

Geodrill Ltd. Reports Third Quarter 2020 Financial Results

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TORONTO, Nov. 12, 2020 - [Geodrill Ltd.](#) ("Geodrill" or the "Company") (TSX: GEO), a leading West African based drilling company, reported its financial results for the three and nine month periods ended September 30, 2020. All figures are reported in U.S. dollars (\$), unless otherwise indicated. Geodrill's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Financial and Operational Highlights for Q3-2020:

- Improved EBITDA margin to 24% compared to 22% in Q3-2019;
- Increased net income to \$2.0M or \$0.04 per Ordinary Share compared to \$0.8M, or \$0.02 per Ordinary Share for Q3-2019;
- Increased cash in the quarter by \$2.7M, ending Q3 2020 with cash of \$9.9M;
- Decreased debt to \$1.6M, resulting in industry leading Debt-to-Equity ratio of 2%;
- Ended the quarter with net cash of \$8.3M;
- Repurchased and cancelled 277,000 shares under the Company's NCIB program;
- Continued with long-term multi-rig contracts; and secured new contracts with junior and mid-tier exploration companies;
- Expanded geographic footprint into South America and are in the final stages of signing first contract in Peru;
- Purchased one new multi-purpose drill rig; and
- Received prestigious AAMEG award for 'Best Workforce and Industry Development Initiative' at Africa Down Under Mining Conference.

Financial Summary

US\$ 000s (except earnings per share, and percentages)	For the three months ended Sept 30, 2020	For the three months ended Sept 30, 2019	For the nine months ended Sept 30, 2020	For the nine months ended Sept 30, 2019
Revenue	18,864	20,292	57,729	70,206
Gross profit	4,261	4,582	14,011	19,861
Gross profit margin	23%	23%	24%	28%
EBITDA ⁽¹⁾⁽²⁾	4,555	4,496	13,239	18,211
EBITDA margin	24%	22%	23%	26%
Earnings per share - basic	0.04	0.02	0.12	0.11

Notes:

(1) EBITDA = earnings before interest, taxes, depreciation and amortization

(2) Please see "Non-IFRS Measures" below for additional discussion

"Geodrill delivered stable revenue, strong cash flow and a robust increase in earnings per share despite the impact of wet season in West Africa. Our results are a testament to the stability and resiliency of our

business model. Consistent with this disciplined model, we generated strong cash, maintained our capital discipline, and improved our effective tax rate that underpins our strong balance sheet," said Greg Borsk, Chief Financial Officer of Geodrill.

"In light of the uncertain economic conditions, commodity prices remain strong and gold prices continue to surge bolstering the demand for our drilling services. These positive market conditions are driving higher activity levels, increased drilling utilization rates and improved pricing. Recent contract wins and contract extensions in Cote D'Ivoire, Ghana, and Mali with new and existing customers, is a reflection of the strong drilling environment.

During the quarter, we advanced our growth strategy and are in the final stages of signing our first drilling contract with a global mining company in Peru. We remain confident in our strategic direction and continue to see positive trends as a result of our prudent growth and the strategic initiatives we are undertaking. With the end of wet season, we are expecting increased activity levels in the fourth quarter. We believe our broad scale, operational depth and financial strength positions us well to keep pace with the current momentum in the sector and generate greater returns for our shareholders," said Dave Harper, President and CEO of Geodrill.

Geodrill's condensed interim consolidated financial statements and management's discussion & analysis ("MD&A"), for the three and nine months period ended September 30, 2020, are available via Geodrill's website at www.geodrill-gh.com and will be available on SEDAR at www.sedar.com.

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

https://produceredition.webcasts.com/starthere.jsp?ei=1384664&tp_key=56cbda40bd

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 7 days. Toll-Free Dial-In Number: 1 855 859 2056 using Conference ID: 3597845.

About Geodrill Limited

Geodrill is a leading exploration drilling company in Africa, with a fleet of 67 mineral drilling rigs. The Company has operations in Ghana, Burkina Faso, Cote d'Ivoire, Mali, and Zambia. Operating the largest modern fleet of multi-purpose rigs on the African continent, Geodrill provides Reverse Circulation, Diamond Core, Deep Directional Drilling, Air-Core, Grade Control, Geo-Tech and Water Borehole drilling services to major, intermediate and junior mining companies. www.geodrill-gh.com

Non-IFRS Measures

EBITDA is defined as Earnings before Interest, Taxes, Depreciation and Amortization 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 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 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 and nine months period ended September 30, 2020 for the EBITDA reconciliation.

Forward Looking Information

This press release may contain "forward-looking information" which may include, but is not limited 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.

SOURCE [Geodrill Ltd.](#)

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