

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
For the three and nine months ended September 30, 2017 and 2016

(unaudited)  
(in United States dollars)

**GEODRILL LIMITED**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*As at September 30, 2017 and December 31, 2016*

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

*As at September 30, 2017 and December 31, 2016*

	<i>Note</i>	September 30, 2017 US\$	December 31, 2016 US\$
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	38,751,686	35,170,345
<b>Total non-current assets</b>		<b>38,751,686</b>	<b>35,170,345</b>
<b>Current assets</b>			
Inventories	10	19,012,617	15,928,709
Prepayments		704,574	188,535
Trade and other receivables	11	17,026,727	13,047,916
Cash	12	7,798,098	9,328,786
<b>Total current assets</b>		<b>44,542,016</b>	<b>38,493,946</b>
<b>Total assets</b>		<b>83,293,702</b>	<b>73,664,291</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		22,057,718	21,671,076
Share-based payment reserve		4,250,602	3,991,245
Retained earnings		34,493,345	29,490,254
<b>Total equity</b>		<b>60,801,665</b>	<b>55,152,575</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans payable	13	982,112	2,156,600
<b>Total non-current liabilities</b>		<b>982,112</b>	<b>2,156,600</b>
<b>Current liabilities</b>			
Trade and other payables	14	14,947,556	10,546,498
Loans payable	13	3,842,483	2,194,272
Taxes payable	8(ii)	1,796,861	2,691,321
Related party payables	16(iii)	923,025	923,025
<b>Total current liabilities</b>		<b>21,509,925</b>	<b>16,355,116</b>
<b>Total equity and liabilities</b>		<b>83,293,702</b>	<b>73,664,291</b>

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

*For the three and nine months ended September 30, 2017 and 2016*

	Note	Three-month period ended September 30		Nine-month period ended September 30	
		2017 US\$	2016 US\$	2017 US\$	2016 US\$
Revenue		20,831,707	19,705,037	62,004,911	54,576,416
Cost of sales	7	(11,109,635)	(11,901,434)	(35,527,968)	(32,114,260)
<b>Gross profit</b>		<b>9,722,072</b>	<b>7,803,603</b>	<b>26,476,943</b>	<b>22,462,156</b>
Selling, general and administrative expenses	7	(6,017,620)	(4,718,637)	(17,920,603)	(12,875,397)
Foreign exchange loss		(310,983)	(135,128)	(339,130)	(311,615)
<b>Results from operating activities</b>		<b>3,393,469</b>	<b>2,949,838</b>	<b>8,217,210</b>	<b>9,275,144</b>
Finance income		861	681	1,305	1,616
Finance costs		(127,046)	(142,805)	(400,311)	(462,941)
<b>Income before taxation</b>		<b>3,267,284</b>	<b>2,807,714</b>	<b>7,818,204</b>	<b>8,813,819</b>
Income tax expense	8(i)	(658,782)	(905,866)	(2,815,113)	(2,790,760)
<b>Income and total comprehensive income for the period</b>		<b>2,608,502</b>	<b>1,901,848</b>	<b>5,003,091</b>	<b>6,023,059</b>
<b>Earnings per share</b>					
Basic	19(i)	\$0.06	\$0.04	\$0.12	\$0.14
Diluted	19(ii)	\$0.06	\$0.04	\$0.11	\$0.13

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

*For the nine months ended September 30, 2017 and 2016*

	<b>Share Capital US\$</b>	<b>Share- based Payment Reserve US\$</b>	<b>Retained Earnings US\$</b>	<b>Total Equity US\$</b>
Balance at January 1, 2017	21,671,076	3,991,245	29,490,254	55,152,575
Income for the period	-	-	5,003,091	5,003,091
Exercise of stock options	386,642	(195,266)	-	191,376
Share-based payment expense	-	454,623	-	454,623
<b>Balance at September 30, 2017</b>	<b>22,057,718</b>	<b>4,250,602</b>	<b>34,493,345</b>	<b>60,801,665</b>
Balance at January 1, 2016	21,150,866	3,775,907	22,420,684	47,347,457
Income for the period	-	-	6,023,059	6,023,059
Exercise of stock options	119,350	(31,417)	-	87,933
Share-based payment expense	-	481,351	-	481,351
<b>Balance at September 30, 2016</b>	<b>21,270,216</b>	<b>4,225,841</b>	<b>28,443,743</b>	<b>53,939,800</b>

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

*For the nine months ended September 30, 2017 and 2016*

	September 30, 2017 US\$	September 30, 2016 US\$
<b>Cash flows from operating activities</b>		
Income before taxation	7,818,204	8,813,819
<i>Adjustments for:</i>		
Depreciation expense	5,112,349	5,724,958
Increase in allowance for doubtful accounts	547,465	-
Change in provision for inventory obsolescence	308,341	133,217
Equity-settled share-based payment expense	454,623	481,351
Finance income	(1,305)	(1,616)
Finance costs	400,311	462,941
Unrealized foreign exchange loss	100,673	303,502
	<b>14,740,661</b>	<b>15,918,172</b>
Change in inventories	(3,532,773)	(3,133,546)
Change in prepayments	(516,039)	1,080,333
Change in trade and other receivables	(4,526,276)	(9,104,134)
Change in trade and other payables	4,026,771	4,630,478
Cash generated from operations	10,192,344	9,391,303
Finance income received	1,305	1,616
Finance costs paid	(365,155)	(480,837)
Income taxes paid	(3,709,573)	(1,831,691)
<b>Net cash generated from operating activities</b>	<b>6,118,921</b>	<b>7,080,391</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(8,553,166)	(7,123,864)
Proceeds from sale of property, plant and equipment	-	16,500
<b>Net cash used in investing activities</b>	<b>(8,553,166)</b>	<b>(7,107,364)</b>
<b>Financing activities</b>		
Loans received	1,973,137	-
Loan repayments	(1,499,413)	(1,343,959)
Shares issued	191,376	87,933
<b>Net cash received from / (used in) financing activities</b>	<b>665,100</b>	<b>(1,256,026)</b>
<b>Effect of movement in exchange rates on cash</b>	<b>238,457</b>	<b>8,113</b>
<b>Net decrease in cash</b>	<b>(1,530,688)</b>	<b>(1,274,886)</b>
Cash at beginning of the period	9,328,786	5,848,552
<b>Cash at end of the period</b>	<b>7,798,098</b>	<b>4,573,666</b>

## **GEODRILL LIMITED**

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

*For the three and nine months ended September 30, 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 September 30, 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”), Geodrill Cote d’Ivoire SARL 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 November 11, 2017.

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

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

These unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 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 and nine months ended September 30, 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 September 30, 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 September 30, 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, Statement 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 September 30, 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 September 30, 2017.



**GEODRILL LIMITED**

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

*For the three and nine months ended September 30, 2017 and 2016*

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

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

**IFRS 9 – Financial instruments**

The Company is currently evaluating the impact IFRS 9 on its consolidated financial statements. The Company will adopt IFRS 9 for the annual period beginning January 1, 2018 and expects to apply the standard on a retrospective basis using certain available transitional provisions. Under this approach, the 2017 comparative period will not be restated and a cumulative transitional adjustment to the opening balance of retained earnings will be recognized at the date of initial application. The Company expects to apply the simplified approach to its trade receivables and will use a provision matrix to calculate estimated credit losses. Management is currently evaluating the quantitative impact this will have on the Company's trade receivables, however, this is not considered to have a material impact.

**IFRS 15 - Revenue from contracts with customers**

The Company is currently evaluating the impact of this standard on its consolidated financial statements. The Company will adopt IFRS 15 for the annual period beginning January 1, 2018 and expects to apply the standard on a modified retrospective basis using certain practical expedients. Under this approach, the 2017 comparative period will not be restated and any cumulative transitional adjustment to the opening balance of retained earnings will be recognized at the date of initial application. Management expects that additional disclosures will be required by the standard; however, they do not consider there will be a material impact on the financial statements.

**IFRS 16 – Leases**

The Company is currently evaluating the impact of this standard on its consolidated financial statements. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company does not expect to early adopt IFRS 16. Management expects to recognize lease liabilities and right-of-use assets in respect of operating leases previously expensed.

**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, cash on hand and cash in escrow.

**GEODRILL LIMITED**

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

*For the three and nine months ended September 30, 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 and nine months ended September 30, 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 September 30, 2017, one customer individually contributed 10% or more to the Group's revenue. That customer contributed 16%.

For the three months ended September 30, 2016, two customers individually contributed 10% or more to the Group's revenue. Both customers contributed 23% each.

For the nine months ended September 30, 2017, three customers individually contributed 10% or more to the Group's revenue. One customer contributed 20% and two customers contributed 10% each.

For the nine months ended September 30, 2016, two customers individually contributed 10% or more to the Group's revenue. One customer contributed 31% and one customer contributed 19%.

**GEODRILL LIMITED**

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

For the three and nine months ended September 30, 2017 and 2016

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana		Outside Ghana (1)		Intra-group transaction		Total (2)	
	Three month period ended September 30,		Three month period ended September 30,		Three month period ended September 30,		Three month period ended September 30,	
	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	10,480	9,405	18,340	17,116	(7,988)	(6,816)	20,832	19,705
Other income	1,158	2,234	850	1	(2,008)	(2,235)	-	-
Cost of sales	(6,627)	(7,747)	(13,367)	(13,662)	8,884	9,508	(11,110)	(11,901)
Selling, general and administrative	(2,740)	(2,668)	(3,407)	(2,101)	129	50	(6,018)	(4,719)
Foreign exchange (loss) / gain	(2)	2	(309)	(137)	-	-	(311)	(135)
<b>Results from operating activities</b>	<b>2,269</b>	<b>1,226</b>	<b>2,107</b>	<b>1,217</b>	<b>(983)</b>	<b>507</b>	<b>3,393</b>	<b>2,950</b>
Finance income							1	1
Finance cost							(127)	(143)
Income tax							(659)	(906)
<b>Income for the period</b>							<b>2,608</b>	<b>1,902</b>
<b>Capital expenditures</b>	<b>3,335</b>	<b>2,131</b>	<b>26</b>	<b>202</b>	<b>(453)</b>	<b>(202)</b>	<b>2,908</b>	<b>2,131</b>
<b>As at</b>	<b>Sep 30, 2017</b>	<b>Dec 31, 2016</b>	<b>Sep 30, 2017</b>	<b>Dec 31, 2016</b>			<b>Sep 30, 2017</b>	<b>Dec 31, 2016</b>
	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>	<b>US\$ '000</b>			<b>US\$ '000</b>	<b>US\$ '000</b>
<b>Non-current assets</b>	<b>39,059</b>	<b>34,909</b>	<b>4,096</b>	<b>4,132</b>			<b>43,155</b>	<b>39,041</b>
Intra group balances							(4,403)	(3,871)
Per statement of financial position							<b>38,752</b>	<b>35,170</b>
<b>Total assets</b>	<b>70,666</b>	<b>59,169</b>	<b>92,012</b>	<b>82,983</b>			162,678	142,152
Intra group balances							(79,384)	(68,488)
Per statement of financial position							<b>83,294</b>	<b>73,664</b>
<b>Total liabilities</b>	<b>82,019</b>	<b>72,252</b>	<b>15,410</b>	<b>10,857</b>			97,429	83,109
Intra group balances							(74,937)	(64,597)
Per statement of financial position							<b>22,492</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, for the three month period ended September 30, 2017 was US\$3,919,741 (September 30, 2016: US\$5,131,433).

(2) Income for the period equals the income for the period 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 and nine months ended September 30, 2017 and 2016*

**6. SEGMENT REPORTING (CONTINUED)**

	Ghana		Outside Ghana (1)		Intra-group transactions		Total (2)	
	Nine month period ended September 30,		Nine month period ended September 30,		Nine month period ended September 30,		Nine month period ended September 30,	
	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	28,140	22,790	57,989	51,829	(24,124)	(20,043)	62,005	54,576
Other income	5,559	7,890	850	26	(6,409)	(7,916)	-	-
Cost of sales	(23,663)	(22,303)	(40,157)	(38,419)	28,292	28,608	(35,528)	(32,114)
Selling, general and administrative expenses	(7,857)	(6,926)	(10,900)	(6,055)	836	106	(17,921)	(12,875)
Foreign exchange loss	(48)	(7)	(291)	(305)	-	-	(339)	(312)
<b>Results from operating activities</b>	<b>2,131</b>	<b>1,444</b>	<b>7,491</b>	<b>7,076</b>	<b>(1,405)</b>	<b>755</b>	<b>8,217</b>	<b>9,275</b>
Finance income							1	2
Finance cost							(400)	(463)
Income tax							(2,815)	(2,791)
<b>Income for the period</b>							<b>5,003</b>	<b>6,023</b>
<b>Capital expenditures</b>	<b>9,567</b>	<b>5,763</b>	<b>486</b>	<b>1,563</b>	<b>(1,500)</b>	<b>(202)</b>	<b>8,553</b>	<b>7,124</b>

(1) In the Outside Ghana segment, revenue attributable to the country of domicile of Geodrill Limited, being the Isle of Man, for the nine month period ended September 30, 2017 was US\$15,208,959 (September 30, 2016: US\$20,365,414).

(2) Income for the period equals the income for the period 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 and nine months ended September 30, 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:

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
<b>Expenses</b>				
Drill rig expenses and fuel	3,910,412	5,468,712	14,978,697	15,279,198
Wages and employee benefits	7,376,882	5,574,942	19,761,434	14,656,524
External services, contractors and others	3,348,310	2,859,871	10,242,746	7,310,114
Depreciation	1,560,934	1,804,161	5,112,349	5,724,958
Repairs and maintenance	930,717	912,385	2,805,880	2,018,863
Allowance for doubtful accounts	-	-	547,465	-
	17,127,255	16,620,071	53,448,571	44,989,657

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Cost of sales	11,109,635	11,901,434	35,527,968	32,114,260
Selling, general and administrative expenses	6,017,620	4,718,637	17,920,603	12,875,397
	17,127,255	16,620,071	53,448,571	44,989,657

**8. TAXATION****(i) Income tax expense**

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Current tax expense (iii)	658,782	905,866	2,815,113	2,790,760

Current tax expense reflects taxes associated with the Group's activities for the three and nine month periods ended September 30, 2017 outside Ghana.

**GEODRILL LIMITED**  
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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 Sep. 30 US\$
2017	2,691,321	(3,709,573)	2,815,113	1,796,861
	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**

	Three month period ended September 30,		Nine month period ended September 30,	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Income before tax	3,267,284	2,807,714	7,818,204	8,813,819
Ghana corporate tax at 25%	816,821	701,929	1,954,551	2,203,455
Add:				
Effect of different tax rate in various countries	(429)	(318,760)	(865,081)	(1,780,129)
Under / (over) provision from previous year	14,477	-	149,593	(168,443)
Movement in temporary differences	(573,274)	(208,878)	(316,288)	(121,869)
Tax expense before withholding tax	257,595	174,291	922,775	133,014
	7.9%	6.2%	11.8%	1.5%
Add:				
Withholding tax	401,187	731,575	1,892,338	2,657,746
Total tax expense	658,782	905,866	2,815,113	2,790,760
Effective tax rate	20.2%	32.3%	36.0%	31.7%

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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>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Tax losses carried forward (1)	4,958,076	5,026,398
Provision for inventory obsolescence	60,698	63,585
Property, plant and equipment	(4,436,176)	(3,937,521)
Deferred tax asset not recognized (2)	(582,598)	(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	-	-	-	-	8,553,166	8,553,166
Reclassifications from CWIP	848,745	1,486,316	5,143,766	1,289,994	(8,768,821)	-
Reclassifications from inventory	-	-	-	-	140,524	140,524
Assets retired during the period	-	(600,366)	(1,233,738)	-	-	(1,834,104)
<b>Balance at September 30, 2017</b>	<b>6,938,805</b>	<b>22,456,386</b>	<b>57,735,332</b>	<b>3,554,194</b>	<b>4,331,002</b>	<b>95,015,719</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	173,842	1,346,963	3,295,913	295,631	-	5,112,349
Assets retired during the period	-	(600,366)	(1,233,738)	-	-	(1,834,104)
<b>Balance at September 30, 2017</b>	<b>5,543,958</b>	<b>19,007,502</b>	<b>29,756,360</b>	<b>1,956,213</b>	<b>-</b>	<b>56,264,033</b>
<b>Carrying amounts at September 30, 2017</b>	<b>1,394,847</b>	<b>3,448,884</b>	<b>27,978,972</b>	<b>1,597,981</b>	<b>4,331,002</b>	<b>38,751,686</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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Depreciation has been charged in comprehensive income as follows:

	Three month period		Nine month period	
	ended September 30,		ended September 30,	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
Cost of sales	1,387,377	1,697,076	4,642,876	5,358,932
Selling, general and administrative expenses	173,557	107,085	469,473	366,026
	1,560,934	1,804,161	5,112,349	5,724,958

As at September 30, 2017, property, plant and equipment with a carrying amount of US\$10,714,369 (December 31, 2016: US\$12,233,517) and inventories with a carrying amount of US\$2,896,119 (December 31, 2016: US\$3,457,137) have been pledged as security for certain loans (note 13).

**10. INVENTORIES**

	September 30, 2017	December 31, 2016
	US\$	US\$
Inventories on hand	17,975,811	15,564,277
Inventories in transit	1,301,204	618,770
Provision for obsolescence	(264,398)	(254,338)
	19,012,617	15,928,709

The amount of inventories recognized as expense in the three and nine months ended September 30, 2017 is US\$4,766,263 and US\$17,596,007, respectively (September 30, 2016: US\$6,229,949 and US\$16,792,330, respectively). Inventory write downs in the three and nine months ended September 30, 2017 amounted to US\$267,792 and US\$298,281, respectively (September 30, 2016: write down reversed US\$329,087 and US\$330,138, respectively).

**11. TRADE AND OTHER RECEIVABLES**

	September 30, 2017	December 31, 2016
	US\$	US\$
Trade receivables	17,222,538	12,891,685
Allowance for doubtful accounts	(547,465)	-
Net trade receivables	16,675,073	12,891,685
Cash advances	20,328	30,034
Sundry receivables	331,326	126,197
	17,026,727	13,047,916

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

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

	September 30, 2017 US\$	December 31, 2016 US\$
Balance at January 1	-	-
Provisions made in the period	(547,465)	-
Receivables collected in the period	-	-
Receivables written off during the period as uncollectible	-	-
Balance at end of period	(547,465)	-

Trade and other receivables are recorded at amortized cost.

**12. CASH**

	September 30, 2017 US\$	December 31, 2016 US\$
Cash at bank	6,155,109	9,182,524
Cash on hand	142,989	146,262
Cash in escrow	1,500,000	-
	7,798,098	9,328,786

As at September 30, 2017, cash at bank and cash on hand of US\$6,298,098 was available to the Group (December 31, 2016: US\$9,328,786) and cash in the amount of US\$1,500,000 was held in escrow (December 31, 2016: Nil). The escrow account has been set aside to repay the US\$1,500,000 drawn down on the US\$2M Credit Line that is due on October 16, 2017.

**13. LOANS PAYABLE**

	September 30, 2017 US\$	December 31, 2016 US\$
US\$5M Term Loan (i)	2,661,720	4,100,872
US\$2M Credit Line (ii)	1,500,000	250,000
Equipment Loan (iii)	662,875	-
Total	4,824,595	4,350,872
Current portion of loans	3,842,483	2,194,272
Non-current portion of loans	982,112	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 September 30, 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 unutilized 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 may be repaid prior to maturity by the Group without penalty, bonus or other costs other than interest accrued to the date of such payment. The US\$2M Credit Line is subject to, and as of September 30, 2017, the Group was in compliance with, normal course non-financial covenants. As at September 30, 2017, the Group had drawn US\$1.5M on the US\$2M Credit Line. The US\$1.5M drawdown on the US\$2M Credit Line was fully repaid on October 16, 2017 and the US\$2M Credit Line was retired.

**(iii) Equipment Loan**

On March 6, 2017, the Group entered into a Supply of Goods and Services Contract ("Agreement") with Sandvik Canada Inc. ("Sandvik") relating to the purchase of two drill rigs with a total purchase price of US\$0.9M. The Agreement required a down payment and the repayment of the balance over a period of 36 months with payments being made once a quarter. The loan bears interest at 7.7% per annum, includes an arrangement fee and stipulates that the final title to the rigs will only pass once the purchase price has been paid in full. All other risks and rewards of ownership lie with the Group. The effective interest rate of the loan is 7.93%.

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**14. TRADE AND OTHER PAYABLES**

	September 30, 2017 US\$	December 31, 2016 US\$
Trade payables	8,482,808	6,162,288
Creditors and accrued expenses	4,835,853	2,840,843
VAT liability	1,628,895	1,543,367
	14,947,556	10,546,498

**15. FAIR VALUES OF FINANCIAL INSTRUMENTS**

As at September 30, 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 September 30, 2017 and December 31, 2016.

**Financial Instruments by Category**

	Receivables US\$	Other Financial Liabilities US\$	Carrying Amount US\$	Total Fair Value US\$
<b>September 30, 2017</b>				
<b>Financial assets</b>				
Trade and other receivables	17,026,727	-	17,026,727	17,026,727
Cash	7,798,098	-	7,798,098	7,798,098
	24,824,825	-	24,824,825	24,824,825
<b>Financial liabilities</b>				
Trade and other payables	-	13,318,661	13,318,661	13,318,661
Related party payables	-	923,025	923,025	923,025
Loans payable	-	4,824,595	4,824,595	4,824,595
	-	19,066,281	19,066,281	19,066,281
<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

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**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%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	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 entity	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 September 30, 2017 of US\$ 15,507 (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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Future operating lease commitments related to the properties are:

	<b>September 30, 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	528,000	728,000
<b>Total</b>	<b>792,000</b>	<b>992,000</b>

During the three and nine month periods ended September 30, 2017, lease payments amounted to US\$66,000 and US\$198,000, respectively (September 30, 2016: US\$60,000 and US\$180,000, respectively).

**(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>Three month period</b>		<b>Nine month period</b>	
	<b>ended September 30,</b>		<b>ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Short-term benefits	637,718	398,366	2,255,080	1,641,020
Share-based payment arrangements	97,186	-	409,185	398,414
	<b>734,904</b>	<b>398,366</b>	<b>2,664,265</b>	<b>2,039,434</b>

**(iii) Related party balances**

The related party payable outstanding as at September 30, 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.



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**17. COMMITMENTS**

**(i) Lease commitments**

Future operating lease commitments related to the properties are:

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
	<b>US\$</b>	<b>US\$</b>
Payable within one year	314,400	350,400
Payable between 1 and 5 years	536,400	763,200
<b>Total</b>	<b>850,800</b>	<b>1,113,600</b>

**(ii) Capital commitments**

The Group has no capital commitments as at September 30, 2017 (December 31, 2016: no commitments)

**18. SHARE CAPITAL AND RESERVES**

**(i) Share capital**

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

**Share capital**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Shares issued and fully paid	43,225,400	42,932,900
Shares reserved for share option plan	4,322,540	4,293,290
<b>Total shares issued and reserved</b>	<b>47,547,940</b>	<b>47,226,190</b>

**Reconciliation of changes in issued shares**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
Shares issued and reserved at January 1,	42,932,900	42,512,000
Stock options exercised	292,500	420,900
<b>Shares issued and reserved at end of period</b>	<b>43,225,400</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 and nine month periods ended September 30, 2017 was based on the income attributable to ordinary shareholders of US\$2,608,502 (2016: US\$1,901,848) and US\$5,003,091 (2016: US\$6,023,059), respectively and on the weighted average number of ordinary shares outstanding of 43,225,400 (2016: 42,530,376) and 43,201,411 (2016: 42,518,125), respectively calculated as follows:

	Three month period ended September 30,		Nine month period ended September 30,	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Income attributable to ordinary shareholders	2,608,502	1,901,848	5,003,091	6,023,059
<b>Weighted average number of ordinary shares</b>	<b>Three month period ended September 30,</b>		<b>Nine month period ended September 30,</b>	
	<b>2017 US\$</b>	<b>2016 US\$</b>	<b>2017 US\$</b>	<b>2016 US\$</b>
Issued ordinary shares	43,225,400	42,530,376	43,201,411	42,518,125
Earnings per share	\$0.06	\$0.04	\$0.12	\$0.14

**(ii) Diluted earnings per share**

The calculation of diluted earnings per share for the three and nine month periods ended September 30, 2017 was based on the income attributable to ordinary shareholders of US\$2,608,502 (2016: US\$1,901,848) and US\$5,003,091 (2016: US\$6,023,059), respectively and on the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares outstanding of 44,710,725 (2016: 45,860,376) and 44,773,324 (2016: 45,085,205), respectively, calculated as follows:

	Three month period ended September 30,		Nine month period ended September 30,	
	2017 US\$	2016 US\$	2017 US\$	2016 US\$
Income attributable to ordinary shareholders	2,608,502	1,901,848	5,003,091	6,023,059
<b>Weighted average number of ordinary shares - diluted</b>	<b>Three month period ended September 30,</b>		<b>Nine month period ended September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Weighted average number of ordinary shares - basic	43,225,400	42,530,376	43,201,411	42,518,125
Effect of share options in issue	1,485,325 <sup>(1)</sup>	3,330,000 <sup>(2)</sup>	1,571,913 <sup>(3)</sup>	2,567,080 <sup>(4)</sup>
	44,710,725	45,860,376	44,773,324	45,085,205
Diluted earnings per share	\$0.06	\$0.04	\$0.11	\$0.13

(1) For the three months ended September 30, 2017, 2,616,600 options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(2) For the three months ended September 30, 2016, all options in issue were dilutive but they did not have an effect on the calculation of the diluted earnings per share.

(3) For the nine months ended September 30, 2017, 3,241,600 options in issue were dilutive and did have an effect on the calculation of the diluted earnings per share.

(4) For the nine months ended September 30, 2016, all options in issue were dilutive and did have an effect on the calculation of the diluted earnings per share.

**GEODRILL LIMITED**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
*For the three and nine months ended September 30, 2017 and 2016*

**20. DIVIDENDS**

No dividends were paid in 2017 or 2016, nor were dividends declared through to November 11, 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.

	September 30, 2017		December 31, 2016	
	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 May 12, 2017	1,615,000	C\$2.14		
Granted March 14, 2016			1,755,000	C\$0.79
Granted June 30, 2016			435,000	C\$1.62
Total Granted	1,615,000	C\$2.14	2,190,000	C\$0.95
Exercised January 5, 2017	(247,500)	C\$0.74		
Exercised April 28, 2017	(26,100)	C\$1.62		
Exercised May 2, 2017	(18,900)	C\$1.62		
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	(292,500)	C\$0.88	(1,860,900)	C\$2.12
Balance ending	4,231,600	C\$1.36	2,909,100	C\$0.88

The following table summarizes the options outstanding at September 30, 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	8 mos	330,000
Granted on May 22, 2014	C\$0.84	360,000	1 Yr & 8 mos	360,000
Granted on May 19, 2015	C\$0.51	255,000	2 Yrs & 8 mos	255,000
Granted on March 14, 2016	C\$0.79	1,311,600	3 Yrs & 5 mos	1,311,600
Granted on June 30, 2016	C\$1.62	360,000	3 Yrs & 9 mos	360,000
Granted on May 12, 2017	C\$2.14	1,615,000	4 Yrs & 8 mos	625,000

**GEODRILL LIMITED****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)***For the three and nine months ended September 30, 2017 and 2016***21. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)**

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	May 12, 2017
Risk free interest rate	1.28%	1.37%	1.10%	1.10%	0.57%	1.04%
Expected dividend yield	0%	0%	0%	0%	0%	0%
Stock price volatility	53%	55%	111%	46%	52%	50%
Expected life of options	5 years	5 years	5 years	5 years	5 years	5 years
Forfeiture rate	0%	30%	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 October 31, 2017, the Group entered into a credit line agreement with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of up to US\$2 million (the "US\$2M Credit Line"). The US\$2M Credit Line is available for a period of 2 years from the date of the first drawdown, repayable interest only quarterly and principal amount at maturity, bears interest at a rate of 10.5% per annum on any utilized portion, 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 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. As at November 13, 2017, the Group had not utilized any portion of the US\$2M Credit Line.

On October 31, 2017, the Group entered into a credit line agreement with Zenith Bank (Ghana) Limited, a subsidiary of Zenith Bank Plc, in the amount of up to US\$1 million (the "US\$1M Credit Line"). The US\$1M Credit Line is available for a period of 2 years from the date of the first drawdown, repayable interest and principal quarterly, 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\$1M 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. As at November 13, 2017, the Group had not utilized any portion of the US\$1M Credit Line.