



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

Q1 2018 Trading Update

Capital Drilling, a leading drilling solutions company focused on the African markets, today provides its Q1 2018 trading update for the period to 25 April 2018.

FIRST QUARTER (Q1) 2018 KEY METRICS

	Q1 2018	Q1 2017	Q4 2017	% change from Q1 2017	% change from Q4 2017
Revenue (US\$m)	26.6	31.6	27.1	-15.8%	-1.8%
ARPOR*(US\$)	205,000	196,000	198,000	4.6%	3.5%
Average utilised rigs	41	51	43	-19.6%	-4.7%
Fleet Utilisation (%)	44%	55%	47%	-20.0%	-6.4%
Average Fleet	93	93	92	0%	1.1%
Closing fleet size	93	93	93	0%	0%

* Average monthly revenue per operating rig

Financial Highlights

- Revenue of \$26.6 million, representing a decrease of 1.8% on Q4 2017 (\$27.1 million) and 15.8% on Q1 2017 (\$31.6 million).
- ARPOR up 3.5% (\$205,000) on Q4 2017 (\$198,000).
- Declared a final dividend of US1.2cps for 2018 financial year, payable on May 18, 2018.
- Maintained strong balance sheet.
- Company well positioned for anticipated uplift in demand.

Operational Highlights

- Continued improvement in ARPOR reflecting strong contract performance.
- Lower utilisation reflective of the movement of 15 rigs into the high growth West African markets.
- Established full facilities including offices, accommodation, warehousing and mechanical support in Bamako, Mali.
- Established office, accommodation and warehousing facilities in Yamoussoukro, Côte d'Ivoire.
- Expanded rig presence in West Africa with 12 rigs now landed in the region, in addition to the rigs operating under long term contracts in Mali and Mauritania.
- Awarded a three year surface drilling contract for Resolute in Mali, announced to the market on 11 April 2018. Capital Drilling currently operates five rigs for Resolute at the Syama Gold Mine, with three surface rigs and a further two underground rigs also operating under a three year contract.
- Completed an exploration contract for OreCorp in Mauritania.
- Achievement of world class safety milestones, including:
 - Tanzania (North Mara Project) achieved two years LTI free in March 2018;
 - Tanzania (Geita Project) achieved one year LTI free in March 2017.

Trading Update and Outlook

Capital Drilling generated revenue of \$26.6 million during Q1 2018, representing a decrease of 1.8% on the previous period (Q4 2017: \$27.1 million) and a 15.8% decrease over Q1 2017 (\$31.6 million). ARPOR increased 3.5% (\$205,000) over Q4 2017 (\$198,000). The revenue results are in line with Company guidance and reflect the continued efforts of the Group to redeploy idle rigs to the high growth West African markets. Substantial progress was made over the first quarter with the move into West Africa, with a total of 12 rigs arriving in the region, adding to the 13 already located in Mali and Mauritania. With further rigs scheduled to arrive in the second quarter we will have one of the largest fleets in this high-growth region.

The Company's long-term mining and production contracts continued to perform well over the period, with improved contract performance contributing to further growth in ARPOR to \$205,000. The award of a three year contract covering the surface drilling requirements for Resolute in Mali was a significant win for the Group, and further expands the portfolio of mine site based, long life contracts.

Capital markets activities continued apace over the first quarter and there has been an increase in tendering activity levels, reflecting stronger market conditions and Capital Drilling's increased presence in West Africa. Market sentiment is optimistic, with gold and base metal prices remaining strong and major mining companies anticipating budget increases for drilling activities. There remains a fundamental requirement from the mining industry to replace resources and reserves depleted during the downturn, when exploration drilling was significantly reduced due to budgetary constraints. We remain confident that we will secure further contract wins in the current quarter.

As previously announced, the Board of Directors declared a final dividend for the 2017 period of US1.2cps (US\$1.63 million), payable on 18 May 2018. This represents a 20% increase on the final 2017 dividend.

Tanzanian Update / Local Content Rules

Capital Drilling has submitted preliminary local content plans to the Tanzanian Government, in line with the new local content regulations that came into force on April 10, 2018. Within these documented plans we have provided extensive detail on the Group's progress to enhance and develop our local supply chain and increase local employment in the workforce. We intend to work with the Government to clarify the requirements of the new local content regulations and to practically meet these requirements where possible. We are pleased to see that the formation of the Mining Commission has now occurred and we will continue to seek advice on clarification of specific points around these regulations and the practical implications thereof.

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

"Capital Drilling executed its strategy of building its next platform of growth by targeting the fast growing West African market during the last two quarters. As a result of asset mobilisations, the Company now has over a quarter of its young fleet located in this exciting growth region. This transition has been implemented in line with our expectations and we are pleased to see an increase in tendering activity, as well as the award of a three year drilling contract with Resolute in Mali. Our established operations have continued to perform strongly, enabling the Group to declare a final dividend during the current period, while maintaining a strong balance sheet. We look forward to capitalising on our strong position in what is a new and exciting market for Capital Drilling."



For further information, please visit Capital Drilling's website www.capdrill.com or contact:

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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, Côte d'Ivoire, Egypt, Ethiopia, Kenya, Mali, Mauritania and Tanzania. The Group's corporate headquarters are in Mauritius.