GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SECOND QUARTER ENDED JUNE 30, 2016

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 six months ended June 30, 2016 as compared to the corresponding period in the previous year and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2016, and also in conjunction with the audited annual consolidated financial statements and corresponding MD&A for the year ended December 31, 2015.

This MD&A is dated August 8, 2016. 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 Multi-Purpose, Core, Air-core and Grade Control drill rigs. The multi-purpose 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. Multi-purpose 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, and the state-of-the-art workshop and supply base at Ouagadougou, Burkina Faso, provides centralized locations for repair and storage of equipment and supplies, which in turn minimizes trucking, shipping and supply costs and allows the rigs to be mobilized to drill sites with minimal delay. The Company is finalizing the workshop and supply base in Bouake to support drilling activities in Cote d'Ivoire. The Company has also leased a plot of land consisting of a warehouse, workshop and offices in Chingola, Zambia. The Company will use its Zambian facility to support its current drilling activity in Zambia and help expand into the African Copperbelt.

An experienced management team and workforce, a modern fleet of drill rigs and state-of-the-art workshops and supply bases 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 consist of both large public companies as well as small local operators.

Management believes that the Company has a number of attributes that result in competitive advantages including:

- **Business Development**: The Company continually improves its operations including the following recent and ongoing developments:

    A strengthening of the Company's geographic footprint in West Africa, as the Company has maintained its strong presence in three primary countries being Ghana, Burkina Faso and Cote d'Ivoire and is currently drilling in Mali. In addition, the Company has recently started drilling in Zambia.

- **A Modern Fleet of Drill Rigs and World Class Workshops:** The Company has accumulated modern state-of-the-art drilling rigs, and established centrally located world class workshops to promote client satisfaction through reliable operational performance. In addition, within the workshop in Ghana, is a manufacturing facility with the capacity to produce ancillary equipment such as RC drill rods and RC wire-line drill subs in-house, reducing downtime and reliance on suppliers for these items.

- **Establishing, building and maintaining long-standing relationships with customers:** The Company has strong client relationships. Typically, a longer term client relationship of the Company originally commenced as a short term drill contract won under competitive bidding process, which has been continually renewed as the respective drilling program of the client has progressed through various phases.

- **Support of well established international and local vendors:** The Company has maintained long standing relationships with international vendors in Australia, Europe, North America and China and has also been supported in West Africa and Zambia by local branches of these suppliers and other local suppliers.

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

- **Presence in West Africa and the African Copperbelt:** The Company is able to mobilize drill rigs and associated ancillary equipment within a few days of a request by a client. The well-resourced, centrally located workshops further reduce downtime, as the Company can fairly quickly reach most of its current customer sites.

- **An Active and Experienced Management** Geodrill is led by Dave Harper, President and Chief Executive Officer, Terry Burling, Chief Operating Officer and Greg Borsk, Chief Financial Officer. This group is also supported by: Stephan Rodrigue, Business Development Manager, Alan McConnon, Training Manager and Don Seguin, Health, Safety and Environmental ("HSE") Manager.

- **A Skilled and Dedicated Workforce:** A favorable compensation and benefits package, coupled with the Company's track record of quality hiring and commitment to frequent, relevant continuous training programs for both permanent and contract employees, has reduced unplanned workforce turnover even during robust mining cycles. This has also increased efficiency and productivity, ensuring the availability and continuity of a skilled labor force.

- **Maintaining a high level of safety standards to protect its people and the environment:** The Company's HSE Group oversees the design, implementation, monitoring and evaluation of the Company's HSE standards, which standards are generally considered to be stringent standards for drilling firms globally and are higher than what is currently required in all local markets in which Geodrill currently operates. Every aspect of Geodrill's operations is designed to meet the highest HSE standards and includes induction meetings, at least one safety meeting per work site, including non-exploration work sites, regular safety audits and detailed investigations of incidents.

- **Commitment to Excellence:** Geodrill is committed to being a company of the highest standard in every aspect of its business operations. This is the framework used by the Company to guide its personnel towards the Company's goals and to be the customer-preferred partner in providing world class drilling services in West Africa and the African Copperbelt.

Market Participants and Geodrill's Client Base

The Company's client base is predominately in Ghana and Burkina Faso. For the second quarter of 2016, Ghana accounted for 42% of the Company's revenue and Burkina Faso, Cote d'Ivoire and Mali collectively accounted for 58% of the Company's revenue, compared to 26% for Ghana and 74% for Burkina Faso, Cote d'Ivoire and Mali collectively in the second quarter of 2015.

Management's plans include continuing to add new clients in West Africa where gold is the primary mineral and adding new clients in the African Copperbelt where copper is the primary mineral. The Company will, however, take advantage of opportunities in other minerals, including iron ore, manganese, uranium and phosphate. In addition, the proximity to countries such as Senegal, Mauritania, Liberia, Sierra Leone, Nigeria and Cameroon 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, Burkina Faso, Cote d'Ivoire and Mali; however, the Company has also recently started drilling for copper in Zambia.

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 has will be extended or renewed on terms favorable to the Company. In the event that any of its current contracts are not extended or renewed on favorable terms, or replaced with new contracts, this could have a significant impact on the Company's operations.

For the three months ended June 30, 2016, two customers individually contributed 10% or more to the Group's revenue. One customer contributed 31% and one customer contributed 17%.

For the three months ended June 30, 2015, four customers individually contributed 10% or more to the Group's revenue. One customer contributed 28%, one customer contributed 20%, one customer contributed 19% and one customer contributed 16%.

OUTSTANDING SECURITIES AS OF AUGUST 8, 2016

The Company is authorized to issue an unlimited number of Ordinary Shares. As of August 8, 2016 the Company has the following securities outstanding:

Number of Ordinary Shares	42,512,000
Number of Options	3,330,000
Fully Diluted	45,842,000

From January 1, 2016 to August 8, 2016, a total of 2,190,000 options were issued, 360,000 options expired and 1,080,000 options were cancelled.

OVERALL PERFORMANCE

Revenue Per Country

	Three months ended				Six months ended			
	June 30		June 30		June 30		June 30	
	2016		2015		2016		2015	
Location	US$ 000s	%	US$ 000s	%	US$ 000s	%	US$ 000s	%
Ghana	8,082	42%	4,185	26%	13,385	38%	9,522	38%
Burkina Faso and other	11,338 (1)	58%	11,816 (1)	74%	21,486 (1)	62%	15,867 (1)	62%
	19,420	100%	16,001	100%	34,871	100%	25,389	100%

(1) Included in Burkina Faso and other is Cote d'Ivoire and Mali.

Meters Drilled Per Country

	Three months ended				Six months ended			
	June 30		June 30		June 30		June 30	
Location	2016	%	2015	%	2016	%	2015	%
Ghana	74,441	30%	38,223	18%	145,691	30%	96,888	29%
Burkina Faso and other	176,971 (1)	70%	173,455 (1)	82%	346,784 (1)	70%	237,329 (1)	71%
	251,412	100%	211,678	100%	492,475	100%	334,217	100%

(1) Included in Burkina Faso and other is Cote d'Ivoire and Mali.

The Company generated revenue of US$19.4M in the second quarter of 2016, an increase of US$3.4M or 21% when compared to US$16M in the second quarter of 2015. The 21% increase in revenue is a result of meters drilled increasing in the second quarter of 2016 compared to the second quarter of 2015. Meters drilled in the second quarter of 2016 totaled 251,412 which is an increase of 19% when compared to 211,678 meters drilled in the second quarter of 2015. The Company is seeing a recovery in the mineral drilling sector as evidenced by the increase in meters drilled. In addition, regarding meter pricing, although still remaining to be competitive in the industry, the Company is witnessing prices beginning to stabilize. This is evidenced by the fact that revenue increased by 21% and meters drilled increased by 19% whereas in the prior year quarter, revenue increased by 65% while meters drilled increased by 90%.

The gross profit for the second quarter of 2016 was US$7.8M, being 40% of revenue compared to a gross profit of US$6.6M, being 41% of revenue for the second quarter of 2015. The gross profit increase reflects the increase in revenue of US$3.4M with a corresponding increase in cost of sales of US$2.2M. See "Supplementary Disclosure – Non IFRS Measures" on page 15.

EBITDA (as defined herein) for the second quarter of 2016 was US$5.4M, being 28% of revenue compared to US$5.3M, being 33% of revenue for the second quarter of 2015. The EBITDA percentage was higher in the second quarter of 2015 as the Company had proportionally more drilling in countries with lower cost of sales but higher tax rates. There is also a charge of US$0.6M in the second quarter of 2016 relating to a Value Added Tax amount that is not likely recoverable. See "Supplementary Disclosure – Non-IFRS Measures" on page 15.

The EBIT (as defined herein) for the second quarter of 2016 was US$3.5M, compared to a EBIT of US$3.3M for the second quarter of 2015. See "Supplementary Disclosure - Non - IFRS Measures" on page 15.

The net income for the second quarter of 2016 was US$2.5M or US$0.06 per Ordinary Share (US$0.06 per Ordinary Share fully diluted), compared to net income of US$1.8M for the second quarter of 2015 or US$0.04 per Ordinary Share (US$0.04 per Ordinary Share fully diluted).

SELECTED FINANCIAL INFORMATION

	Three months Ended		% Change	Six months Ended		% Change
	June 30	June 30	June 30	June 30	June 30	June 30
(in US$ 000s)	**2016**	**2015**	**2016 vs 2015**	**2016**	**2015**	**2016 vs 2015**
Revenue	**19,420**	**16,001**	**21%**	**34,871**	**25,389**	**37%**
Cost of Sales	**11,653**	**9,429**	**24%**	**20,505**	**16,808**	**22%**
Cost of Sales (%)	60%	59%		59%	66%	
Gross Profit	**7,767**	**6,572**		**14,366**	**8,581**	
Gross Profit Margin (%)	40%	41%		41%	34%	
Selling, General and Administrative Expenses	**4,209**	**3,333**	**26%**	**7,865**	**6,556**	**20%**
Selling, General and Administrative Expenses (%)	22%	21%		23%	26%	
Foreign Exchange Loss / (Gain)	**34**	**(23)**		**176**	**(341)**	
Income from Operating Activities	**3,524**	**3,262**	**8%**	**6,325**	**2,366**	**167%**
Income from Operating Activities (%)	18%	20%		18%	9%	
Finance Income	**1**	**1**		1	**1**	
Finance Income (%)						
EBIT*	**3,525**	**3,263**	**8%**	**6,326**	**2,367**	**167%**
EBIT (%)	18%	20%		18%	9%	
Finance Costs	**152**	**187**		**320**	**384**	
Finance Costs (%)	1%	1%		1%	2%	
Income before Taxation	**3,373**	**3,076**	**10%**	**6,006**	**1,983**	**203%**
Income before Taxation (%)	17%	19%		17%	8%	
Income Tax expense	**865**	**1,232**		**1,885**	**1,544**	
Income Tax expense (%)	4%	8%		5%	6%	
Net Income	**2,508**	**1,844**	**36%**	**4,121**	**439**	**839%**
Net Income (%)	13%	12%		12%	2%	
EBITDA **	**5,428**	**5,310**	**2%**	**10,247**	**6,501**	**58%**
EBITDA (%)	28%	33%		29%	26%	
Meters Drilled	**251,412**	**211,678**	**19%**	**492,475**	**334,217**	**47%**
Income Per Share						
Basic	**0.06**	**0.04**		**0.10**	**0.01**	
Diluted	**0.06**	**0.04**		**0.09**	**0.01**	
Total Assets	**71,104**	**66,032**		**71,104**	**66,032**	
Total Long - Term Liabilities	**3,404**	**6,461**		**3,404**	**6,461**	
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 JUNE 30, 2016 COMPARED TO THREE MONTHS ENDED JUNE 30, 2015

Revenue

The Company recorded revenue of US$19.4M for the second quarter of 2016, as compared to US$16M for the second quarter of 2015, representing an increase of 21%. The increase in revenue is primarily attributable to the number of meters drilled increasing from 211,678 in the second quarter of 2015 to 251,412 in the second quarter of 2016. Revenue increase by 21%, however, the total meters drilled increased by only 19% for the second quarter of 2016 compared to the second quarter of 2015. Also contributing to the revenue increase is pricing as the Company has seen prices stabilize as the demand for drilling services continues to increase. In addition to another quarter of increased drilling activity, the Company has been able to maintain a well balanced mix of drilling services. The Company has been successful in expanding its client base to include a mix of majors, intermediates and juniors which has contributed to the increase in overall drilling activity and a well balanced mix of drilling services. The percentage of meters drilled for the second quarter of 2016 can be broken down as to 65% RC, 15% core, 11% air core and 9% grade control, as compared to 69% RC, 16% core and 15% air core for the second quarter of 2015. The addition of major mining clients is directly attributable to grade control meters drilled in the second quarter of 2016 of 9% of total meters versus no grade control meters for the second quarter of 2015. In addition to strong drilling activity in RC, Core and grade control, the Company is continuing to see consistent air core meter percentages which is encouraging and represents a cross section of clients exploring early stage exploration permits.

Based on the continued increase in the Company's drilling activity level, the stabilization of prices, and the continued strength in all types of offered drilling services, the Company believes that the industry wide slowdown is starting to reverse as the Company is experiencing strong demand across its client base and strong demand for a multitude of drilling services.

Cost of Sales and Gross Profit

The cost of sales for the second quarter of 2016 was US$11.7M, compared to cost of sales of US$9.4M for the second quarter of 2015, being an increase of US$2.3M. Included in the cost of sales for the second quarter of 2016 is an amount of US$0.6M relating to a VAT amount that is not likely recoverable.

The gross profit for the second quarter of 2016 was US$7.8M, compared to a gross profit of US$6.6M for the second quarter of 2015, being an increase of US$1.2M. The gross profit percentage for the second quarter of 2016 was 40% compared to a gross profit of 41% for the second quarter of 2015. Excluding the VAT amount of US$0.6M, gross margin for the second quarter of 2016 would have been 43%.

The increase in cost of sales for the second quarter of 2016 as compared to the second quarter of 2015 of US$2.3M reflects the following:

- Drill rig expenses and fuel costs increased by US$0.9M in conjunction with the increase in revenue and the increase in meters drilled.

- Employee benefits, external services and contractors expenses increased by US$0.6M due to more workers being required in conjunction with the increase in meters drilled.

- VAT amount of US$0.6M has been included in cost of sales that is not likely recoverable.

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

SG&A expenses were US$4.2M for the second quarter of 2016, compared to US$3.3M for the second quarter of 2015, being an increase of US$0.9M. Included in SG&A expenses for the second quarter of 2016 is a non-cash share-based payment expense of US$0.2M.

The increase in SG&A expenses for the second quarter of 2016 as compared to the second quarter of 2015 of US$0.9M reflects the following:

- Employee benefits, external services and contractors expenses increased by US$0.9M. An amount of US$0.8M was due to more workers and more services being required in conjunction with the increase in drilling activity and US$0.1M was due to an incremental non-cash share-based payment expense related to issuing stock options in the quarters.

Income from Operating Activities

Income from operating activities (after cost of sales, SG&A expenses and foreign exchange gain or loss) for the second quarter of 2016 was US$3.5M, as compared to income from operating activities of US$3.3M for the second quarter of 2015.

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

EBITDA for the second quarter of 2016 was US$5.4M or an EBITDA margin of 28% compared to EBITDA of US$5.3M for the second quarter of 2015 or an EBITDA margin of 33%. See "Supplementary Disclosure - Non - IFRS Measures" on page 15.

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

EBIT margin for the second quarter of 2016 was 18% compared to 20% for the second quarter of 2015. See Supplementary Disclosure - "Non-IFRS Measures" on page 15.

Depreciation

Depreciation of property, plant and equipment for the second quarter of 2016 was US$1.9M (US$1.8M in cost of sales and US$0.1M in SG&A) compared to US$2M (US$1.9M in cost of sales and US$0.1M in SG&A) for the second quarter of 2015.

Income Tax Expense

Income tax expense for the second quarter of 2016 was US$0.9M compared to income tax expense of US$1.2M for the second quarter of 2015. The income tax expense is comprised of current taxes of US$0.9M.

Net Income

The net income was US$2.5M for the second quarter of 2016, or US$0.06 per Ordinary Share (US$0.06 per Ordinary Share fully diluted), compared to a net income of US$1.8M, for the second quarter of 2015, or US$0.04 per Ordinary Share (US$0.04 per Ordinary Share fully diluted).

SIX MONTHS ENDED JUNE 30, 2016 COMPARED TO SIX MONTHS ENDED JUNE 30, 2015

Revenue

The Company recorded revenue of US$34.9M for the six months ended June 30, 2016, as compared to US$25.4M for the six months ended June 30, 2015, representing an increase of US$9.5M or 37%. The increase in revenue is primarily attributable to the number of meters drilled increasing from 334,217 in the six months ended June 30, 2015 to 492,475 in the six months ended June 30, 2016. The total meters drilled increased by 47% for the six months ended June 30, 2016 compared to the six months ended June 30, 2015. Also contributing to the revenue increase is pricing as the Company has seen prices stabilize as the demand for drilling services continues to increase. The percentage of meters drilled for the six months ended June 30, 2016 can be broken down as to 59% RC, 14% grade control, 14% core and 13% air core as compared to 75% RC, 15% core and 10% air core for the six months ended June 30, 2015. The Company is seeing a recovery in the mineral drilling sector as evidenced by the 47% increase in meters drilled. In addition, the Company is also witnessing price stabilization as meter pricing, although still being industry competitive, is beginning to stabilize.

Cost of Sales and Gross Profit

The cost of sales for the six months ended June 30, 2016 was US$20.5M, compared to cost of sales of US$16.8M for the six months ended June 30, 2015, being an increase of US$3.7M.

The gross profit for the six months ended June 30, 2016 was US$14.4M, compared to a gross profit of US$8.6M for the six months ended June 30, 2015, being an increase of US$5.8M. The gross profit percentage for the six months ended June 30, 2016 was 41% compared to 34% for the six months ended June 30, 2015.

The increase in cost of sales for the six months ended June 30, 2016 as compared to the six months ended June 30, 2015 of US$3.7M reflects the following:

- Drill rig expenses and fuel costs increased by US$2.2M in conjunction with the increase in revenue and the increase in meters drilled.
- Employee benefits, external services and contractors expenses increased by US$1.1M due to more workers being required in conjunction with the increase in meters drilled.
- VAT amount of US$0.6M has been included in cost of sales that is not likely recoverable.
- Depreciation expense decreased by US$0.1M relating to a greater proportion of the Company's drill rigs and plant and equipment being fully depreciated.

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

SG&A expenses were US$7.9M for the six months ended June 30, 2016, compared to US$6.6M for the six months ended June 30, 2015, being an increase of US$1.3M. Included in SG&A expenses for six months ended June 30, 2016 is a non-cash share-based payment expense of US$0.5M.

The increase in SG&A expenses for the six months ended June 30, 2016 as compared to the six months ended June 30, 2015 of US$1.3M reflects the following:

- Employee benefits, external services and contractors expenses increased by US$1.3M. An amount of US$0.9M was due to more workers and more services being required in conjunction with the increase in drilling activity meters drilled and US$0.4M was due to an incremental non-cash share-based payment expense relating to issuing stock options in the six month periods.

Income from Operating Activities

Income from operating activities (after cost of sales, SG&A expenses and foreign exchange gain or loss) for the six months ended June 30, 2016 was US$6.3M, as compared to income from operating activities of US$2.4M for the six months ended June 30, 2015.

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

EBITDA for the six months ended June 30, 2016 was US$10.2M or an EBITDA margin of 30% compared to EDBITDA of US$6.5M for the six months ended June 30, 2015 or an EBITDA margin of 26%. See "Supplementary Disclosure - Non - IFRS Measures" on page 15.

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

EBIT margin for the six months ended June 30, 2016 was 19% compared to 9% for the six months ended June 30, 2015. See Supplementary Disclosure - "Non-IFRS Measures" on page 15.

Depreciation

Depreciation of property, plant and equipment for the six months ended June 30, 2016 was US$3.9M (US$3.6M in cost of sales and US$0.3M in SG&A) compared to US$4.1M (US$3.8M in cost of sales and US$0.3M in SG&A) for the six months ended June 30, 2015.

Income Tax Expense

Income tax expense for the six months ended June 30, 2016 was US$1.9M compared to income tax expense of US$1.5M for the six months ended June 30, 2015. The income tax expense is comprised of current taxes of US$1.9M.

Net Income

The net income was US$4.1M for the six months ended June 30, 2016, or US$0.10 per Ordinary Share (US$0.09 per Ordinary Share fully diluted), compared to a net income of US$0.4M, for the six months ended June 30, 2015, or US$0.01 per Ordinary Share (US$0.01 per Ordinary Share fully diluted).

SUMMARY OF QUARTERLY RESULTS

	2016		**2015**				**2014**	
(in US$ 000s)	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**
Revenue	19,420	15,452	12,349	10,184	16,001	9,388	9,704	10,767
Revenue Increase / (Decrease) %	*26%*	*25%*	*21%*	*(36%)*	*70%*	*(3%)*	*(10%)*	*11%*
Gross Profit	7,767	6,600	4,086	2,484	6,572	2,008	2,403	2,976
Gross Margin (%)	*40%*	*43%*	*33%*	*25%*	*41%*	*21%*	*25%*	*28%*
Net Earnings / (Loss)	2,508	1,614	(567)	(1,780)	1,844	(1,405)	(1,336)	(690)
Per Share - Basic	0.06	0.04	(0.01)	(0.04)	0.04	(0.03)	(0.03)	(0.02)
Per Share - Diluted	0.06	0.04	(0.01)	(0.04)	0.04	(0.03)	(0.03)	(0.02)

The Company's revenue of US$19.4M, represents an increase on a quarter over quarter basis by US$4.0M or 26% for the second quarter ended June 30, 2016 compared to the first quarter ended March 31, 2016. It has been four years since the Company has last reported quarterly revenue close to US$20M. The last time quarterly revenue exceeded US$20M was in the second quarter ended June 30, 2012 when the Company recorded revenue of US$20.1M. The Company was also able to generate gross profit of US$7.8M in the second quarter of 2016. This is the second consecutive quarter in which the Company has been able to generate gross margins of 40% or greater. On a quarter to quarter basis, the Company's revenue also increased by US$3.4M compared to the second quarter ended June 30, 2015. The Company is starting to see a recovery in the mineral drilling sector as evidenced by the increase in revenue. In addition, regarding meter pricing, although still remaining to be competitive in the industry, the Company is witnessing prices beginning to stabilize.

The Company'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; however, in 2016 Easter fell in the first quarter. 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 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.

Effect of Exchange Rate Movements

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

The Company's revenue is invoiced in US Dollars and local currencies. 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.

SELECTED INFORMATION FROM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months Ended		Six months Ended	
(in US$ 000s)	June 30 2016	June 30 2015	June 30 2016	June 30 2015
Net cash generated from operating activities	4,813	1,465	6,438	659
Net cash used in investing activities	(3,201)	(557)	(4,993)	(1,210)
Net cash used in financing activities	(300)	(269)	(592)	(903)
Effect of movement in exchange rates on cash	57	6	19	53
Net increase/(decrease) in cash	1,369	645	872	(1,401)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at June 30, 2016 the Company had cash of US$6.7M and loans payable of US$5.6M, resulting in net cash of US$1.2M. In addition to the net cash of US$1.2M, the Company still has US$1.75M available on the US$2M Credit Line. Since the Company has loans payable, the Company continues to monitor its cash and its capital spending in conjunction with the loans that need to be repaid. As at August 8, 2016 the Company has drawn only US$0.25M on the US$2M Credit Line.

SECOND QUARTER ENDED JUNE 30, 2016

Operating Activities

In the second quarter of 2016, the Company generated cash from operating activities of US$4.8M, as compared to generating cash from operating activities of US$1.5M in the second quarter of 2015. The Company realized income before taxation of US$3.4M for the second quarter of 2016; however, the changes in non-cash items and changes in working capital items further generated cash of US$1.4M resulting in cash generated from operations of US$4.8M.

Investing Activities

In the second quarter of 2016, the Company's investment in property, plant and equipment was US$3.2M compared to US$0.6M in the second quarter of 2015. One of the Company's greatest attributes is its ability to maintain a readily available modern fleet of drill rigs and related equipment. The Company understands the importance of this and continually invests in its property, plant and equipment. Plant and equipment additions in the second quarter of 2016 totaled US$3.2M and included the cost of a new drill rig, the purchase of two used drill rigs, costs associated with rebuilding existing drill rigs and related equipment and costs associated with completing the operations base in Cote d'Ivoire. The Company continues to balance the need to invest in its property, plant and equipment while ensuring there is enough capital to satisfy the debt repayments as they come due. In the second quarter of 2016, the Company was able to significantly invest in property, plant and equipment, repay debt and maintain a cash balance of US$6.7M as at June 30, 2016.

Financing Activities

During the second quarter of 2016 and the second quarter of 2015, the Company used cash of US$0.3M relating to the quarterly principal repayments required on the US$2M Term Loan.

SIX MONTHS ENDED JUNE 30, 2016

Operating Activities

In the six months ended June 30, 2016, the Company generated cash from operating activities of US$6.4M, as compared to generating cash from operating activities of US$0.7M in the six months ended June 30, 2015. The Company realized income before taxation of US$6M for the six months ended June 30, 2016; however, the changes in non-cash items and changes in working capital items further generated cash of US$0.4M resulting in cash generated from operations of US$6.4M.

Investing Activities

In the six months ended June 30, 2016, the Company's investment in property, plant and equipment was US$5M compared to US$1.2M in the six months ended June 30, 2015. Plant and equipment additions in the six months ended June 30, 2016 included the cost of two new drill rigs, the purchase of two used drill rigs, costs associated with rebuilding existing drill rigs and related equipment and costs associated with completing the operations base in Cote d'Ivoire.

Financing Activities

During the six months ended June 30, 2016, the Company used cash of US$0.6M, relating to the quarterly principal repayments required on the US$2M Term Loan compared to using US$0.9M in the six months ended June 30, 2015, relating to quarterly loan repayments of US$0.6M on the US$2M Term Loan and the repayment of US$0.3M on the equipment loans.

Contractual Obligations

Contractual Obligations in US$	Payments Due by					
	Total	July 1 to Dec 31 2016	2017	2018	2019	2020
Operating Leases [(1)]	1,188,000	165,000	326,000	272,000	245,000	180,000
Loans [(2)]	6,385,000	1,490,000	2,595,000	2,300,000	N/A	N/A
Total Contractual Obligations	**7,573,000**	**1,655,000**	**2,921,000**	**2,572,000**	**245,000**	**180,000**

(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. In addition, the operating leases includes amounts for other operating sites.
(2) Loans refer to the US$5M Term Loan, the US$2M Term Loan, and the US$2M Credit Line, including the related interest.

Contractual obligations will be funded in the short-term by cash as at June 30, 2016 of US$6.7M, cash flow generated from operations and the US$1.75M amount still available on the US$2M Credit Line.

OUTLOOK

The Company is starting to see a recovery in the mineral drilling sector as evidenced by the increase in meters drilled. In addition, regarding meter pricing, although still remaining to be competitive in the industry, the Company is witnessing prices beginning to stabilize.

As at June 30, 2016 the Company had 45 drill rigs; of which 39 drill rigs were available for operation, three drill rigs were in the workshop, and three drill rigs were in transit.

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, 2016 No. of Rigs		Available for Operation as at Jun 30, 2016 No. of Rigs		Planned to be available for Operation as at Sep 30, 2016 No. of Rigs		Planned to be available for Operation as at Dec 31, 2016 No. of Rigs	
UDR - 650	Multi-Purpose	2	1x2003 1x1993	2	1x2003 1x1993	2	1x2003 1x1993	2	1x2003 1x1993
UDR - KL900	Multi-Purpose	3	1x2003 1x1999 1 x 2007	3	1x2007 1x2003 1x1999	3	1x2007 1x2003 1x1999	3	1x2007 1x2003 1x1999
Sandvik - DE820	Multi-Purpose	4	3x2008 1x2010	4	3x2008 1x2010	4	3x2008 1x2010	4	3x2008 2x2010
Sandvik - DE810	Multi-Purpose	7	6x2012 1x2010	7	6x2012 1x2010	7	6x2012 1x2010	7	6x2012 1x2010
EDM - 2000	Multi-Purpose	3	3x2011	3	3x2011	3	3x2011	3	3x2011
Austex - X900	Multi-Purpose	5	3x2011 2x 2012	6	3x2011 2x2012 1x2016	9	3x2011 5x 2012 1x2016	9	3x2011 5x 2012 1x 2016
Sandvik - DE710	Core	8	2x2011 5x2010 1x2009	8	2x2011 5x2010 1x2009	8	2x2011 5x2010 1x2009	8	2x2011 5x2010 1x2009
Austex - X300	Aircore	5	2x2011 2x2012 1x2010	5	2x2011 2x2012 1x2010	6	2x2011 2x2012 1x2010 1x2016	6	2x2011 2x2012 1x2010 1 x 2016
Austex X350	RC Grade Control			1	1x2016	1	1x2016	1	1x2016
Maxidrill Maxcat 12	Grade control							1	1x2010
Maxidrill Maxcat 24	Grade control							1	1x2008
Total Drill Rigs Available for Operation		**37**		**39**		**43**		**45**	

	As at Mar 31, 2016		As at Jun 30, 2016		Planned as at Sep 30, 2016		Planned as at Dec 31, 2016	
	No. of Rigs	**Type**	**No. of Rigs**	**Type**	**No. of Rigs**	**Type**	**No. of Rigs**	**Type**
Available for Operation	24 8 5	Multi-Purpose Core Only Air core	25 8 5 1	Multi-Purpose Core Only Air core RC Grade Control	28 8 6 1	Multi-Purpose Core Only Air core RC Grade Control	28 8 6 1 2	Multi-Purpose Core Only Air core RC Grade Control Grade control
TOTAL AVAILABLE FOR OPERATION	37		39		43		45	
In W/Shop	1 2	Multi-Purpose Grade control	1 2	Multi-Purpose Grade control	2	Grade control		
Total in W/Shop	3		3		2		0	
Manufacturing - in production	1	Multi-Purpose						
Total Manufacturing	1		0		0		0	
In transit	1	RC Grade Control	2 1	Multi-Purpose Air core				
Total in transit	1		3		0		0	
TOTAL DRILL RIGS	42		45		45		45	

Split								
Multi-Purpose	26		28		28		28	
Core Only	8		8		8		8	
Air Core	5		6		6		6	
Grade control	2		2		2		2	
RC Grade Control	1		1		1		1	
TOTAL	42		45		45		45	

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

	Three months ended		Six months ended	
(US$ 000s)	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Income from Operating Activities	3,524	3,262	6,325	2,366
Add: Finance Income	1	1	1	1
Income Before Interest and Taxes (EBIT)	**3,525**	**3,263**	**6,326**	**2,367**
Add: Depreciation and Amortization	1,903	2,047	3,921	4,134
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	**5,428**	**5,310**	**10,247**	**6,501**

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO") of the Company are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. As at June 30, 2016, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P were effective as at June 30, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

There were no changes in the Company's internal control over financial reporting during the period beginning on January 1, 2016 and ending on June 30, 2016, 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, 2015 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:

Financial assets				
Trade and other receivables	12,942,135	-	12,942,135	12,942,135
Cash	6,720,677	-	6,720,677	6,720,677
	19,662,812	-	19,662,812	19,662,812
Financial liabilities				
Trade and other payables	-	10,321,618	10,321,618	10,321,618
Related party payables	-	923,025	923,025	923,025
Loans payable	-	5,558,136	5,558,136	5,558,136
	-	16,802,779	16,802,779	16,802,779

December 31, 2015				
Financial assets				
Trade and other receivables	7,968,335	-	7,968,335	7,968,335
Cash	5,848,552	-	5,848,552	5,848,552
	13,816,887	-	13,816,887	13,816,887
Financial liabilities				
Trade and other payables	-	7,273,873	7,273,873	7,273,873
Related party payables	-	923,025	923,025	923,025
Loans payable	-	6,150,219	6,150,219	6,150,219
	-	14,347,117	14,347,117	14,347,117

RELATED PARTY TRANSACTIONS

Related party	Relationship	Country of Incorporation	Ownership Interest 2016	Ownership Interest 2015
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%
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 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, 2015: 41.2%) of the issued share capital of Geodrill Limited. On June 21, 2016 TTL transferred a related party payable owing to TTL to Harper Family Settlement.

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; 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.

Future operating lease commitments related to the properties are:

	June 30, 2016 US$	December 31, 2015 US$
Payable within one year	240,000	240,000
Payable between 1 and 5 years	780,000	900,000
Total	1,020,000	1,140,000

During the three and six month periods ended June 30, 2016 lease payments amounted to US$60,000 and US$120,000 respectively (June 30, 2015: US$60,000 and US$120,000).

(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 the Group.

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

	Three month period ended June 30,		Six month period ended June 30,	
	2016 US$	2015 US$	2016 US$	2015 US$
Short-term benefits	886,243	436,538	1,242,653	827,464
Share-based payment arrangements	146,578	91,200	398,414	91,200
	1,032,821	527,738	1,641,067	918,664

(iii) Related party balances

The related party payable outstanding as at June 30, 2016 amounts to US$923,025 (December 31, 2015: US$923,025). The related party payable is to the Harper Family Settlement, is unsecured, interest free and is repayable on demand at the option of the lender

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, 2015 and can be found on SEDAR at www.sedar.com.

NEW AND FUTURE ACCOUNTING STANDARDS

The Company's application of new and revised IFRS are provided in Note 4 to the audited annual consolidated financial statements for the year ended December 31, 2015 and can be found on SEDAR at www.sedar.com. There have been no material effects on the condensed interim consolidated financial statements for the quarter ended June 30, 2016.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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.

(i) Estimates

a. Depreciation of property, plant and equipment

Property, plant and equipment is often used in hostile environments and may be subject to accelerated depreciation. Management considers the reasonableness of useful lives and whether known factors reduce or extend the lives of certain assets. This is accomplished by assessing the changing business conditions, examining the level of expenditures required for additional improvements, observing the patterns of gains or losses on disposition, and considering the various components of the assets.

As at May 1, 2016, the estimated useful life of motor vehicles was changed from 3 years to 5 years. This has had no material impact on the unaudited condensed interim consolidated financial statements.

b. Share-based payment transactions

The fair value of share-based payment transactions is based on certain assumptions determined by management. The main areas of estimate relate to the determination of the risk free interest rate, stock price volatility and the forfeiture rate.

c. Inventory provision

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.

d. Allowance for doubtful accounts

Management reviews trade receivables at each reporting period to determine whether indicators exist which would lead to a downward revision in the net realizable value of the trade receivables. Management’s estimate of net realizable value of such trade receivables is based primarily on the ageing of the receivables.

e. Income tax

Tax interpretations, regulations and legislation in the various countries in which the Group operates are subject to change and management uncertainty. Current income tax expense is based on tax currently payable or current withholding tax rates in countries in which the Group operates. In addition, deferred income tax liabilities are assessed by management at the end of the 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 accrued liabilities is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities at each reporting period, based upon the best information available, relevant to the tax laws and other appropriate requirements.

(ii) Judgments

a. Assessment of impairment of property, plant and equipment

The Group tests at each reporting period whether there are indicators of impairment with respect to its property, plant and equipment, in accordance with the accounting policy stated in Note 2g(iv) to the audited annual consolidated financial statements for the year ended December 31, 2015. If such indicators are identified, the recoverable amounts of each cash-generating unit have been determined based on value-in-use calculations. These determinations require the use of judgment.

The Group tests impairment based on the discounted cash flows related to each cash generating unit. The value in use determination is sensitive to changes in cash flow assumptions and the discount rate applied. No impairment charge has been recognized in the periods presented.

b. Functional currency

The Company applied judgment in determining the functional currency of the Company and its subsidiaries. Functional currency was determined based on the currency that mainly influences sales prices, labor, material and other costs of providing services.

Additional Information

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