

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three months ended March 31, 2017 and 2016

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at March 31, 2017 and December 31, 2016*

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

As at March 31, 2017 and December 31, 2016

	Note	March 31, 2017 US\$	December 31, 2016 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	35,203,765	35,170,345
<b>Total non-current assets</b>		<b>35,203,765</b>	<b>35,170,345</b>
<b>Current assets</b>			
Inventories	10	15,905,866	15,928,709
Prepayments		777,270	188,535
Trade and other receivables	11	17,539,010	13,047,916
Cash	12	6,084,185	9,328,786
<b>Total current assets</b>		<b>40,306,331</b>	<b>38,493,946</b>
<b>Total assets</b>		<b>75,510,096</b>	<b>73,664,291</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		21,983,396	21,671,076
Share-based payment reserve		3,815,967	3,991,245
Retained earnings		29,769,511	29,490,254
<b>Total equity</b>		<b>55,568,874</b>	<b>55,152,575</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans payable	13	1,638,221	2,156,600
<b>Total non-current liabilities</b>		<b>1,638,221</b>	<b>2,156,600</b>
<b>Current liabilities</b>			
Trade and other payables	14	11,948,642	10,546,498
Loans payable	13	2,245,309	2,194,272
Taxes payable	8(ii)	3,186,025	2,691,321
Related party payables	16(iii)	923,025	923,025
<b>Total current liabilities</b>		<b>18,303,001</b>	<b>16,355,116</b>
<b>Total equity and liabilities</b>		<b>75,510,096</b>	<b>73,664,291</b>

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

*For the three months ended March 31, 2017 and 2016*

	Note	March 31, 2017 US\$	March 31, 2016 US\$
Revenue		18,552,686	15,451,642
Cost of sales	7	(11,336,943)	(8,689,181)
<b>Gross profit</b>		<b>7,215,743</b>	<b>6,762,461</b>
Selling, general and administrative expenses	7	(5,748,299)	(3,819,171)
Foreign exchange loss		(168,208)	(142,253)
<b>Results from operating activities</b>		<b>1,299,236</b>	<b>2,801,037</b>
Finance income		6	421
Finance costs		(123,186)	(168,187)
<b>Income before taxation</b>		<b>1,176,056</b>	<b>2,633,271</b>
Income tax expense	8(i)	(896,799)	(1,020,039)
<b>Income for the period</b>		<b>279,257</b>	<b>1,613,232</b>
<b>Total comprehensive income for the period</b>		<b>279,257</b>	<b>1,613,232</b>
<b>Income per share</b>			
Basic	19(i)	\$0.01	\$0.04
Diluted	19(ii)	\$0.01	\$0.04

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

*For the three months ended March 31, 2017 and 2016*

	Share Capital US\$	Share- based Payment Reserve US\$	Retained Earnings US\$	Total Equity US\$
Balance at January 1, 2017	21,671,076	3,991,245	29,490,254	55,152,575
Income for the period	-	-	279,257	279,257
Exercise of stock options	312,320	(175,278)	-	137,042
<b>Balance at March 31, 2017</b>	<b>21,983,396</b>	<b>3,815,967</b>	<b>29,769,511</b>	<b>55,568,874</b>
Balance at January 1, 2016	21,150,866	3,775,907	22,420,684	47,347,457
Income for the period	-	-	1,613,232	1,613,232
Share-based payment expense	-	288,135	-	288,135
<b>Balance at March 31, 2016</b>	<b>21,150,866</b>	<b>4,064,042</b>	<b>24,033,916</b>	<b>49,248,824</b>

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

*For the three months ended March 31, 2017 and 2016*

	March 31, 2017 US\$	March 31, 2016 US\$
<b>Cash flows from operating activities</b>		
Income before taxation	1,176,056	2,633,271
<i>Adjustments for:</i>		
Depreciation expense	1,841,145	2,017,739
Change in provision for inventory obsolescence	24,355	(24,469)
Allowance for doubtful accounts	401,321	-
Equity-settled share-based payment expense	-	288,135
Finance income	(6)	(421)
Finance costs	123,186	168,187
Unrealized foreign exchange loss	140,399	104,116
	<b>3,706,456</b>	<b>5,186,558</b>
Change in inventories	(36,576)	856,400
Change in prepayments	(588,735)	547,762
Change in trade and other receivables	(4,892,415)	(4,454,914)
Change in trade and other payables	1,236,153	32,075
Cash generated from operations	(575,117)	2,167,881
Finance income received	6	421
Finance costs paid	(125,403)	(172,474)
Income taxes paid	(402,095)	(446,683)
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,102,609)</b>	<b>1,549,145</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(1,839,501)	(1,791,934)
<b>Net cash used in investing activities</b>	<b>(1,839,501)</b>	<b>(1,791,934)</b>
<b>Financing activities</b>		
Loan repayments	(467,342)	(292,082)
Shares issued	137,042	-
<b>Net cash used in financing activities</b>	<b>(330,300)</b>	<b>(292,082)</b>
<b>Effect of movement in exchange rates on cash</b>	<b>27,809</b>	<b>38,137</b>
<b>Net decrease in cash</b>	<b>(3,244,601)</b>	<b>(496,734)</b>
Cash at beginning of the period	9,328,786	5,848,552
<b>Cash at end of the period</b>	<b>6,084,185</b>	<b>5,351,818</b>

## **GEODRILL LIMITED**

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

*For the three months ended March 31, 2017 and 2016*

#### **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 March 31, 2017 and 2016 comprise the interim 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 on May 5, 2017.

#### **2. BASIS OF PREPARATION**

##### **(a) Statement of compliance**

These unaudited condensed interim consolidated financial statements for the three months ended March 31, 2017 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, 2016. 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 2016 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’s, and its subsidiaries’, functional and presentation currency.

##### **(d) Critical accounting estimates and judgments**

In preparing these unaudited condensed interim consolidated financial statements, the significant judgments 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, 2016.

## **GEODRILL LIMITED**

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

*For the three months ended March 31, 2017 and 2016*

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

### **(e) Impairment testing**

The economic conditions in the drilling industry and the level of drilling activity of the Group in 2015 were considered to be indicators of potential impairment of the carrying value of the Group's property, plant and equipment, and a recoverable amount analysis was performed. In 2016, and as at March 31, 2017, due to the improved economic conditions in the drilling industry and the increase in drilling activity of the Group, there was no indicator of potential impairment of the carrying value of the Group's property, plant and equipment. As this was the case, no recoverable amount analysis was completed at March 31, 2017.

## **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, 2016, 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, 2017.

### **a) Adoption of new and amended accounting pronouncements**

#### **IAS 7 – Statement of cash flows**

On January 29, 2016, the IASB published amendments to IAS 7, Statements of Cash Flows. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. The amendments require disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. To the extent necessary to achieve this objective, the IASB requires that the following changes in liabilities arising from financing activities are disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The amendments state that one way to fulfill the new disclosure requirements is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. The amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. The implementation of the amendments did not have an impact on the interim consolidated financial statements of the Company as of March 31, 2017.

#### **IAS 12 – Income Taxes**

On January 19, 2016, the IASB issued amendments to IAS 12, Income Taxes. The amendments give guidance that clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments were issued in response to diversity in practice and are relevant in circumstances in which the entity reports tax losses. The implementation of the amendments did not have an impact on the interim consolidated financial statements of the Company as of March 31, 2017.



**3. SIGNIFICANT ACCOUNTING POLICIES (CONTIUNED)****b) Accounting pronouncements issued but not yet effective****IFRS 2 – Share-based payments**

On June 20, 2016, the IASB issued amendments to IFRS 2, Share-based Payment, regarding; Accounting for cash-settled share-based payment transactions that include a performance condition; Classification of share-based payment transactions with net settlement features; and accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendment to IFRS 2 is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact the amendment to IFRS2 on its consolidated financial statements.

**IFRS 9 – Financial instruments**

IFRS 9, “Financial instruments” (IFRS 9) was issued by the IASB on July 24, 2014 and will replace IAS 39, “Financial instruments: recognition and measurement” (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Final amendments released on July 24, 2014 also introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Group is currently evaluating the impact IFRS 9 on its consolidated financial statements.

**IFRS 15 - Revenue from Contracts with Customers**

IFRS 15, “Revenue from Contracts and Customers” (IFRS 15) was issued by the IASB on May 28, 2014, and will replace IAS 18, “Revenue”, IAS 11, “Construction Contracts”, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or modified retrospective approach when adopting this standard and it is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRS 15 on its consolidated financial statements.

**IFRS 16 – Leases**

IFRS 16, “Leases” (IFRS 16) was issued by the IASB on January 13, 2016, and will replace IAS 17 “Leases”. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONTIUNED)**

**b) Accounting pronouncements issued but not yet effective (continued)**

**IFRIC 22 – Foreign Currency Transactions and Advance Consideration**

On December 8, 2016, the IASB published IFRIC 22, Foreign Currency Transactions and Advance Consideration to clarify the exchange rate that should be used for transactions that include the receipt or payment of advance consideration in a foreign currency. The new standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of IFRIC 22 on its consolidated financial statements.

**Annual improvements cycle**

On December 8, 2016, the IASB issued “Annual Improvements to IFRS Standards 2014–2016 Cycle”. The pronouncement contained the following amendments:

- The short-term exemptions in paragraphs E3- E7 of IFRS 1, First-time Adoption of International Financial Reporting Standards were deleted.
- The scope of IFRS 12 was clarified by specifying that, with limited exceptions, the disclosure requirements in the standard apply to an entity's interests listed inclusive of those that are classified as held for sale, as held for distribution or as discontinued operations.

The election in IAS 28 to measure at fair value through profit or loss certain investments held by an entity that is a venture capital organization (or other qualifying entity) was clarified to be available for each applicable investment (on an investment-by-investment basis, upon initial recognition). The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018 and the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

**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.

**GEODRILL LIMITED**

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

*For the three months ended March 31, 2017 and 2016*

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

**(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.

**(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 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.

**GEODRILL LIMITED**

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

*For the three months ended March 31, 2017 and 2016*

**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 March 31, 2017, four customers individually contributed 10% or more to the Group's revenue. One customer contributed 17%, one customer contributed 12%, one customer contributed 11% and one customer contributed 10%.

For the three months ended March 31, 2016, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 33%, one customer contributed 18% and one customer contributed 11%.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
For the three months ended March 31, 2017 and 2016

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana		Outside Ghana (1)		Intra-group transaction		Total (2)	
	Three month period ended March 31,		Three month period ended March 31,		Three month period ended March 31,		Three month period ended March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Revenue	7,251	5,304	17,273	14,443	(5,971)	(4,295)	18,553	15,452
Other income	1,810	2,725	-	-	(1,810)	(2,725)	-	-
Cost of sales	(7,841)	(6,510)	(10,729)	(9,116)	7,233	6,937	(11,337)	(8,689)
Selling, general and administrative	(2,386)	(1,932)	(3,898)	(1,910)	536	23	(5,748)	(3,819)
Foreign exchange gain / (loss)	19	(13)	(188)	(130)	-	-	(169)	(143)
<b>Results from operating activities</b>	<b>(1,147)</b>	<b>(426)</b>	<b>2,458</b>	<b>3,287</b>	<b>(12)</b>	<b>(60)</b>	<b>1,299</b>	<b>2,801</b>
Finance income							-	-
Finance cost							(123)	(168)
Income tax							(897)	(1,020)
<b>Income for the period</b>							<b>279</b>	<b>1,613</b>
<b>Capital expenditures</b>	<b>2,001</b>	<b>1,469</b>	<b>168</b>	<b>323</b>	<b>(329)</b>	<b>-</b>	<b>1,840</b>	<b>1,792</b>
<b>As at</b>	<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>	<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>			<b>Mar 31, 2017</b>	<b>Dec 31, 2016</b>
	US\$ '000	US\$ '000	US\$ '000	US\$ '000			US\$ '000	US\$ '000
<b>Non-current assets</b>	<b>34,935</b>	<b>34,909</b>	<b>4,138</b>	<b>4,132</b>			<b>39,073</b>	<b>39,041</b>
Intra group balances							(3,869)	(3,871)
Per statement of financial position							<b>35,204</b>	<b>35,170</b>
<b>Total assets</b>	<b>60,062</b>	<b>59,169</b>	<b>87,802</b>	<b>82,983</b>			147,864	142,152
Intra group balances							(72,354)	(68,488)
Per statement of financial position							<b>75,510</b>	<b>73,664</b>
<b>Total liabilities</b>	<b>74,430</b>	<b>72,252</b>	<b>13,961</b>	<b>10,857</b>			88,391	83,109
Intra group balances							(68,450)	(64,597)
Per statement of financial position							<b>19,941</b>	<b>18,512</b>

(1) In the Outside Ghana segment, revenue attributable to the country of domicile of Geodrill Limited, being the Isle of Man, was US\$4,541,408 (March 31, 2016: US\$7,494,171).

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

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three months ended March 31, 2017 and 2016*

**7. EXPENSES BY NATURE**

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

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
<b>Expenses</b>		
Drill rig expenses and fuel	5,146,455	3,834,162
Employee benefits	5,499,951	4,203,649
External services, contractors and other	3,286,260	1,968,586
Depreciation	1,841,145	2,017,739
Repairs and maintenance	910,110	484,216
Allowance for doubtful accounts	401,321	-
	<u>17,085,242</u>	<u>12,508,352</u>

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Cost of sales	11,336,943	8,689,181 <sup>(1)</sup>
Selling, general and administrative expenses	5,748,299	3,819,171 <sup>(1)</sup>
	<u>17,085,242</u>	<u>12,508,352</u>

<sup>(1)</sup> During the prior reporting period, the Company reclassified US\$162,788 from cost of sales to selling, general and administrative expenses. This reclassification has no impact on the net income or earnings per share for the prior period presented as the reclassification relates to the Statement of Comprehensive Income only and have no effect on the other financial statements.

**8. TAXATION**

**(i) Income tax expense**

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Current tax expense (iii)	896,799	1,020,039

Current tax expense reflects taxes associated with the Group's activities for the three month period ended March 31, 2017 outside Ghana.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
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**8. TAXATION (CONTINUED)**

**(ii) Taxes payable**

	Balance at Jan. 1 US\$	Payments during the period US\$	Charge for the period US\$	Balance at Mar. 31 US\$
2017	2,691,321	(402,095)	896,799	3,186,025

	Balance at Jan. 1 US\$	Payments during the year US\$	Charge for the year US\$	Balance at Dec. 31 US\$
2016	915,349	(2,186,727)	3,962,699	2,691,321

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**

	March 31, 2017 US\$	March 31, 2016 US\$
Income before tax	1,176,056	2,633,271
Ghana corporate tax at 25%	294,014	658,318
Add:		
Effect of different rate tax countries	(374,310)	(805,450)
Movement in temporary differences	390,743	147,132
Tax expense before withholding tax	310,447	-
	26.4%	0.0%
Add:		
Withholding tax	586,352	1,020,039
Total tax expense	896,799	1,020,039
Effective tax rate	76.3%	38.7%

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**8. TAXATION (CONTINUED)**

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

Deferred tax assets and liabilities are attributable to the following:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	5,314,576	5,026,398
Provision for inventory obsolescence	62,492	63,585
Property, plant and equipment	(3,887,317)	(3,937,521)
Deferred tax asset not recognized (2)	(1,489,751)	(1,152,462)
<b>Total</b>	<b>-</b>	<b>-</b>

(1) Effective January 1, 2016, the Ghana Revenue Authority introduced the Income Tax Act 2015 (Act 896). This had the impact of transferring unutilized capital cost allowances to losses carried forward. These losses will be available for a period of five years expiring on December 31, 2021. The Group also has tax losses in Zambia available for a period of five years expiring during the years December 31, 2019 through to December 31, 2021.

(2) 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>2017</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, 2017	6,090,060	21,570,436	53,825,304	2,264,200	4,406,133	88,156,133
Additions	-	-	-	-	1,839,501	1,839,501
Reclassifications from CWIP	156,103	227,302	742,375	-	(1,125,780)	-
Reclassifications from inventory	-	-	-	-	35,064	35,064
Assets retired during the period	-	(177,712)	(389,901)	-	-	(567,613)
<b>Balance at March 31, 2017</b>	<b>6,246,163</b>	<b>21,620,026</b>	<b>54,177,778</b>	<b>2,264,200</b>	<b>5,154,918</b>	<b>89,463,085</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2017	5,370,116	18,260,905	27,694,185	1,660,582	-	52,985,788
Charge for the period	44,057	549,361	1,168,136	79,591	-	1,841,145
Assets retired during the period	-	(177,712)	(389,901)	-	-	(567,613)
<b>Balance at March 31, 2017</b>	<b>5,414,173</b>	<b>18,632,554</b>	<b>28,472,420</b>	<b>1,740,173</b>	<b>-</b>	<b>54,259,320</b>
<b>Carrying amounts at March 31, 2017</b>	<b>831,990</b>	<b>2,987,472</b>	<b>25,705,358</b>	<b>524,027</b>	<b>5,154,918</b>	<b>35,203,765</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>2016</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, 2016	5,457,109	20,750,086	51,178,600	2,286,364	2,085,374	81,757,533
Additions	25,520	22,309	-	36,181	8,793,402	8,877,412
Reclassifications from CWIP	675,553	1,184,439	4,710,393	24,155	(6,594,540)	-
Reclassifications from inventory	-	-	-	-	121,897	121,897
Disposals	-	-	-	(82,500)	-	(82,500)
Assets retired during the year	(68,122)	(386,398)	(2,063,689)	-	-	(2,518,209)
<b>Balance at December 31, 2016</b>	<b>6,090,060</b>	<b>21,570,436</b>	<b>53,825,304</b>	<b>2,264,200</b>	<b>4,406,133</b>	<b>88,156,133</b>
<b>Accumulated Depreciation</b>						
Balance at January 1, 2016	5,375,280	16,421,467	24,861,423	1,377,023	-	48,035,193
Charge for the year	62,958	2,225,836	4,896,451	349,559	-	7,534,804
Disposals	-	-	-	(66,000)	-	(66,000)
Assets retired during the year	(68,122)	(386,398)	(2,063,689)	-	-	(2,518,209)
<b>Balance at December 31, 2016</b>	<b>5,370,116</b>	<b>18,260,905</b>	<b>27,694,185</b>	<b>1,660,582</b>	<b>-</b>	<b>52,985,788</b>
<b>Carrying amounts at December 31, 2016</b>	<b>719,944</b>	<b>3,309,531</b>	<b>26,131,119</b>	<b>603,618</b>	<b>4,406,133</b>	<b>35,170,345</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 income as follows:

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Cost of sales	1,700,776	1,889,172
Selling, general and administrative expenses	140,369	128,567
	<u>1,841,145</u>	<u>2,017,739</u>

As at March 31, 2017, property, plant and equipment with a carrying amount of US\$11,644,673 (December 31, 2016: US\$12,233,517) and inventories with a carrying amount of US\$3,334,497 (December 31, 2016: US\$3,457,137) have been pledged as security for certain loans (note 13).

**10. INVENTORIES**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Inventories on hand	15,537,474	15,564,277
Inventories in transit	618,362	618,770
Provision for obsolescence	(249,970)	(254,338)
	<u>15,905,866</u>	<u>15,928,709</u>

The amount of inventories recognized as expense in the three months ended March 31, 2017 is US\$5,858,323 (March 31, 2016: US\$4,274,783). Inventory write downs in the three months ended March 31, 2017 amounted to US\$28,723 (March 31, 2016: write down reversed US\$24,469).

**11. TRADE AND OTHER RECEIVABLES**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Trade receivables	17,811,746	12,891,685
Allowance for doubtful accounts	(401,321)	-
Net trade receivables	<u>17,410,425</u>	<u>12,891,685</u>
Cash advances	20,336	30,034
Sundry receivables	108,249	126,197
	<u>17,539,010</u>	<u>13,047,916</u>

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

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

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Balance at January 1	-	-
Provisions made in the period	401,321	-
Receivables collected in the period	-	-
Receivables written off during the period as uncollectible	-	-
<b>Balance at end of period</b>	<b>401,321</b>	<b>-</b>

Trade and other receivables are recorded at amortized cost.

**12. CASH**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Cash at bank	5,979,956	9,182,524
Cash on hand	104,229	146,262
<b>Total</b>	<b>6,084,185</b>	<b>9,328,786</b>

As at March 31, 2017, cash of US\$6,084,185 was available to the Group (December 31, 2016: US\$9,328,786)

**13. LOANS PAYABLE**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
US\$5M Term Loan (i)	3,633,530	4,100,872
US\$2M Credit Line (ii)	250,000	250,000
<b>Total</b>	<b>3,883,530</b>	<b>4,350,872</b>
Current portion of loans	2,245,309	2,194,272
Non-current portion of loans	1,638,221	2,156,600

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**13. LOANS PAYABLE (CONTINUED)****(i) US\$5M Term Loan**

On December 18, 2015, the Group entered into a term loan with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of US\$5 million (the "US\$5M Term Loan"). The US\$5M Term Loan is for a period of 2 years, repayable interest only for 120 days, and thereafter, repayable interest and principal quarterly in six equal amounts required to satisfy the principal over the term of the loan. The US\$5M 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\$5M Term Loan is secured by certain assets of the Group (note 9). The US\$5M 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. On January 27, 2016, the Group and Zenith Bank (Ghana) Limited agreed to extend the tenor and repayment term of the US\$5M Term Loan. The US\$5M Term Loan will be for a period of three years to December 18, 2018, repayable interest only for 120 days, and thereafter repayable interest and principal quarterly in ten equal amounts required to satisfy the principal over the term of the loan. The effective interest rate of the US\$5M Term Loan is 11.55%. The US\$5M Term Loan is subject to, and as at March 31, 2017 the Group was in compliance with, normal course non-financial covenants.

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

On December 8, 2014, the Group entered into a credit line agreement with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of US\$2 million (the "US\$2M Credit Line"). The US\$2M Credit Line is for a period of 2 years from the date of the first drawdown, being October 16, 2015, repayable interest only quarterly and principal amount at maturity, bears interest at a rate of 10.5% per annum on any utilized portion, is subject to periodic review in line with money market conditions and bears interest at a rate of 1% per annum on any unutilized portion. The US\$2M Credit Line is secured by certain assets of the Group (note 9). 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 March 31, 2017 the Group was in compliance with, normal course non-financial covenants. As at March 31, 2017 the Group had drawn US\$250,000 on the US\$2M Credit Line.

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**14. TRADE AND OTHER PAYABLES**

	March 31, 2017 US\$	December 31, 2016 US\$
Trade payables	6,839,348	6,162,288
Creditors and accrued expenses	3,311,292	2,840,843
VAT liability	1,798,002	1,543,367
	11,948,642	10,546,498

**15. FAIR VALUES OF FINANCIAL INSTRUMENTS**

As at March 31, 2017 and December 31, 2016, the Group did not hold any financial assets at fair value through profit or loss, derivatives or available-for-sale financial assets.

The carrying values of cash, trade and other receivables, trade and other payables and related party payables approximate their fair value due to the relatively short period to maturity of the instruments. The carrying value of loans payable approximates their fair value as the fixed rate loans have been acquired recently and their carrying value continues to reflect fair value.

There were no financial instruments classified as level 2 or 3 in the fair value hierarchy at March 31, 2017 and December 31, 2016.

**Financial Instruments by Category**

	Loans and Receivables US\$	Other Financial Liabilities US\$	Carrying Amount US\$	Total Fair Value US\$
<b>March 31, 2017</b>				
<b>Financial assets</b>				
Trade and other receivables	17,539,010	-	17,539,010	17,539,010
Cash	6,084,185	-	6,084,185	6,084,185
	23,623,195	-	23,623,195	23,623,195
<b>Financial liabilities</b>				
Trade and other payables	-	10,150,640	10,150,640	10,150,640
Related party payables	-	923,025	923,025	923,025
Loans payable	-	3,883,530	3,883,530	3,883,530
	-	14,957,195	14,957,195	14,957,195
<b>December 31, 2016</b>				
<b>Financial assets</b>				
Trade and other receivables	13,047,916	-	13,047,916	13,047,916
Cash	9,328,786	-	9,328,786	9,328,786
	22,376,702	-	22,376,702	22,376,702
<b>Financial liabilities</b>				
Trade and other payables	-	9,003,131	9,003,131	9,003,131
Related party payables	-	923,025	923,025	923,025
Loans payable	-	4,350,872	4,350,872	4,350,872
	-	14,277,028	14,277,028	14,277,028

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three months ended March 31, 2017 and 2016***16. RELATED PARTY TRANSACTIONS**

Related party	Relationship	Country of Incorporation	Ownership Interest	
			2017	2016
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 Zambia Limited	Registered foreign operating branch	Zambia	100%	100%
TransTraders Limited	Related party	Isle of Man	-	-
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-

**(i) Transactions with related parties**

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

The Harper Family Settlement owns 40.6% (December 31, 2016: 40.8%) of the issued share capital of Geodrill Limited. On September 30, 2015, Geodrill Ghana Limited entered into lease agreements with The Harper Family Settlement for the Anwiankwanta property and for the Accra property, both for a five year term at rates consistent with those determined pursuant to the October 1, 2014 rent review. The material terms of the five year lease agreements include: (i) the annual rent payable shall be reviewed on an upward only basis every two years; and (ii) only Geodrill Ghana Limited can terminate the leases by giving twelve months' notice. On October 1, 2016, in conjunction with the rent review, Geodrill Ghana Limited agreed to the increase in rent for the Anwiankwanta property to US\$186,000 per annum and the increase in rent for the Accra property to US\$78,000 per annum. It was also agreed that all future rent increases will be based on USA inflation data.

On June 21, 2016, TransTraders Limited ("TTL") transferred a related party payable owing to TTL to The Harper Family Settlement. One of the directors of the trustee of The Harper Family Settlement is also a director of Geodrill Limited. On September 5, 2016, TTL was dissolved.

The Group has paid agency fees to Clearwater Fiduciary Services Limited during the period ended March 31, 2017 of US\$ Nil (Year ended December 31, 2016: US\$ 5,051). One of the directors of Clearwater Fiduciary Services Limited is also a director of Geodrill Limited.

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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>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Payable within one year	264,000	264,000
Payable between 1 and 5 years	660,000	728,000
<b>Total</b>	<b>924,000</b>	<b>992,000</b>

During the three month period ended March 31, 2017, lease payments amounted to US\$66,000 (March 31, 2016: US\$60,000).

**(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:

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Short-term benefits	460,708	356,411
Share-based payment arrangements	-	251,836
<b>Total</b>	<b>460,708</b>	<b>608,247</b>

**(iii) Related party balances**

The related party payable outstanding as at March 31, 2017 amounts to US\$923,025 (December 31, 2016: 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.

**17. COMMITMENTS**

**(i) Lease commitments**

Future operating lease commitments related to the properties are:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Payable within one year	350,400	350,400
Payable between 1 and 5 years	675,600	763,200
<b>Total</b>	<b>1,026,000</b>	<b>1,113,600</b>



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**17. COMMITMENTS (CONTINUED)**

**(ii) Capital commitments**

The Group has committed to purchase two drill rigs that are expected to be shipped and received in the second quarter of 2017. Total commitments relating to these rigs amounts to US\$723,000 (total commitment at December 31, 2016: US\$ Nil). The Group has entered into a supply of goods and service agreement with Sandvik Canada Inc. for the purchase and financing of these rigs. The Group has made a down payment and has agreed with Sandvik Canada Inc. to repay the balance with interest at 7.7% per annum over a period of thirty-six months with payments being made once a quarter.

**18. SHARE CAPITAL AND RESERVES**

**(i) Share capital**

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

<b>Share capital</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Shares issued and fully paid	43,180,400	42,932,900
Shares reserved for stock option plan	4,318,040	4,293,290
<b>Total shares issued and reserved</b>	<b>47,498,440</b>	<b>47,226,190</b>

**Reconciliation of changes in issued shares**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Shares issued and reserved at January 1,	42,932,900	42,512,000
Stock options exercised	247,500	420,900
<b>Shares issued and reserved at end of period</b>	<b>43,180,400</b>	<b>42,932,900</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. EARNINGS PER SHARE****(i) Basic earnings per share**

The calculation of basic earnings per share for the three month period ended March 31, 2017 was based on the income attributable to ordinary shareholders of US\$279,257 (2016: US\$1,613,232) and on the weighted average number of ordinary shares outstanding of 43,169,276 (2016: 42,512,000) calculated as follows:

	<b>March 31, 2017</b> <b>US\$</b>	<b>March 31, 2016</b> <b>US\$</b>
Income attributable to ordinary shareholders	279,257	1,613,232

**Weighted average number of ordinary shares**

	<b>March 31, 2017</b> <b>Shares</b>	<b>March 31, 2016</b> <b>Shares</b>
Issued ordinary shares	43,169,276	42,512,000
Earnings per share	\$0.01	\$0.04

**(ii) Diluted earnings per share**

The calculation of diluted earnings per share for the three month period ended March 31, 2017 was based on the income attributable to ordinary shareholders of US\$279,257 (2016: US\$1,613,232) and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 44,834,204 (2016: 42,613,739), calculated as follows:

	<b>March 31, 2017</b> <b>US\$</b>	<b>March 31, 2016</b> <b>US\$</b>
Income attributable to ordinary shareholders	279,257	1,613,232
<b>Weighted average number of ordinary shares - diluted</b>		
	<b>March 31, 2017</b> <b>Shares</b>	<b>March 31, 2016</b> <b>Shares</b>
Weighted average number of ordinary shares - basic	43,169,276	42,512,000
Effect of share options in issue	1,664,928 <sup>(1)</sup>	101,739 <sup>(2)</sup>
	<u>44,834,204</u>	<u>42,613,739</u>
Diluted earnings per share	\$0.01	\$0.04

(1) For the three months ended March 31, 2017, all options in issue were dilutive but they did not have an effect on the calculated amount of diluted earnings per share.

(1) For the three months ended March 31, 2016, 390,000 options in issue were dilutive but they did not have an effect on the calculated amount of diluted earnings per share.

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**20. DIVIDENDS**

No dividends were paid in 2017 or 2016, nor were dividends declared through to May 5, 2017.

**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.

	<b>March 31, 2017</b>		<b>December 31, 2016</b>	
	Number of shares subject to option	Weighted average exercise price	Number of shares subject to option	Weighted average exercise price
Balance beginning, Jan. 1	2,909,100	C\$0.88	2,580,000	C\$1.72
Granted March 14, 2016			1,755,000	C\$0.79
Granted June 30, 2016			435,000	C\$1.62
Total Granted	-		2,190,000	C\$0.95
Exercised January 5, 2017	(247,500)	C\$0.74		
Expired March 11, 2016			(360,000)	C\$3.48
Cancelled March 21, 2016			(1,080,000)	C\$2.19
Exercised August 30, 2016			(15,000)	C\$0.51
Exercised September 22, 2016			(45,000)	C\$0.51
Exercised September 22, 2016			(105,900)	C\$0.79
Exercised November 28, 2016			(255,000)	C\$0.86
Total Exercised / Expired / Cancelled	(247,500)	C\$0.74	(1,860,900)	C\$2.12
Balance ending	2,661,600	C\$0.89	2,909,100	C\$0.88

The following table summarizes the options outstanding at March 31, 2017:

Options	Exercise prices	Number of options outstanding	Weighted average remaining contractual life	Number of options exercisable
Granted on May 23, 2013	C\$0.81	330,000	1 Yrs & 2 mos	330,000
Granted on May 22, 2014	C\$0.84	360,000	2 Yrs & 2 mos	360,000
Granted on May 19, 2015	C\$0.51	255,000	3 Yrs & 2 mos	255,000
Granted on March 14, 2016	C\$0.79	1,311,600	3 Yrs & 11 mos	1,311,600
Granted on June 30, 2016	C\$1.62	405,000	4 Yrs & 3 mos	405,000

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

Granted on	May 23, 2013	May 22, 2014	May 19, 2015	March 14, 2016	June 30, 2016
Risk free interest rate	1.28%	1.37%	1.10%	1.10%	0.57%
Expected dividend yield	0%	0%	0%	0%	0%
Stock price volatility	53%	55%	111%	46%	52%
Expected life of options	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	0%	30%	30%	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.

**22. SUBSEQUENT EVENTS**

On March 6, 2017 the Group entered into a supply of goods and service agreement with Sandvik Canada Inc. for the purchase and financing of two drill rigs. The Group expects the drill rigs to be shipped and received in the second quarter of 2017. The Group has made a down payment and has agreed with Sandvik Canada Inc. to repay the balance with interest at 7.7% per annum over a period of thirty six months with payments being made once a quarter.

On March 29, 2017 the Group purchased two used drill rigs. The purchase price for the rigs has been paid, however, the drill rigs are expected to be shipped and received in the second quarter of 2017.

On April 17, 2017, the Group purchased six used rigs. The drill rigs are expected to be shipped and received in the second quarter of 2017. The Group expects the rigs will be available for operation in the second half of 2017.

On April 21, 2017, the Group drew down an additional US\$1.25M from the Credit Line.