

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and nine months ended September 30, 2015 and 2014

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at September 30, 2015 and December 31, 2014*

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**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**(UNAUDITED)**

As at September 30, 2015 and December 31, 2014

	Note	September 30, 2015 US\$	December 31, 2014 US\$
<b>Assets</b>			
<b>(audited)</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	34,988,119	39,351,500
<b>Total non-current assets</b>		<b>34,988,119</b>	<b>39,351,500</b>
<b>Current assets</b>			
Inventories	10	13,196,544	13,246,176
Prepayments		1,196,745	1,213,725
Trade and other receivables	11	7,359,752	5,409,798
Cash	12	5,444,382	5,196,763
<b>Total current assets</b>		<b>27,197,423</b>	<b>25,066,462</b>
<b>Total assets</b>		<b>62,185,542</b>	<b>64,417,962</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		21,150,866	21,150,866
Share-based payment reserve		3,775,907	3,684,707
Retained earnings		22,987,543	24,328,791
<b>Total equity</b>		<b>47,914,316</b>	<b>49,164,364</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans payable	13	-	900,219
<b>Total non-current liabilities</b>		<b>-</b>	<b>900,219</b>
<b>Current liabilities</b>			
Trade and other payables	14	6,417,711	6,562,712
Loans payable	13	6,184,590	6,464,346
Taxes payable	8(ii)	745,900	403,296
Related party payables	16(iii)	923,025	923,025
<b>Total current liabilities</b>		<b>14,271,226</b>	<b>14,353,379</b>
<b>Total equity and liabilities</b>		<b>62,185,542</b>	<b>64,417,962</b>

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

	Note	Three-month period ended September 30		Nine-month period ended September 30	
		2015 US\$	2014 US\$	2015 US\$	2014 US\$
Revenue		10,184,177	10,767,239	35,573,019	25,891,321
Cost of sales	7	(7,694,849)	(7,791,402)	(24,503,036)	(21,470,587)
<b>Gross profit</b>		<b>2,489,328</b>	<b>2,975,837</b>	<b>11,069,983</b>	<b>4,420,734</b>
Selling, general and administrative expenses	7	(3,006,427)	(3,380,033)	(9,562,701)	(9,730,787)
Foreign exchange (loss) / gain		(172,935)	(12,578)	168,278	(12,125)
<b>Results from operating activities</b>		<b>(690,034)</b>	<b>(416,774)</b>	<b>1,675,560</b>	<b>(5,322,178)</b>
Other income		-	223,814	-	223,814
Finance income		388	1,038	1,278	2,456
Finance costs		(182,834)	(239,328)	(566,843)	(647,002)
<b>(Loss) / income before taxation</b>		<b>(872,480)</b>	<b>(431,250)</b>	<b>1,109,995</b>	<b>(5,742,910)</b>
Income tax (expense) / recovery	8(i)	(907,843)	(258,722)	(2,451,243)	377,223
<b>Loss for the period</b>		<b>(1,780,323)</b>	<b>(689,972)</b>	<b>(1,341,248)</b>	<b>(5,365,687)</b>
<b>Total comprehensive loss for the period</b>		<b>(1,780,323)</b>	<b>(689,972)</b>	<b>(1,341,248)</b>	<b>(5,365,687)</b>
<b>Loss per share</b>					
Basic	19(i)	\$(0.04)	\$(0.02)	\$(0.03)	\$(0.13)
Diluted	19(ii)	\$(0.04)	\$(0.02)	\$(0.03)	\$(0.13)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

	Share Capital US\$	Share- based Payment Reserve US\$	Retained Earnings US\$	Total Equity US\$
Balance at January 1, 2015	21,150,866	3,684,707	24,328,791	49,164,364
Net loss for the period	-	-	(1,341,248)	(1,341,248)
Share-based payment expense	-	91,200	-	91,200
<b>Balance at September 30, 2015</b>	<b>21,150,866</b>	<b>3,775,907</b>	<b>22,987,543</b>	<b>47,914,316</b>
Balance at January 1, 2014	21,150,866	3,537,446	31,030,118	55,718,430
Net loss for the period	-	-	(5,365,687)	(5,365,687)
Share-based payment expense	-	144,140	-	144,140
<b>Balance at September 30, 2014</b>	<b>21,150,866</b>	<b>3,681,586</b>	<b>25,664,431</b>	<b>50,496,883</b>

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

*For the nine months ended September 30, 2015 and 2014*

	September 30, 2015 US\$	September 30, 2014 US\$
<b>Cash flows from operating activities</b>		
Income / (loss) income before taxation	1,109,995	(5,742,910)
<i>Adjustments for:</i>		
Depreciation expense	6,340,196	6,858,895
Increase in allowance for doubtful accounts	72,000	10,089
Provision for inventory obsolescence	156,690	(85,541)
Equity-settled share-based payments	91,200	144,140
Finance income	(1,278)	(2,456)
Finance costs	566,843	647,002
Insurance proceeds received	-	(223,814)
Unrealized foreign exchange gain	(217,096)	(114,341)
	<b>8,118,550</b>	<b>1,491,064</b>
Change in inventories	(107,058)	1,783,837
Change in prepayments	16,980	(404,539)
Change in trade and other receivables	(2,021,954)	(6,628,788)
Change in trade and other payables	35,811	3,231,915
Cash generated from / (used in) operations	6,042,329	(526,511)
Finance income received	1,278	2,456
Finance costs paid	(579,377)	(572,054)
Income taxes paid	(2,108,639)	(837,916)
<b>Net cash generated from / (used in) operating activities</b>	<b>3,355,591</b>	<b>(1,934,025)</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,976,815)	(754,713)
Insurance proceeds received	-	223,814
<b>Net cash used in investing activities</b>	<b>(1,976,815)</b>	<b>(530,899)</b>
<b>Financing activities</b>		
Loans received	-	6,295,000
Loan repayments	(1,179,975)	(5,075,520)
<b>Net cash (used in) / provided from financing activities</b>	<b>(1,179,975)</b>	<b>1,219,480</b>
<b>Effect of movement in exchange rates on cash</b>	<b>48,818</b>	<b>126,465</b>
<b>Net increase / (decrease) in cash</b>	<b>247,619</b>	<b>(1,118,979)</b>
Cash at beginning of the period	5,196,763	3,209,080
<b>Cash at end of the period</b>	<b>5,444,382</b>	<b>2,090,101</b>

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**1. GENERAL INFORMATION**

Geodrill Limited (the “company” or “Geodrill”) is a company registered and domiciled in the Isle of Man. The address of the company’s registered office is Ragnall House, 18 Peel Road, Douglas, Isle of Man, IM1 4LZ. The unaudited condensed interim consolidated financial statements of the company for the periods ended September 30, 2015 and 2014 comprise the financial statements of the company and its wholly owned subsidiaries, Geodrill Ghana Limited, Geotool Limited, Geo-Forage BF SARL, Geo-Forage Cote d’Ivoire SARL, Geo-Forage Mali SARL, Geo-Forage Senegal SARL, Geo-Forage DRC SARL, D.S.I. Services Limited (“DSI”) and Geodrill Limited’s registered foreign Zambian operating entity, together referred to as the “Group”.

The Group is primarily a provider of mineral exploration drilling services. These unaudited condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors of Geodrill Limited on November 8, 2015.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2015 have been prepared in accordance with IAS 34, Interim Financial Reporting, on a basis consistent with the accounting policies as presented in Note 2 disclosed in the company’s audited consolidated financial statements for the year ended December 31, 2014. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) has been omitted or condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited 2014 annual consolidated financial statements of the company.

**(b) Basis of measurement**

The unaudited condensed interim consolidated financial statements are prepared on the historical cost basis except where otherwise stated.

**(c) Functional and presentation currency**

The unaudited condensed interim consolidated financial statements are presented in United States dollars which is the company, and its subsidiaries’, functional and presentation currency.

**(d) Critical accounting estimates and judgements**

In preparing these unaudited condensed interim consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2014.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**2. BASIS OF PREPARATION (CONTINUED)**

**(e) Impairment testing**

The current economic conditions in the drilling industry were considered to be an indicator of potential impairment of the carrying value of the Group's property, plant and equipment as at September 30, 2015. Accordingly, an impairment test, based on the higher of value in use or fair value less costs to sell, was performed as at September 30, 2015. The outcome of the test was such that the expected net recoverable amount exceeded the carrying value of the property, plant and equipment and, accordingly, no impairment loss was recognized in the period.

**3. SIGNIFICANT ACCOUNTING POLICIES**

These unaudited condensed interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the company as at and for the year ended December 31, 2014, with the exception of the impact of certain amendments to accounting standards or new interpretations issued by the IASB, which were effective from January 1, 2015. The adoption of these amendments and standards have not had a material impact on the accounting policies, methods of computation or presentation applied by the company. Accordingly, the unaudited condensed interim consolidated financial statements should be read in conjunction with the company's consolidated financial statements for the year ended December 31, 2014.

**4. DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The following sets out the Group's basis of determining fair values of financial instruments:

**(a) Trade and other receivables**

The fair value of trade and other receivables approximates their carrying value due to their short term nature.

**(b) Cash**

Cash consists of cash at bank and cash on hand.

**(c) Trade and other payables**

The fair value of trade and other payables approximates their carrying values, due to their short term nature.

**(d) Loans payable**

The fair value of the loans payable approximates their carrying value.



**GEODRILL LIMITED**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**4. DETERMINATION OF FAIR VALUES (CONTINUED)**

**(e) Other financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated using the present value of future principal and interest cash flows, discounted at the market rates of interest at the reporting date or by using recent arm's-length market transactions. Instruments with maturity periods of 6 months or less such as trade and other payables, and related party payables, are not discounted as their carrying values approximate their fair values.

**(f) Share-based payment transactions**

The fair value of share options is measured using the Black-Scholes model. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility, expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

**5. SEASONALITY OF OPERATIONS**

The Group's operations have tended to exhibit a seasonal pattern. The first and fourth quarters are affected due to shutdown of exploration activities, often for extended periods over the holiday season. The second quarter is typically affected by the Easter shutdown of exploration activities affecting some of the rigs for up to one week. 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 Group has historically taken advantage of the wet season and has scheduled the third quarter for maintenance and rebuild programs for drill rigs and equipment.

**GEODRILL LIMITED**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**6. SEGMENT REPORTING**

Segmented information is presented in respect of the Group's operating segments. The primary format (operating segments) is based on the Group's management and internal reporting structure, which is submitted to the Chief Executive Officer ("CEO") who is the Chief Operating Decision Maker. The Group's results and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly non-operating income, financing cost, taxation and corporate assets and liabilities which are managed centrally. The operating segments are based on geographical segments categorized as Ghana and Outside Ghana.

For the three months ended September 30, 2015, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 29%, one customer contributed 21% and one customer contributed 13%.

For the three months ended September 30, 2014, included in revenue are four customers who individually contributed 10% or more to the Group's revenue. One customer contributed 30%, one customer contributed 25%, one customer contributed 15% and one customer contributed 11%.

For the nine months ended September 30, 2015, three customers individually contributed 10% or more to the Group's revenue. Two customers contributed 22% and one customer contributed 19%.

For the nine months ended September 30, 2014, included in revenue are four customers who individually contributed 10% or more to the Group's revenue. One customer contributed 25%, one customer contributed 14%, one customer contributed 11% and one customer contributed 10%.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

For the three and nine months ended September 30, 2015 and 2014

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana		Outside Ghana (1)		Intra-group transaction		Total (2)	
	Three month period ended September, 30		Three month period ended September, 30		Three month period ended September, 30		Three month period ended September, 30	
	2015	2014	2015	2014	2015	2014	2015	2014
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Revenue	4,848	7,211	11,167	8,458	(5,831)	(4,902)	10,184	10,767
Cost of sales	(5,381)	(6,100)	(8,344)	(6,809)	6,030	5,118	(7,695)	(7,791)
Selling, general and administrative expenses	(1,794)	(2,045)	(1,212)	(1,438)	-	103	(3,006)	(3,380)
Foreign exchange (loss) / gain	(347)	(98)	174	85	-	-	(173)	(13)
<b>Results from operating activities</b>	<b>(2,674)</b>	<b>(1,032)</b>	<b>1,785</b>	<b>296</b>	<b>199</b>	<b>319</b>	<b>(690)</b>	<b>(417)</b>
Other income	-	224	-	-	-	-	-	224
Finance income	-	1	-	-	-	-	-	1
Finance costs	(174)	(223)	(9)	(16)	-	-	(183)	(239)
<b>Segment results</b>	<b>(2,848)</b>	<b>(1,030)</b>	<b>1,776</b>	<b>280</b>	<b>199</b>	<b>319</b>	<b>(873)</b>	<b>(431)</b>
<b>Capital expenditures</b>	<b>767</b>	<b>207</b>	<b>-</b>	<b>16</b>			<b>767</b>	<b>223</b>
<b>As at</b>	<b>Sept 30, 2015</b>	<b>Dec 31, 2014</b>	<b>Sept 30, 2015</b>	<b>Dec 31, 2014</b>			<b>Sept 30, 2015</b>	<b>Dec 31, 2014</b>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000			US\$ '000	US\$ '000
<b>Non-current assets</b>	<b>38,319</b>	<b>43,602</b>	<b>1,201</b>	<b>1,027</b>			<b>39,520</b>	<b>44,629</b>
Intra group balances							(4,532)	(5,277)
Per statement of financial position							<b>34,988</b>	<b>39,352</b>
<b>Total assets</b>	<b>57,667</b>	<b>63,687</b>	<b>74,657</b>	<b>70,190</b>			132,324	133,877
Intra group balances							(70,138)	(69,459)
Per statement of financial position							<b>62,186</b>	<b>64,418</b>
<b>Total liabilities</b>	<b>70,877</b>	<b>72,211</b>	<b>8,969</b>	<b>7,209</b>			79,846	79,420
Intra group balances							(65,575)	(64,166)
Per statement of financial position							<b>14,271</b>	<b>15,254</b>

(1) In the Outside Ghana segment, revenue attributable to the country of domicile of Geodrill Limited, being the Isle of Man, for the three months ended September 30, 2015 was US\$5,527,507 (September 30, 2014: US\$5,124,832).

(2) Segment results equals the (loss) / income before taxation as disclosed in the consolidated statements of comprehensive loss.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana		Outside Ghana (1)		Intra-group transactions		Total (2)	
	Nine month period ended September 30,		Nine month period ended September 30,		Nine month period ended September 30,		Nine month period ended September 30,	
	2015	2014	2015	2014	2015	2014	2015	2014
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Revenue	19,471	17,879	33,823	19,191	(17,721)	(11,179)	35,573	25,891
Cost of sales	(17,881)	(17,641)	(25,066)	(15,689)	18,444	11,860	(24,503)	(21,470)
Selling, general and administrative expenses	(5,594)	(5,828)	(3,975)	(4,201)	6	298	(9,562)	(9,731)
Foreign exchange (loss) / gain	(141)	23	309	(35)	-	-	168	(12)
<b>Results from operating activities</b>	<b>(4,145)</b>	<b>(5,567)</b>	<b>5,091</b>	<b>(734)</b>	<b>729</b>	<b>979</b>	<b>1,676</b>	<b>(5,322)</b>
Other income	-	224	-	-	-	-	-	224
Finance income	1	2	-	-	-	-	1	2
Finance costs	(542)	(607)	(25)	(40)	-	-	(567)	(647)
<b>Segment results</b>	<b>(4,686)</b>	<b>(5,948)</b>	<b>5,066</b>	<b>(774)</b>	<b>729</b>	<b>979</b>	<b>1,110</b>	<b>(5,743)</b>
<b>Capital expenditures</b>	<b>1,667</b>	<b>593</b>	<b>310</b>	<b>162</b>			<b>1,977</b>	<b>755</b>

(1) In the Outside Ghana segment, revenue attributable to the country of domicile of Geodrill Limited, being the Isle of Man, for the nine month period ended September 30, 2015 was US\$19,097,297 (September 30, 2014: US\$11,226,479).

(2) Segment results equals the (loss) / income before taxation as disclosed in the consolidated statements of comprehensive loss.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**7. EXPENSES BY NATURE**

The Group presents certain expenses in the condensed interim consolidated statements of comprehensive loss by function. The following table presents those expenses by nature:

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
<b>Expenses</b>				
Drill rig expenses and fuel	2,959,617	3,406,187	10,342,441	8,771,850
Employee benefits	3,552,723	3,556,257	10,710,798	9,058,177
External services and contractors	1,486,350	1,703,346	5,034,332	5,418,348
Depreciation	2,206,425	2,195,603	6,340,196	6,858,895
Repairs and maintenance	496,161	336,970	1,565,970	1,084,015
Bad debt (recovery) / expense	-	(26,928)	72,000	10,089
	10,701,276	11,171,435	34,065,737	31,201,374

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Cost of sales	7,694,849	7,791,402	24,503,036	21,470,587
Selling, general and administrative expenses	3,006,427	3,380,033	9,562,701	9,730,787
	10,701,276	11,171,435	34,065,737	31,201,374

**8. TAXATION**

**(i) Income tax expense/(recovery)**

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Current tax expense (iii)	907,843	496,456	2,451,243	1,026,150
Deferred tax recovery (iv)	-	(237,734)	-	(1,403,373)
	907,843	258,722	2,451,243	(377,223)

Current tax expense reflects taxes associated with the Group's drilling activities for the three and nine month periods ended September 30, 2015 outside Ghana. Deferred tax recovery relates to the origination and reversals of temporary differences in relation to Ghanaian corporate tax.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**8. TAXATION (CONTINUED)**

**(ii) Taxes payable**

	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Sep. 30 US\$
2015	403,296	(2,108,639)	2,451,243	745,900
	Balance at Jan. 1 US\$	Payments during the year US\$	Charge for the year US\$	Balance at Dec. 31 US\$
2014	293,139	(1,567,449)	1,677,606	403,296

Tax liabilities for Ghana up to and including the 2012 year of assessment have been agreed with the tax authorities in Ghana. The Group's remaining tax position is, however, subject to agreement with the tax authorities in the various tax jurisdictions in which it operates.

**(iii) Reconciliation of effective tax rate**

	Three month period ended September 30,		Nine month period ended September 30,	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
(Loss) / income before tax	(872,480)	(431,250)	1,109,995	(5,742,910)
Deduct: Income before tax subject to no corporate tax	1,974,745	599,235	5,795,260	205,045
Loss before tax subject to corporate tax in Ghana	(2,847,225)	(1,030,485)	(4,685,265)	(5,947,955)
Ghana corporate tax at 25%	(711,806)	(257,621)	(1,171,316)	(1,486,989)
Add:				
Withholding tax on revenue outside Ghana	907,843	496,456	2,451,243	1,026,150
Movement of temporary differences in Ghana	711,806	19,887	1,171,316	83,616
Total tax expense/(recovery)	907,843	258,722	2,451,243	(377,223)
Effective tax rate	104.1%	60.0%	220.8%	(6.6)%

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*For the three and nine months ended September 30, 2015 and 2014*

**8. TAXATION (CONTINUED)**

**(iv) Deferred tax liabilities**

	September 30, 2015 US\$	December 31, 2014 US\$
Balance at January 1	-	1,411,215
Recovery for the period	-	(1,411,215)
Balance at end of period	-	-

**(v) Recognized deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	September 30, 2015		
	Asset US\$	Liability US\$	Net US\$
Property, plant and equipment	1,141,995	-	1,141,995
Provision for inventory obsolescence	159,780	-	159,780
Allowance for doubtful debts	143,003	-	143,003
Deferred tax asset not recognized	(1,444,778)	-	(1,444,778)
Total	-	-	-

	December 31, 2014		
	Asset US\$	Liability US\$	Net US\$
Property, plant and equipment	12,719	-	12,719
Provision for inventory obsolescence	159,507	-	159,507
Allowance for doubtful accounts	143,003	-	143,003
Deferred tax asset not recognized	(315,229)	-	(315,229)
Total	-	-	-

The deferred tax asset has not been recognized in the financial statements because it is not probable that future taxable profit will be available against which the Group can utilize the related tax benefits.

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**9. PROPERTY, PLANT AND EQUIPMENT**

<b>2015</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2015	5,347,983	19,921,229	50,917,599	2,214,797	2,524,969	80,926,577
Additions	109,126	205,718	-	71,567	1,590,404	1,976,815
Reclassifications from CWIP	-	669,809	1,610,450	-	(2,280,259)	-
Assets retired during the period	-	(121,167)	(972,635)	-	-	(1,093,802)
<b>Balance at September 30, 2015</b>	<b>5,457,109</b>	<b>20,675,589</b>	<b>51,555,414</b>	<b>2,286,364</b>	<b>1,835,114</b>	<b>81,809,590</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2015	5,238,353	13,803,576	21,532,367	1,000,781	-	41,575,077
Charge for the period	127,834	2,222,074	3,708,107	282,181	-	6,340,196
Assets retired during the period	-	(121,167)	(972,635)	-	-	(1,093,802)
<b>Balance at September 30, 2015</b>	<b>5,366,187</b>	<b>15,904,483</b>	<b>24,267,839</b>	<b>1,282,962</b>	<b>-</b>	<b>46,821,471</b>
<b>Carrying amounts at September 30, 2015</b>	<b>90,922</b>	<b>4,771,106</b>	<b>27,287,575</b>	<b>1,003,402</b>	<b>1,835,114</b>	<b>34,988,119</b>

(1) Drill rigs include drill rigs components and rebuilds which are depreciated at the appropriate rates in accordance with the Group's accounting policies.



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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

<b>2014</b>	<b>Motor Vehicles US\$</b>	<b>Plant &amp; Equipment US\$</b>	<b>Drill Rigs (1) US\$</b>	<b>Land &amp; Leasehold Improvements US\$</b>	<b>Capital Work in Progress (CWIP) US\$</b>	<b>Total US\$</b>
<b>Cost</b>						
Balance at January 1, 2014	5,572,804	19,485,315	50,884,356	2,004,715	4,217,580	82,164,770
Additions	-	-	389,559	203,984	1,220,211	1,813,754
Reclassifications from CWIP	-	844,627	2,160,326	6,098	(3,011,051)	-
Reclassifications from inventory	-	-	-	-	98,229	98,229
Assets retired during the year	(224,821)	(408,713)	(2,516,642)	-	-	(3,150,176)
<b>Balance at December 31, 2014</b>	<b>5,347,983</b>	<b>19,921,229</b>	<b>50,917,599</b>	<b>2,214,797</b>	<b>2,524,969</b>	<b>80,926,577</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2014	4,836,588	11,161,120	18,972,332	630,083	-	35,600,123
Charge for the year	626,586	3,051,169	5,076,677	370,698	-	9,125,130
Assets retired during the year	(224,821)	(408,713)	(2,516,642)	-	-	(3,150,176)
<b>Balance at December 31, 2014</b>	<b>5,238,353</b>	<b>13,803,576</b>	<b>21,532,367</b>	<b>1,000,781</b>	<b>-</b>	<b>41,575,077</b>
<b>Carrying amounts at December 31, 2014</b>	<b>109,630</b>	<b>6,117,653</b>	<b>29,385,232</b>	<b>1,214,016</b>	<b>2,524,969</b>	<b>39,351,500</b>

(1) Drill rigs include drill rigs components and rebuilds which are depreciated at the appropriate rates in accordance with the Group's accounting policies.

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**9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Depreciation has been charged in comprehensive loss as follows:

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2015	2014	2015	2014
	US\$	US\$	US\$	US\$
Cost of sales	2,076,866	1,994,390	6,340,195	6,037,871
Selling, general and administrative expenses	129,559	201,213	430,586	821,024
	2,206,425	2,195,603	6,770,781	6,858,895

As at September 30, 2015, property, plant and equipment with a carrying amount of US\$16,415,393 (December 31, 2014: US\$24,003,471) and inventories with a carrying amount of US\$3,782,616 (December 31, 2014: US\$4,513,637) have been pledged as security for certain loans (note 13).

**10. INVENTORIES**

	September 30, 2015	December 31, 2014
	US\$	US\$
Inventories on hand	13,073,471	13,033,554
Inventories in transit	762,191	850,652
Provision for obsolescence	(639,118)	(638,030)
	13,196,544	13,246,176

The amount of inventories recognized as expense in the three and nine months ended September 30, 2015 is US\$3,197,368 and US\$11,329,350 respectively (September 30, 2014: US\$3,336,969 and US\$9,676,160). Inventory write downs in the three and nine months ended September 30, 2015 amounted to US\$5,926 and US\$155,602 (September 30, 2014: US\$59,672 and US\$349,412).

**11. TRADE AND OTHER RECEIVABLES**

	September 30, 2015	December 31, 2014
	US\$	US\$
Trade receivables	8,130,533	6,124,206
Allowance for doubtful accounts	(895,212)	(823,212)
Net trade receivables	7,235,321	5,300,994
Cash advances	25,511	34,361
Sundry receivables	98,920	74,443
	7,359,752	5,409,798

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**11. TRADE AND OTHER RECEIVABLES (CONTINUED)**

The movements in the allowance for doubtful accounts is as follows:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	823,212	1,026,013
Provisions made in the period	72,000	63,946
Receivables collected in the period	-	(80,784)
Receivables written off during the period as uncollectible	-	(185,963)
<b>Balance at end of period</b>	<b>895,212</b>	<b>823,212</b>

Trade and other receivables are recorded at amortized cost. Bad debt recovery recorded on trade and other receivables during the three and nine months ended September 30, 2015 amounted to US\$ nil and US\$ nil, respectively (December 31, 2014: US\$80,784).

**12. CASH**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>US\$</b>	<b>US\$</b>
Cash at bank	5,372,176	5,131,663
Cash on hand	72,206	65,100
<b>Total</b>	<b>5,444,382</b>	<b>5,196,763</b>

As at September 30, 2015, cash of US\$5,444,382 was available to the Group (December 31, 2014: US\$5,196,763)

**13. LOANS PAYABLE**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>US\$</b>	<b>US\$</b>
US\$5M Credit Line (i)	5,000,000	5,000,000
US\$2M Term Loan (ii)	1,184,590	1,995,000
Equipment Loans (iii)	-	369,565
US\$2M Credit Line (iv)	-	-
<b>Total</b>	<b>6,184,590</b>	<b>7,364,565</b>
<b>Current portion of loans</b>	<b>6,184,590</b>	<b>6,464,346</b>
<b>Non-current portion of loans</b>	<b>-</b>	<b>900,219</b>

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**13. LOANS PAYABLE (CONTINUED)**

**(i) US\$5M Credit Line**

On October 7, 2013, the Group entered into a US\$5 million credit line agreement (the "US\$5M Credit Line") with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of up to US\$5 million. The US\$5M Credit Line is for a period of 2 years from the date of the first drawdown, made on December 18, 2013, repayable interest only quarterly and principal amount at maturity, bears interest at a rate of 10.5% per annum on any utilized portion and 1% per annum on any unutilized portion, and is secured by certain assets of the Group. The US\$5M Credit Line may be repaid prior to maturity by the Group without penalty, bonus or other costs other than interest accrued to the date of such repayment. The US\$5M Credit Line is subject to, and as at September 30, 2015 and November 8, 2015, the Group was in compliance with normal course non-financial covenants. As at September 30, 2015, US\$5 million had been drawn on the US\$5M Credit Line. The company has had initial discussions with Zenith Bank (Ghana) Limited and is proceeding with the steps necessary to renew the US\$5M Credit Line with them by the time of maturity.

**(ii) US\$2M Term Loan**

On July 29, 2014, the Group entered into a US\$2 million term loan (the "US\$2M Term Loan") with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc. The US\$2M Term Loan is for a period of 2 years, repayable interest only for 120 days, and thereafter, repayable interest and principal quarterly in equal amounts required to satisfy the principal over the term of the loan. The US\$2M Term Loan bears interest at a rate of 10.5% per annum and is subject to periodic review in line with money market conditions. The US\$2M Term Loan is secured by certain assets of the Group. The US\$2M Term Loan may be repaid prior to maturity by the Group without penalty, bonus or other costs other than interest accrued to the date of such repayment. The effective interest rate of the US\$2M Term Loan is 10.98%. The US\$2M Term Loan is subject to, and as at September 30, 2015 and November 8, 2015, the Group was in compliance with normal course non-financial covenants.

**(iii) Equipment loans**

On January 23, 2012, the Group entered into a Sale and Purchase agreement ("Agreement 1") with Sandvik Mining and Construction Oy ("Sandvik") relating to the purchase of three drill rigs with a total cost price of US\$2.6 million. Agreement 1 required a down payment and the repayment of the balance over a period of 36 months with payments being made once a quarter. The loan bore interest at 7% per annum, included an arrangement fee and stipulated that final title to the rigs would only pass once the capital amount had been settled. All other risks and rewards of ownership rested with the Group. The effective interest rate of the loan was 7.10%. Agreement 1 was fully repaid on January 23, 2015.

On February 25, 2012, the Group entered into a Sale and Purchase agreement ("Agreement 2") with Sandvik relating to the purchase of three drill rigs with a total cost price of US\$2.6 million. Agreement 2 required a down payment and the repayment of the balance over a period of 36 months with payments being made once a quarter. The loan bore interest at 7% per annum, included an arrangement fee and stipulated that final title to the rigs would only pass once the capital amount had been settled. All other risks and rewards of ownership rested with the Group. The effective interest rate of the loan was 7.10%. Agreement 2 was fully repaid on February 25, 2015.

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**13. LOANS PAYABLE (CONTINUED)**

**(iv) US\$2M Credit Line**

On December 8, 2014, the Group entered into a US\$2 million credit line agreement (the "US\$2M Credit Line") with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of up to US\$2 million. The US\$2M Credit Line is for a period of 2 years from the date of the first drawdown, repayable interest only quarterly and principal amount at maturity, bears interest at a rate of 10.5% per annum on any utilized portion and 1% per annum on any unutilized portion, and is secured by certain assets of the Group. The US\$2M Credit Line may be repaid prior to maturity by the Group without penalty, bonus or other costs other than interest accrued to the date of such repayment. The US\$2M Credit Line is subject to, and as at September 30, 2015 and November 8, 2015, the Group was in compliance with, normal course non-financial covenants. As at September 30, 2015 the Group had drawn US\$Nil on the US\$2M Credit Line. Between September 30, 2015 and November 8, 2015 the Group drew down an amount of US\$250,000 on this facility.

**14. TRADE AND OTHER PAYABLES**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>US\$</b>	<b>US\$</b>
Trade payables	3,400,591	2,927,853
Creditors and accrued expenses	2,654,129	2,466,056
VAT liability	362,991	1,168,803
	<hr/> 6,417,711	<hr/> 6,562,712

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**15. 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:

	<b>Loans and Receivables US\$</b>	<b>Other Financial Liabilities US\$</b>	<b>Carrying Amount US\$</b>	<b>Total Fair Value US\$</b>
<b>September 30, 2015</b>				
<b>Financial assets</b>				
Trade and other receivables	7,359,752	-	7,359,752	7,359,752
Cash	5,444,382	-	5,444,382	5,444,382
	<u>12,804,134</u>	<u>-</u>	<u>12,804,134</u>	<u>12,804,134</u>
<b>Financial liabilities</b>				
Trade and other payables	-	6,054,720	6,054,720	6,054,720
Related party payables	-	923,025	923,025	923,025
Loans payable	-	6,184,590	6,184,590	6,184,590
	<u>-</u>	<u>13,162,335</u>	<u>13,162,335</u>	<u>13,162,335</u>
<b>December 31, 2014</b>				
<b>Financial assets</b>				
Trade and other receivables	5,409,798	-	5,409,798	5,409,798
Cash	5,196,763	-	5,196,763	5,196,763
	<u>10,606,561</u>	<u>-</u>	<u>10,606,561</u>	<u>10,606,561</u>
<b>Financial liabilities</b>				
Trade and other payables	-	5,393,909	5,393,909	5,393,909
Related party payables	-	923,025	923,025	923,025
Loans payable	-	7,364,565	7,364,565	7,364,565
	<u>-</u>	<u>13,681,499</u>	<u>13,681,499</u>	<u>13,681,499</u>

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**16. RELATED PARTY TRANSACTIONS**

Related party	Relationship	Country of Incorporation	Ownership Interest	
			2015	2014
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
D.S.I. 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%
Geo-Forage Mali SARL	Subsidiary	Mali	100%	100%
Geo-Forage Senegal SARL	Subsidiary	Senegal	100%	100%
Geo-Forage DRC SARL	Subsidiary	Democratic Republic of Congo	100%	100%
Geodrill Limited in Zambia	Registered foreign operating entity	Zambia	100%	100%
Trans Traders 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 Group have been eliminated on consolidation.

Trans Traders 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, 2014: 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 valuers/surveyors or real estate agents; and (ii) at the end of the original five year lease term. On October 1, 2014 in conjunction with the rent review, Geodrill Ghana Limited agreed to increase the rent for the Anwiankwanta property to US\$168,000 per annum and the rent for the Accra property to US\$72,000 per annum.

On September 30, 2015 Geodrill Ghana Limited entered into a new lease for the Anwiankwanta property and a new lease for the Accra property, both for an additional five year term at rates consistent with those determined at the October 1, 2014 rent review. Only Geodrill Ghana Limited can terminate the lease by giving twelve months' notice.

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**16. RELATED PARTY TRANSACTIONS (CONTINUED)**

**(i) Transactions with related parties (continued)**

Future operating lease commitments related to the properties are:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>US\$</b>	<b>US\$</b>
Payable within one year	240,000	180,000
Payable between 1 and 5 years	960,000	-
<b>Total</b>	<b>1,200,000</b>	<b>180,000</b>

During the three and nine months period ended September 30, 2015 lease payments amounted to US\$60,000 and US\$180,000, respectively (September 30, 2014: US\$50,000 and \$150,000).

**(ii) Key management personnel and directors' transactions**

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

The Group paid consulting fees to MS Risk Limited. One of the directors of MS Risk Limited is also a director of Geodrill Limited. One of the directors of MS Risk Limited is also an officer of Geodrill Limited. Consulting fees paid during three and nine months ended September 30, 2015 amounted to US\$11,066 and US\$11,066, respectively (2014: US\$Nil and US\$Nil).

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

	<b>Three month period</b>		<b>Nine month period</b>	
	<b>ended September 30,</b>		<b>ended September 30,</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Short-term benefits	765,302	669,671	1,592,766	1,586,043
Share-based payment arrangements	-	7,526	91,200	144,140
	<b>765,302</b>	<b>677,197</b>	<b>1,683,966</b>	<b>1,730,183</b>

**(iii) Related party balances**

The related party payable outstanding as at September 30, 2015 amounts to US\$923,025 (December 31, 2014: US\$923,025). The related party payable is to Trans Traders Limited, is unsecured, interest free and is repayable on demand at the option of the lender.



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**17. COMMITMENTS**

**(i) Lease commitments**

Future operating lease commitments related to the properties are:

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
	<b>US\$</b>	<b>US\$</b>
Payable within one year	366,000	306,000
Payable between 1 and 5 years	1,095,000	229,500
<b>Total</b>	<b>1,461,000</b>	<b>535,500</b>

**(ii) Capital commitments**

The Group has committed to purchase a drill rig that is currently on hold and the Group has also committed to purchase another rig that is currently being manufactured. Total commitments relating to the two outstanding drill rigs amounts to US\$1,550,000 (December 31, 2014: US\$800,000).

**18. SHARE CAPITAL AND RESERVES**

**(i) Share capital**

Shares have no par value and the number of authorized shares is unlimited.

**Share capital**

	<b>September 30, 2015</b>	<b>December 31, 2014</b>
Shares issued and fully paid	42,512,000	42,512,000
Shares reserved for share option plan	4,251,200	4,251,200
<b>Total shares issued and reserved</b>	<b>46,763,200</b>	<b>46,763,200</b>

All shares rank equally with regards to the Group's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the shareholders' meetings of the company.

**(ii) Share-based payment reserve**

The share-based payment reserve is comprised of the equity portion of the share-based payment transaction as per the company's share option plan.

**(iii) Retained earnings**

This represents the residual of cumulative profits that are available for distribution to shareholders.

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**19. LOSS PER SHARE**

**(i) Basic loss per share**

The calculation of basic loss per share for the three and nine month periods ended September 30, 2015 was based on the loss attributable to ordinary shareholders of US\$(1,780,323) (2014: loss of US\$(689,972)) and US\$(1,341,248) (2014: loss of US\$(5,365,687)), respectively and on the weighted average number of ordinary shares outstanding of 42,512,000 (2014: 42,512,000) calculated as follows:

	Three month period ended September		Nine month period ended September 30,	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Loss attributable to ordinary shareholders	(1,780,323)	(689,972)	(1,341,248)	(5,365,687)
<b>Weighted average number of ordinary shares</b>	<b>Three month period ended September 30,</b>		<b>Nine month period ended September 30,</b>	
	<b>2015 US\$</b>	<b>2014 US\$</b>	<b>2015 US\$</b>	<b>2014 US\$</b>
Issued ordinary shares	42,512,000	42,512,000	42,512,000	42,512,000
Loss per share	\$(0.04)	\$(0.02)	\$(0.03)	\$(0.13)

**(ii) Diluted loss per share**

The calculation of diluted loss per share for the three and nine month periods ended September 30, 2015 was based on the loss attributable to ordinary shareholders of US\$(1,780,323) (2014: loss of US\$(689,972)) and US\$(1,341,248) (2014: loss of US\$(5,365,687)), respectively and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 42,512,000 (2014: 42,512,000), calculated as follows:

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	Three month period ended September		Nine month period ended September 30,	
	2015 US\$	2014 US\$	2015 US\$	2014 US\$
Loss attributable to ordinary shareholders	(1,780,323)	(689,972)	(1,341,248)	(5,365,687)

**Weighted average number of ordinary shares - diluted**

	Three month period ended September		Nine month period ended September 30,	
	2015 Shares	2014 Shares	2015	2014
Weighted average number of ordinary shares - basic	42,512,000	42,512,000	42,512,000	42,512,000
Effect of share options in issue (1)	-	-	-	-
	42,512,000	42,512,000	42,512,000	42,512,000

Diluted Loss per share	\$(0.04)	\$(0.02)	\$(0.03)	\$(0.13)
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(1) For the three and nine months ended September 30, 2015 and September 30, 2014, as there is a loss attributable to ordinary shareholders, share options in issue are anti-dilutive and are not included in the calculation of the diluted loss per share.

**20. DIVIDENDS**

No dividends were paid in 2015 or 2014, nor were dividends declared through to November 8, 2015.

**21. EQUITY-SETTLED SHARE-BASED PAYMENTS**

**Share Option Plan ("SOP")**

The company has established a SOP, which is intended to aid in attracting, retaining and motivating the Group's employees, directors, consultants and advisors through the granting of stock options.

The maximum aggregate number of Ordinary Shares reserved for issuance pursuant to the SOP shall not exceed 10% of the total number of Ordinary Shares then outstanding. The maximum number of Ordinary Shares reserved for issuance pursuant to the SOP and any other security based compensation arrangements of the company is 10% of the total number of Ordinary Shares then outstanding.

	September 30, 2015		December 31, 2014	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	3,180,000	C\$1.96	2,790,000	C\$2.11
Granted May 22, 2014	-	-	390,000	C\$0.84
Granted May 19, 2015	390,000	C\$0.51	-	-
Total Granted	390,000	C\$0.51	390,000	C\$0.84
Balance ending	3,570,000	C\$1.80	3,180,000	C\$1.96

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

*For the three and nine months ended September 30, 2015 and 2014*

**21. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)**

**Share Option Plan (“SOP”) (continued)**

The following table summarizes the options outstanding at September 30, 2015:

Options series	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
(1) Granted on December 16, 2010	C\$2.00	990,000	2 mos	990,000
(2) Granted on March 11, 2011	C\$3.48	360,000	5 mos	360,000
(3) Granted on November 9, 2011	C\$2.11	630,000	1 Yr & 1 mo	630,000
(4) Granted on March 13, 2012	C\$3.41	180,000	1 Yr & 5 mos	180,000
(5) Granted on October 15, 2012	C\$1.57	270,000	1 Yr & 10 mos	270,000
(6) Granted on May 23, 2013	C\$0.81	360,000	2 Yrs & 8 mos	360,000
(7) Granted on May 22, 2014	C\$0.84	390,000	3 Yrs & 8 mos	390,000
(8) Granted on May 19, 2015 (i)	C\$0.51	390,000	4 Yrs & 8 mos	390,000

(i) The volume weighted average fair value of each option was calculated at C\$0.40 and the share price was C\$0.60 on May 19, 2015.

The fair values of options granted were calculated using the Black-Scholes option pricing model with the following assumptions:

	Series 1	Series 2	Series 3	Series 4	Series 5	Series 6	Series 7	Series 8
Risk free interest rate	3%	3%	3%	1.55%	1.33%	1.28%	1.37%	1.10%
Expected dividend yield	0%	0%	0%	0%	0%	0%	0%	0%
Stock price volatility	33%	56%	34%	53%	53%	53%	55%	111%
Expected life of options	5 years	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	0%	0%	0%	0%	30%	0%	30%	30%

Where relevant, the expected life used in the model used to determine the accounting value attributable to the options has been adjusted based on management’s best estimate of the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on historical share price volatility over relevant periods.