



Capital Drilling Limited
("Capital Drilling", the "Group" or the "Company")

Q3 Trading Update

Capital Drilling Limited (CAPD:LN), a leading drilling solutions company focused on emerging and developing markets, today provides its Q3 2017 trading update for the period to 18 October 2017.

THIRD QUARTER (Q3) 2017 KEY METRICS

	Q3 2017	Q3 2016	Q2 2017	% change from Q3 2016	% change from Q2 2017
Revenue (\$m)	30.0	23.8	30.7	26%	-2%
ARPOR#(\$)	198,000	187,000	186,000	6%	6%
Average utilised rigs	48	40	53	20%	-9%
Fleet Utilisation (%)	52	43	57	21%	-9%
Average Fleet	93	95	94	-2%	-1%
Closing fleet size	92	95	93	-3%	-1%

Average revenue per operating rig

Financial Highlights

- Revenue of \$30.0 million, representing 26% growth on Q3 2016 (\$23.8 million), similar to Q2 2017 (\$30.7 million)
- Strongest third quarter revenue result since 2012
- Declared an Interim dividend of USD 0.5 cent per share for the H1 2017 period, paid on 6 October 2017 (2016: Interim dividend of USD1.5 cents per share)
- Maintained strong balance sheet and enhanced discipline around capital expenditure
- Completed the phased strategic investment in A2 Global Ventures with Capital Drilling now holding a 50% interest in the minerals testing business
- Guidance maintained for FY 2017

Operational Highlights

- Strong ARPOR performance driven by continued solid performance across the Group's key production contracts at the Sukari Mine (Egypt – Centamin), the North Mara Mine (Tanzania – Acacia) and the Geita Gold Mine (Tanzania – AngloGold Ashanti)
- Utilisation decreased to 52% (from 57% in Q2 2017) reflecting the completion of drilling activities in Serbia and an easing in delineation drilling activities in Tanzania
- Further expanded mine site drilling activity with the ramp up of grade control drilling at the Tasiast Mine (Kinross) in Mauritania (two rigs) and the commencement of underground drilling at the Syama Mine (Resolute) in Mali (one rig commenced in Q3)

- Successfully completed previously announced exploration contracts for new and existing customers:
 - Aura Energy (Mauritania): One rig program completed over Q3
 - Algold (Mauritania): Phase 3 program completed with Phase 4 program scheduled to commence in Q4 (three rigs)
 - Thani Stratex (Egypt): Phase 3 (one rig) program completed over Q3 (one rig)
- Took delivery of an additional blast hole rig for the Geita Gold Mine in Tanzania with commissioning scheduled for Q4
- Significant progress made with corporate integration of MS Analytical including the completion of Capital Drilling's investment to earn 50%

Trading Update and Outlook

Capital Drilling generated revenue of \$30.0 million during Q3 2017, representing an increase of 26% on the same period last year (Q3 2016: \$23.8 million). ARPOR increased 6% (\$198,000) over Q2 2017 (\$186,000), primarily due to improved consistency of drilling at the Group's production contracts. The Group's revenue results continue to reflect the cyclical recovery in demand providing positive demand support for the mineral drilling industry. Revenue did however record a marginal decline on Q2 2017 (Q2: \$30.7 million) due to the completion of drilling activities in Serbia, which contributed to rig utilisation of 52%, a 9% decrease to Q2 2017 (Q2: 57%).

During the period the Group acquired two additional underground rigs to support the newly awarded three year Syama underground drilling contract in Mali. The first rig arrived on site and commenced drilling during Q3, with the second rig scheduled to commence drilling in the current quarter. Capital Drilling also recently took delivery of a new blast hole rig at the Geita Gold Mine in Tanzania which will be commissioned in October. The early conclusion of drilling in Serbia enabled Capital Drilling to dispose of two rigs in-country, with other assets strategically redeployed to Mauritania and Mali.

Capital Drilling has been awarded the Phase 4 drilling program for Algold Resources in Mauritania which will initially require three rigs, with drilling to commence in late Q4. The Group remains in active discussions with multiple new and existing customers and is confident of further exploration contract wins in the current period.

As previously announced, the Board of Directors declared an interim dividend for H1 2017 of 0.5cps (\$0.7 million), which was paid on to shareholders on 6 October 2017. A final payment of \$950k was made to acquire a 50% stake in A2 Global (MS Analytical), with Capital Drilling taking two seats on the Board. MS Analytical operates a central hub minerals testing laboratory in Vancouver, Canada, and an expanding network of satellite laboratories in global emerging markets.

Strong cash generation facilitated the repayment of \$1.5 million on our current revolving credit facility with Standard Bank, reducing the Group's gross debt to \$13.5 million. Discussions on a refinance of this facility are at an advanced stage and we expect to update the market on our progress in the current quarter.

Capital Drilling has seen continuing improvements in market conditions with metal prices and capital markets activities continuing to be highly supportive of increased drilling activity levels. While the Group has seen a material increase in revenue over 2016, there has been in recent months a moderation in demand, primarily driven by the completion of drilling activities in Serbia, reduced delineation activity in Tanzania and most recently reduced activity levels in Kenya.

The Group maintains a robust balance sheet, strong cash generation and a competitive operating model, placing it in a solid position to capitalise on the improving conditions. Capital Drilling remains on track on its guidance for 2017.



Commenting on the trading update, Jamie Boyton, Executive Chairman, said:

“Capital Drilling delivered a solid performance in Q3, with revenues up 26% compared to the same quarter in 2016. Cash generation remained strong enabling a reduction in gross debt, payment of the Group’s interim dividend, in addition to payment of the outstanding cash consideration to earn 50% of A2 Global Ventures. Market conditions have continued with the positive momentum in 2017 and shown further signs of strength in this current quarter.”

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About Capital Drilling

Capital Drilling provides specialised drilling services to mineral exploration and mining companies in emerging and developing markets, for exploration, development and production stage projects. The Company currently owns and operates a fleet of 93 drilling rigs with established operations in Botswana, Egypt, Ethiopia, Kenya, Mali, Mauritania, Serbia and Tanzania. The Group’s corporate headquarters is in Mauritius.