling contracts. The initial contract requirement is for four rigs to drill 10,000 meters of core, with the potential to increase the amount of drilling required.

In the 2nd quarter of 2012, the Company signed an agreement with another new client for an iron ore project in Cote d'Ivoire. The initial requirement is for three rigs to drill 15,000 meters of core with the potential to increase to 30,000 meters of drilling or more.

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 three customers who individually contributed 10% or more to the Company's revenue for the three months ended June 30, 2012. One customer contributed 39%, one customer contributed 18% and one customer contributed 13% to Geodrill's revenue for the three months ended June 30, 2012. Another two accounts were slightly less than 10%, each contributing 9% to revenue for the three months ended June 30, 2012.

Other than the above, the economic and industry factors facing the Company remains substantially unchanged to what was discussed in the Company's annual MD&A which is available at www.sedar.com

OUSTANDING SECURITIES AS OF AUGUST 3, 2012

The Company is authorized to issue an unlimited number of Ordinary Shares. As of August 3, 2012 the Company has the following securities outstanding:

Number of Ordinary Shares	42,512,000
Number of Options	2,604,000
Fully Diluted	45,116,000

From January 1, 2012 to August 3, 2012, 36,000 options were exercised.
From January 1, 2012 to August 3, 2012 150,000 options were forfeited.
From January 1, 2012 to August 3, 2012 180,000 options were issued.

OVERALL PERFORMANCE

Revenue Per Country

	Six Months Ended				Three Months Ended			
	Jun 30, 2012		**Jun 30, 2011**		**Jun 30, 2012**		**Jun 30, 2011**	
LOCATION	**US$ 000's**	**%**	**US$ 000's**	**%**	**US$ 000's**	**%**	**US$ 000's**	**%**
Ghana	18,203	43%	17,686	61%	8,566	41%	9,722	59%
Burkina Faso and other [(1)]	24,317	57%	11,346	39%	12,294	59%	6,833	41%
	42,520	100%	29,032	100%	20,860	100%	16,555	100%

[(1)] Included in Burkina Faso and other is Niger

Meters Drilled Per Country

	Six Months Ended				Three Months Ended			
LOCATION	Jun 30, 2012	%	Jun 30, 2011	%	Jun 30, 2012	%	Jun 30, 2011	%
Ghana	181,491	30%	228,086	53%	65,916	23%	121,819	50%
Burkina Faso and other [1]	423,609	70%	201,481	47%	221,213	77%	120,808	50%
	605,100	100%	429,567	100%	287,129	100%	242,627	100%

[1] Included in Burkina Faso and other is Niger

The number of drill rigs available for operation increased to 28 during the 2nd quarter of 2012. The Company had seven rigs in the workshop (four new rigs getting ready for operations and three rigs that were undergoing rebuilds). In addition to the 35 rigs, the Company plans to add four additional drill rigs during the remainder of 2012, bringing the total number of drill rigs available to operate to 39, representing a 50% increase from the end of 2011.

The Company generated revenue of US$20.86M in the 2nd quarter of 2012 with, an increase of 26% when compared to US$16.56M in the 2nd quarter of 2011. Meters drilled for the 2nd quarter of 2012 totaled 287,129 compared to 242,627 for the 2nd quarter of 2011. This has been achieved with a rig fleet which stood at 22 at June 30, 2011, rising to 26 in operation at December 31, 2011, and 28 available for operation as at June 30, 2012.

The gross profit in the 2nd quarter of 2012 was US$9.51M, being 46% of revenue, improved by 9 % as compared to US$8.75M in the 2nd quarter of 2011. The improvement over the 2nd quarter of 2011 reflects the increase in the drill rig fleet combined with price increases and operational efficiencies.

EBITDA (as defined herein) in the 2nd quarter of 2012 was US$6.62M, being 32% of revenue compared to US$4.96M, being 30% of revenue in the 2nd quarter of 2011. The EBITDA increased by US$1.66M or 33% in the 2nd quarter of 2012 compared to the 2nd quarter of 2011. See “Supplementary Disclosure – Non-IFRS Measures” on page 16**.**

The EBIT (as defined herein) in the 2nd quarter of 2012 was US$4.83M, being 23% of revenue compared to US$3.61M, being 22% of revenue, in the 2nd quarter of 2011. The EBIT increased by US$1.22 or 34% in the 2nd quarter of 2012 compared to the 2nd quarter of 2011. The improvement over the 2nd quarter of 2011 reflects the increase in the drill rig fleet combined with operational efficiencies and price increases, partially offset by the increase in depreciation and amortization. See “Supplementary Disclosure - Non - IFRS Measures" on page 16.

Net earnings for the 2nd quarter of 2012 were US$2.78M or US$0.07 per Ordinary Share (US$0.06 per Ordinary Share fully diluted), compared to US$3.24M for the 2nd quarter of 2011 or US$0.08 per Ordinary Share (US$0.07 per Ordinary Share fully diluted.)

SELECTED FINANCIAL INFORMATION

(in US$ 000's)	Six Months Ended Jun 30, 2012	Jun 30, 2011	% Change	Three Months Ended June 30, 2012	Jun 30, 2011	% Change
Revenue	**42,520**	**29,032**	46%	**20,860**	**16,556**	26%
Cost of Sales	**21,485**	**11,447**	88%	**11,348**	**7,809**	45%
Cost of Sales (%)	51%	39%		54%	47%	
Gross Profit	**21,035**	**17,585**	20%	**9,512**	**8,747**	9%
Gross Margin (%)	49%	61%		46%	53%	
Selling, General and Administration Expenses	**10,422**	**8,745**	19%	**5,125**	**4,806**	7%
Selling, General and Administration Expenses (%)	25%	30%		25%	29%	
Foreign Exchange Gain (Loss)	**142**	**(437)**	(132%)	**442**	**(328)**	(235%)
Foreign Exchange Gain (Loss) (%)	0%	(2%)		2%	(2%)	
Results from Operating Activities	**10,755**	**8,402**	28%	**4,829**	**3,612**	34%
Results from Operating Activities	25%	29%		23%	22%	
Finance Income	**5**	**11**		**1**	**1**	
Finance Income (%)	0%	0%		0%	0%	
EBIT*	**10,760**	**8,413**	28%	**4,830**	**3,613**	34%
EBIT (%)	25%	29%		23%	22%	
Finance Cost	**(326)**	**0**		**(115)**	**0**	
Finance Cost (%)	(1%)	0%		(1%)	0%	
Profit Before Taxation	**10,434**	**8,413**	24%	**4,715**	**3,613**	31%
Profit Before Taxation (%)	25%	29%		23%	22%	
Income Tax Expense	**3,223**	**309**	943%	**1,934**	**375**	416%
Income Tax Expense (%)	8%	1%		9%	2%	
Net Earnings	**7,211**	**8,104**	(11%)	**2,781**	**3,238**	(14%)
Net Earnings (%)	17%	28%		13%	20%	
**EBITDA ** **	**14,263**	**10,779**	32%	**6,619**	**4,962**	33%
EBITDA (%)	34%	37%		32%	30%	
EBITDA (before Dissolution of Cote D'Ivoire)		**8,732**			**7,536**	
EBITDA (before Dissolution of Cote D'Ivoire) (%)		30%			46%	
Meters Drilled	**605,100**	**429,567**	41%	**287,129**	**242,627**	18%
Earnings Per Share						
Basic	**0.17**	**0.19**	(11%)	**0.07**	**0.08**	(13%)
Diluted	**0.16**	**0.18**	(11%)	**0.06**	**0.07**	(14%)
Total Assets	**97,346**	**63,446**	53%	**97,346**	**63,446**	53%
Total Long - Term Liabilities (Deferred Tax)	**6,072**	**2,449**	148%	**6,072**	**2,449**	148%
Cash Dividend Declared	**NIL**	**NIL**		**NIL**	**NIL**	

*EBIT = Earnings before interest and taxes
**EBITDA = Earnings before interest, tax, depreciation and amortization
See "Supplementary Disclosure - Non-IFRS Measures" on page 16

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2012 COMPARED TO THREE MONTHS ENDED JUNE 30, 2011

Revenue

During the 2nd quarter of 2012, the Company recorded revenue of US$20.86M, as compared to, US$16.56M in the 2nd quarter of 2011, representing an increase of 26%. The increase in revenue is attributable to new drilling contracts and the deployment of six additional rigs (nine new drill rigs less three drill rigs that are in the workshop undergoing rebuilds) resulting in an 18% increase in the number of meters drilled from 242,627 meters in the 2nd quarter of 2011 to 287,129 in the 2nd quarter of 2012. The service/drilling mix provided to clients slightly changed between the quarters with an increase in air core and RC and a decrease in Core. Meters drilled for the 2nd quarter of 2012 were 46 % air core, 41% RC and 13% Core as compared to the 2nd quarter of 2011 which were 43 % air core, 40 % RC and 17% Core. Pricing continues to generally improve, but continues to be competitive. In part, the increase in revenue allows for and offsets the increase in costs of hiring, training and mobilization of new drillers, staff and associated consumable costs necessary to accommodate growth.

Cost of Sales and Gross Profit

Gross profit for the 2nd quarter of 2012 was US$9.51M, as compared to US$8.75M for the 2nd quarter of 2011, being an increase of 9%. The gross profit percentage for the 2nd quarter of 2012 was 46% compared to 53% for the 2nd quarter of 2011. The decrease in the gross profit margin is largely attributable to the increase in costs, a change in the accounting treatment in the 2nd quarter of 2011 to capitalize workshop supplies which had the impact of reducing cost of sales in Q2 2011 by approximately US$0.30M and the recording of an additional US$0.45M in salary in Q2 2012 relating to an under accrual in Q1 2012 which had the impact of increasing cost of sales in 2012.

Cost of sales and staffing costs have increased with general inflation and both local and worldwide demand for drilling and support staff. Also, the increase reflects a number of new staff recruited that are being trained in advance of new rigs being received and becoming operational.

The increase in cost of sales for the 2nd quarter of 2012 as compared to the 2nd quarter of 2011 includes the following:

- Drill rig expense increased by US$0.90M which reflects the expansion of the Company's drill rig fleet through the addition of six additional rigs (nine new drill rigs less three drill rigs that are in the workshop undergoing rebuilds) from the end of the 2nd quarter of 2011 to the end of the 2nd quarter of 2012.

- Salaries expense increased by US$1.34M due to the hiring of additional workers over the period of 2nd quarter 2011 to the end of 2nd quarter 2012. The majority of the increase in salaries of US$1.34M is US$0.75M relating to additional workers and US$0.45M accrued salaries realized in Q2 2012 relating to Q1 2012. In addition, a 10% increase in salaries for Ghanaian workers and a 20 -25% increase in expatriate salaries in the first quarter of 2012 contributed to the increase.

- Depreciation expense increased by US$0.32M due to higher depreciation costs associated with the number of additional drill rigs and related equipment deployed.

- Fuel expenses increased by US$0.36M due to the expansion of operations and increased drilling activities. Fuel prices have also increased by approximately 10%. In addition, in the 2nd quarter of 2011, the Company had previously netted certain fuel expenses against gross revenue.

- Meals expense increased by US$0.28M due to the increased number of workers and the deployment of additional drill rigs.

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

SG&A expenses were US$5.12M for the 2nd quarter of 2012, compared to US$4.81M for the 2nd quarter of 2011. SG&A expenses decreased to 25% of revenue for the 2nd quarter of 2012 compared to 29% of revenue for the 2nd quarter of 2011. The decrease in SG&A expenses is largely attributable to the fact that in the 2nd quarter of 2011, approximately US$0.30M in salary was allocated to SG&A where in the 2nd quarter of 2012 the salary amount has been allocated to departments in cost of sales. Costs increased due to the costs of hiring, training and mobilization of management and support staff necessary to accommodate growth and geographical footprint. The increase in SG&A expenses for the 2nd quarter of 2012 as compared to the 2nd quarter of 2011 includes the following:

- Salaries and wages, including provident fund contribution, SSNIT contribution and PAYE expenses, increased by US$0.15M due to the hiring of additional staff to manage the expansion of the business and a 10% increase in salaries for all Ghanaian staff, effective January 1, 2012.

- Investment relations, promotions and travel increased by US$0.16M due to increased travel and various marketing and promotional events expensed in the 2nd quarter 2012.

- Depreciation expense on motor vehicles allocated to SG&A increased by US$0.12M due to higher depreciation costs associated with new vehicles acquired and the change in depreciation policy of motor vehicles from 5 years to 3 years which became effective in the 3rd quarter of 2011.

Foreign Exchange Gain (Loss)

The Company realized a foreign exchange gain for the 2nd quarter of 2012 of US$0.44M compared to a foreign exchange loss of US$0.33M for the 2nd quarter of 2011. The gain (loss) is a result of fluctuations in the US Dollar against the Australian Dollar and local currencies.

Results from Operating Activities

Results from operating activities (after cost of sales, SG&A expenses and foreign exchange gain (loss)) for the 2nd quarter of 2012 were US$4.83M, being 23% of revenue, as compared to the 2nd quarter of 2011 of US$3.61M, being 22% of revenue.

EBITDA Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 16)

EBITDA margin for the 2nd quarter of 2012 was 32% compared to 30% for the 2nd quarter of 2011. See "Supplementary Disclosure - Non - IFRS Measures" on page 16.

EBIT Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 16)

EBIT margin for the 2nd quarter of 2012 was 23% compared to 22% for the 2nd quarter of 2011. See Supplementary Disclosure - "Non-IFRS Measures" on page 16**.**

Depreciation and Amortization

Depreciation and amortization of property, plant and equipment was US$1.79M (US$1.51M in cost of sales and US$0.28M in SG&A) for the 2nd quarter of 2012 compared to US$1.35M (US$1.19M in cost of sales and US$0.16M in SG&A) for the 2nd quarter of 2011. The increase in depreciation is primarily due to additional property, plant and equipment purchases which reflects greater demand for the Company's drilling services and the changes in the period of depreciation for drill rigs and motor vehicles effected in the 3rd quarter of 2011.

Income Tax Expense

Income tax expense was US$1.93M for the 2nd quarter of 2012 compared to US$0.38M for the 2nd quarter of 2011. Income tax expense of US$1.93M is comprised of the withholding taxes of US$1.27M and deferred tax expense of US$0.66M. The Company pays a 10% withholding tax in Burkina Faso. On March 9, 2012, the Company's corporate tax rate changed from 25% to 35% resulting in the Company having to revalue its cumulative timing differences at 35%. This resulted in a deferred tax expense in the 2nd quarter of 2012 of US$0.66M. In the 2nd quarter of 2011, the Company had drawn down its deferred tax liability resulting in a reduction in the tax expense of US$0.34M.

Net Earnings

Net earnings were US$2.78M, being 13% of revenue, for the 2nd quarter of 2012, or US$0.07 per Ordinary Share (US$0.06 per Ordinary Share fully diluted), compared to US$3.24M, being 20% of revenue, for the 2nd quarter of 2011, or US$0.08 per Ordinary Share (US$0.07 per Ordinary Share fully diluted).

SIX MONTHS ENDED JUNE 30, 2012 COMPARED TO SIX MONTHS ENDED JUNE 30 2011

Revenue

The Company recorded revenue of US$42.52M for the six months ended June 30, 2012, as compared to US$29.03M for the six months ended June 30 2011, representing an increase of 46%. The increase in meters drilled from 429,567 meters to 605,100 meters and modest pricing increases accounts for the revenue increase.

Cost of Sales and Gross Profit

Gross profit for the six months ended June 30, 2012 was US$21.03M, as compared to US$17.58M for the six months ended June 30, 2011, being an increase of 20%. The gross profit percentage for the six months ended June 30, 2012 was 49% compared to 61% for the six months ended June 30, 2011. The decrease in the gross profit percentage margin is largely attributable to the increase in costs and the dissolution of the Cote d'Ivoire operation in 2011, which triggered the positive resolution of VAT and salary tax obligations that positively impacted gross margin by 6%. The net effect of this positive resolution was a decrease in the cost of sales in the six months ended June 30, 2011 of US$1.93M. In addition, the decrease in the gross profit margin is largely attributable to a change in the accounting treatment in the 2nd quarter of 2011 to capitalize workshop supplies which had the impact of reducing cost of sales in Q2 2011 by approximately US$0.30M.

Cost of sales and staffing costs have increased with general inflation and as a result of both local and worldwide demand for drilling and support staff and also takes into account a number of new staff that are being trained in advance of new rigs being received and becoming operational.

The increase in cost of sales for the six months ended June 30, 2012 as compared to the six months ended June 30, 2011 includes the following:

- Drill rig expense increased by US$3.7M which reflects the expansion of the Company's drill rig fleet through the addition of six additional rigs (nine new drill rigs less three drill rigs that are in the workshop undergoing rebuilds) from the end of the 2nd quarter of 2011 to the end of the 2nd quarter of 2012.

- Salaries and wages increased by US$1.9M due to the hiring of additional staff for the period and a 10% increase in salaries for Ghanaian workers and a 20-25% wage increase for expatriate workers which were implemented in the first quarter of 2012. The increase also reflects the reversal of a US$0.6M adjustment in the 4th quarter for the over provision of staff costs in 2011, which in effect netted (decreased) the cost for the 1st quarter of 2012 by this amount**.**

- Depreciation expense increased by US$0.80M due to higher depreciation costs associated with the number of additional drill rigs and related equipment deployed.

- Fuel expenses increased by US$0.82M due to the expansion of operations and increased drilling activities. Fuel prices have also increased by approximately 10%. In addition, in the six months ended June 30, 2011, the Company had previously netted certain fuel against gross revenue.

- Meals expense increased by US$0.55M due to the increased number of workers and the deployment of additional drill rigs.

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

SG&A expenses were US$10.42M for the six months ended 30 June, 2012, compared to US$8.75M for the six months ended June 30, 2011. Higher SG&A expenses in the six months ended June 30, 2012 resulted primarily from increases in salaries due to an increase in the number of personnel, a 10% increase in salaries for Ghanaian staff, effective January 1, 2012, an increase in depreciation and insurance relating to additional rigs.

Foreign Exchange Gain (Loss)

The Company realized a foreign exchange gain for the 2nd quarter of 2012 of US$0.14M compared to a foreign exchange loss of US$0.44M for the 2nd quarter of 2011. The gain (loss) is a result of fluctuations in the US Dollar against the Australian Dollar and local currencies.

Result from Operating Activities

Results from operating activities (after cost of sales, SG&A expenses and foreign exchange gain (loss)) for the six months ended June 30, 2012 were US$10.76M, being 25% of revenue, as compared to the six months ended June 30, 2011 of US$8.40M, being 29% of revenue.

EBITDA Margin (See "Supplementary Disclosure – Non-IFRS Measures" on page 16)

EBITDA margin for the six months ended June 30, 2012 was 34% compared to 37% for the six months ended June 30, 2011. See "Supplementary Disclosure - Non - IFRS Measures" on page 16**.**

EBIT Margin (See "Supplementary Information – Non-IFRS Measures" on page 16)

EBIT margin for the six months ended June 30, 2012 was 25% compared to 29% for the six months ended June 30, 2011. See "Supplementary Disclosure - Non - IFRS Measures" on page 16**.**

Depreciation and Amortization

Depreciation and amortization of property, plant and equipment was US$3.50M (US$2.90M in cost of sales and US$0.60 in SG&A) for six months ended June 30, 2012 compared to US$2.37M (US$2.10M in cost of sales and US$0.27M in SG&A) for the six months ended June 30, 2011. The increase in depreciation is primarily due to additional property, plant and equipment purchases which reflects greater demand for the Company's drilling services and the changes in period of depreciation for drill rigs and motor vehicles effected in the 3rd quarter of 2011.

Income Tax Expense

Income tax expense was US$3.22M for the six months ended June 30, 2012 compared to US$0.31M for the six months ended June 30, 2011. Income tax expense of US$3.22M is comprised of the withholding taxes of US$2.50M and deferred tax expense of US$0.72M. The Company pays a 10% withholding tax in Burkina Faso. On March 9, 2012, the Company's corporate tax rate changed from 25% to 35% resulting in the Company having to revalue its cumulative timing differences at 35%. This resulted in a deferred tax expense in the six months ended June 30, 2012 of US$0.72M. In the six months ended June 30, 2011, the Company had drawn down its deferred tax liability resulting in a reduction in the tax expense of US$0.59M.

Net Earnings

Net earnings were US$7.21M, being 17% of revenue, for the six months ended June 30 2012, or US$0.17 per Ordinary Share (US$0.16 per Ordinary Share fully diluted), compared to US$8.10M, being 28% of revenue, for the six months ended June 30, 2011 or US$0.19 per Ordinary Share (US$0.18 per Ordinary Share fully diluted).

SUMMARY OF QUARTERLY RESULTS

	2012		2011				2010	
(in US$ 000's)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	20,860	21,659	20,863	20,253	16,556	12,476	11,583	11,090
Revenue Increase (Decrease)	*(4%)*	*4%*	*3%*	*22%*	*33%*	*8%*	*4%*	
Gross Profit	9,512	11,523	10,743	9,737	8,738	8,838	8,813	3,595
Gross Margin (%)	*46%*	*53%*	*51%*	*48%*	*53%*	*71%*	*76%*	*32%*
Net Earnings	2,781	4,429	1,221	3,088	3,238	4,866	(586)	1,001
Per Share - Basic	0.07	0.10	0.03	0.07	0.08	0.11	(0.02)	0.03
Per Share - Diluted	0.06	0.10	0.03	0.07	0.07	0.11	(0.02)	0.03

The Company's revenue decrease by US$0.8M in the 2nd quarter of 2012 compared to the 1st quarter of 2012. The Company believes 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 becomes more challenging and there is also pressure on producers 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 at least through the 3rd quarter of 2012 and likely into the 4th quarter of 2012.

As a result of the current slowdown, management has taken immediate steps to reduce costs, reducing its contract workforce and reviewing certain capital expenditures throughout the course of the year.

The Company's operations have tended to exhibit a seasonal pattern whereby the second quarter (April to June) is typically strongest, but sometimes this includes the Easter shutdown of exploration activities affecting some of the rigs for up to one week over the Easter holiday. 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 for up to two weeks over the period). 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. The wet season is likely to affect the Company's drilling operations and revenue as companies generally slow operations during this time. However, this is dependent upon the severity of the weather and if alternate contracts can be found, in less affected areas of operation. The Company has historically taken advantage of the wet season and has scheduled the 3rd quarter for maintenance and rebuild programs for drill rigs and equipment.

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.

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 major (mainly Euros) and local currencies. Other local expenses include purchases and wages which are paid in the local currency. During the 2nd quarter of 2012, the Company incurred a foreign exchange gain of US$0.44M predominately as a result of fluctuations in the US Dollar against the Australian Dollar and local currencies.

SELECTED INFORMATION FROM CONSOLIDATED STATEMENT OF CASH FLOWS

(in US$ 000's)	Three Months Ended Jun 30, 2012	Three Months Ended Jun 30, 2011	Six Months Ended Jun 30, 2012	Six Months Ended Jun 30, 2011
Net cash from (used in) operating activities	6,849	4,550	13,748	377
Net cash used in investing activities	(5,831)	(3,593)	(16,411)	(5,446)
Net cash from (used in) financing activities	71	-	71	(141)
Effect of movement in exchange rates on cash and cash equivalents	(75)	-	32	-
Net increase (decrease) in cash and cash equivalents	**1,014**	**957**	**(2,560)**	**(5,210)**

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at June 30, 2012 the Company had cash and cash equivalents equal to US$5.61M. In anticipation of the possible need to fund purchases of additional, previously ordered drill rigs, the Company is actively exploring financing alternative options including traditional bank debt, equity financing, 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. During the quarter ended June 30, 2012, the Company extended the due date of the Silverwood Venture Limited loan to January 3, 2013. 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 previously ordered drill rigs.

THREE MONTHS ENDED JUNE 30, 2012 COMPARED TO THREE MONTHS ENDED JUNE 30, 2011

Operating Activities

In the 2nd quarter of 2012, the Company generated positive operating cash flow of US$6.85M, as compared to US$4.55M operating cash flow generated in the 2nd quarter of 2011. Cash flow from operating activities was driven mainly by the general increase in revenues. These funds were used to finance the advance payments for drill rigs ordered, increases in inventories, increases in trade receivables less the increases in payables due to the expansion of the drill rig fleet. It is anticipated that cash flows from operating activities will continue to be fully utilized to fund growth.

Investing Activities

In the 2nd quarter of 2012, the Company's investment in property, plant and equipment was US$5.83M compared to US$3.59M in the 2nd quarter of 2011. Plant and equipment expenditures in the 2nd quarter of 2012 mainly included the costs of additional drill rigs and related equipment.

Financing Activities

During the 2nd quarter of 2012, the Company received a cash inflow of US$0.07M from the exercise of employee stock options compared to a cash inflow of US$NIL in the 2nd quarter of 2011.

During the quarter, the Company entered into a pre-payment agreement (the "2012 Prepayment Agreement") with Azumah Resources Limited ("Azumah") on the same terms as the prepayment agreement entered into between the Company and Azumah on August 26, 2011. Pursuant to the terms of the 2012 Prepayment Agreement, Azumah agreed to prepay up to US$3.0M for drilling services and in return, Geodrill agreed to provide Azumah access to at least three drill rigs and fixed contract rates for Azumah's drilling requirements for 12 months. Performance of the terms of prepayment contract is secured by three drill rigs.

As at June 30, 2012 the Company was at a near final legal execution of a financing arrangement with a supplier to finance the purchase of six drill rigs. The unpaid cost of the six drill rigs for US$4.07M is included in trade and other payables on the 2nd quarter balance sheet. Once the financing arrangement is finalized, this amount will be transferred from trade and other payables to loans payable. The loan is expected to be completed on standard commercial terms for the industry.

SIX MONTHS ENDED JUNE 30, 2012 COMPARED TO SIX MONTHS ENDED JUNE 30, 2011

Operating Activities

In the six months ended June 30, 2012 the Company generated a positive cash flow being US$13.75M, as compared to a US$0.38M positive operating cash flow generated in the six months ended June 30, 2011. The majority of the increase relates to cash generated due to the increase in trade and other payables as at June 30, 2012 compared to trade and other payables as at December 31, 2011.

Investing Activities

In the six months ended June 30, 2012, the Company's investment in property, plant and equipment was US$16.40M compared to US$5.45M in the six months ended June 30, 2011. Plant and equipment expenditure in the six months ended June 30, 2012 mainly included the cost of additional drill rigs and related equipment.

Financing Activities

During the six months ended June 30, 2012 the Company received a cash inflow of US$0.07M from the exercise of employee stock options compared to a cash outflow of US$0.14M for the six months ended June 30, 2011 that related to expenses of the initial public offering that were paid in the first quarter of 2011.

Contractual Obligations

Contractual Obligations	Total	07.01.2012 to 12.31.2012	01.01.2013 to 12.31.2013	01.01.2014 to 12.31.2014	01.01.2015 to 12.31.2015	After 5 years
	Payments Due by Period					
in US$ thousands						
Finance Leases Obligations	N/A	N/A	N/A	N/A	N/A	N/A
Operating Leases (1)	560,000	80,000	160,000	160,000	160,000	N/A
Purchase Obligations (2)	4,663,000	4,663,000	N/A	N/A	N/A	N/A
Other Short Term Obligations (3)	3,282,485	-	3,282,485	N/A	N/A	N/A
Total Contractual Obligations	**8,505,485**	**4,743,000**	**3,442,485**	**160,000**	**160,000**	**N/A**

Notes:

(1) The operating leases relate to the lease payments for the two real estate properties, as fully disclosed under "Transactions with Related Parties".

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

(3) The other short term obligations refer to the private loan agreement with Silverwood Ventures Limited, including the related interest.

Contractual obligations will be funded in the short-term by cash flows from operations, the 2012 Prepayment Agreement and subject to final execution, other supplier financing agreements as discussed above. Any additional obligations will be funded by cash flows from operations and other sources which are actively being explored. See discussion on page 13 under the heading "Liquidity" in regards to the anticipated sources of funding for the Company.

OUTLOOK

The Company views the long term industry dynamics underlying demand for its services to be favorable and, accordingly, has added significantly to its drilling capacity through the acquisition of additional drill rigs and staff. As at June 30, 2012 the Company had 28 drill rigs that were available for operation, seven drill rigs in the workshop (four new rigs were getting ready to be operational and three rigs were undergoing rebuilds), two drill rigs were in transit and two drill rigs were on order and with the supplier under manufacturing. As at June 30, 2012, out of the 28 drill rigs there were available for operations, 20 drill rigs were being utilized on client sites. Five of the rigs that were available for operation were air core rigs and were parked due to the early onset of the wet season. Another three rigs that were available for operation were parked at client sites waiting to be put back in use at the site or redeployed to another site.

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

Make - Model	Type	In Operation as at Dec 31, 2011 No. of Rigs		In Operation as at Mar 31, 2012 No. of Rigs		In Operation as at June 30, 2012 No. of Rigs		Planned to be Operational by Sep 30, 2012 No. of Rigs		Planned to be Operational by Dec 31, 2012 No. of Rigs	
UDR - 650	Multi-Purpose	2	1 X 2003 1 X 1993								
UDR - KL900	Multi-Purpose	4	1 X 2007 1 X 2003 1 X 1999 1 X 1998			(3)	1 X 2003 1 X 1999 1 X 1998			3	1 X 2003 1 X 1999 1 X 1998
Sandvik - DE820	Multi-Purpose	4	1 X 2010 3 X 2008								
Sandvik - DE810	Multi-Purpose					2	2 X 2012	4	4 X 2012		
EDM - 2000	Multi-Purpose	2	2 X 2011					1	1 X 2012		
Austex - X900	Multi-Purpose	3	3 X 2011	1	1 X 2012			1	1 X 2012	2	2 X 2012
Sandvik - DE710	Core	8	2 X 2011 5 X 2010 1 X 2009								
Austex - X300	Aircore	3	1 X 2011 2 X 2010	1	1 X 2012	1	1 X 2012				
Total Drill Rigs		**26**		**2**		**0**		**6**		**5**	
Cumulative		**26**		**28**		**28**		**34**		**39**	

	As at Dec 31, 2011		As at Mar 31, 2012		As at Jun 30, 2012		Planned as at Sep 30, 2012		Planned as at Dec 31, 2012	
	No. of Rigs	Type	No. of Rigs	Type	No. of Rigs	Type	No. of Rigs	Type	No. of Rigs	Type
Operational	15 8 3	Multi-Purpose Core Only Air core	16 8 4	Multi-Purpose Core Only Air core	15 8 5	Multi-Purpose Core Only Air core	21 8 5	Multi-Purpose Core Only Air core	26 8 5	Multi-Purpose Core Only Air core
TOTAL OPERATIONAL	26		28		28		34		39	
In transit	1	Air core	5	Multi-Purpose	2	Multi-Purpose	2	Multi-Purpose		
Total in Transit	1		5		2		2			
In W/Shop			2 1	Multi-Purpose Air core	7	Multi-Purpose	3	Multi-Purpose		
Total in W/Shop			3		7		3			
Under Manufacturing	10 1	Multi-Purpose Air core	3	Multi-Purpose	2	Multi-Purpose				
Total Under Manufacturing	11		3		2					
TOTAL DRILL RIGS	38		39		39		39		39	

Split										
Multi-Purpose	25		26		26		26		26	
Core Only	8		8		8		8		8	
Air Core	5		5		5		5		5	
TOTAL	38		39		39		39		39	

The number of drill rigs available for operation increased to 28 in the 2nd quarter of 2012, representing a 27% increase from 22 drill rigs in the 2nd quarter of 2011. Also, as at June 30, 2012, there were four new drill rigs that were received and were in the workshop, three drill rigs in the workshop were undergoing rebuilds, two drill rigs were in transit and two drill rigs were still under manufacture. Management plans to have 39 rigs available for operation by December 31, 2012.

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.

	Six months ended		Three months ended	
(US$ thousands)	**Jun 30, 2012**	**Jun 30, 2011**	**Jun 30, 2012**	**Jun 30, 2011**
Results from Operating Activities	10,775	8,402	4,829	3,612
Add: Finance Income	4	11	1	1
Earnings Before Interest and Taxes (EBIT)	**10,759**	**8,413**	**4,830**	**3,613**
Add: Depreciation and Amortization	3,503	2,366	1,789	1,349
Earnings Before Interest, Taxes, Depreciation & Amortization (EDBITDA)	**14,262**	**10,779**	**6,619**	**4,962**

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 June 30, 2012, 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 June 30, 2012.

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 condensed interim consolidated financial statements in accordance with IFRS.

There were no changes in the Company's internal control over financial reporting during the quarter beginning on April 1, 2012 and ended on June 30, 2012, 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, 2011, 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

Trade and other receivables, cash and cash equivalents, trade and other payables and related party payables are recorded at their carrying values, which approximate fair value due to their short-term nature and generally negligible credit losses.

On August 4, 2011 the Group entered into a loan arrangement with a third party whereby it secured funds in the amount of £2,000,000 sterling. This balance is recognized at amortized cost.

During the six months period, the Group incurred foreign exchange gains (loss) in the amount of US$142,498 (June 30, 2011: (US$436,886)) related to the timing of payments made to satisfy foreign currency obligations.

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 US$	Other Financial Liabilities US$	Carrying Amount US$	Total Fair Value US$
June 30, 2012				
Financial assets				
Trade and other receivables	13,238,704	-	13,238,704	13,238,704
Cash and cash equivalents	5,605,065	-	5,605,065	5,605,065
	18,843,769	-	18,843,769	18,843,769
Financial liabilities				
Trade and other payables	-	21,315,718	21,315,718	21,315,718
Related party payables	-	923,025	923,025	923,025
Loan payable	-	3,123,536	3,123,536	3,123,536
	-	25,362,279	25,362,279	25,362,279

December 31, 2011				
Financial assets				
Trade and other receivables	8,213,010	-	8,213,010	8,213,010
Cash and cash equivalents	8,165,394	-	8,165,394	8,165,394
	16,378,404	-	16,378,404	16,378,404
Financial liabilities				
Trade and other payables		6,404,367	6,404,367	6,404,367
Related Party payables	-	923,025	923,025	923,025
Loan payable	-	3,091,142	3,091,142	3,091,142
	-	10,418,534	10,418,534	10,418,534

RELATED PARTY TRANSACTIONS

The following table provides an overview of the Company's related party transactions.

Related party	Relationship	Country of Incorporation	Ownership Interest at June 30	
			2012	2011
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	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**

Transtraders Limited ("TTL") is a company which is owned by Redcroft Limited and Bluecroft Limited who also, collectively, own 41.2% (December 31, 2011: 41.2%) of the issued share capital of Geodrill. TTL had historically been responsible for centralized offshore procurement for the Group. TTL ceased to be the purchasing arm of the Group in June 2010.

Subsequent to the distribution of the Real Estate Dividend in 2010, Geodrill Ghana Limited 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.

Future operating lease commitments related to the properties are:

	June 30, 2012	June 30, 2011
Payable within one year	160,000	160,000
Payable between 1 and 5 years	400,000	560,000
	-------------	--------------
Total	560,000	720,000
	========	========

During the three months period ended June 30, 2012 lease payments amounted to US$40,000 (2011: US$40,000).

(ii) Key Management Personnel and Directors' Transactions

During the six month period ended June 30, 2012, the Company granted 180,000 options (2011: 450,000), 150,000 options were forfeited (2011: NIL) and 36,000 options were exercised (2011: NIL)

Key management personnel and directors' compensation for the six month period comprised:

	June 30, 2012 US$	**June 30, 2011 US$**
Short-term employee benefits	1,003,543	256,392
Share-based payment arrangements	532,749	757,349
	----------------	--------------
Total	1,536,292	1,013,741
	==========	=========

(iii) Related Party Balances

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

	June 30, 2012 US$	**December 31, 2011 US$**
Balances outstanding as at Jun 30		
Transtraders Limited	(923,025)	(923,025)
	=========	=========

The intercompany payable to Transtraders Limited is unsecured and is interest free.

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

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, 2011 and can be found on SEDAR at www.sedar.com.

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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized are described in notes 2.i, 2.j, 2.l, and 4 of the audited annual consolidated financial statements for the year ended December 31, 2011.

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, 2011 and can be found on SEDAR at www.sedar.com. There have been no material effects on the condensed interim consolidated financial statements.

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.