

GEODRILL LIMITED
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FIRST QUARTER ENDED MARCH 31, 2021

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 months ended March 31, 2021 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 months ended March 31, 2021, and also in conjunction with the audited annual consolidated financial statements and corresponding MD&A for the year ended December 31, 2020.

This MD&A is dated May 11, 2021. 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, one South American country and has recently been awarded a contract in Egypt.

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, at Chingola, Zambia and at Lima, Peru, 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. Certain 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 require entrants to complete a negative polymerase chain reaction (“PCR”) test before entry is allowed into the country. Despite the restricted travel, the Company has sufficient capital and human resources in each country 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.

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:

West Africa and the African Copperbelt: The Company continues to maintain its strong presence in West Africa in four primary countries being Ghana, Burkina Faso, Cote d'Ivoire and Mali and in the African copperbelt in Zambia. Management's plans include continuing to add more rigs for existing clients, expanding the scope of drilling services to include drill and blast capabilities and adding new clients in West Africa.

South America and Peru: The Company was awarded its first contract in South America in Peru and drilled throughout Q1 2021. Management's intention is to continue to add rigs and clients in Peru and other South American countries as it believes the need for specialized drilling in South America will support Geodrill's expansion into South America. Geodrill has corporate entities in both Peru and Brazil and is considering other South American countries for expansion.

Egypt: Subsequent to quarter end, the Company successfully secured its first drilling contract in Egypt. As Egypt has recently amended its mining laws to attract more foreign investment, Geodrill has been able to secure its first contract in this exciting untapped mineral rich country. The Company has dispatched two drill rigs from its existing fleet and expects to be drilling in Q3 2021. Depending on utilization and the availability of rigs, tender proposals and Geodrill's confidence to acquire new drill rigs, the Company may continue to expand its footprint in Egypt as it believes the country is vastly underexplored and has attracted many tier one mining companies and exploration companies who are committed to invest in and explore their awarded exploration blocks.

- **A Modern Fleet of Drill Rigs and World Class Workshops:** The Company has accumulated modern state-of-the-art drilling rigs, and continues to invest in new rigs and ancillary equipment with an 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 maintained long standing relationships with international vendors in Australia, Europe, North and South America and China and has also been supported in West Africa, Zambia and Peru by local branches of these suppliers and other local suppliers.
- **Local Knowledge:** The Company's market knowledge, expertise and experience have enabled Geodrill to further develop the local networks required to support its operations.

- **Presence in West Africa, the African Copperbelt and Peru:** 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, Zone Manager – Francophone West Africa, Don Seguin, Health, Safety and Environmental (“HSE”) Manager, John Kavanagh, Business Development Manager – Special Projects and John Sanderson, Commercial Manager, Europe, Middle East & Africa.
- **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.
- **Environmental, Social and Governance (ESG):** The Company has always considered our ESG initiatives first and foremost and is at the centre of everything we do. Operating in the mining sector, our impact on the environment has been a key focus for the Company as we continually strive to improve the environment. Our Social impact has been focused on the communities we work in, giving back to the orphanages, schools and shelters but also making sure we transfer the expertise and knowledge of our most experienced employees in developing local employees. Our governance initiatives including our code of conduct and ethics policy, whistleblower policy, bribery and diversity policy are developed by our board of directors and carried out by senior management throughout the organization so that each stakeholder in Geodrill understands the importance of governance.
- **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 Peru.

Market Participants and Geodrill’s Client Base

The Company’s client base is predominantly in Ghana, Burkina Faso, Cote d’Ivoire and Mali. The Company’s drilling focus is still predominantly on gold and is still predominantly in West Africa, however, the Company also provides drilling services to clients exploring for copper in Zambia and for zinc in Peru. 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 African 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 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 March 31, 2021, three customers individually contributed 10% or more to the Company's revenue. One customer contributed 27%, one customer contributed 15% and one customer contributed 12%.

For the three months ended March 31, 2020, three customers individually contributed 10% or more to the Company's revenue. One customer contributed 29%, one customer contributed 24% and one customer contributed 10%.

OUTSTANDING SECURITIES AS OF MAY 11, 2021

The Company is authorized to issue an unlimited number of Ordinary Shares. As of May 11, 2021, the Company has the following securities outstanding:

Number of Ordinary Shares	45,016,400
Number of Options	<u>3,750,000</u>
Diluted	<u>48,766,400</u>

For the three months ended March 31, 2021, 707,600 shares were issued as a result of options being exercised, 690,000 options were issued and 300 shares were repurchased and cancelled under the Company's Normal Course Issuer Bid.

OVERALL PERFORMANCE

The Company generated record revenue of US\$30.7M in the first quarter of 2021, an increase of US\$12.7M or 70% when compared to US\$18.0M in the first quarter of 2020. This is a significant achievement for the Company as this is the highest quarterly revenue ever recorded in the Company's history. The increase in revenue is a result of the increase in demand for the Company's drilling services. As the price of gold has been trending upwards in the last few years, rising above US\$2,000 an ounce in 2020, before settling back to US\$1,900 at the end of 2020, the first quarter of 2021 saw gold range between approximately US\$1,700 an ounce to approximately US\$1,940 an ounce. With a sustained gold price in excess of US\$1,700, global exploration spending continues to increase. The majority of exploration spending is on gold and in conjunction with the increase in the gold price, the Company which drills approximately 95% for clients exploring for gold, has also seen the impact on its clients. The juniors now have access to the capital markets and are able to raise capital for their exploration properties. The intermediates and senior clients are continuing to generate sufficient cash flows from their operations and are expanding their exploration budgets accordingly. The first quarter of 2021 continued to ramp up from the start to the finish as the Company was extremely busy in January, which was a carryover from the busy Q4 2020. Typically, clients have a prolonged break during the holiday season and are slow to resume operations in the New Year, however in January 2021, we experienced most clients resume drilling earlier in January than normal and the increase in drilling activity continued throughout the quarter.

The gross profit for the first quarter of 2021 was US\$9.6M, being 31% of revenue compared to a gross profit of US\$3.1M, being 17% of revenue for the first quarter of 2020. The gross profit increase is a result of the increase in revenue of US\$12.7M offset by an increase in cost of sales of US\$6.1M. See “Supplementary Disclosure – Non IFRS Measures” on page 12.

The EBIT (as defined herein) for the first quarter of 2021 was US\$7.7M, compared to EBIT of US\$0.5M, for the first quarter of 2020. See “Supplementary Disclosure - Non - IFRS Measures” on page 12.

The Company realized record EBITDA (as defined herein) for the first quarter of 2021 of US\$10.0M, being 33% of revenue, compared to US\$2.2M, being 12% of revenue for the first quarter of 2020. See “Supplementary Disclosure – Non-IFRS Measures” on page 12.

The Company realized record net income for the first quarter of 2021 of US\$5.7M or US\$0.13 per Ordinary Share (US\$0.13 per Ordinary Share fully diluted), compared to US\$0.1M for the first quarter of 2020 or US\$0.00 per Ordinary Share (US\$0.00 per Ordinary Share fully diluted).

SELECTED FINANCIAL INFORMATION

(in US\$ 000s)	<u>Three months Ended</u>		<u>% Change</u>
	Mar 31 2021	Mar 31 2020	Mar 31 2021 vs 2020
Revenue	30,665	18,003	70%
Cost of Sales	(21,033)	(14,888)	41%
<i>Cost of Sales (%)</i>	69%	83%	
Gross Profit	9,632	3,115	209%
<i>Gross Profit Margin (%)</i>	31%	17%	
Selling, General and Administrative Expenses	(3,046)	(2,738)	11%
<i>Selling, General and Administrative Expenses (%)</i>	10%	15%	
Foreign Exchange (Loss) / Gain	(200)	190	
Other Gain / (Loss)	1,284	(58)	
Profit from Operating Activities	7,670	509	
<i>Profit from Operating Activities (%)</i>	25%	3%	
EBIT*	7,670	509	
<i>EBIT (%)</i>	25%	3%	
Finance Cost	(93)	(70)	
<i>Finance Cost (%)</i>	0%	0%	
Profit Before Taxation	7,577	439	
<i>Profit Before Taxation (%)</i>	25%	2%	
Income Tax Expense	(1,925)	(322)	
<i>Income Tax Expense (%)</i>	6%	2%	
Net Income	5,652	117	
<i>Net Income (%)</i>	18%	1%	
EBITDA **	10,021	2,215	352%
<i>EBITDA (%)</i>	33%	12%	
Income Per Share			
Basic	0.13	0.00	
Diluted	0.13	0.00	
Total Assets	112,468	87,153	29%
Total Long - Term Liabilities	3,724	3,740	
Cash Dividend Declared***	0.01	NIL	

See "Supplementary Disclosure - Non-IFRS Measures" on page 12.

*EBIT = Earnings before interest and taxes.

**EBITDA = Earnings before interest, tax, depreciation and amortization.

*** A CDN\$0.01 was declared on March 5, 2021.

RESULTS OF OPERATIONS

Revenue

The Company recorded record revenue of US\$30.7M for the first quarter of 2021, compared to US\$18.0M for the first quarter of 2020, representing an increase of 70%. This is a significant achievement for the Company as this is the highest quarterly revenue ever recorded in the Company's history. The increase in revenue is a result of the increase in demand for the Company's drilling services. The Company has operated in West Africa for over 20 years and has invested a significant amount of capital into its drill fleet operating in the region with advantages in the form of experience in the market place, accuracy, reliability and safety, which have been key factors in the awarding of contracts and the increase in the Company's revenue. In addition to significantly expanding its rig fleet, the Company has also been successful in expanding its client base to include a mix of majors, intermediates and juniors which has contributed to the increase in overall drilling activity and a well balanced mix of drilling services.

Cost of Sales and Gross Profit

Cost of Sales were US\$21.0M for the first quarter of 2021, compared to US\$14.9M for the first quarter of 2020, being an increase of US\$6.1M and reflects the following:

- Wages, employee benefits, external services, contractors and other expenses increased by US\$2.4M consistent with the increase in drilling activity and revenue.
- Drill rig expenses and fuel costs increased by US\$2.8M consistent with the increase in drilling activity and revenue.
- Depreciation expense increased by US\$0.6M as a result of significant additions in the previous years to the Company's drill rigs and plant and equipment.
- Repairs and maintenance costs increased by US\$0.3M as more repairs were completed on the Company's drill rigs and plant and equipment.

The gross profit for the first quarter of 2021 was US\$9.6M, compared to a gross profit of US\$3.1M for the first quarter of 2020, being an increase of US\$6.5M. The gross profit percentage for the first quarter of 2021 was 31% compared to 17% for the first quarter of 2020.

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

SG&A expenses were US\$3.0M for the first quarter of 2021, compared to US\$2.7M for the first quarter of 2020, being an increase of US\$0.3M and reflects the following:

- Provision for doubtful accounts increased by US\$0.3M due to a change in the aging profile of trade receivables.

Foreign Exchange (Loss)/Gain

Foreign exchange loss for the first quarter of 2021 was US\$0.2M compared to a gain of US\$0.2M for the first quarter of 2020 as a result of fluctuations in foreign currencies.

Other Gain/(Loss)

Other gain for the first quarter of 2021 was US\$1.3M compared to a loss of US\$0.1M for the first quarter of 2020 relating to gains on the Company's listed equity investments held at fair value through profit and loss.

Income from Operating Activities

Income from operating activities (after cost of sales, SG&A expenses, foreign exchange gain or loss and other gains or losses) for the first quarter of 2021 was US\$7.7M, as compared to US\$0.5M in the first quarter of 2020.

EBIT and EBIT Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 12)

EBIT of US\$7.7M for the first quarter of 2021 or 25%, compared to US\$0.5M or 3% for the first quarter of 2020.

EBITDA and EBITDA Margin (see "Supplementary Disclosure – Non-IFRS Measures" on page 12)

The Company realized record EBITDA of US\$10.0M for the first quarter of 2021 or 33%, compared to US\$2.2M or 12% for the first quarter of 2020.

Depreciation

Depreciation of property, plant and equipment and right-of-use assets was US\$2.4M (US\$2.2M in cost of sales and US\$0.2M in SG&A) for the first quarter of 2021 compared to US\$1.7M (US\$1.5M in cost of sales and US\$0.2M in SG&A) for the first quarter of 2020.

Income Tax Expense

Income tax expense for the first quarter ended March 31, 2021 was US\$1.9M compared to income tax expense of US\$0.3M for the first quarter ended March 31, 2020. The income tax expense of US\$1.9M was comprised of US\$1.2M relating to withholding tax on revenue, US\$0.5M relating to tax expense on taxable income and US\$0.2M relating to a deferred tax charge. Income Tax expenses has increased significantly in the first quarter ended March 31, 2021 compared to the first quarter ended March 31, 2020 as a result of the increased profitability for the first quarter ended March 31, 2021 versus the first quarter ended March 31, 2020.

Net income

The Company realized record net income of US\$5.7M for the first quarter of 2021, or US\$0.13 per Ordinary Share (US\$0.13 per Ordinary Share fully diluted), compared to US\$0.1M for the first quarter of 2020, or US\$0.00 per Ordinary Share (US\$0.00 per Ordinary Share fully diluted).

SUMMARY OF QUARTERLY RESULTS

	2021	2020				2019		
(in US\$ 000s)	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenue	30,665	24,706	18,864	20,862	18,003	17,202	20,292	27,787
Revenue Increase / (Decrease) %	24%	31%	(10%)	16%	5%	(15%)	(27%)	26%
Gross Profit	9,632	6,903	4,261	6,635	3,115	2,326	4,582	8,903
Gross Margin (%)	31%	28%	23%	32%	17%	14%	23%	32%
Net Earnings / (Loss)	5,653	2,154	1,962	3,281	117	(958)	826	2,481
Per Share - Basic	0.13	0.05	0.04	0.07	0.00	(0.02)	(0.02)	0.06
Per Share - Diluted	0.13	0.05	0.04	0.07	0.00	(0.02)	0.02	0.06

The Company's revenue of US\$30.7M represents an increase on a quarter over quarter basis by US\$6.0M or 24% for the first quarter ended March 31, 2021 compared to the fourth quarter ended December 31, 2020. This was the result of the Company being extremely busy in Q1 2021 and recording its highest ever quarterly revenue. The Company was able to generate gross profit of US\$9.6M in the current quarter. On a quarter to quarter basis, the Company's revenue increased by US\$12.7M or 70% compared to the first quarter ended March 31, 2020 largely as a result of a slower than usual Q1 2020.

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, however the first quarter of 2021 was extremely busy and not affected by the shutdown. 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 Group operates, particularly in Burkina Faso and Mali) normally in the third quarter, but in recent years the global weather pattern has become somewhat erratic. The Group 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

(in US\$ 000s)	Three months Ended	
	Mar 31 2021	Mar 31 2020
Net cash used in operating activities	(3,034)	(3,308)
Net cash used in investing activities	(1,396)	(658)
Net cash generated from / (used in) financing activities	3,583	(689)
Effect of movement in exchange rates on cash	212	(89)
Net decrease in cash	(637)	(4,744)

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

As at March 31, 2021, the Company had cash of US\$5.9M and US\$1.5M still available for drawdown on the US\$7.5M Revolving Line of Credit. As at March 31, 2021, the Company had loans payable of US\$6.5M. 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.

Subsequent to quarter end, the Company repaid the final amount on the US\$6.5M Medium Term Loan, increased the US\$7.5M Revolving Line of Credit that matured on April 30, 2021 to US\$10M, and entered into a new US\$6M Medium Term Loan to finance the cost of property, plant and equipment to support the Company's operations. As at May 11, 2021, out of the total US\$16M Revolving Line of Credit and Medium Term Loan, only \$6M has been drawn leaving US\$10M still available for drawdown.

FIRST QUARTER ENDED MARCH 31, 2021

Operating Activities

In the first quarter of 2021, the Company used net cash in operating activities of US\$3.0M, as compared to net cash used in operating activities of US\$3.3M in the first quarter of 2020. The Company realized a profit before taxation of US\$7.6M for the first quarter of 2021, however, the changes in non-cash items and changes in working capital items decreased cash by US\$10.6M, resulting in cash being used in operations of US\$3.0M. The Company continues to work with its customers to build long-term relationships. The change in working capital in Q1 2021 led to a decrease in cash of US\$10.6M largely as a result of trade receivables increasing by \$12.2M throughout the quarter. The increase in trade receivables was a result of the increased revenue but was also due to a timing issue as certain customers elected to settle trade receivables after quarter end. The Company has also ensured that it has adequate inventory in place in its operating countries so that it can keep up with the increased demand for drilling services.

Investing Activities

In the first quarter of 2021, the Company's investment in property, plant and equipment was US\$1.4M compared to US\$0.7M in the first quarter of 2020. 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 first quarter of 2021 included costs associated with rebuilding existing drill rigs and related equipment, new light vehicles and leasehold improvements.

Financing Activities

In the first quarter of 2021, the Company generated net cash of US\$3.6M relating to financing activities. The Company received loans of US\$4.0M, repaid loans in the amount of US\$0.5M, received US\$0.4M from the exercise of stock options, repaid related party balances of US\$0.2M and paid lease liabilities of US\$0.1M. In the first quarter of 2020, the Company used net cash of US\$0.7M relating to financing activities as the Company repaid loans in the amount of US\$0.6M and paid lease liabilities of US\$0.1M.

Contractual Obligations

Contractual Obligations (in US\$ 000s)	Payments Due by					
	Total	2021	2022	2023	2024	2025 and older
Loans (1)	7,000	2,900	4,100	-	-	-
Purchase obligation (2)	650	650	-	-	-	-
Lease liabilities (3)	615	280	275	30	22	8
Total Contractual Obligations	8,265	3,830	4,375	30	22	8

(1) Loans refer to amounts owing on the US\$6.5M Medium Term Loan and amounts drawn on the US\$7.5M Revolving Line of Credit, including the related interest.

(2) Purchase obligations relate 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 March 31, 2021 of US\$5.9M and the US\$1.5M amount still available on the US\$7.5M Revolving Line of Credit and cash flow generated from operations.

OUTLOOK

In Q1 2021, the Company recorded its highest ever quarterly revenue. The Company has operated in West Africa for over 20 years and has invested a significant amount of capital into its drill fleet operating in the region with advantages in the form of experience in the market place, accuracy, reliability and safety, which have been key factors in the awarding of contracts and the increase in the Company's revenue. In addition to significantly expanding its rig fleet, the Company has also been successful in expanding its client base to include a mix of majors, intermediates and juniors which has contributed to the increase in overall drilling activity and a well balanced mix of drilling services. The Company is continuing to see a robust mining and exploration cycle and is optimistic that this cycle will continue throughout 2021.

In line with the Company's strategy of having a standardized rig fleet where rigs can be quickly interchanged, the new rig will require minimal tooling up and is expected to start drilling shortly after it is received. As at March 31, 2021, the Company had 68 drill rigs, of which 61 drill rigs were available for operation, six drill rigs were in the workshop and one drill rig was being manufactured.

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:

(US\$ 000s)	Three months ended	
	Mar 31, 2021	Mar 31, 2020
Total comprehensive income	5,653	117
Add: Income tax expense	1,925	322
Add: Finance costs	93	70
Earnings Before Interest and Taxes (EBIT)	7,670	509
Add: Depreciation and Amortization	2,351	1,706
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)	10,021	2,215

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 March 31, 2021, 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 March 31, 2021.

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, 2021 and ending on March 31, 2021, 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, 2020 which can be found on the SEDAR website

at www.sedar.com, and which continue to apply to the business of the Company. The Company is not aware of any significant changes to risk factors from those disclosed at that time.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The 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 March 31, 2021 and December 31, 2020.

RELATED PARTY TRANSACTIONS

Related party	Relationship	Incorporation	2021	2020
Geodrill Mauritius Limited	Subsidiary	Mauritius	100%	100%
Geodrill Ghana Limited	Subsidiary	Ghana	100%	100%
Geodrill Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	100%	100%
Geodrill BF SARL	Registered foreign operating entity	Cote d'Ivoire	100%	100%
Geodrill Mali SARL	Registered foreign operating entity	Cote d'Ivoire	100%	100%
Geodrill Limited Zambia	Registered foreign operating entity	Zambia	100%	100%
Drilling Services Malta Limited	Subsidiary	Malta	100%	100%
Vannin Resources, Unipessoal Limitada	Subsidiary	Madeira	100%	100%
Geodrill Sondagens LTDA	Subsidiary	Brazil	100%	100%
Recon Drilling S.A.C.	Subsidiary	Peru	95%	95%
Geo-Drill SARL	Subsidiary	Mali	95%	-
The Harper Family Settlement	Significant shareholder	Isle of Man	-	-
Geotool Limited	Subsidiary	British Virgin Islands	N/A ⁽¹⁾	100%
D.S.I. Services Limited	Subsidiary	British Virgin Islands	N/A ⁽²⁾	N/A ⁽²⁾
D.S.I. Services (IOM) Limited	Subsidiary	Isle of Man	N/A ⁽²⁾	N/A ⁽²⁾
Geo-Forage BF SARL	Subsidiary	Burkina Faso	N/A ⁽²⁾	N/A ⁽²⁾
Geo-Forage Cote d'Ivoire SARL	Subsidiary	Cote d'Ivoire	N/A ⁽²⁾	N/A ⁽²⁾
Geo-Forage Mali SARL	Subsidiary	Mali	N/A ⁽²⁾	N/A ⁽²⁾
Geo-Forage Senegal SARL	Subsidiary	Senegal	N/A ⁽²⁾	N/A ⁽²⁾

⁽¹⁾ Geotool Limited has been dissolved during 2021.

⁽²⁾ These companies have been dissolved during 2020.

(i) Transactions with related parties

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

The Harper Family Settlement owns 38.9% (December 31, 2020: 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 March 31, 2021, the right-of-use assets relating to the properties above was US\$399,823 (December 31, 2020: US\$466,136) and the related lease liabilities were US\$406,873 (December 31, 2020: US\$470,385).

(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:

	March 31, 2021	March 31, 2020
	US\$	US\$
Short-term benefits	1,562,525	921,294
Share-based payment arrangements	98,786	59,467
	<hr/> 1,661,311	<hr/> 980,761

(iii) Related party balances

The related party payables balance payable to The Harper Family Settlement as at March 31, 2021 amounts to US\$225,000 (December 31, 2020: 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, 2020 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, 2020 and 2019.

Additional Information

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