GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2013

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

This MD&A is a review of activities and results for the three and nine months ended September 30, 2013 as compared to the corresponding period in the previous year and should be read in conjunction with, the comparative condensed interim consolidated financial statements for the three and nine months ended September 30, 2013, and also in conjunction with the audited annual consolidated financial statements and corresponding MD&A for the year ended December 31, 2012.

This MD&A is dated November 11, 2013. Disclosure contained in this document is current to that date unless otherwise stated.

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

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

FORWARD-LOOKING INFORMATION

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

Forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking information, there may be other factors that may cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying such forward-looking information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this MD&A.

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

Corporate Overview

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

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

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

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

Business Strategy

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

The Company, over the past year, has continued to improve its operations including the following recent developments:

- Increase in the number of drill rigs from 32 at the end of 3rd quarter of 2012 to 37 at the end of the 3rd quarter of 2013;

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

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

The Company has also recently:

- Secured a US$5 Million credit line subsequent to September 30, 2013; and

- Cancelled one of the drill rigs that was on hold subsequent to September 30, 2013.

Market Participants and Geodrill's Client Base

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

The Company's client base is predominately in Ghana and Burkina Faso. For the 3rd quarter of 2013, Ghana accounted for 42% of the Company's revenue and Burkina Faso, accounted for 58% of the Company's revenue compared to 55% for Ghana and 45% for Burkina Faso in the 3rd quarter of 2012.

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

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

There are six customers who individually contributed 10% or more to the Company's revenue for the 3rd quarter of 2013. One customer contributed 23%, two customers contributed 18%, one customer contributed 16%, one customer contributed 11% and one customer contributed 10%.

OUTSTANDING SECURITIES AS OF NOVEMBER 11, 2013

The Company is authorized to issue an unlimited number of Ordinary Shares. As of November 11, 2013 the Company has the following securities outstanding:

Number of Ordinary Shares	42,512,000
Number of Options	2,970,000
Fully Diluted	45,482,000

From January 1, 2013 to November 11, 2013, a total of 360,000 options were issued. No options were exercised, forfeited or expired during the period.

OVERALL PERFORMANCE

Revenue Per Country

	Three months ended				Nine months ended			
	Sep 30		Sep 30		Sep 30		Sep 30	
	2013		2012		2013		2012	
Location	US$ 000's	%	US$ 000's	%	US$ 000's	%	US$ 000's	%
Ghana	1,710	42%	5,539	55%	13,382	40%	23,742	45%
Burkina Faso and other (1)	2,321	58%	4,607	45%	20,271	60%	28,923	55%
	4,031	100%	10,146	100%	33,653	100%	52,665	100%

(1) For the nine months ended September 30, 2013 included in Burkina Faso and other is Niger, Cote d'Ivoire and Guinea.

Meters Drilled Per Country

	Three months ended				Nine months ended			
	Sep 30		Sep 30		Sep 30		Sep 30	
Location	2013	%	2012	%	2013	%	2012	%
Ghana	18,760	56%	36,831	43%	115,593	33%	218,322	32%
Burkina Faso and other (1)	14,592	44%	48,166	57%	235,577	67%	471,677	68%
	33,352	100%	84,997	100%	351,170	100%	689,999	100%

(1) For the nine months ended September 30, 2013 included in Burkina Faso and other is Niger, Cote d'Ivoire and Guinea.

The Company generated revenue of US$4.03M in the 3rd quarter of 2013, a decrease of 60% when compared to US$10.15M in the 3rd quarter of 2012. The Company was affected by the industry wide slowdown in drilling activities. In general, there continues to be pressure on early stage exploration companies as financing from the capital markets continues to be challenging and there is also pressure on producing companies as they continue to need to manage their exploration costs in light of increasing costs on the production side of their business. Specifically, the Company's revenue decreased as certain customers' jobs came to an end that were not immediately replaced and certain continuing customers significantly reduced the number of drill rigs operating on their sites. The wet season (which occurs in some geographical areas where the Company operates, particularly Burkina Faso) affected the third quarter revenue. Similar to the 3rd quarter of 2012, no air core meters were drilled in the 3rd quarter of 2013. Meters drilled for the 3rd quarter of 2013 totaled 33,352 which is a decrease of 61% when compared to 84,997 meters drilled in the 3rd quarter of 2012. The Company has continued to take steps to control costs, monitor its workforce and is managing its capital expenditures.

The gross loss for the 3rd quarter of 2013 was US$(0.61)M, being (15%) of revenue compared to a gross loss of US$(0.99)M, being (10%) of revenue for the 3rd quarter of 2012. The negative gross profit decrease reflects the decrease in revenue of US$6.12M with a decrease in cost of sales of US$6.49M. In reaction to the slowdown, the Company was able to significantly reduce certain discretionary expenses such as drill rigs expenses and fuel, salaries, wages and benefits and repairs and maintenance. However, included in costs of sales, the Company has certain fixed costs such as depreciation that are not related to revenue. In the 3rd quarter of 2013, depreciation expense included in cost of sales was US$1.95M, representing 42% of total cost of sales. See “Supplementary Disclosure – Non IFRS Measures” on page 15.

EBITDA (as defined herein) for the 3rd quarter of 2013 was US$(1.58)M, being (39%) of revenue compared to US$(3.99)M, being (39%) of revenue for the 3rd quarter of 2012. See “Supplementary Disclosure – Non-IFRS Measures” on page 15.

The EBIT (as defined herein) for the 3rd quarter of 2013 was US$(3.94)M, being (98%) of revenue compared to US$(6.05)M, being (60%) of revenue for the 3rd quarter of 2012. See “Supplementary Disclosure - Non - IFRS Measures" on page 15.

The net loss for the 3rd quarter of 2013 was US$(3.51)M or US$(0.08) per Ordinary Share (US$(0.08) per Ordinary Share fully diluted), compared to a net loss of US$(4.99)M for the 3rd quarter of 2012 or US$(0.12) per Ordinary Share (US$(0.12) per Ordinary Share fully diluted).

SELECTED FINANCIAL INFORMATION

(in US$ 000's)	Nine Months Ended Sep 30 2013	Sep 30 2012	% Change Sep 30 2013 vs 2012	Three Months Ended Sep 30 2013	Sep 30 2012	% Change Sep 30 2013 vs 2012
Revenue	**33,653**	**52,665**	**(36%)**	**4,031**	**10,146**	**(60%)**
Cost of Sales	**19,870**	**32,621**	**(39%)**	**4,644**	**11,136**	**(58%)**
Cost of Sales (%)	59%	62%		115%	110%	
Gross Profit	**13,783**	**20,044**	**(31%)**	**(613)**	**(990)**	**(38%)**
Gross Profit Margin (%)	41%	38%		(15%)	(10%)	
Selling, General and Administrative Expenses	**12,055**	**14,867**	**(19%)**	**3,260**	**4,445**	**(27%)**
Selling, General and Administrative Expenses (%)	36%	28%		81%	44%	
Foreign Exchange Gain (Loss)	**228**	**(475)**		**(70)**	**(618)**	
Foreign Exchange Gain(%)	1%	(1%)		(2%)	(6%)	
Profit (Loss) from Operating Activities	**1,956**	**4,702**	**(58%)**	**(3,943)**	**(6,053)**	**(35%)**
Profit from Operating Activities (%)	6%	9%		(98%)	(60%)	
Finance Income	**2**	**6**		**-**	**1**	
Finance Income (%)	0%	0%		0%	0%	
EBIT*	**1,958**	**4,708**	**(58%)**	**(3,943)**	**(6,052)**	**(35%)**
EBIT (%)	6%	9%		(98%)	(60%)	
Finance Cost	**(871)**	**(499)**		**(262)**	**(173)**	
Finance Cost (%)	(3%)	(1%)		(6%)	(2%)	
Profit (Loss) Before Taxation	**1,087**	**4,209**	**(74%)**	**(4,205)**	**(6,225)**	**(32%)**
Profit Before Taxation (%)	3%	8%		(104%)	(61%)	
Income Tax Expense (Recovery)	**346**	**1,992**		**(693)**	**(1,231)**	
Income Tax Expense (%)	1%	4%		(17%)	(12%)	
Net Earnings (Loss)	**741**	**2,217**	**(67%)**	**(3,512)**	**(4,994)**	**(30%)**
Net Earnings (%)	2%	4%		(87%)	(49%)	
EBITDA **	**9,122**	**10,275**	**(11%)**	**(1,576)**	**(3,988)**	**(60%)**
EBITDA (%)	27%	20%		(39%)	(39%)	
Meters Drilled	**351,170**	**689,999**	**(49%)**	**33,352**	**84,997**	**(61%)**
Earnings (loss) Per Share						
Basic	**0.02**	**0.05**		**(0.08)**	**(0.12)**	
Diluted	**0.02**	**0.05**		**(0.08)**	**(0.12)**	
Total Assets	**77,765**	**93,609**		**77,765**	**93,609**	
Total Long - Term Liabilities	**2,155**	**11,832**		**2,155**	**11,832**	
Cash Dividend Declared	**NIL**	**NIL**		**NIL**	**NIL**	

*EBIT = Earnings before interest and taxes

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

See "Supplementary Disclosure - Non-IFRS Measures" on page 15

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2012

Revenue

The Company recorded revenue of US$4.03M for the 3rd quarter of 2013, as compared to US$10.15M for the 3rd quarter of 2012, representing a decrease of 60%. The decrease in revenue is primarily attributable to the number of meters drilled decreasing from 84,997 meters in the 3rd quarter of 2012 to 33,352 in the 3rd quarter of 2013. The percentage of meters drilled for the 3rd quarter of 2013 can be broken down as to 76% RC, 24% Core and Nil air core as compared to 74% RC, 26% Core and Nil air core for the 3rd quarter of 2012. In the 3rd quarter of 2013 compared to the 3rd quarter of 2012, the Company's revenue decreased as certain jobs came to an end that were not immediately replaced and certain continuing customers have significantly reduced the number of drill rigs operating on their sites. The decrease in revenue in the 3rd quarter of 2013 reflects the industry wide slowdown as many of Geodrill's competitors also experienced decreasing revenue.

Cost of Sales and Gross Profit

The negative gross profit for the 3rd quarter of 2013 was US$(0.61)M, as compared to a negative gross profit of US$(0.99)M for the 3rd quarter of 2012, being an increase of US$0.38M . The negative gross profit percentage for the 3rd quarter of 2013 was (15%) compared to (10%) for the 3rd quarter of 2012.

The decrease in cost of sales for the 3rd quarter of 2013 as compared to the 3rd quarter of 2012 of US$6.49M reflects the following:

- Drill rig expenses and fuel decreased by approximately US$3.65M in conjunction with the decrease in revenue and the decrease in meters drilled.

- Salaries, external services and contractors expenses decreased by US$1.45M due to fewer workers being required in conjunction with the reduced revenue and reduced meters drilled.

- Repairs and maintenance decreased by US$1.37M associated with less repairs to the Company's fleet.

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

SG&A expenses were US$3.26M for the 3rd quarter of 2013, compared to US$4.45M for the 3rd quarter of 2012, or a reduction of approximately US$1.19M, or 27%.

The decrease in SG&A expense for the 3rd quarter of 2013 as compared to the 3rd quarter of 2012 reflects the following:

- Salaries, external services and contractors expenses decreased by US$1.77M due to a reduction in staff during the quarter and less services being required.

- Bad debt expense increased by US$0.50M.

Foreign Exchange Loss

The Company realized a foreign exchange loss in the 3rd quarter of 2013 of US$0.07M compared to a foreign exchange loss of US$0.62M in the 3rd quarter of 2012. The exchange loss is the result of fluctuations in the US Dollar against the Australian Dollar, the British Pound, the Euro, the Canadian Dollar, the Ghana Cedi and the Central African Franc.

Loss from Operating Activities

The loss from operating activities (after cost of sales, SG&A expenses and foreign exchange loss) for the 3rd quarter of 2013 was a loss of US$(3.94)M, as compared to a loss of US$(6.05)M in the 3rd quarter of 2012.

EBITDA Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 15)

EBITDA margin for the 3rd quarter of 2013 was negative (45%) compared to negative (39%) for the 3rd quarter of 2012. See "Supplementary Disclosure - Non - IFRS Measures" on page 15.

EBIT Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 15)

EBIT margin for the 3rd quarter of 2013 was negative (112%) compared to negative (60%) for the 3rd quarter of 2012. See Supplementary Disclosure - "Non-IFRS Measures" on page 15.

Depreciation and Amortization

Depreciation and amortization of property, plant and equipment was US$2.37M (US$1.95M in cost of sales and US$0.42M in SG&A) for the 3rd quarter of 2013 compared to US$2.06M (US$1.71M in cost of sales and US$0.35M in SG&A) for the 3rd quarter of 2012.

Income Tax Recovery

Income tax recovery was US$0.70M for the 3rd quarter of 2013 compared to an income tax recovery of US$1.23M for the 3rd quarter of 2012. The income tax recovery of US$0.70M is comprised of withholding taxes of US$0.18M offset by a deferred tax recovery of US$0.88M. The Company's corporate tax rate in Ghana is 25%. In addition to corporate tax in Ghana, the Company pays withholding tax on revenues in certain countries in which it provides drilling services. The change in the effective tax rate quarter over quarter reflects the impact on deferred taxes of the slow down of the Company's rig acquisition program.

Net Loss

Net loss was US$(3.51)M, for the 3rd quarter of 2013, or US$(0.08) per Ordinary Share (US$(0.08) per Ordinary Share fully diluted), compared to a net loss of US$(4.99)M, for the 3rd quarter of 2012, or US$(0.12) per Ordinary Share (US$(0.12) per Ordinary Share fully diluted).

NINE MONTHS ENDED SEPTEMBER 30, 2013 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2012

Revenue

The Company recorded revenue of US$33.65M for the nine months ended September 30, 2013, as compared to US$52.67M for the nine months ended September 30, 2012, representing a decrease of 36%. The decrease in revenue is primarily attributable to the number of meters drilled decreasing from 689,999 meters in the nine months ended September 30, 2012 to 351,170 in the nine months ended September 30, 2013. The percentage of meters drilled for the nine months ended September 30, 2013 can be broken down as to 56% RC, 22% Core and 22% air core as compared to 41% RC, 13% Core and 46% air core for the nine months ended September 30, 2012. Air Core drilling is the most economical method of drilling and provides the capability to drill the most meters in the shortest period of time. The reduction in air core meters drilled from 46% in the nine months ended September 30, 2012 to 22% in the nine months ended September 30, 2013 explains why total meters drilled decreased by 49% but revenue for the nine months ended September 30, 2013 only decreased by 37% compared to the nine months ended September 30, 2012. In the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012, the Company's revenue decreased as certain jobs came to an end that were not immediately replaced and, certain continuing customers have significantly reduced the number of drill rigs operating on their sites. The decrease in revenue in the nine months ended September 30, 2013 reflected an industry wide slowdown as many of Geodrill's competitors also experienced decreasing revenue during this period.

Cost of Sales and Gross Profit

The gross profit for the nine months ended September 30, 2013 was US$13.78M, as compared to a gross profit of US$20.04M for the nine months ended September 30, 2012, being a decrease of US$6.26M or 31%. The gross profit percentage for the nine months ended September 30, 2013 was 41% compared to 38% for the nine months ended September 30, 2012.

The decrease in cost of sales for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012 of US$12.75M reflects the following:

- Drill rig expenses and fuel decreased by approximately US$8.26M in conjunction with the decrease in revenue and the decrease in meters drilled.

- Salaries, external services and contractors expenses decreased by US$4.02M due to fewer workers being required in conjunction with the reduced revenue and reduced meters drilled and less services being required.

- Repairs and maintenance decreased by US$1.73M associated with less repairs to the Company's fleet.

- Depreciation expense increased by US$1.29M due to higher depreciation costs associated with the number of additional drill rigs and related equipment in the Company's fleet.

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

SG&A expenses were US$12.06M for the nine months ended September 30, 2013, compared to US$14.87M for the nine months ended September 30, 2012, or a reduction of approximately US$2.81M, or 19%.

The decrease in SG&A expense for the nine months ended September 30, 2013 as compared to the nine months ended September 30, 2012 reflects the following:

- Salaries, external services and contractors expenses decreased by US$3.31M due to a reduction in staff and contractors throughout the year .

- Bad debt expense increased by US$0.50M.

Foreign Exchange Gain

The Company realized a foreign exchange gain in the nine months ended September 30, 2013 of US$0.23M compared to a foreign exchange loss of US$0.48M in the nine months ended September 30, 2012. The exchange gain or loss is the result of fluctuations in the US Dollar against the Australian Dollar, the British Pound, the Euro, the Canadian Dollar, the Ghana Cedi and the Central African Franc.

Profit from Operating Activities

Profit from operating activities (after cost of sales, SG&A expenses and foreign exchange gain or loss) for the nine months ended September 2013 was a profit of US$1.96M, being 6% of revenue, as compared to a profit of US$4.70M in the nine months ended September 30, 2012, being 9% of revenue.

EBITDA Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 15)

EBITDA margin for the nine months ended September, 2013 was 28% compared to 20% for the nine months ended September 30, 2012. See "Supplementary Disclosure - Non - IFRS Measures" on page 15.

EBIT Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 15)

EBIT margin for the nine months ended September, 2013 was 6% compared to 9% for the nine months ended September 30, 2012. See Supplementary Disclosure - "Non-IFRS Measures" on page 15.

Depreciation and Amortization

Depreciation and amortization of property, plant and equipment was US$7.16M (US$5.89M in cost of sales and US$1.27M in SG&A) for the nine months ended September 30, 2013 compared to US$5.57M (US$4.60M in cost of sales and US$0.97M in SG&A) for the nine months ended September 30, 2012.

Income Tax Expense

Income tax expense was US$0.35M for the nine months ended September 30, 2013 compared to an income tax expense of US$1.99M for the nine months ended September 30, 2012. The income tax expense of US$0.35M is comprised of withholding taxes of US$1.86M offset by a deferred tax recovery of US$1.51M. The Company's corporate tax rate in Ghana is 25%. In addition to corporate tax in Ghana, the Company pays withholding tax on revenues in certain countries in which it provides drilling services. The change in the effective tax rate quarter over quarter reflects the impact on deferred taxes of the slow down of the Company's rig acquisition program.

Net Earnings

Net earnings were US$0.74M for the nine months ended September 30, 2013, or US$0.02 per Ordinary Share (US$0.02 per Ordinary Share fully diluted), compared to US$2.22M for the nine months ended September 30, 2012, or US$0.05 per Ordinary Share (US$0.05 per Ordinary Share fully diluted).

SUMMARY OF QUARTERLY RESULTS

	2013			**2012**				**2011**
(in US$ 000's)	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**
Revenue	4,031	14,590	15,032	12,921	10,146	20,860	21,659	20,863
Revenue (Decrease) Increase %	*(72%)*	*(3%)*	*16%*	*27%*	*(51%)*	*(4%)*	*4%*	*3%*
Gross (Loss) Profit	(613)	8,005	6,391	5,808	(990)	9,512	11,523	10,743
Gross Margin (%)	*(15%)*	*55%*	*43%*	*45%*	*(10%)*	*46%*	*53%*	*51%*
Net (loss) Earnings	(3,512)	2,830	1,423	988	(4,994)	2,781	4,429	1,221
Per Share - Basic	(0.08)	0.07	0.03	0.02	(0.12)	0.07	0.10	0.03
Per Share - Diluted	(0.08)	0.07	0.03	0.02	(0.12)	0.06	0.10	0.03

The Company's revenue decreased by US$10.56M in the 3rd quarter of 2013 compared to the 2nd quarter of 2013. On a quarter to quarter basis, the Company's revenue decreased by US$6.12M compared to the 3rd quarter of 2012. The Company continues to believe that there is an industry wide slowdown in drilling activities as there is pressure on early stage exploration companies as financing from the capital markets continues to be challenging and there is also pressure on producing companies as they continue to need to manage their exploration costs in light of increasing costs on the production side of their business. The Company had certain jobs come to an end without being immediately replaced and customers reduced the number of drill rigs operating at their sites and have parked certain rigs. The Company believes that the slowdown in drilling activity will continue throughout 2013 and into 2014 and as such the Company continues to actively bid on new jobs and has continued to take steps to control costs, monitor its workforce and is managing its capital expenditures.

The Company's operations have tended to exhibit a seasonal pattern whereby the second quarter is typically affected by the Easter shutdown of exploration activities affecting some of the rigs for up to one week over the Easter holidays. For 2013, the Easter shut-down straddled the first quarter of 2013 and the second quarter of 2013. 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 affected the Company's drilling operations and revenue as companies slowed operations during this time. The Company has historically taken advantage of the wet season and has scheduled the third quarter for maintenance and rebuild programs for drill rigs and equipment. In the 3rd quarter of 2013 the Company has continued with repairs and maintenance but at a slower rate than previous quarters. The fourth quarter is also affected, due to the shutdown of exploration activities, often for extended periods over the holiday season (Christmas and New Year's of up to two weeks over the period).

Effect of Exchange Rate Movements

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

The Company's revenue is invoiced in US Dollars. The Company's purchases are in Australian Dollars, US Dollars, Euros, Canadian Dollars and local currencies. Other local expenses include purchases and wages which are paid in the local currency. During the 3rd quarter of 2013, the Company realized a foreign exchange loss of US$0.07M, compared to a foreign exchange loss of US$0.62M in the 3rd quarter of 2012 predominately as a result of fluctuations in the US Dollar against foreign and local currencies.

SELECTED INFORMATION FROM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months Ended		Nine months Ended	
	Sep 30	Sep 30	Sep 30	Sep 30
(in US$ 000's)	2013	2012	2013	2012
Net Cash generated from operating activities	625	829	2,927	14,576
Net Cash used in investing activities	(229)	(1,515)	(1,393)	(17,927)
Net Cash (used in) provided from financing activities	(1,562)	6705	(4,729)	6,777
Effect of movement in exchange rates on cash and cash equivalents	12	71	(10)	103
Net (decrease) increase in cash and cash equivalents	(1,154)	6,090	(3,205)	3,529

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at September 30, 2013 the Company had cash and cash equivalents equal to US$4.36M. As at September 30, 2013 the Company had loans payable of US$7.47M compared to loans payable of US$13.74M as at September 30, 2012. The decrease in the loan payable amount relates to quarterly principal repayments. Since the Company has a loan payable amount, the Company continues to monitor its cash and cash equivalents and its capital spending in response to the industry wide slowdown for drilling activities and in conjunction with the loans that need to be repaid.

In addition, the Company secured a US$5 million credit line subsequent to September 30, 2013. As at November 11, 2013, the Company has not utilized any portion of the credit line.

THIRD QUARTER ENDED SEPTEMBER 30, 2013

Operating Activities

In the 3rd quarter of 2013, the Company generated net cash from operating activities of US$0.63M, as compared to generating net cash from operating activities of US$0.83M in the 3rd quarter of 2012. The Company realized a loss before taxation of US$4.21M for the 3rd quarter of 2013 but the impact of changes in non-cash items and changes in working capital items generated cash of US$4.83M resulting in operating cash flow of US$0.63M.

Investing Activities

In the 3rd quarter of 2013, the Company's investment in property, plant and equipment was US$0.23M compared to US$1.52M in the 3rd quarter of 2012. Plant and equipment expenditures in the 3rd quarter of 2013 mainly included the costs associated with rebuilding existing drill rigs and related equipment.

Financing Activities

During the 3rd quarter of 2013, the Company used cash of US$1.56M relating to the quarterly principal repayments on loans compared to receiving US$6.71M in the 3rd quarter of 2012, being net proceeds of US$9.98M from the Zenith Term Loan less the cash incurred to repay the Silverwood Ventures Loan of US$3.27M.

NINE MONTHS ENDED SEPTEMBER 30, 2013

Operating Activities

In the nine months ended September 30, 2013, the Company generated net cash from operating activities of US$2.93M, as compared to generating net cash from operating activities of US$14.58M in the nine months ended September 30, 2012. The Company realized a profit before taxation of US$1.09M for the nine months ended September 30, 2013 plus the impact of changes in non-cash items and changes in working capital items generated cash of US$1.83M, resulting in operating cash flow of US$2.93M.

Investing Activities

In the nine months ended September 30, 2013, the Company's investment in property, plant and equipment was US$1.39M compared to US$17.9M in nine months ended September 30, 2012. Plant and equipment expenditures in the nine months ended September 30, 2013 mainly included the costs associated with rebuilding existing drill rigs and related equipment.

Financing Activities

During the nine months ended September 30, 2013, the Company used cash of US$4.73M relating to the quarterly principal repayments on loans compared to receiving US$6.78M in the nine months ended September 30, 2012 related to net proceeds of US$9.98M from the Zenith Term Loan Less the cash incurred to repay the Silverwood Ventures Loan of US$3.27M plus US$0.07M related to the issuance of shares in exchange for stock options exercised.

Contractual Obligations

	Payments Due by						
Contractual Obligations in US$	Total	Oct 1 to Dec 31 2013	2014	2015	2016	2017	2018
Operating Leases (1)	724,000	68,000	272,000	222,000	72,000	72,000	18,000
Purchase Obligations (2)	1,900,000	N/A	1,900,000	N/A	N/A	N/A	N/A
Loans (3)	7,924,122	1,804,697	5,747,065	372,360	N/A	N/A	N/A
Total Contractual Obligations	**10,548,122**	**1,872,697**	**7,919,065**	**594,360**	**72,000**	**72,000**	**18,000**

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

(2) The purchase obligations refer to the purchase of an additional drill rig that is currently on hold.

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

Contractual obligations will be funded in the short-term by cash and cash equivalents as at September 30, 2013 of US$4.36M and cash flow generated from operations.

OUTLOOK

The Company continues to believe that there is an industry wide slowdown in drilling activities as there is pressure on early stage exploration companies as financing from the capital markets continues to be challenging and there is also pressure on producing companies as they continue to need to manage their exploration costs in light of increasing costs on the production side of their business. The Company had certain jobs come to an end without being immediately replaced and certain customers reduced the number of drill rigs operating at their sites and have parked certain rigs. The Company believes that the slowdown in drilling activity will continue throughout 2013 and into 2014 and, as such, the Company continues to actively bid on new jobs and continues to take steps to control costs, monitor its workforce and is managing its capital expenditures. As at September 30, 2013 the Company had 34 drill rigs that were available for operation, three drill rigs in the workshop and one drill rig on hold with the manufacturer. The Company's drill rig fleet available for operation or planned to be available for operation is noted below:

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

	As at Mar 31, 2013		As at Jun 30, 2013		As at Sep 30, 2013		Planned as at Dec 31, 2013	
	No. of Rigs	Type	No. of Rigs	Type	No. of Rigs	Type	No. of Rigs	Type
Available for Operation	22	Multi-Purpose	22	Multi-Purpose	22	Multi-Purpose	22	Multi-Purpose
	8	Core Only	8	Core Only	8	Core Only	8	Core Only
	4	Air core	4	Air core	4	Air core	4	Air core
TOTAL AVAILABLE FOR OPERATION	34		34		34		34	
In transit								
Total in Transit								
In W/Shop	2	Multi-Purpose	2	Multi-Purpose	2	Multi-Purpose	2	
	1	Air core	1	Aircore	1	Aircore	1	
Total in W/Shop	3		3		3		3	
Manufacturing on hold	2	Multi-Purpose	2	Multi-Purpose	1	Multi-Purpose	1	Multi-Purpose
Total Manufacturing on hold	2		2		1		1	
TOTAL DRILL RIGS	39		39		38		38	

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

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.

Gross profit margin is defined as gross profit as a percentage of revenue. Gross profit margin does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies.

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

	Nine months ended		Three months ended	
(US$ 000's)	**Sep 30, 2013**	**Sep 30, 2012**	**Sep 30, 2013**	**Sep 30, 2012**
Profit (Loss) from Operating Activities	1,956	4,702	(3,943)	(6,053)
Add: Finance Income	2	6	-	1
Earnings Before Interest and Taxes (EBIT)	**1,958**	**4,708**	**(3,943)**	**(6,052)**
Add: Depreciation and Amortization	7,164	5,567	2,367	2,064
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	**9,122**	**10,275**	**(1,576)**	**(3,988)**

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 September 30, 2013, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P were effective as at September 30, 2013.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

There were no changes in the Company's internal control over financial reporting during the period beginning on July 1, 2013 and ended on September 30, 2013, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

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

FAIR VALUES OF FINANCIAL INSTRUMENTS

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

	Loans and Receivables	Other Financial Liabilities	Carrying Amount	Total Fair Value
	US$	US$	US$	US$
September 30, 2013				
Financial assets				
Trade and other receivables	7,008,358	-	7,008,358	7,008,358
Cash and cash equivalents	4,356,817	-	4,356,817	4,356,817
	11,365,175	-	11,365,175	11,365,175
Financial liabilities				
Trade payables, creditors and accrued expenses	-	4,392,860	4,392,860	4,392,860
Related party payables	-	923,025	923,025	923,025
Loans payable	-	7,469,911	7,469,911	7,469,911
	-	12,785,796	12,785,796	12,785,796
December 31, 2012				
Financial assets				
Trade and other receivables	8,386,243	-	8,386,243	8,386,243
Cash and cash equivalents	7,562,174	-	7,562,174	7,562,174
	15,948,417	-	15,948,417	15,948,417
Financial liabilities				
Trade payables, creditors and accrued expenses	-	9,503,097	9,503,097	9,503,097
Related party payables	-	923,025	923,025	923,025
Loans payable	-	12,228,824	12,228,824	12,228,824
	-	22,654,946	22,654,946	22,654,946

RELATED PARTY TRANSACTIONS

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

(i) Transactions with related parties

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

Transtraders Limited ("TTL") is a company which is owned by Clearwater Nominees Limited and Clearwater Registrars Limited which shares are held on behalf of the Harper Family Settlement which also owns 41.2% (December 31, 2012: 41.2%) of the issued share capital of Geodrill Limited.

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

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

Future operating lease commitments related to the properties are:

	September 30, 2013 US$	September 30, 2012 US$
Payable within one year	200,000	160,000
Payable between 1 and 5 years	200,000	360,000
Total	400,000	520,000

During the three and nine months ended September 30, 2013 lease payments amounted to US$50,000 and US$150,000, respectively (September 30, 2012: US$40,000 and US$120,000).

(ii) Key management personnel and directors' transactions

During the nine month period ended September 30, 2013, the Company granted 360,000 options (2012: 180,000), no options were forfeited (2012: 294,000) and no options were exercised (2012: 36,000).

The Company's key management personnel, and persons connected with it, 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.

The Company previously paid management fees to Kingston Management (Isle of Man) Ltd. which was also the licensed and regulated fiduciary service provider of the Harper Family Settlement up to May 31, 2013. Throughout 2012, two of the directors of Kingston Management (Isle of Man) Ltd. were also directors of Geodrill. Management fees paid during the three and nine months ended September 30, 2013 amounted to US$Nil and US$Nil, respectively (2012: US$2,488 and US$70,047). One of the directors of Geodrill resigned from Kingston Management (Isle of Man) Ltd on January 31, 2013 and the other director resigned on February 28, 2013.

The Company previously paid management fees to City Trust Limited. One of the directors of City Trust Limited was also a director of Geodrill up to December 21, 2012, when that director resigned from City Trust Limited. Management fees paid during the three and nine months ended September 30, 2013 amounted to US$Nil and US$765, respectively (2012: US$4,170 and US$7,002).

The Company previously paid consulting fees to MS Risk Limited. Two of the directors of MS Risk Limited are also directors of Geodrill Limited. Consulting fees paid during three and nine months ended September 30, 2013 amounted to US$Nil and US$Nil, respectively (2012: US$Nil and US$96,581).

Effective May 10, 2013 Clearwater Fiduciary Services Limited was appointed as registered agent to DSI Services Limited and Geotool Limited. From May 31, 2013, Clearwater Fiduciary Services Limited replaced City Trust as registered agent of Geodrill. Two of the directors of Clearwater Fiduciary Services are also directors of Geodrill. Fees paid to Clearwater Fiduciary Services Limited for the three and nine months ended September 30, 2013 amounted to US$Nil and US$Nil.

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

	Three month period ended September 30,		Nine month period ended September 30,	
	2013 US$	2012 US$	2013 US$	2012 US$
Short-term benefits	383,473	367,250	1,146,711	1,370,793
Share-based payment arrangements	73,791	283,494	407,841	816,243
	457,264	650,744	1,554,552	2,187,036

(iii) Related party balances

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

Balances outstanding as at,	Type	September 30, 2013 US$	December 31, 2012 US$
Transtraders Limited:			
Payable	Line of credit	923,025	923,025
Total		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, 2012 and can be found on SEDAR at www.sedar.com.

APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company adopted the following new standards in preparing these condensed interim consolidated financial statements:

Fair Value Measurement

The IASB ("International Accounting Standards Board") issued a new standard, IFRS 13, "Fair Value Measurement" ("IFRS 13"), which provides a standard definition of fair value, sets out a framework for measuring fair value and provides for specific disclosures about fair value measurements. IFRS 13 applies to all International Financial Reporting Standards that require or permit fair value measurements or disclosures. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 is effective for annual periods beginning on or after January 1, 2013 and must be applied prospectively. The adoption of IFRS 13 did not have an impact on the Company's results of operations, financial position and disclosures.

Consolidated Financial Statements

The IASB issued a new standard, IFRS 10, "Consolidated Financial Statements" ("IFRS 10"), which establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 establishes control as the basis for consolidation and defines the principle of control. An investor controls an investee if the investor has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 was issued as part of the IASB's broader project on interests in all types of entities. This project also resulted in the issuance of additional standards as described in (iii) to (vi) below. IFRS 10 is effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively. The adoption of IFRS 10 did not have an impact on the Group's results of operations, financial position and disclosures.

Joint Arrangements

The IASB issued a new standard, IFRS 11, "Joint Arrangements" ("IFRS 11"), which establishes the principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes IAS 31, "Interests in Joint Ventures" and SIC Interpretation 13, "Jointly Controlled Entities – Non Monetary Contributions by Venturers". The standard defines a joint arrangement as an arrangement where two or more parties have joint control, with joint control being defined as the contractually agreed sharing of control where decisions about relevant activities require unanimous consent of the parties sharing control. The standard classifies joint arrangements as either joint operations or joint investments and the classification determines the accounting treatment. IFRS 11 is effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively. The adoption of IFRS 11 did not have an impact on the Company's results of operations, financial position and disclosures.

Disclosure of Interests in Other Entities

The IASB issued a new standard, IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12"), which integrates and provides consistent disclosure requirements for all interests in other entities such as subsidiaries, joint arrangements, associates and unconsolidated structured entities. IFRS 12 is effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively. The adoption of IFRS 12 did not have an impact on the Company’s consolidated results of operations, financial position and disclosures.

Separate Financial Statements

The IASB issued a revised standard, IAS 27, “Separate Financial Statements” (“IAS 27”), which contains the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate (non-consolidated) financial statements. IAS 27 is effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively. The adoption of IAS 27 did not have an impact on the Company’s consolidated results of operations, financial position and disclosures.

Investments in Associates and Joint Ventures

The IASB issued a revised standard, IAS 28, “Investments in Associates and Joint Ventures” (“IAS 28”), which prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. IAS 28 is effective for annual periods beginning on or after January 1, 2013 and must be applied retrospectively. The adoption of IAS 28 did not have an impact on the Company's results of operations, financial position and disclosures.

Presentation of Financial Statements - Other Comprehensive Income

The IASB issued an amendment to IAS 1, “Presentation of Financial Statements” (the “IAS 1 amendment”), to improve consistency and clarity of the presentation of items of other comprehensive income. A requirement has been added to present items in other comprehensive income grouped on the basis of whether they will or will not be subsequently reclassified to earnings in order to more clearly show the effects the items of other comprehensive income may have on future earnings. The IAS 1 amendment is effective for annual periods beginning on or after July 1, 2012 and must be applied retrospectively.

CRITICAL ACCOUNTING ESTIMATES

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

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

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

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

Management reviews property, plant and equipment at each reporting date to determine whether there is any indication of impairment. If such an indication exists, then the respective assets or cash-generating units recoverable amount is estimated. Together, the current economic conditions in the drilling industry and the Company's third quarter financial results were considered to be an indicator of potential impairment of the carrying value of the Company's property, plant and equipment as at September 30, 2013. Accordingly, an impairment test based on fair value of drill rigs less cost of disposal was performed as at September 30, 2013. The impairment test assumed that the cost of disposal is 28%. The outcome of the test was such that the expected net recoverable amount exceeded the carrying value of the drill rigs, and, accordingly, no impairment loss was recognized in the period.

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

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

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

Additional Information

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