Capital Drilling Limited

Company Presentation

June 2011

Disclaimer

IMPORTANT NOTICE

- This document, which is personal to the recipient and has been issued by Capital Drilling Limited (the “Company”), comprises written materials/slides for a presentation in connection with the proposed placing and application for admission to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities, of all the ordinary shares (the “Shares”) in the capital of the Company (together, “Admission” or the “Placing”). This document is an advertisement and not a prospectus and investors should not subscribe for or purchase any Shares referred to in this document except on the basis of information in the prospectus to be published by the Company in due course in connection with the Placing and Admission (the “Prospectus”). Copies of the Prospectus will be available, following publication, from the Company’s registered office and from the offices of Nabarro LLP, Lacon House, 84 Theobald’s Road, London WC1X 8RW.
- This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Shares, nor shall any part of it nor the fact of its distribution form part of or be relied on in connection with any contract or investment decision relating thereto, nor does it constitute a recommendation regarding the securities of the Company.
- This document is being supplied to you solely for your information. The information in the presentation has been provided by the Company or obtained from publicly available sources. Some of the information in this document is still in draft form and has not been legally verified and will only be finalised at the time of Admission.
- No reliance may be placed for any purposes whatsoever on the information or opinions contained in this document or on its completeness. No representation or warranty, express or implied, is given by or on behalf of the Company, Liberum Capital Limited or any of such persons’ directors, officers or employees or any other person as to the accuracy or completeness of the information or opinions contained in this document and no liability whatsoever is accepted by the Company, Liberum Capital Limited or any of such persons’ members, directors, officers or employees nor any other person for any loss howsoever arising, directly or indirectly, from any use of such information or opinions or otherwise arising in connection therewith.
- This document and its contents are confidential and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. This document and the Placing are only addressed to and directed at persons in member states of the European Economic Area who are “qualified investors” within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) (“Qualified Investors”). In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and Qualified Investors falling within Article 49(2)(a) to (d) of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on (i) in the United Kingdom, by persons who are not relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available only to (i) in the United Kingdom, relevant persons, and (ii) in any member state of the European Economic Area other than the United Kingdom, Qualified Investors, and will be engaged in only with such persons.
- Liberum Capital Limited is acting for the Company in connection with the Placing and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to the clients of Liberum Capital Limited or for providing advice in relation to the Placing or any transaction or arrangement referred to in this document.
- Neither this document nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions or distributed, directly or indirectly, in the United States of America, its territories or possessions. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada, Japan or the Republic of South Africa or to any securities analyst or other person in any of those jurisdictions. Any failure to comply with this restriction may constitute a violation of United States, Australian, Canadian, Japanese or South African securities law. The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions.
- The securities mentioned herein have not been, and will not be, registered under the US Securities Act of 1933 (the “Securities Act”), or under the applicable securities laws of Canada, Australia or Japan, and may not be offered or sold in the United States (as such term is defined in Regulation S under the Securities Act) unless they are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and, subject to certain exceptions, may not be offered or sold within Canada, Australia, Japan or the Republic of South Africa or to any national, resident or citizen of Canada, Australia, Japan or the Republic of South Africa. No public offer of securities in the Company is being made in the United States, Canada, Australia, Japan or the Republic of South Africa.
- Certain statements, beliefs and opinions in this document, including those related to the Placing, are forward-looking, which reflect the Company’s or, as appropriate, the Company’s directors’ current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein. Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or other wise. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document.
- By attending the presentation to which this document relates or by accepting this document you will be taken to have represented, warranted and undertaken that: (i) you are a relevant person (as defined above); (ii) you have read and agree to comply with the contents of this notice; (iii) you will use the information in this document solely for evaluating your possible interest in the Placing and for no other purpose; and (iv) you will not at any time have any discussion, correspondence or contact concerning the information in this document or the Placing with any of the directors or employees of the Company, or their respective subsidiaries nor with any of their suppliers, customers, sub contractors or any governmental or regulatory body without the prior written consent of the Company.

1. Business Overview

Who We Are

- High growth drilling company providing services to mining, exploration & energy companies.
- Focus on emerging & developing markets.

What We Do

- Exploration, development and production drilling in Africa, Asia, and Latin America.
- High quality, long standing customer base includes AngloGold, Barrick, BHP Billiton, Centamin Egypt, Equinox & Kinross.

Where We are Headed

- Robust demand environment driving record revenues.
- Significant expansion opportunities with existing & new clients.
- Improving key metrics & firming pricing environment.

Well positioned for growth in an improving market

Management & Board

Executive

Brian Rudd
(CEO)

- Over 25 years experience in the mining industry in Africa and Australia
- Co-founder of Capital Drilling
- Previous experience includes as Operations/General manager for Stanley Mining Services East Africa (Layne Christensen)

Jamie Boyton
(Executive Chairman)

- Over 15 years experience in finance industry in Asia & Australia
- Co-founder of Capital Drilling
- Previously Executive Director and Head of Asian Equity Syndication and Corporate Broking at Macquarie Bank

David Payne
(CFO)

- Over 15 years experience in the finance industry in Africa and Australia
- Previous experience includes general manager at Australian national law firm, and 8 years at Zurich Financial Services

Non-Executive

Tim Read
(Senior NED)

- Over 40 years' experience in the natural resources sector
- Ex President/CEO of Adastra
- Ex Merrill Lynch Global Co-head of Mining Investment Banking
- NED for several AIM/ASX/TSX mineral companies

Alex Davidson
(NED)

- Over 30 years experience in mining
- 16 years at Barrick Gold; Executive VP of Exploration and Corporate Development
- NED for several companies including Namakwa Diamonds & Yamana Gold

Craig Burton
(NED)

- Over 15 years experience co-founding numerous development companies, with a focus on the resources, oil and gas, mining services and agribusiness sectors
- Executive Chairman and co-founder of Mirabela Nickel Ltd (ASX 200)

Experienced management and highly respected Board

Strategy & Strengths

Strategy	Competitive Strengths
Continued focus on quality	▪ Strong reputation ▪ Young fleet
Focus on emerging markets	▪ Experience and presence on the ground in developing countries ▪ Expertise in drilling in remote locations
Blue Chip Customers	▪ Robust balance sheets, top tier assets, longer contract duration
Economies of scale and stability	▪ Strong local administrative and logistical support ▪ Multiple rig operations
Continued focus on HSE	▪ Solid Health & Safety record
Expand range of drilling services	▪ Expansion into production & most recently energy drilling
ROCE focus	▪ 4-year average of 22.7%, conservative gearing profile*

*Normalised EBIT / Total Assets

Leveraging our strengths for expansion.

Emerging Markets Focus

Mauritania
Since 2010
5 rigs

KINROSS

Egypt
Since 2005
23 Rigs

CENTAMIN EGYPT LIMITED · ANGLOGOLD ASHANTI

Tanzania
Since 2005
16 Rigs

ANGLOGOLD ASHANTI · AFRICAN BARRICK GOLD

Zambia
Since 2005
15 Rigs

EQUINOX MINERALS LIMITED · FIRST QUANTUM MINERALS LTD.

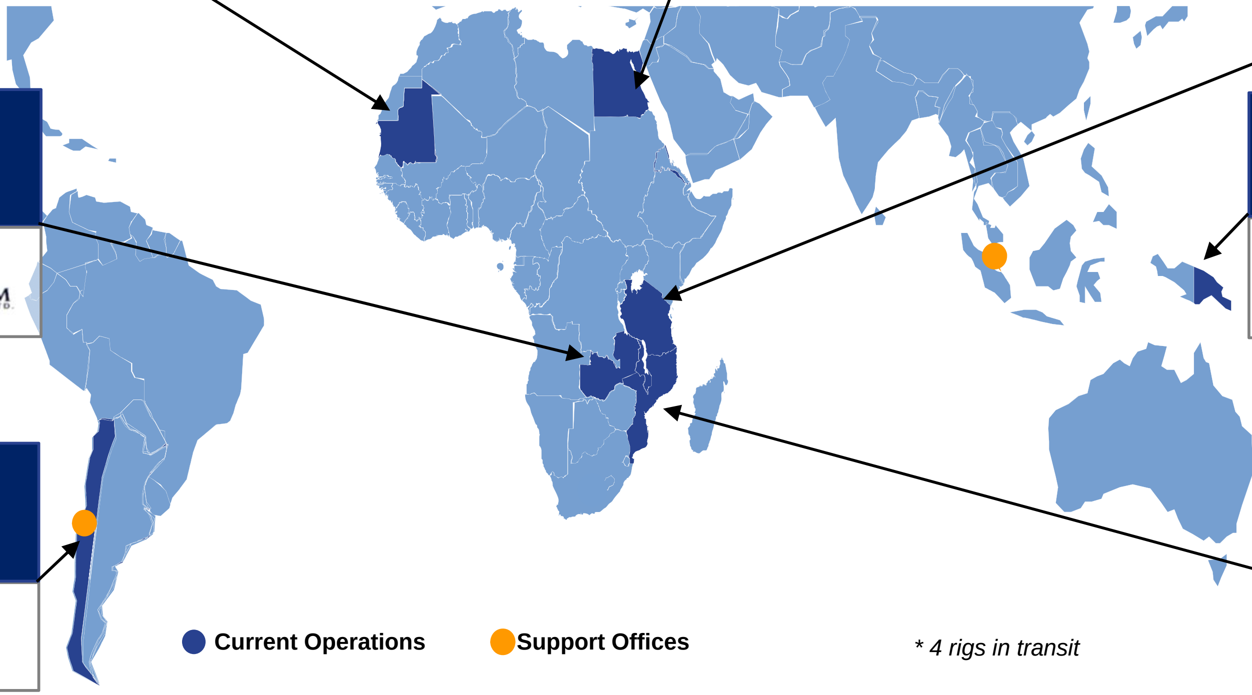
PNG / Solomons
Since 2008
4 Rigs

Chile
Since 2010
3 rigs

bhpbilliton
resourcing the future

Mozambique
Since 2009
8 Rigs

RIVERSDALE MINING · BAOBAB RESOURCES



● **Current Operations** ● **Support Offices**

** 4 rigs in transit*

Recently commenced drilling with BHP Billiton in Chile

Quality, Long Term Clients

Well Capitalised Clients

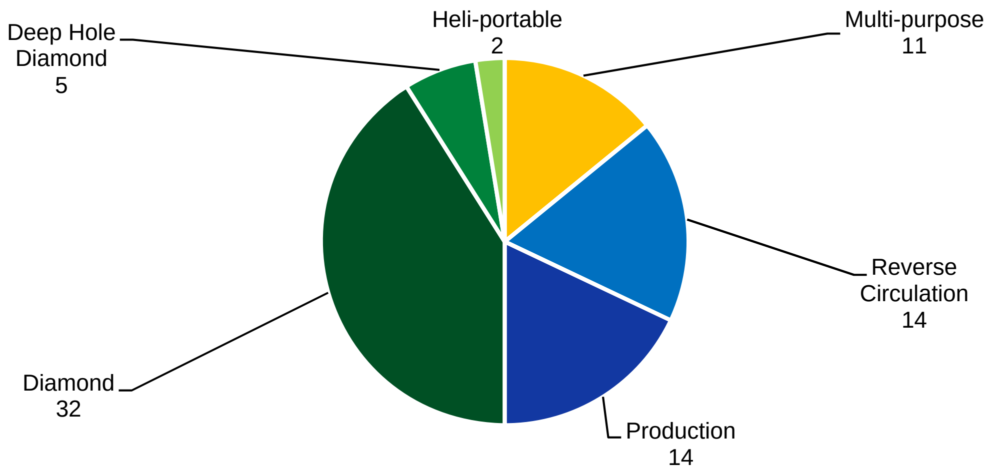
Client	Market Cap[1]	Cash on Balance Sheet[2]	Location	Commodity	Active Since	Type of Drilling
African Barrick Gold	US$2.7bn	US$430mn	Tanzania	Gold	December 2008	E, D, P
AngloGold Ashanti	US$15.4bn	US$1.0bn	Tanzania	Gold	April 2007	E, D, P
bhpbilliton resourcing the future	US$210.4bn	US$16.1bn	Chile	Copper	May 2011	E, D
Centamin Egypt Limited	US$2.2bn	US$185mn	Egypt	Gold	June 2005	E, D, P
Equinox Minerals Limited *	US$6.9bn*	US$200mn	Zambia	Copper	July 2006	E, D, P
First Quantum Minerals Ltd.	US$11.0bn	US$1.3bn	Zambia	Copper	July 2010	E, D
Kinross	US$16.8bn	US$1.6bn	Mauritania	Gold	October 2010	E, D
Riversdale Mining *	US$3.8bn*	US$490mn	Mozambique	Coal	March 2009	E, D

1. Source: Bloomberg June 2011. *2. Various client announcements.* ** Under takeover by majors*

***E** – Exploration* ***D** – Development* ***P** – Production*

Provides stability and visibility on earnings

Fleet Profile

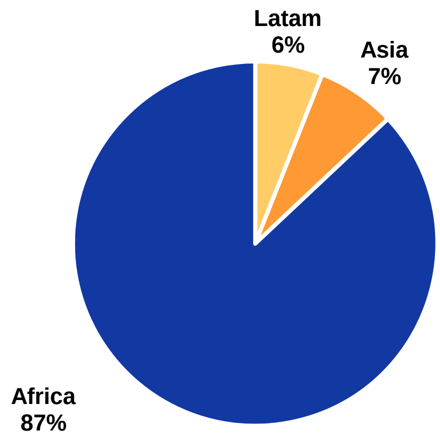


* As at June 2011

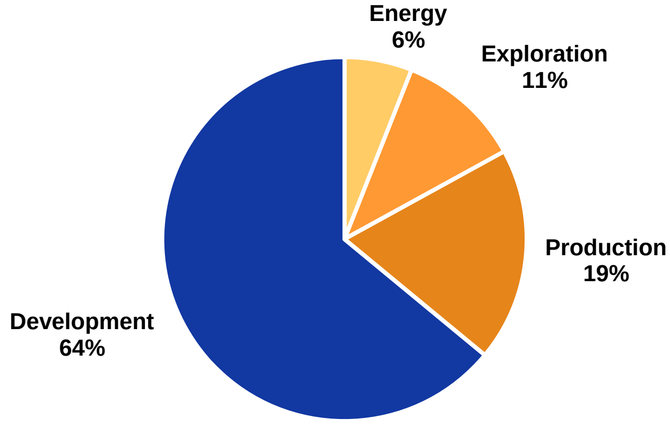
Broad fleet profile to support client base

Revenue Splits – Q1 2011

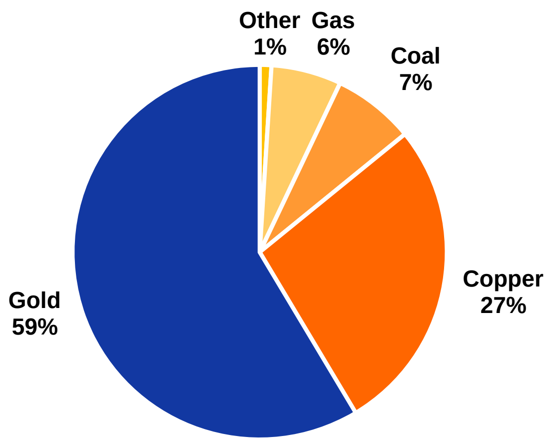
Regional



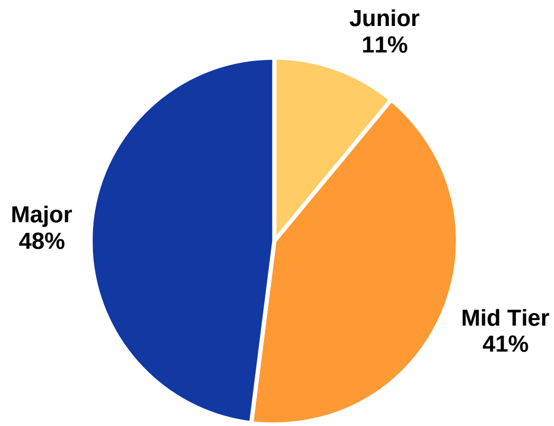
Drilling Type



Commodity



Client Type

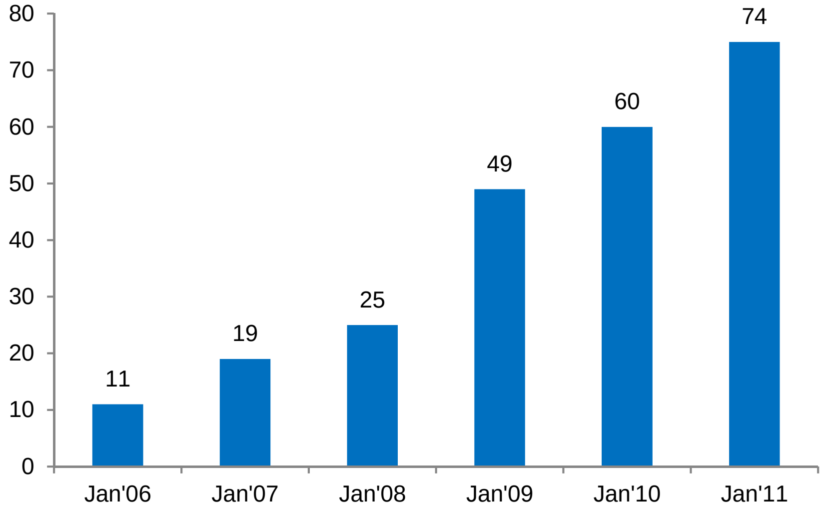


- Revenue for 2011 Q1

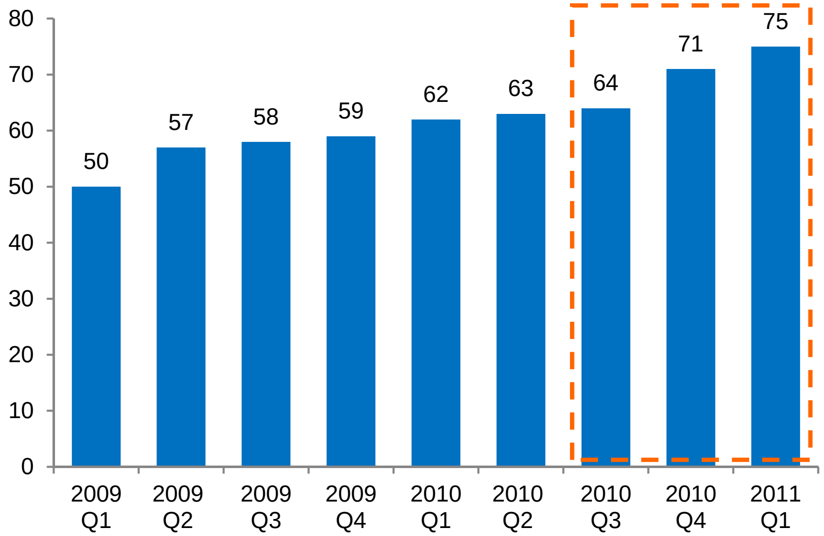
Continued focus on majors and mid-tier clients

2. Trading Update - Fleet

Fleet – growth per annum



Fleet – average for the quarter

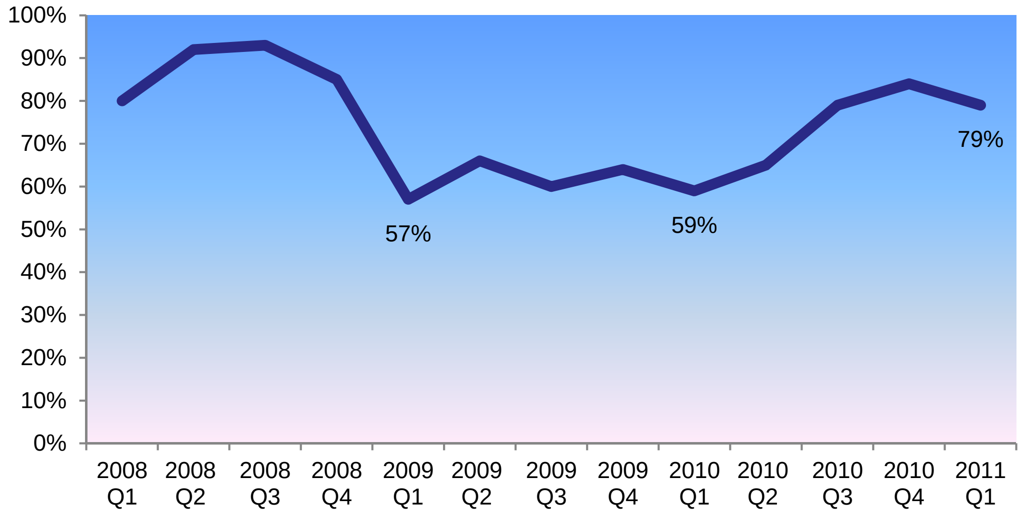


- Denotes rig growth since IPO

- 2010 IPO fundraising laid foundations for growth:
  - 14 new rigs in 2010, started 2011 with 74 rigs
  - A further 4 new rigs added in 2011
  - Rig requirements for 2011 locked in with key suppliers
- Maintains historical growth rate, adding on average 1 rig per month since inception
- Low fleet age maintained, averaging c4 years across the fleet, reduces “down time”

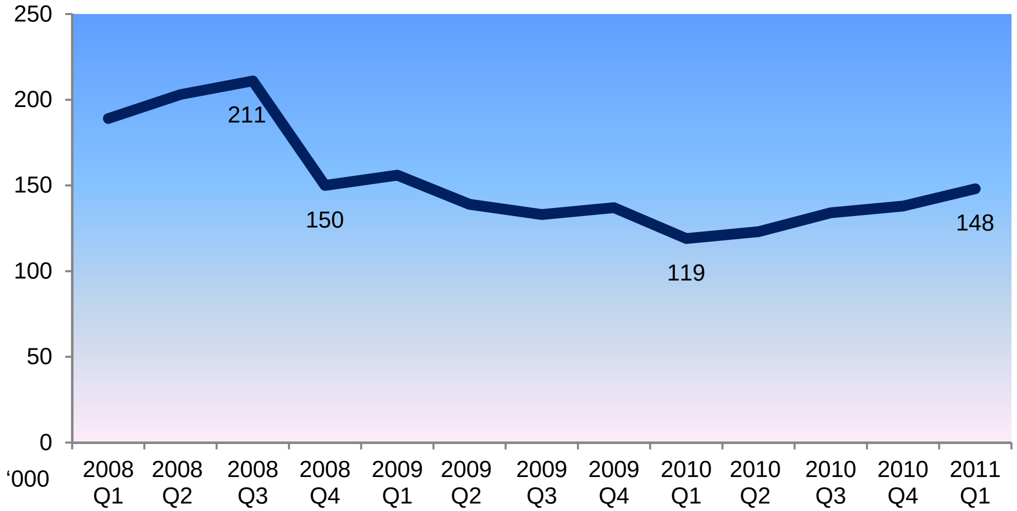
Utilisation & ARPOR: Improving Trends

Utilisation



- Utilisation improved rapidly over 2010, with Q4 39% higher than Q1, on an expanded fleet.
- Robust utilisation maintained in Q1 2011, 79% versus 59% in Q1 2010, notwithstanding seasonal influences (weather).
- Utilisation continuing to improve during Q2 2011, in line with historic trends and approaching the peak levels last seen during 2008.

ARPOR



- ARPOR historically lags demand due to rig movements and new job start ups.
- Signs of improvement in the H2 as new operations settled (6% increase on H1).
- Rate rises in 2011 contract negotiations started to impact ARPOR in Q1'11.
- ARPOR up 24% Q1 2011 ($148,000) – up from $119,000 in Q1 2010.

Recent Contract Wins

Mauritania

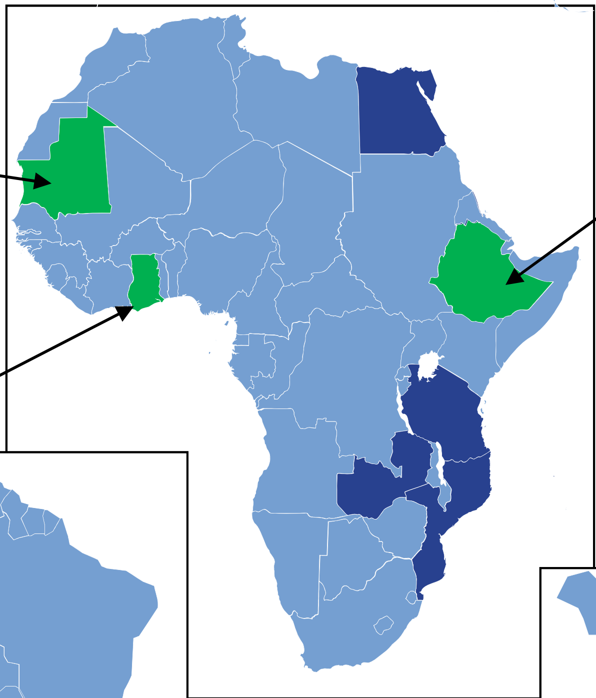
KINROSS

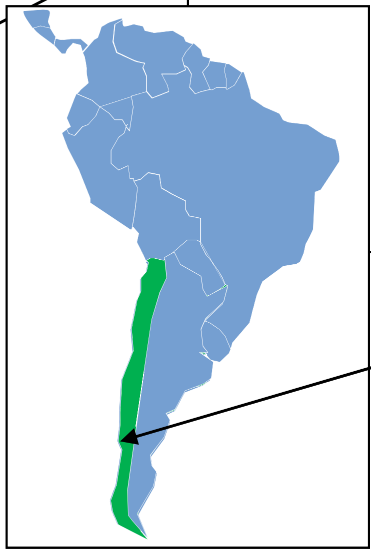
1 Rig – Development
Commences Q3, 2011

Ghana

KINROSS

2 Rigs – Development
Commences Q3, 2011

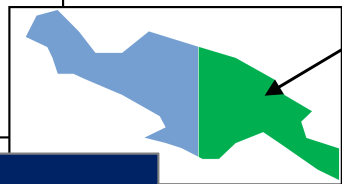




Ethiopia

bhpbilliton
resourcing the future

1 Rig – Exploration
Commences Q3, 2011



PNG/Solomon Islands

1 Rig – Development
Commenced May 2011

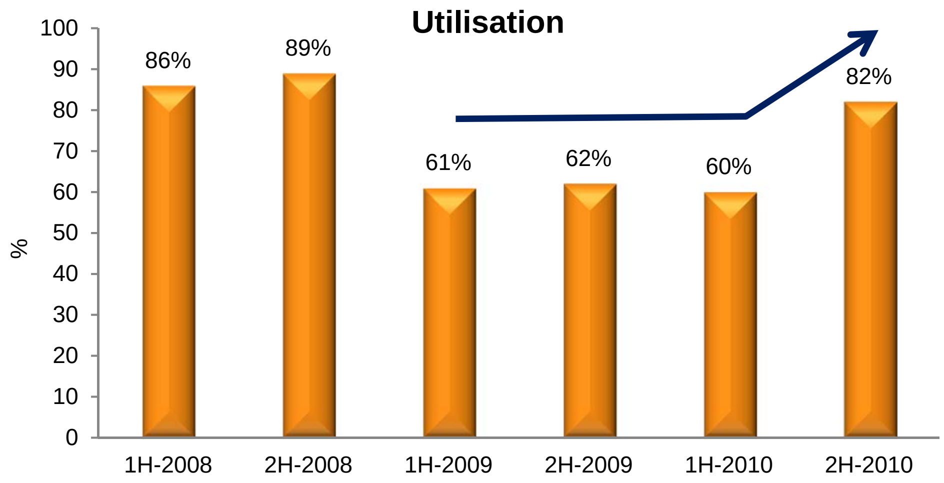
Chile

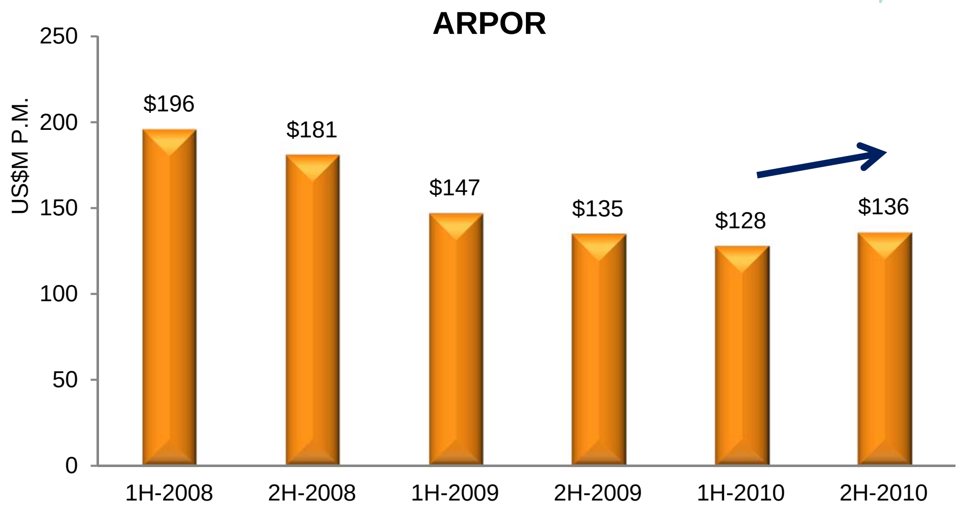
bhpbilliton
resourcing the future

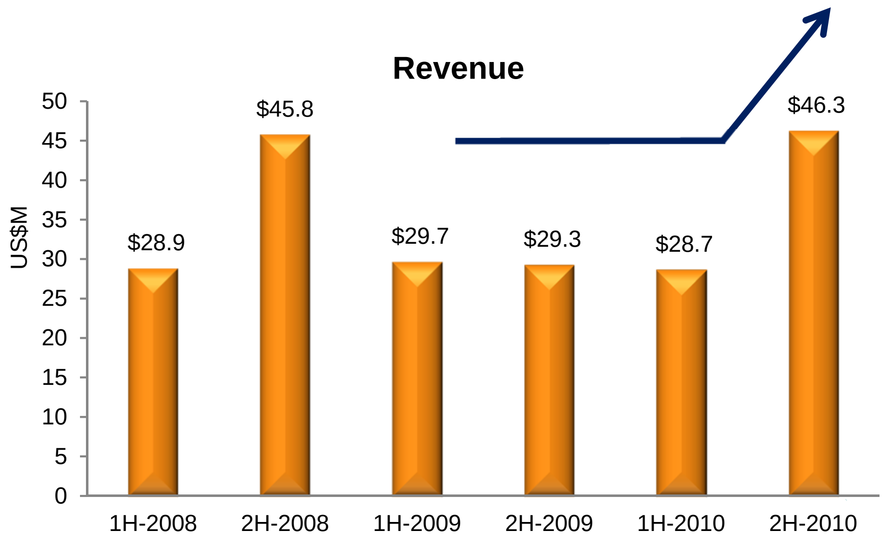
3 Rigs – Development
Commenced May 2011

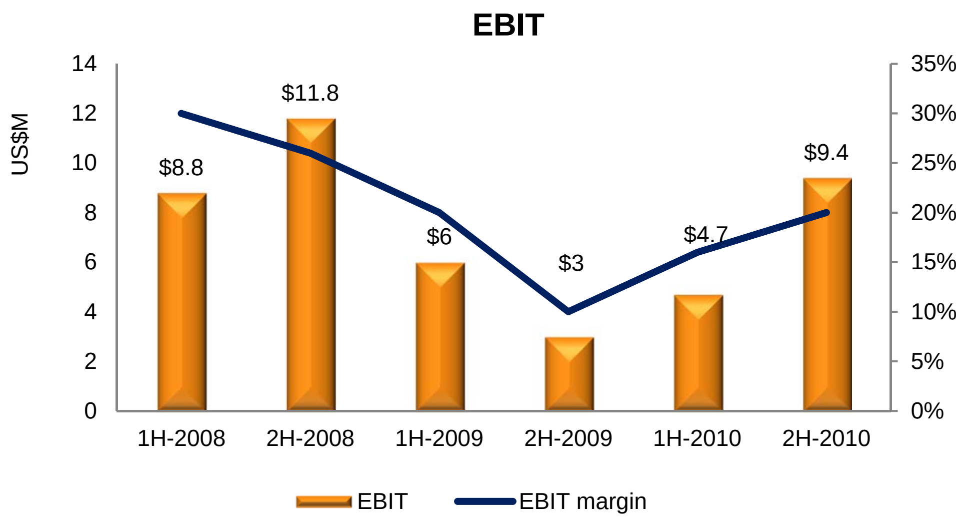
Further expansion in West Africa & 2nd Energy contract for the Group

Building Momentum









Resumption of growth in H2 2010, key metrics approaching peak levels

Summary

- Substantial investment in 2010 and 1H'11 contributing to record revenues.
- All key metrics trending toward historical peak levels, with ARPOR showing solid signs of improvement in 2011.
- Growth underpinned by the significant demand from the existing client base.
- Key industry drivers remain buoyant with strong commodity prices and equity financing activity.
- Continued challenges with the tightening labour market & adverse currency movements, however rig supply has been locked in for the year.

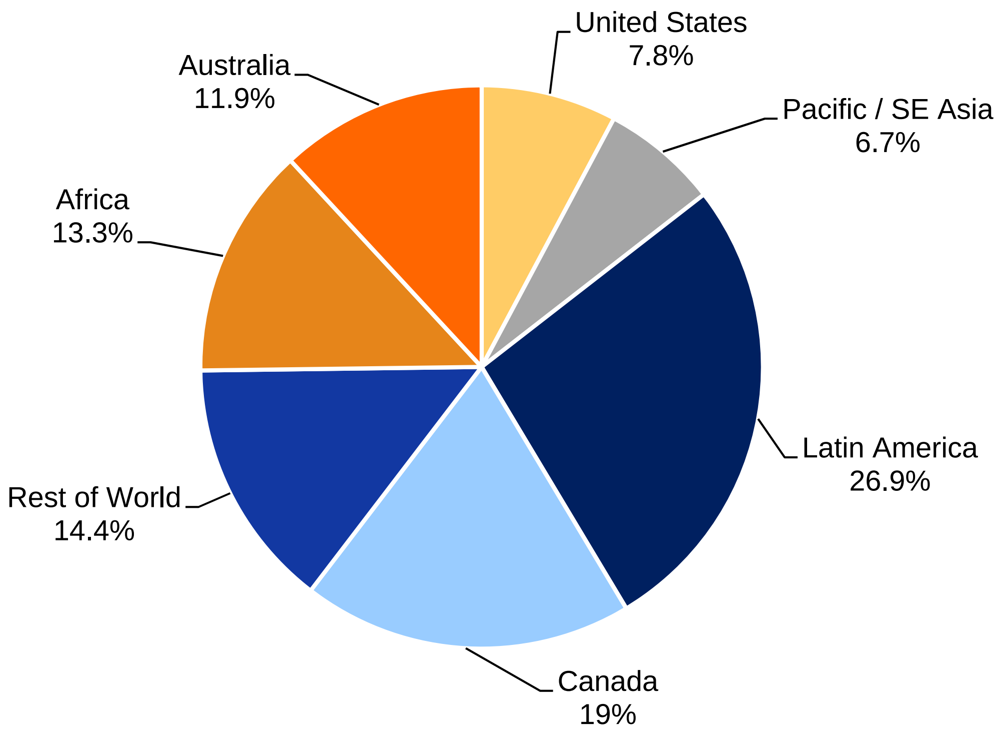
CAPITAL DRILLING
EXCELLENCE IN DRILLING

Appendix

Size of the Market

2010[1]
Worldwide (non-ferrous) exploration market = $12.1bn
Drilling accounts for 30% of this = $3.6bn
Represents a 45% increase on 2009 spend
Gold 44% of spend

Worldwide Exploration Budgets by Region 2010[1]

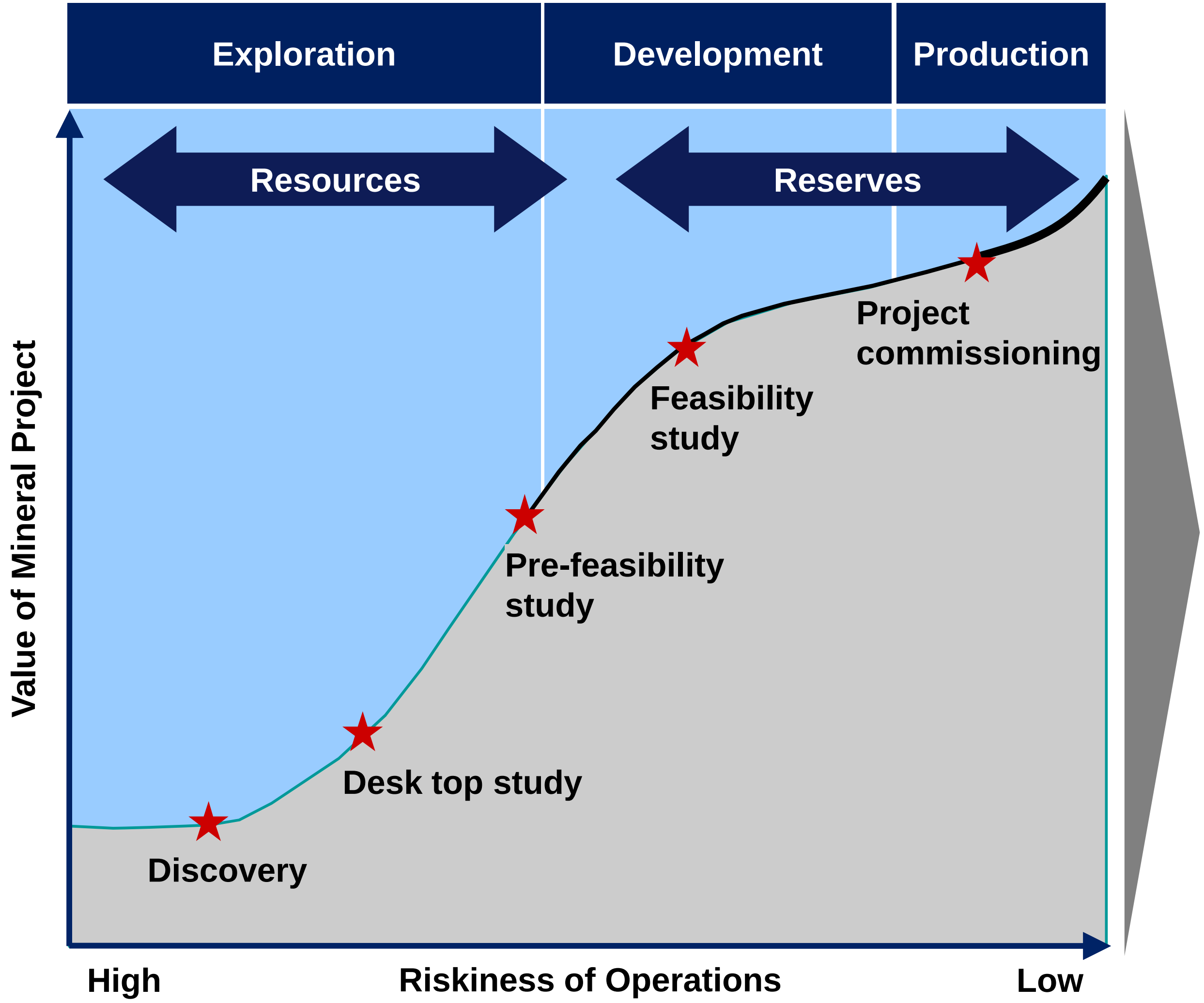


2010[1]
Fast growth markets from 2001–2010: Latin America (48%) Africa (29%)
Latin America Largest exploration market in 2010
"East/Southern" Africa Represents 42% of African spend
"West" Africa Represents 44% of African spend

1. *Source: Metals Economics Group, December 2010*

Market large and growing, especially in emerging countries

Mineral Drilling Services Industry



Key Activities Requiring Drilling Services

Exploration

- Greenfield – Discovery of mineral deposits
- Brownfield – Assess size and quality of deposits

Development

- Assess feasibility of development
- Accurate definition of geological conditions

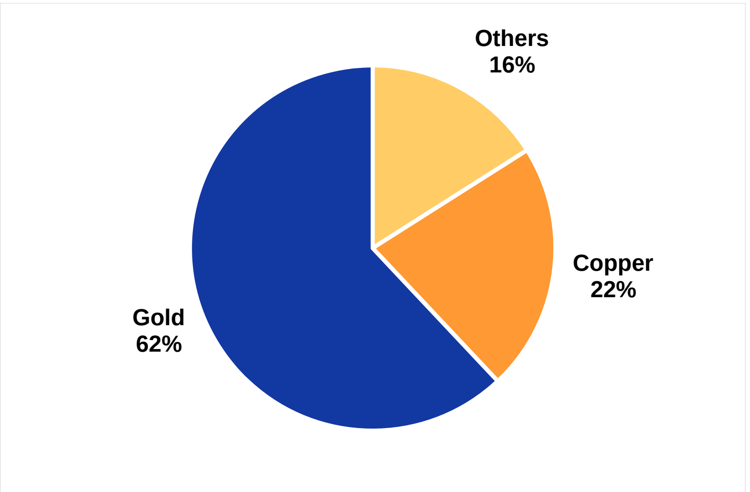
Production

- Blast hole – Extraction of minerals
- Grade control – Mine planning

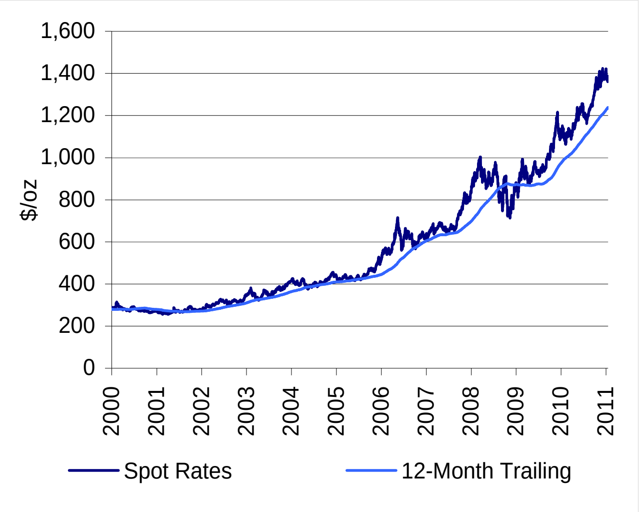
Drilling is an integral part of mineral discovery and extraction

Key Driver #1: Commodity Prices

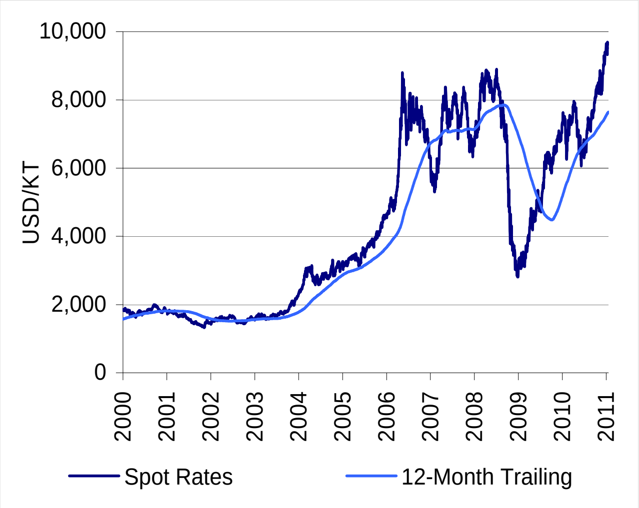
Revenues Split by Commodity – 2010



Gold[1]



Copper[1]

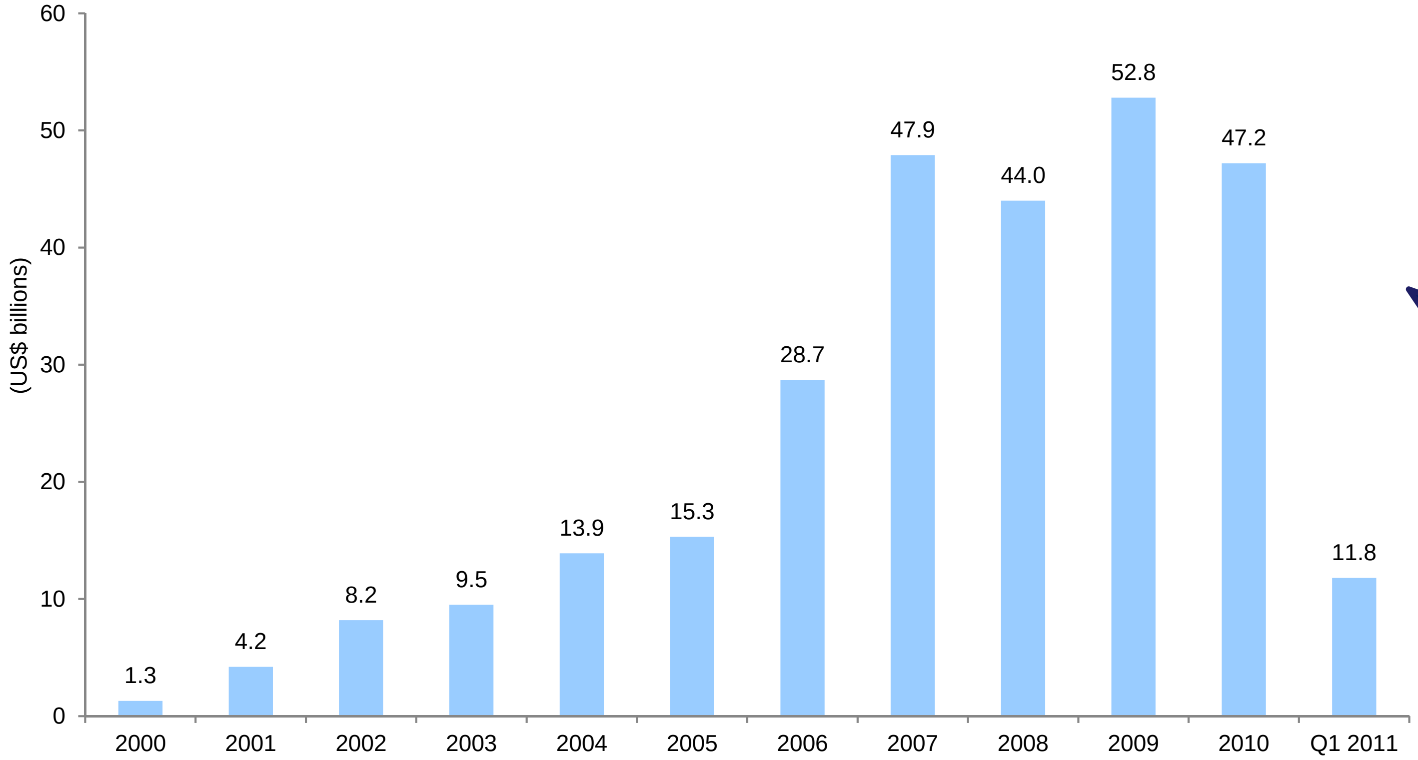


1. *Source: Bloomberg (as at May 2011)*

Company well positioned to benefit from base metal price rebound

Key Driver #2: Access to Capital

Equity raised in past 5 years > Four times the equity raised in 6 years from 2000 to 20005



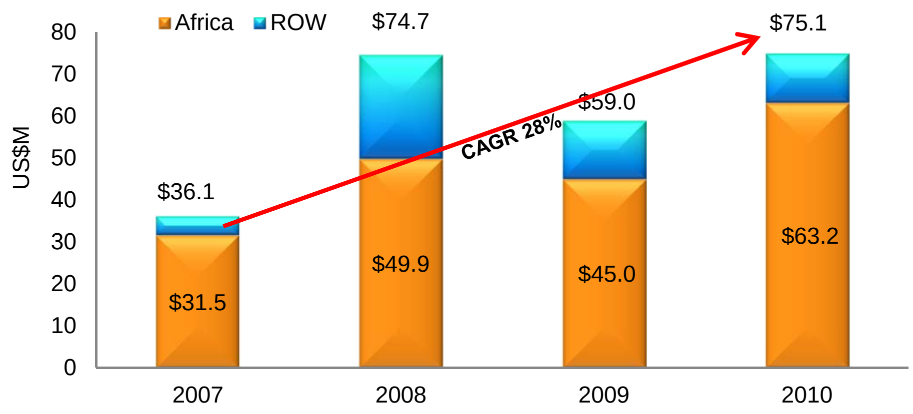
More than US$200 billion in equity raisings by mining companies since 2006

*Source – Dealogic

Market well capitalised for spending activity

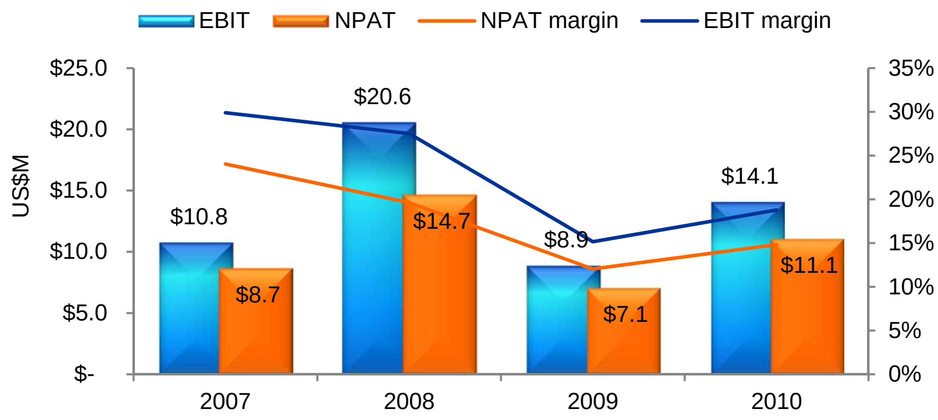
Financials - Margins and Returns Metrics[1]

Revenues



- Strong revenue growth in H2 2010 – revenue up 27% year-on-year
- Q1 2011 revenue up 102% year-on-year at $27.4 million
- On track for another record quarter
- Demand from existing and new clients gives confidence of continuing growth

EBIT[1] and NPAT Margins



- EBIT up 58% to $14.1 million in H2 2010
- Margins positive despite unprecedented fleet movement and cost pressures in 2010
- Contract price increases in Q1 2011 enhance earnings
- Further operating leverage expected based on H2 growth

Note:

1. *Underlying earnings are calculated by adding back non-recurring one-off expenses, which are detailed in the Group's Preliminary Announcement dated 15 March 2011 and include IPO expenses, Forex gain/loss on AUD loans and gain from the disposal of Sahar Minerals.*

2010 Underlying Result

	FY 2010 $m	FY 2009 $m	Change %
Revenue	75.1	59.0	27.2
Gross Profit	27.3	21.7	25.5
EBITDA	19.8	13.9	43.1
EBIT	14.1	8.9	57.6
PBT	12.8	7.6	68.1
NPAT	11.1	7.1	56.6
Basic EPS (cents)	9.4	7.9	19.2
Diluted EPS (cents)	9.0	6.6	36.4
Gross Profit %	36.3	36.8	(1.4)
EBITDA %	26.4	23.5	12.5
EBIT %	18.8	15.2	23.9
NPAT %	14.8	12.0	23.1

- Strong operating performance despite the unprecedented levels of rig mobilisation to support contract expansion.
- Underlying revenues of $75.1m, up 27% YoY. H2 revenue grew 61% HoH, after 3 (broadly) flat half yearly revenue periods.
- FY 2010 EBIT $14.1m with H2 2010 margin up 100% on H2 2009.
- FY 2010 NPAT $11.1m with H2 2010 margin up 120% on H2 2009.
- Gross Profit margin broadly flat YoY due to global labour pressure, increased raw material costs and a weaker US$.

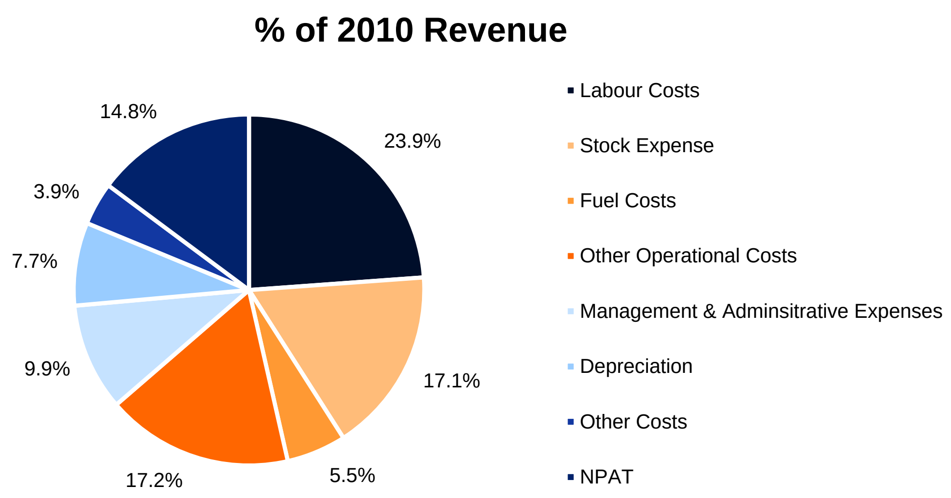
Balance Sheet December 2010

	FY 2010 $m	FY 2009 $m	Change %
Non - Current Assets	48.2	36.4	32.4
Current Assets	48.4	21.3	127.6
Total assets	96.6	57.7	67.5
Non - Current Liabilities	12.8	8.7	48.2
Current Liabilities	22.4	17.2	30.5
Total liabilities	35.2	25.8	36.4
Equity	61.4	31.8	92.7
Cash	18.2	3.5	424.1
Debt	18.1	15.5	16.3
Net Cash/Debt	0.2	(14.4)	
Gearing (net debt/equity)	0.0	(0.5)	

- Balance sheet strength positions business to capitalise on industry demand with net equity increasing to $61.4m.
- $18.9m in Capital Expenditure, primarily for new business and contract expansion with full earnings impact in 2011.
- Consolidation of debt facilities.
- Further significant investment in 2011 as core clients continue to grow

Cost Analysis

	FY-2010 $m
Labour Costs	17.9
Stock Expense	12.8
Fuel Costs	4.1
Other Operational Costs	12.9
Management & Administration Expenses	7.4
Depreciation	5.8
Other Costs	3.0
Total Costs	**63.9**



- Labour – % increased in-line with global labour pressures.
- Stock – % increased due to pressure from macro conditions.
- Fuel – % reduced as contract and fleet mix changed.
- Management and administrative – % reduced in-line with operating leverage.

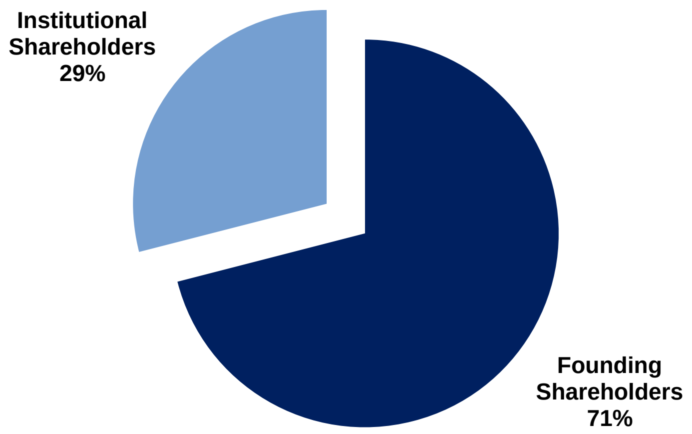
Shareholder Structure

Capital Drilling Shareholders

Shares in issue	134.2 mn
Options	2.7 mn
Total	136.7 mn

Name	% of Shares
Jamie Boyton	21%
Craig Burton	21%
Brian Rudd	15%
Jamie Armitage	10%
Other Founders	5%
Institutional Shareholders	29%
Total	**100%**

Post Admission and Placing Free Float



Upcoming News Flow

- June 30, 2011: Pre-Close Statement
- August 23, 2011: 1H 2011 Results

Company Contact Details

Capital Drilling Limited

Jamie Boyton
Executive Chairman
jamie.boyton@capdrill.com

Brian Rudd
CEO
brian.rudd@capdrill.com

David Payne
CFO and Company Secretary
david.payne@capdrill.com

Singapore

90B Amoy Street
Singapore 069909
+65-6227-9050
www.capdrill.com

UK Broker Details

Liberum Capital Limited
Ropemaker Place, Level 12, 25 Ropemaker Street, London, EC2Y 9LY
Telephone: +44 (0) 20 3100 2000
Clayton Bush
Email: clayton.bush@liberumcapital.com

Canaccord Genuity Limited
Cardinal Place, 7th Floor, 80 Victoria Street, London SW1E 5JL
Tel: + 44 (0) 20 7050 6744
Andrew Chubb
Email: achubb@canaccordgenuity.com

UK Public Relations

Buchanan Communications
45 Moorfields, London EC2Y 9AE
Telephone: + 44 (0) 20 7466 5000
Bobby Morse
Email: bobbym@buchanan.uk.com