GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2020

Management's discussion and analysis ("MD&A") is a review of the operations, the liquidity and the results of operations and capital resources of Geodrill Limited ("Geodrill", the "Company" or the "Group"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS")**.** This discussion contains forward-looking information. Please see "Forward-Looking Information" for a discussion of the risks, uncertainties and assumptions relating to this MD&A.

This MD&A is a review of activities and results for the three and nine months ended September 30, 2020 as compared to the corresponding period in the previous year and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2020, and also in conjunction with the audited annual consolidated financial statements and corresponding MD&A for the year ended December 31, 2019.

This MD&A is dated November 11, 2020. Disclosure contained in this document is current to that date unless otherwise stated.

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

All references to "US$" are to United States dollars and all references to "CDN$" are to Canadian dollars.

FORWARD-LOOKING INFORMATION

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

Forward-looking information is based on certain assumptions and analyses made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information contained in this MD&A. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking information, there may be other factors that may cause actions, events or results to differ from those anticipated, estimated or intended. Should one or more of these risks or uncertainties materialize or should assumptions underlying such forward-looking information prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking information contained in this MD&A.

Forward-looking information contained herein is made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information.

Corporate Overview

Geodrill operates a fleet of Multi-Purpose, Core, Air-Core, Grade Control and Underground drill rigs. The multi-purpose rigs can perform both reverse circulation ("RC") and diamond core ("Core") drilling and can switch from one to the other with little effort or downtime. Multi-purpose rigs provide clients with the efficiency and high productivity of RC drilling and the depth and accuracy of Core drilling without the need to have two different drill rigs on site. The Company currently has operations in five African countries and is currently expanding to South America. Although not yet operational, the Company has recently purchased two South American companies and is in the process of establishing operations in Peru and Brazil.

The Company's rigs and support equipment also incorporate a fleet of boosters and auxiliary compressors, which enable Geodrill to achieve high-quality sampling and operations to greater depths.

The state-of-the-art workshops and supply bases at Anwiankwanta, Ghana, at Ouagadougou, Burkina Faso, at Bouake, Cote d'Ivoire, at Bamako, Mali and at Chingola, Zambia provide centralized locations for storage of inventory, equipment and supplies, which in turn minimizes trucking, shipping and supply costs and allows the rigs and inventory to be mobilized to drill sites with minimal delay.

An experienced management team and workforce, a modern fleet of drill rigs and state-of-the-art workshops and supply bases have contributed to Geodrill's reputation as a results-oriented drilling company that strives to achieve greater drilling depths and provide better quality samples than its competitors in the shortest possible time, safely and in a cost-effective and environmentally conscious manner.

The Company continues to stress the Health and safety of its employees as its greatest concern and is strictly enforcing our COVID-19 policies and procedures throughout the Company's operations. Implementing and ensuring policies and procedures regarding screening, monitoring, good hygiene and social distancing protocols are observed. As at November 11, 2020 the Company believes its COVID-19 policies and procedures are working and can report that to the best of the Company's knowledge, no employee has COVID-19. All five countries in which we currently have operations in continue to restrict travel for all persons and are still focused on limiting travel and in most cases requiring entrants to undergo fourteen-day self-quarantines upon arrival. Despite the restricted travel, the Company has sufficient capital and human resources in countries and is able to continue to execute on clients drilling programs. Mining and mining related activities are deemed essential and are continuing for the moment as we continue to undertake drilling projects for our clients, although some clients have decided to shut-down their drilling operations or scaled them back as a result of the COVID-19 pandemic.

Business Strategy

The Company competes with other drilling companies on the basis of price, accuracy, reliability and experience in the marketplace. The Company's competitors consist of both large public companies as well as small local operators.

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

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

  Maintaining of the Company's strong presence in West Africa in four primary countries being Ghana, Burkina Faso, Cote d'Ivoire and Mali, the Company is operating in the African Copperbelt in Zambia and is also expanding into South American with an initial focus and presence in Peru and Brazil.

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

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

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

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

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

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

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

- **Maintaining a high level of safety standards to protect its people and the environment**: The Company's HSE Group oversees the design, implementation, monitoring and evaluation of the

Company’s HSE standards, which standards are generally considered to be stringent standards for drilling firms globally and are higher than what is currently required in all local markets in which Geodrill currently operates. Every aspect of Geodrill’s operations is designed to meet the highest HSE standards and includes induction meetings, at least one safety meeting per work site, including non-exploration work sites, regular safety audits and detailed investigations of incidents.

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

Market Participants and Geodrill’s Client Base

The Company’s client base is predominately in Ghana, Burkina Faso, Cote d’Ivoire and Mali.

Management’s plans include continuing to add new clients in West Africa where gold is the primary mineral and adding new clients in the African Copperbelt where copper is the primary mineral. The Company will, however, take advantage of opportunities in other minerals, including lithium, iron ore, manganese, uranium, phosphate and energy. In addition, the proximity to countries such as Senegal, Mauritania, Liberia, Sierra Leone, Nigeria and Cameroon positions the Company favorably in its ability to service these markets as well, if it so chooses. The Company’s clients drilling programs are still predominately for gold in Ghana, Burkina Faso, Cote d’Ivoire and Mali, however, the Company also provides drilling services to clients exploring in Zambia and surrounding countries. In addition to Africa, the Company is also expanding into South America with an initial focus and presence in Peru and Brazil.

The signing of a drilling contract and the actual commencement of drilling do not always happen simultaneously, and in numerous situations there may be a two to three month interval between the signing of an agreement and the commencement of drilling. In addition, given the short-term nature of drilling contracts, there can be no assurance that any contract that the Company currently has will be extended or renewed on terms favorable to the Company. In the event that any of its current contracts are not extended or renewed on favorable terms, or replaced with new contracts, this could have a significant impact on the Company’s operations.

For the three months ended September 30, 2020, three customers individually contributed 10% or more to the Company’s revenue. One customer contributed 19%, one customer contributed 14% and one customer contributed 13%.

For the three months ended September 30, 2019, three customers individually contributed 10% or more to the Company’s revenue. One customer contributed 19%, one customer contributed 12% and one customer contributed 11%.

OUTSTANDING SECURITIES AS OF NOVEMBER 11, 2020

The Company is authorized to issue an unlimited number of Ordinary Shares. As of November 11, 2020, the Company has the following securities outstanding:

Number of Ordinary Shares	[44,541,900]
Number of Options	[3,955,700]
Diluted	[48,497,600]

For the nine months ended September 30, 2020, 274,100 shares were issued as a result of options being exercised, 300,300 shares were repurchased and cancelled under the Company's Normal Course Issuer Bid ("NCIB") and 750,000 options were issued. Subsequent to the quarter end and up to and including November 11, 2020, [2,300] shares were repurchased and cancelled under the Company's NCIB but no further shares or options were issued.

OVERALL PERFORMANCE

The Company generated revenue of US$18.9M in the third quarter of 2020, a decrease of US$1.4M or 7% when compared to US$20.3M in the third quarter of 2019. The decrease in revenue was due to a change in the mix of meters drilled in the quarter.

The gross profit for the third quarter of 2020 was US$4.3M, being 23% of revenue compared to a gross profit of US$4.6M, being 23% of revenue for the third quarter of 2019. The gross profit decrease is a result of the decrease in revenue of US$1.4M offset by a decrease in cost of sales of US$1.1M. See "Supplementary Disclosure – Non IFRS Measures" on page 14.

The EBIT (as defined herein) for the third quarter of 2020 was US$2.5M, compared to EBIT of US$2.6M, for the third quarter of 2019. See "Supplementary Disclosure - Non - IFRS Measures" on page 14.

EBITDA (as defined herein) for the third quarter of 2020 was US$4.6M, being 24% of revenue, an increase when compared to US$4.5M, being 22% of revenue for the third quarter of 2019. See "Supplementary Disclosure – Non-IFRS Measures" on page 14.

The net income for the third quarter of 2020 was US$2.0M or US$0.04 per Ordinary Share (US$0.04 per Ordinary Share fully diluted), compared to US$0.8M for the third quarter of 2019 or US$0.02 per Ordinary Share (US$0.02 per Ordinary Share fully diluted).

SELECTED FINANCIAL INFORMATION

(in US$ 000's)	Three Months Ended Sep 30 2020	Three Months Ended Sep 30 2019	% Change Sep 30 2020 vs 2019	Nine Months Ended Sep 30 2020	Nine Months Ended Sep 30 2019	% Change Sep 30 2020 vs 2019
Revenue	**18,864**	**20,292**	**(7%)**	**57,729**	**70,206**	**(18%)**
Cost of Sales	**14,603**	**15,710**	**(7%)**	**43,719**	**50,345**	**(13%)**
Cost of Sales (%)	77%	77%		76%	72%	
Gross Profit	**4,261**	**4,582**	**(7%)**	**14,011**	**19,861**	**(29%)**
Gross Profit Margin (%)	23%	23%		24%	28%	
Selling, General and Administrative Expenses	**2,398**	**2,067**	**16%**	**7,282**	**7,616**	**(4%)**
Selling, General and Administrative Expenses (%)	13%	10%		13%	11%	
Foreign Exchange (Gain) / Loss	**(144)**	**(119)**		**15**	**(467)**	
Other Income	**472**	**-**		**542**	**-**	
Income from Operating Activities	**2,479**	**2,634**	**(6%)**	**7,256**	**12,712**	**(43%)**
Income from Operating Activities (%)	13%	13%		13%	18%	
Finance Income	**-**	**-**		**-**	**3**	
EBIT*	**2,479**	**2,634**	**(6%)**	**7,256**	**12,715**	**(43%)**
EBIT (%)	13%	13%		13%	18%	
Finance Cost	**46**	**116**		**177**	**383**	
Profit Before Taxation	**2,433**	**2,518**	**(3%)**	**7,079**	**12,332**	**(43%)**
Profit Before Taxation (%)	13%	12%		12%	18%	
Income Tax Expense	**472**	**1,692**		**1,720**	**7,498**	
Income Tax Expense (%)	3%	8%		3%	11%	
Net income	**1,962**	**826**	**138%**	**5,359**	**4,834**	**11%**
Net Income (%)	10%	4%		9%	7%	
EBITDA **	**4,555**	**4,496**	**1%**	**13,239**	**18,211**	**(27%)**
EBITDA (%)	24%	22%		23%	26%	
Earnings Per Share						
Basic	**0.04**	**0.02**		**0.12**	**0.11**	
Diluted	**0.04**	**0.02**		**0.12**	**0.11**	
Total Assets	**88,045**	**91,715**		**88,045**	**91,715**	
Total Long - Term Liabilities	**3,183**	**3,760**		**3,183**	**3,760**	
Cash Dividend Declared	**NIL**	**NIL**		**NIL**	**NIL**	

*EBIT = Earnings before interest and taxes

**EBITDA = Earning before interest, taxes, depreciation and amortization

See "Supplementary Disclosure Non IFRS Measures" on page 14

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2020 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2019

Revenue

The Company recorded revenue of US$18.9M for the third quarter of 2020, compared to US$20.3M for the third quarter of 2019, representing a decrease of 7%. The decrease in revenue was due to a change in the mix of meters drilled in the quarter.

Cost of Sales and Gross Profit

Cost of Sales were US$14.6M for the third quarter of 2020, compared to US$15.7M for the third quarter of 2019, being a decrease of US$1.1M.

The decrease in cost of sales for the third quarter of 2020 as compared to the third quarter of 2019 of US$1.1M reflects the following:

- Drill rig expenses and fuel costs decreased by US$1.3M, consistent with the decrease in revenue and as a result of the change in mix of meters drilled.

- Repairs and maintenance expense increased by US$0.1M as a result of more repairs being required to the Company's property, plant and equipment.

- Depreciation expense increased by US$0.1M as a result of additions in the previous years to the Company's property, plant and equipment.

The gross profit for the third quarter of 2020 was US$4.3M, compared to a gross profit of US$4.6M for the third quarter of 2019, being a decrease of US$0.3M. The gross profit percentage for the third quarter of 2020 was 23%, consistent with 23% for the third quarter of 2019.

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

SG&A expenses were US$2.4M for the third quarter of 2020, compared to US$2.1M for the third quarter of 2019, being an increase of US$0.3M and reflects the following:

- Wages, employee benefits, external services, contractors and other expenses increased by US$0.2M relating to a provision in the current quarter against Value Added Tax ("VAT") receivables.

- Depreciation expense increased by US$0.1M as a result of additions to the Company's motor vehicle fleet throughout 2019.

Other Income

Other income for the third quarter of 2020 was US$0.5M compared to US$Nil for the third quarter of 2019 relating to unrealized gains recognized on the Company's listed equity investments.

Income from Operating Activities

Income from operating activities (after cost of sales, SG&A expenses, foreign exchange gain or loss and other income) for the third quarter of 2020 was US$2.5M, as compared to US$2.6M in the third quarter of 2019.

EBITDA Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 14)

EBITDA margin for the third quarter of 2020 was 24% compared to 22% for the third quarter of 2019.

EBIT Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 14)

EBIT margin for the third quarter of 2020 was 13%, consistent with 13% for the third quarter of 2019.

Depreciation

Depreciation of property, plant and equipment and right-of-use assets was US$2.1M (US$1.9M in cost of sales and US$0.2M in SG&A) for the third quarter of 2020 compared to US$1.9M (US$1.7M in cost of sales and US$0.2M in SG&A) for the third quarter of 2019.

Income Tax Expense

Income tax expense was US$0.5M for the third quarter of 2020 compared to income tax expense of US$1.7M for the third quarter of 2019. The income tax expense of US$0.5M was comprised of US$0.6M relating to withholding tax on revenue offset by US$0.1M relating to a deferred tax recovery. Income tax expense has decreased significantly in the third quarter of 2020 compared to the third quarter of 2019 as the Company's revenue is derived predominately from countries where the Group is taxed directly versus indirectly through the withholding tax system.

Net income

The net income was US$2.0M for the third quarter of 2020, or US$0.04 per Ordinary Share (US$0.04 per Ordinary Share fully diluted), compared to US$0.8M for the third quarter of 2019, or US$0.02 per Ordinary Share (US$0.02 per Ordinary Share fully diluted).

NINE MONTHS ENDED SEPTEMBER 30, 2020 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2019

Revenue

The Company recorded revenue of US$57.7M for the nine months ended September 30, 2020, compared to US$70.2M for the nine months ended September 30, 2019, representing a decrease of 18%. The decrease in revenue was due to a change in the mix of meters drilled through the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019. In addition, in the first half of 2020, certain jobs and rigs paused as a result of the global COVID-19 pandemic. In West Africa, in the four primary countries in which the Company operates being Ghana, Burkina Faso, Cote d'Ivoire and Mali, and in Zambia the countries continued to allow mining activity, however, certain restrictions, curfews and curtailments were imposed that resulted in a disruption to certain jobs in the half of 2020.

Cost of Sales and Gross Profit

The cost of sales for the nine months ended September 30, 2020 was US$43.7M, compared to cost of sales of US$50.3M for the nine months ended September 30, 2019, being a decrease of US$6.6M.

The decrease in cost of sales for the nine months ended September 30, 2020 as compared to the nine months ended September 30, 2019 of US$6.6M reflects the following:

- Drill rig expenses and fuel costs decreased by US$4.8M, consistent with the decrease in revenue and as a result of the change in mix of meters drilled.

- Wages, employee benefits, external services, contractors and other expenses decreased by US$1.8M due to less workers being employed throughout the Company and less services being required in conjunction with the decrease in revenue.

- Repairs and maintenance decreased by US$0.3M as less repairs were completed on the Company's drill rigs and plant and equipment.

- Depreciation expense increased by US$0.3M as a result of additions in the previous years to the Company's property, plant and equipment.

The gross profit for the nine months ended September 30, 2020 was US$14.0M, compared to a gross profit of US$19.9M for the nine months ended September 30, 2019, being a decrease of US$5.9M. The gross profit percentage for the nine months ended September 30, 2020 was 24% compared to a gross profit percentage of 28% for the nine months ended September 30, 2019.

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

SG&A expenses were US$7.3M for the nine months ended September 30, 2020, compared to US$7.6M for the nine months ended September 30, 2019, being a decrease of US$0.3M and reflects the following:

- Wages, employee benefits, external services, contractors and other expenses decreased by US$0.4M due to less administrative workers being employed throughout the Company and less services being required in conjunction with the decrease in revenue.

- Depreciation expense increased by US$0.2M as a result of additions to the Company's motor vehicle fleet throughout 2019.

- Expected lifetime credit recovery decreased by US$0.1M due to an improvement in the aging profile of the Company's trade receivables.

Other Income

Other income for the nine months ended September 30, 2020 was US$0.5M compared to US$Nil for the nine months ended September 30, 2019 relating to unrealized gains recognized on the Company's listed equity investments.

Income from Operating Activities

Income from operating activities (after cost of sales, SG&A expenses, foreign exchange gain or loss and other income) for the nine months ended September 30, 2020 was US$7.3M compared to US$12.7M for the nine months ended September 30, 2019.

EBITDA Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 14)

EBITDA margin for the nine months ended September 30, 2020 was 23% compared to 26% for the nine months ended September 30, 2019.

EBIT Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 14)

EBIT margin for the nine months ended September 30, 2020 was 13% compared to 18% for the nine months ended September 30, 2019.

Depreciation

Depreciation of property, plant and equipment for the nine months ended September 30, 2020 was US$6.0M (US$5.3M in cost of sales and US$0.7M in SG&A) compared to US$5.5M (US$5.0M in cost of sales and US$0.5M in SG&A) for the nine months ended September 30, 2019.

Income Tax Expense

Income tax expense was US$1.7M for the nine months ended September 30, 2020 compared to income tax expense of US$7.5M for the nine months ended September 30, 2019. The income tax expense of US$1.7M was comprised of US$2.0M relating to withholding tax on revenue offset by US$0.3M relating to a deferred tax recovery. Income tax expense has decreased significantly in the nine months ended September 30, 2020 compared to the nine months ended September 30, 2019 as the Company's revenue is derived predominantly from countries where the Group is taxed directly versus indirectly through the withholding tax system.

Net Income

The net income was US$5.4M for the nine months ended September 30, 2020, or US$0.12 per Ordinary Share (US$0.12 per Ordinary Share fully diluted), compared to US$4.8M, for the nine months ended September 30, 2019, or US$0.11 per Ordinary Share (US$0.11 per Ordinary Share fully diluted).

SUMMARY OF QUARTERLY RESULTS

	2020			2019				2018
(in US$ 000s)	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31
Revenue	18,864	20,862	18,003	17,202	20,292	27,787	22,127	20,396
Revenue (Decrease) / Increase %	*(10%)*	*16%*	*5%*	*(15%)*	*(27%)*	*26%*	*8%*	*23%*
Gross Profit	4,261	6,635	3,115	2,326	4,582	8,903	6,376	5,296 (1)
Gross Margin (%)	*23%*	*32%*	*17%*	*14%*	*23%*	*32%*	*29%*	*26%*
Net Earnings / (Loss)	1,962	3,281	117	(958)	826	2,481	1,528	386
Per Share - Basic	0.04	0.07	0.00	(0.02)	0.02	0.06	0.04	0.02
Per Share - Diluted	0.04	0.07	0.00	(0.02)	0.02	0.06	0.03	0.01

(1) The Company reclassified amounts from selling, general and administrative expenses to cost of sales to conform to the presentation adopted in the current and prior year.

The Company’s revenue of US$18.9M represents a decrease on a quarter over quarter basis by US$2.0M or 10% for the third quarter ended September 30, 2020 compared to the second quarter ended June 30, 2020 as a result of the wet season. On a quarter to quarter basis, the Company’s revenue decreased by US$1.4M compared to the third quarter ended September 30, 2019 as a result of a change in mix of meters drilled.

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. The wet season occurs (in some geographical areas where the Company operates, particularly in Burkina Faso and Mali) normally in the third quarter, but in the recent years the global weather pattern has become somewhat erratic. In the third quarter of 2020, the Company was impacted by the wet season. The Company has historically taken advantage of the wet season and has scheduled the third quarter for maintenance and rebuild programs for drill rigs and equipment.

Effect of Exchange Rate Movements

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

The Company's revenue is invoiced in US Dollars and local currencies. The Company’s purchases are in Australian Dollars, US Dollars, Euros, Canadian Dollars and local currencies. Other local expenses include purchases and wages which are paid in the local currency.

SELECTED INFORMATION FROM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months Ended		Nine months Ended	
	Sep 30	Sep 30	Sep 30	Sep 30
(in US$ 000s)	2020	2019	2020	2019
Net cash generated from operating activities	5,421	7,035	5,985	10,560
Net cash used in investing activities	(1,731)	(744)	(4,136)	(4,250)
Net cash used in financing activities	(955)	(815)	(2,368)	(2,177)
Effect of movement in exchange rates on cash	(78)	(76)	(94)	(131)
Net increase / (decrease) in cash	2,657	5,400	(613)	4,002

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at September 30, 2020, the Company had cash of US$9.9M and US$3.5M still available on the US$3.5M Revolving Line of Credit. As at September 30, 2020, the Company had loans payable of US$1.6M. Since the Company has loans payable, the Company continues to monitor its cash and its capital spending in conjunction with the loans that need to be repaid.

THIRD QUARTER ENDED SEPTEMBER 30, 2020

Operating Activities

In the third quarter of 2020, the Company generated net cash from operating activities of US$5.4M, as compared to cash generated from operating activities of US$7.0M in the third quarter of 2019. The Company realized a profit before taxation of US$2.4M for the third quarter of 2020, and the changes in non-cash items and changes in working capital items increased cash by US$3.0M, resulting in cash generated from operations of US$5.4M.

Investing Activities

In the third quarter of 2020, the Company's net investment in property, plant and equipment was US$1.7M compared to US$0.7M in the third quarter of 2019. The Company continues to upgrade its fleet in order to maintain a modern fleet of drill rigs and related equipment. The Company understands the importance of this and has significantly invested in its property, plant and equipment. Plant and equipment additions in the third quarter of 2020 included costs associated with rebuilding existing drill rigs and related equipment, new light vehicles and costs associated with completing certain operational bases and certain sites at client premises.

Financing Activities

In the third quarter of 2020, the Company used net cash of US$1.0M relating to financing activities. The Company repaid loans in the amount of US$0.5M, purchased shares under the Company's NCIB in the amount of $0.4M and paid lease liabilities of US$0.1M. In the third quarter of 2019, the Company used cash of US$0.8M related to financing activities. The Company repaid loans in the amount of US$0.6M, paid lease liabilities of US$0.1M and received US$0.1M from the exercise of stock options.

NINE MONTHS ENDED SEPTEMBER 30, 2020

Operating Activities

In the nine months ended September 30, 2020, the Company generated cash from operating activities of US$6.0M, as compared to generating cash from operating activities of US$10.6M in the nine months ended September 30, 2019. The Company realized income before taxation of US$7.1M for the nine months ended September 30, 2020; however, the changes in non-cash items and changes in working capital items decreased cash by US$1.1M resulting in cash generated from operations of US$6.0M.

Investing Activities

In the nine months ended September 30, 2020, the Company's investment in property, plant and equipment was US$4.1M compared to US$4.3M in the nine months ended September 30, 2019. The Company continues to upgrade its fleet in order to maintain a modern fleet of drill rigs and related equipment. The Company understands the importance of this and has significantly invested in its property, plant and equipment. Plant and equipment additions in the nine months ended September 30, 2020 included costs associated with rebuilding existing drill rigs and related equipment, new light vehicles and costs associated with completing certain operational bases and certain sites at client premises.

Financing Activities

During the nine months ended September 30, 2020, the Company used cash of US$2.4M relating to financing activities. The Company repaid loans in the amount of US$1.7M, purchased shares under the Company's NCIB in the amount of $0.4M, paid lease liabilities of US$0.4M and received US$0.1M from the exercise of stock options. In the nine months ended September 30, 2019, the Company repaid loans in the amount of US$1.8M, paid lease liabilities of US$0.3M, paid an amount of US$0.5M on the related party payables and received US$0.4M from the exercise of stock options.

Contractual Obligations

Contractual Obligations in US$	Payments Due by					
	Total	2020	2021	2022	2023	2024 and older
Loan (1)	1,670,000	570,000	1,100,000	-	-	-
Purchase obligation (2)	1,500,000	500,000	1,000,000	-	-	-
Lease liablities (3)	240,000	20,000	95,000	65,000	30,000	30,000
Total Contractual Obligations	**3,410,000**	**1,090,000**	**2,195,000**	**65,000**	**30,000**	**30,000**

(1) Loan refers to the US$6.5M Medium Term Loan, including the related interest.

(2) The purchase obligation refers to the purchase of a drill rig that the Company expects to be shipped in the second quarter of 2021.

(3) The lease liabilities relate to the lease payments for the two real estate properties, as fully disclosed under "Transactions with Related Parties". In addition, the lease liabilities includes amounts for other operating sites.

Contractual obligations will be funded in the short-term by cash as at September 30, 2020 of US$9.9M, cash flow generated from operations, and the US$3.5M amount still available on the US$3.5M Revolving Line of Credit.

OUTLOOK

The Company is continuing to see a recovery in the mineral drilling sector and is optimistic that the recovery will continue throughout the remainder of 2020. In addition, although meter pricing remains competitive in the industry, the Company is witnessing prices continuing to stabilize.

The Company has not experienced significant disruption to production or its supply chain as a result of COVID-19. Mining and mining related activities are currently deemed essential and are continuing for the moment as we continue to undertake drilling projects for our clients, although some clients had decided to shut-down their drilling operations or scaled them back in the first six months of 2020, in relation to the COVID-19 pandemic.

As at September 30, 2020, the Company had 67 drill rigs, of which 61 drill rigs were available for operation and six drill rigs were in the workshop.

SUPPLEMENTARY DISCLOSURE - NON-IFRS MEASURES

EBIT is defined as Earnings before Interest and Taxes and EBITDA is defined as Earnings before Interest, Taxes, Depreciation and Amortization. The definitions are used in this MD&A as measures of financial performance. The Company believes EBIT and EBITDA are useful to investors because they are frequently used by securities analysts, investors and other interested parties to evaluate companies in the same industry. However, EBIT and EBITDA are not measures recognized by IFRS and do not have standardized meanings prescribed by IFRS. EBIT and EBITDA should not be viewed in isolation and do not purport to be alternatives to net income or gross profit as indicators of operating performance or cash flows from operating activities as a measure of liquidity. EBIT and EBITDA do not have standardized meanings prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies. Also, EBIT and EBITDA should not be construed as alternatives to other financial measures determined in accordance with IFRS.

Additionally, EBIT and EBITDA are not intended to be measures of free cash flow for management's discretionary use, as they do not consider certain cash requirements such as capital expenditures, contractual commitments, interest payments, tax payments and debt service requirements.

Gross profit margin is defined as gross profit as a percentage of revenue. Gross profit margin does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similarly titled measures presented by other publicly traded companies.

The following table is a reconciliation of Geodrill's results from operations to EBIT and EBITDA:

	Three months ended		Nine months ended	
(US$ 000s)	Sep 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019
Total comprehensive income	1,962	826	5,359	4,834
Add: Income taxes	472	1,692	1,720	7,498
Add: Finance costs	46	116	177	383
Earnings Before Interest and Taxes (EBIT)	**2,479**	**2,634**	**7,256**	**12,715**
Add: Depreciation and Amortization	2,076	1,862	5,983	5,496
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	**4,555**	**4,496**	**13,239**	**18,211**

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer (the "CEO") and the Chief Financial Officer (the "CFO") of the Company are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under their supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure. As at September 30, 2020, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P were effective as at September 30, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

There were no changes in the Company's internal control over financial reporting during the period beginning on January 1, 2020 and ending on September 30, 2020, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

RISK FACTORS

A complete discussion of general risks and uncertainties may be found in the Company's Annual Information Form for the fiscal year ended December 31, 2019 which can be found on the SEDAR website at www.sedar.com, and which continue to apply to the business of the Company. The Company is not aware of any significant changes to risk factors from those disclosed at that time, except as noted below:

Coronavirus (COVID-19) and health crises

The current outbreak of novel Coronavirus (COVID-19) and any future emergence and spread of similar pathogens could have an adverse impact on global economic conditions which may adversely impact our operations, and the operations of our suppliers, contractors and service providers, the ability to obtain financing and the demand for our production. Travel bans across the world may also impact the ability of the Company to advance the Company's projects. In particular, should any employees or consultants of the Company become infected with Coronavirus or similar pathogens, there is likely to be a delay in the development of the Company's projects. The Company continues to stress the Health and Safety of its employees as its greatest concern and is strictly enforcing our COVID-19 policy and procedures throughout the Company's operations. Implementing and ensuring policies and procedures regarding screening, monitoring, good hygiene and social distancing protocols are observed. As at November 11, 2020 the Company believes its COVID-19 policies and procedures are working and can report that to the best of the Company's knowledge, no employee has COVID-19. All five countries in which we currently have operations in have heightened travel awareness for all persons and have focused on safeguarding travel and in most cases requiring entrants to undergo rapid COVID-19 tests upon arrival and departure. Depending on the results of the rapid COVID-19 test, individuals may be subject to fourteen-day self-quarantines upon arrival. Despite the impact on travel, the Company has sufficient capital resources in countries and is able to continue to execute on clients drilling programs. Mining and mining related activities are deemed essential and are continuing for the moment as we continue to undertake drilling projects for our clients.

FAIR VALUES OF FINANCIAL INSTRUMENTS

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. The fair value of financial assets held at fair value through profit and loss are measured using quoted market prices.

There were no financial instruments classified as level 2 or 3 in the fair value hierarchy at September 30, 2020 and December 31, 2019.

RELATED PARTY TRANSACTIONS

Related party	Relationship	Country of Incorporation	Ownership Interest 2020	Ownership Interest 2019
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
D.S.I. Services Limited	Subsidiary	British Virgin Islands	100%	100%
D.S.I. Services (IOM) Limited	Subsidiary	Isle of Man	100%	100%
Geotool Limited	Subsidiary	British Virgin Islands	100%	100%
Geo-Forage BF SARL	Subsidiary	Burkina Faso	100%	100%
Geodrill BF SARL	Registered foreign operating entity	Cote d'Ivoire	100%	100%
Geo-Forage Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geo-Forage Mali SARL	Subsidiary	Mali	100%	100%
Geodrill Mali SARL	Registered foreign operating entity	Cote d'Ivoire	100%	N/A
Geo-Forage Senegal SARL	Subsidiary	Senegal	100%	100%
Geodrill Limited Zambia	Registered foreign operating entity	Zambia	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geodrill Mauritius Limited	Subsidiary	Mauritius	100%	100%
Drilling Serices Malta Limited	Subsidiary	Malta	100%	N/A
Vannin Resources, Unipessoal Limitada	Subsidiary	Madera	100%	N/A
Geodrill Sondagens LTDA	Subsidiary	Brazil	100%	N/A
Recon Drilling S.A.C.	Subsidiary	Peru	95%	N/A
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 39.3% (December 31, 2019: 39.3%) of the issued share capital of Geodrill Limited. On October 1, 2020, Geodrill Ghana Limited entered into new lease agreements with The Harper Family Settlement for the Anwiankwanta property and for the Accra property, both for a two year term and rent for the Anwiankwanta property of US$202,000 per annum and rent for the Accra property of US$82,000 per annum. The material terms of the two year lease agreements include: (i) the annual rent payable shall be reviewed on an upward only basis on or before October 1, 2022; and (ii) only Geodrill Ghana Limited can terminate the leases by giving twelve months' notice. It was also agreed that all future rent increases will be based on USA inflation data.

For the period ending September 30, 2020, the right-of-use assets relating to the properties above was US$Nil (December 31, 2019: US$195,214) and the related lease liabilities were US$Nil (December 31, 2019: US$179,499).

The Group has paid fees to Clearwater Fiduciary Services Limited during the three and nine months ended September 30, 2020 of US$Nil and US$54,592, respectively (three and nine months ended September 30, 2019: US$Nil and US$Nil, respectively). One of the directors of Clearwater Fiduciary Services Limited is also a director of Geodrill Limited.

(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 year comprised:

	Three month period ended September 30,		Nine month period ended September 30,	
	2020	**2019**	**2020**	**2019**
	US$	**US$**	**US$**	**US$**
Short-term benefits	921,133	893,116	2,756,392	2,759,428
Share-based payment arrangements	26,459	-	111,002	145,334
	947,592	893,116	2,867,394	2,904,762

(iii) Related party balances

The related party payables balance payable to The Harper Family Settlement as at September 30, 2020 amounts to US$450,000 (December 31, 2019: US$450,000). The related party payables balance is unsecured, interest free and is repayable on demand at the option of The Harper Family Settlement.

SIGNIFICANT ACCOUNTING POLICIES

The Company's IFRS significant accounting policies are provided in Note 2 to the audited annual consolidated financial statements for the year ended December 31, 2019 and can be found on SEDAR at www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values are described in the Company's audited consolidated financial statements for the years ended December 31, 2019 and 2018.

Additional Information

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