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GEODRILL REPORTS 2012 SECOND QUARTER AND SIX MONTH RESULTS

TORONTO, ON – August 7, 2012 - Geodrill Limited ("Geodrill" or the "Company") (TSX: GEO), a leading West African based drilling company, reported its financial results for the three-month and six-month period ended June 30, 2012. All figures are reported in US dollars (US$), unless otherwise indicated. Geodrill's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Financial Highlights

US$ 000s (except earnings per share)	**For the six months ended June 30, 2012**	**For the six months ended June 30, 2011**	**For the three months ended June 30, 2012**	**For the three months ended June 30, 2011**
	Q2-12	**Q2-11**	**Q2-12**	**Q2-11**
Revenue	45,520	29,032	20,860	16,556
Gross profit	21,035	17,585	9,512	8,747
As percentage of revenue	49%	61%	46%	53%
Comprehensive income	7,211	8,104	2,781	3,238
Earnings per share – basic	0.17	0.19	0.07	0.08
EBITDA(1)	14,263	10,779	6,619	4,962
EBITDA margin	34%	37%	32%	30%

Notes:
(1) Please see "*Non-IFRS Measures*" below for additional discussion.

Second Quarter 2012 Operational Highlights:

- Appointed Greg Borsk as the Company's Chief Financial Officer;

- Increase in the number of drill rigs available for operation to 28, representing a 27% increase from 22 drill rigs in the 2nd quarter of 2011;

- Construction of a 50 person camp and workshop facilities in North West Ghana, for drilling in the Wa Gold Project currently underway together with securing of a new iron ore drill contract and the deployment of four rigs;

- Increase of the Company's footprint in Burkina Faso with additional drills being deployed and construction of an 80 person camp and workshop facilities;

- Deployment of one drill rig into Niger; and
- Planning re-entry into Cote d'Ivoire through a new iron ore contract and the anticipated deployment of three rigs in the 3rd quarter of 2012.

"For the second quarter, we continued to grow our revenue and rig fleet however our financial performance was impacted in the month of June by the early onset of the wet season and for overdue rig maintenance. For the remainder of the year we believe the current economic environment will continue to impact demand for drilling services in the short to medium-term where we expect to see a slowdown in activity in 2012," said David Harper, President and CEO of Geodrill Limited. "Long-term, the fundamental drivers of our business remain positive and despite the difficult environment we expect demand for drilling services will continue to grow month to month with newly secured contracts in place but at a slower pace. The Company remains in a solid financial position and expect operations to generate positive cash flow in fiscal 2012."

Financial Review for the Three Months Ended June 30, 2012

Revenue
Q2-2012 revenue increased to $20.86M, as compared to $16.56M in Q2-2011, representing an increase of 26%. The increase in revenue is attributable to new drilling contracts and the deployment of six additional rigs (nine new drill rigs less three drill rigs that are in the workshop undergoing rebuilds) resulting in an 18% increase in the number of meters drilled from 242,627 meters in Q2-2011 to 287,129 in Q2- 2012.

Gross Profit
Gross profit increased 9% to $9.51M for Q2-2012 compared to $8.75M for Q2-2011. The gross profit percentage for Q2-2012 was 46% compared to 53% for Q2-2011. The decrease in the gross profit margin is largely attributable to an increase in cost, a change in the accounting treatment in Q2-2011 to capitalize workshop supplies which had the impact of reducing cost of sales in Q2-2011 by approximately $0.30M and the recording of an additional $0.45M in salary in Q2-2012 relating to an under accrual in Q1-2012 which had the impact of increasing cost of sales in 2012.

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

SG&A expenses were $5.12M in Q2-2012 compared to $4.81M for Q2-2011. SG&A expenses decreased to 25% of revenue for Q2-2012 compared to 29% of revenue for Q2-2011. The decrease in SG&A expenses percentage is largely attributable to the fact that in Q2-2011, approximately $0.30M in salary was allocated to SG&A where in Q2-2012 the salary amount has been allocated to departments in cost of sales. Costs increased due to the costs of hiring, training and mobilization of management and support staff necessary to accommodate growth and geographical footprint. The increase in SG&A expenses for Q2-2012 as compared to the Q2-

2011 includes salary, wages to meet expansion of the business, investor relations and associated travel.

Depreciation and Amortization

Depreciation and amortization of property, plant and equipment increased slightly to $1.79M for Q2-2012 compared to $1.35M during for Q2-2011 as a result of additional drill rigs and property, plant and equipment purchases.

EBITDA

EBITDA was $6.62M or 32% of revenue in Q2-2012, compared to $4.96M or 30% of revenue in Q2-2011.

Income Tax Expense

Income tax expense was US$1.93M for the 2nd quarter of 2012 compared to US$0.38M for the 2nd quarter of 2011. Income tax expense of US$1.93M is comprised of the withholding taxes of US$1.27M and deferred tax expense of US$0.66M. The Company pays a 10% withholding tax in Burkina Faso. On March 9, 2012, the Company's corporate tax rate changed from 25% to 35% resulting in the Company having to revalue its cumulative timing differences at 35%. This resulted in a deferred tax expense in the 2nd quarter of 2012 of US$0.66M. In the 2nd quarter of 2011, the Company had drawn down its deferred tax liability resulting in a reduction in the tax expense of US$0.34M.

Net Earnings

Net earnings were $2.78M or $0.07 per Ordinary Share in Q2-2012, compared to $3.24M or $0.08 per Ordinary Share for Q2-2011.

Financial Review for the Six-Months Ended June 30, 2011

Revenue

Revenue for the six months ended June 30, 2012 increased to $42.52M compared to $29.03M for the six months ended June 30 2011, representing a 46% increase. The increase was a result of the meters drilled from 429,567 meters to 605,100 meters and modest price increases.

Gross Profit

Gross profit for the six months ended June 30, 2012 was $21.03M, as compared to $17.58M for the six months ended June 30, 2011, representing an increase of 20%. The gross profit percentage of revenue for the six months ended June 30, 2012 was 49% compared to 61% for the corresponding period in 2011. The majority of the decrease in the gross profit percentage largely reflects the dissolution of the Cote d'Ivoire operation in 2011. The net effect of this positive resolution was a decrease in the cost of sales in the six months ended June 30, 2011 of $1.93M. In addition, the decrease in the gross profit margin is largely attributable to a change in the accounting treatment in the 2nd quarter of 2011 to capitalize workshop supplies which had the impact of reducing cost of sales in Q2-2011 by approximately $0.30M.

Selling, General and Administrative Expenses

SG&A expenses were $10.42M for the six months ended June 30, 2012, compared to US$8.75M for the corresponding period in 2011. Higher SG&A expenses in 2012 resulted primarily from increases in salaries due to an increase in the number of personnel and insurance relating to additional rigs.

EBITDA

EBITDA was $14.26M or 34% of revenue for the six months ended June 30, 2012 compared to $10.78M or 37% of revenue for the six months ended June 30, 2011.

Income Tax Expense

Income tax expense was US$3.22M for the six months ended June 30, 2012 compared to US$0.31M for the six months ended June 30, 2011. Income tax expense of US$3.22M is comprised of the withholding taxes of US$2.50M and deferred tax expense of US$0.72M. The Company pays a 10% withholding tax in Burkina Faso. On March 9, 2012, the Company’s corporate tax rate changed from 25% to 35% resulting in the Company having to revalue its cumulative timing differences at 35%. This resulted in a deferred tax expense in the six months ended June 30, 2012 of US$0.72M. In the six months ended June 30, 2011, the Company had drawn down its deferred tax liability resulting in a reduction in the tax expense of US$0.59M.

Net Earnings

Net earnings were $7.21M or $0.17 per Ordinary Share for the six months ended June 30, 2012 compared to $8.1M or $0.19 per Ordinary Share for the same period in 2011.

As a June 30, 2012 the Company had cash and cash equivalents equal to $5.61M.

The Company currently has 42,512,000 ordinary shares issued and outstanding.

Outlook

The number of drill rigs in operation has increased to 28 in Q2-2012 representing a 27% increase compared to Q2-2011.

The Company views the long term industry fundamentals as favorable and, accordingly, has added significantly to its drilling capacity through the acquisition of additional drill rigs and staff. As at June 30, 2012 the Company had 28 drill rigs that were available for operation, seven drill rigs in the workshop (four new rigs were getting ready to be operational and three rigs were undergoing rebuilds), two drill rigs were in transit and two drill rigs were on order and with the supplier under manufacturing. As at June 30, 2012, out of the 28 drill rigs there were available for operations, 20 drill rigs were being utilized on client sites; five were impacted by the early onset of the wet season and three rigs were parked at client sites waiting to be put back in use at the site or redeployed to another site.

Subsequent to the quarter-end, the Company has seen a slowdown in demand for drilling services. Funding for junior mining companies has decreased, and as such many junior projects have been delayed. As a result of the current slowdown, management has taken immediate steps to reduce costs, reducing its contract workforce and reviewing certain capital expenditures throughout the course of the year.

We believe senior and intermediate mining companies will continue with exploration/development programs although at this time, the level of exploration to be undertaken by these customers remains uncertain. With new contracts secured to date with senior miners, we believe Geodrill will continue to grow revenue but at a slower rate, and accordingly the Company has reduced its rig fleet expansion to 39 rigs for 2012.

Geodrill's interim financial statements and management's discussion & analysis ("MD&A"), for the three-month and six-month period ended June 30, 2012, are available via Geodrill's website at www.geodrill-gh.com and will be available on SEDAR at www.sedar.com.

Following the release, management of the Company will host a conference call at 10:00 am EST to discuss the financial results.

You can join the call by dialing 1-888-231-8191 or 647-427-7450. A live audio webcast of the conference call will also be available through:

http://www.newswire.ca/en/webcast/detail/1005027/1085797

Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be needed to hear the webcast. An archived replay of the webcast will be available for 90 days. Operator Assisted Toll-Free Dial-In Number: (888) 231-8192.

Non-IFRS Measures

EBITDA is defined as Earnings before Interest, Taxes, Depreciation, and Amortisation and is used as a measure of financial performance. The Company believes EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in the Company's industry. However, EBITDA is not a measure recognized by IFRS and does not have a standardized meaning prescribed by IFRS. EBITDA should not be viewed in isolation and does not purport to be an alternative to net income or gross profit as an indicator of operating performance or cash flows from operating activities as a measure of liquidity. EBITDA does not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and EBITDA should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Additionally, EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements. Please see the Company's MD&A for the three-month and six-month period ended June 30, 2012 for the EBITDA reconciliation.

About Geodrill Limited

Geodrill Limited is a leading West African based drilling company currently operating in Ghana, Burkina Faso and Niger. Geodrill provides exploration and development drilling services to major, intermediate and junior mining companies with exploration and development operations in West Africa. The Company specializes in providing reverse circulation, diamond core and air-core drilling services using a modern fleet of drill rigs. The Company plans to grow organically and build its current client base while continuing to assess expansion opportunities throughout West Africa and other jurisdictions of Africa, to meet demand for its services and expertise.

Forward Looking Information

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

Forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements contained in this press release including, without limitation those described in the Management's Discussion & Analysis for the quarter ended June 30, 2012 and the Company's Annual Information Form dated March 28, 2012 under the heading "Risk Factors". Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that may cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying such forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this press release. The forward-looking information and forward-looking statements contained herein and statement which may be made on the conference call are made as of the date of this press release and the

Company disclaims any obligation to update or review such information or statements, whether as a result of new information, future events or results of otherwise, except as required by law.

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