



Capital Drilling Limited

1H 2011 Results Presentation

August 2011

Disclaimer

IMPORTANT NOTICE

- 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. 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 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 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 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 Company 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 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.



Overview

1H 2011 Highlights

Highlights

- ❖ Record half yearly performance.
- ❖ Significant new contract wins & renewals.
- ❖ Improving rate environment.
- ❖ Continued investment in fleet & associated equipment.

Improving Financial Performance

- ❖ Revenue up 107% to \$59.5mn (1H 2010 \$28.7mn).
- ❖ Profit after tax up 145% to \$8.6mn (1H 2010 \$3.5mn).
- ❖ Diluted earnings per share up 105% to 6.4cents (1H 2010 3.1 cents).

Looking Ahead

- ❖ Record levels for commodity prices and capital market activities despite market volatility.
- ❖ Continued expansion opportunities within existing customer base, along with robust tendering market.
- ❖ Robust balance sheet to capture future growth.



1H 2011 Result Summary

Revenue KPIs	1H 2011	1H 2010	Change %
Average Fleet Size	76	63	20.6
Fleet Utilisation (%)	81	60	35.0
ARPOR	\$154,000	\$128,000	20.3
Earnings	1H 2011 \$m	1H 2010 \$m	Change %
Revenue	59.5	28.7	107.0
EBITDA	16.3	7.2	127.8
EBIT	11.2	4.7	139.3
NPAT	8.6	3.5	144.9
Basic EPS (cents)	6.4	3.4	85.8
Diluted EPS (cents)	6.4	3.1	105.5
Gross Profit %	36.3	32.6	11.2
EBITDA %	27.5	25.0	10.1
EBIT %	18.8	16.3	15.6
NPAT %	14.5	12.2	18.3

- ❖ Record half yearly performance.
 - Revenue up 107% on 1H 2010 & 28% on 2H 2010
 - Profit after tax up 145% on 1H 2010 & 13% on 2H 2010
- ❖ Utilisation nearing peak levels with ARPOR showing strong improvement in 1H.
- ❖ Improving margin profile driven by higher ARPOR & operational efficiency.
- ❖ Enhanced earnings delivering significant EPS growth.



Operational Highlights

- ❖ Multiple new contract awards, including:
 - BHP Billiton Chile
 - BHP Billiton Ethiopia
 - Kinross Gold Mauritania
 - Kinross Gold Ghana

- ❖ Re-negotiated all major contracts and experienced 1st price rises since 2008 downturn.

- ❖ Significant expansion underway in Zambia with rig additions at Lumwana with Barrick Gold.

- ❖ Commenced operating at Kansanshi in Zambia with First Quantum (3 rigs moved from Trident).

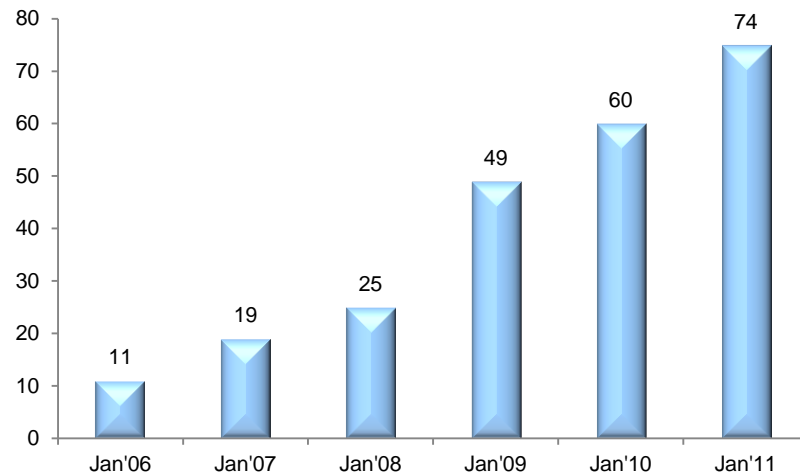
- ❖ Significant investment in equipment and inventory.



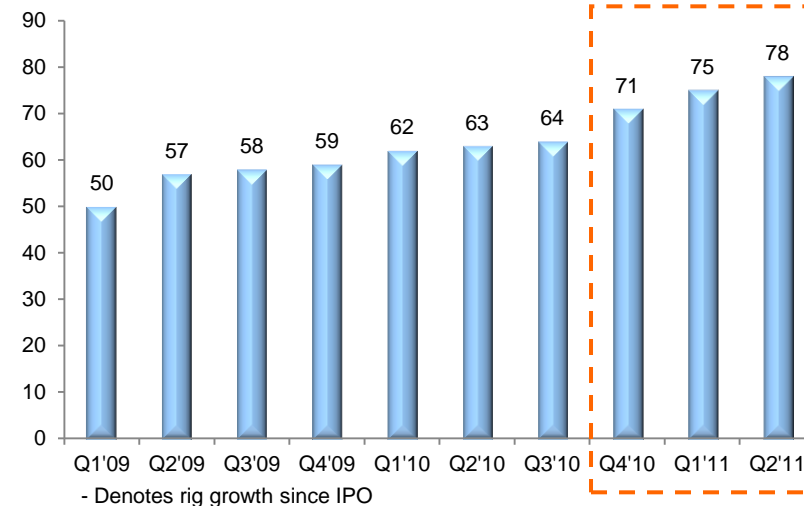


Equipment: Continued Fleet Growth

Fleet – growth per annum



Fleet – average for the quarter

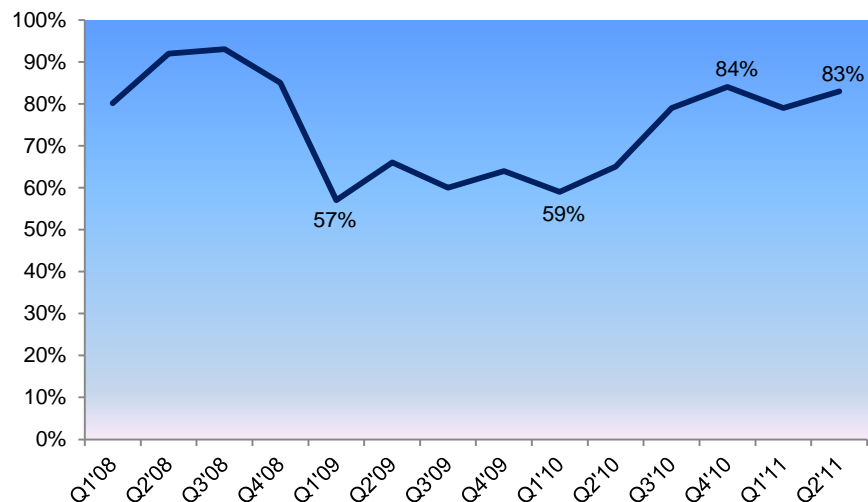


- ❖ 2010 IPO fundraising laid foundations for growth:
 - 14 new rigs in 2010, started 2011 with 74 rigs.
 - 4 new rigs added in 2011 (with one decommissioned in Q2 2011).
 - A further 4 rigs due for delivery in Q3 2011.
 - Further rigs scheduled for Q4 delivery.
- ❖ Historical growth rate (adding on average 1 rig per month since inception) maintained.
- ❖ Low fleet age maintained, averaging c4 years across the fleet, reduces “down time”.



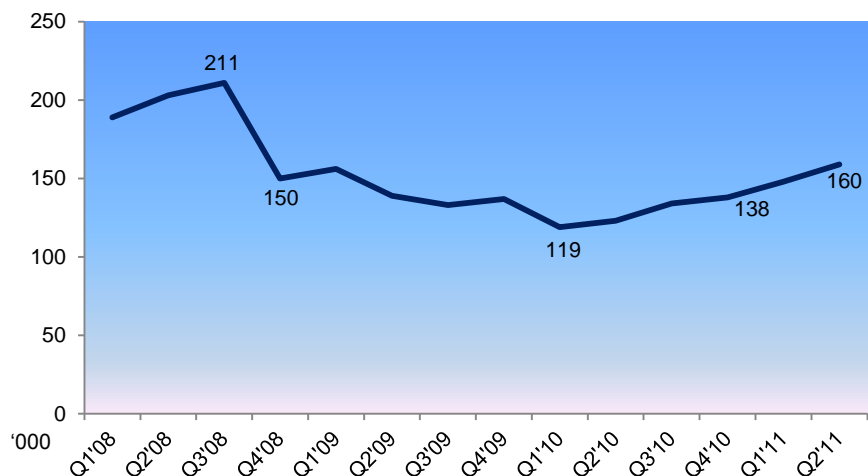
Utilisation & ARPOR: Improving Trends

Utilisation



- ❖ Maintained near peak levels of rig utilisation, noting seasonal influences in Q1 2011.
- ❖ 1H 2011 utilisation of 81%, increasing from 60% in 1H 2010.
- ❖ Utilisation continuing to improve during Q2 2011, in line with historic trends and approaching the peak levels last seen during 2008.

ARPOR

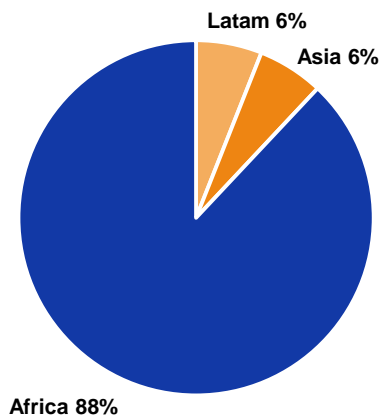


- ❖ Significantly improved ARPOR profile with 1H 2011 ARPOR of \$154,000, a 20% increase on 1H 2010.
- ❖ Carried momentum into Q2 2011 with ARPOR returning to levels last seen in 2008.
- ❖ Improvements driven by a combination of higher drilling rates & improved asset performance.

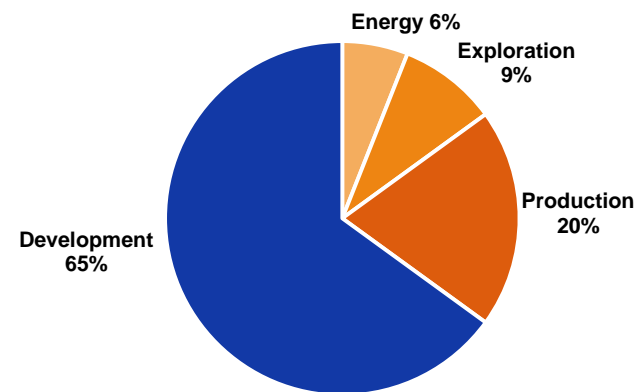


Revenue Splits: 1H 2011

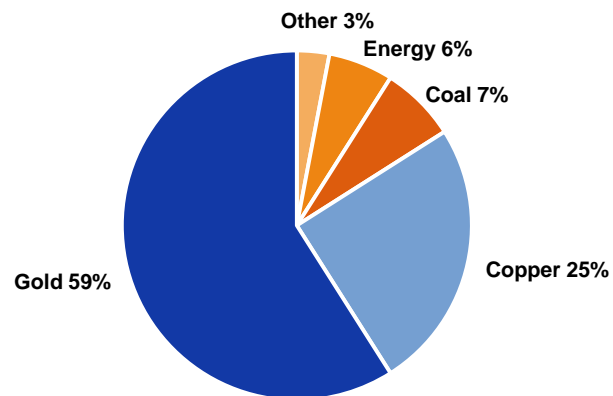
Regional



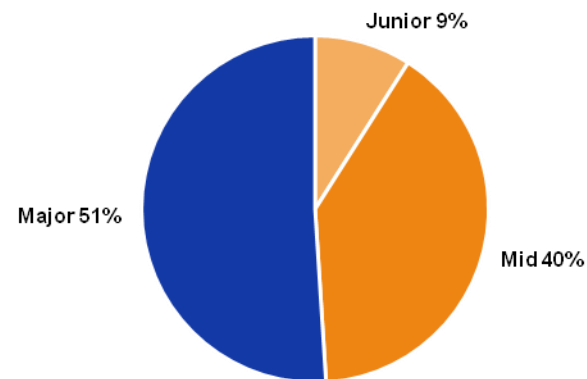
Drilling Type



Commodity



Client Type



• Revenue for 1H 2011

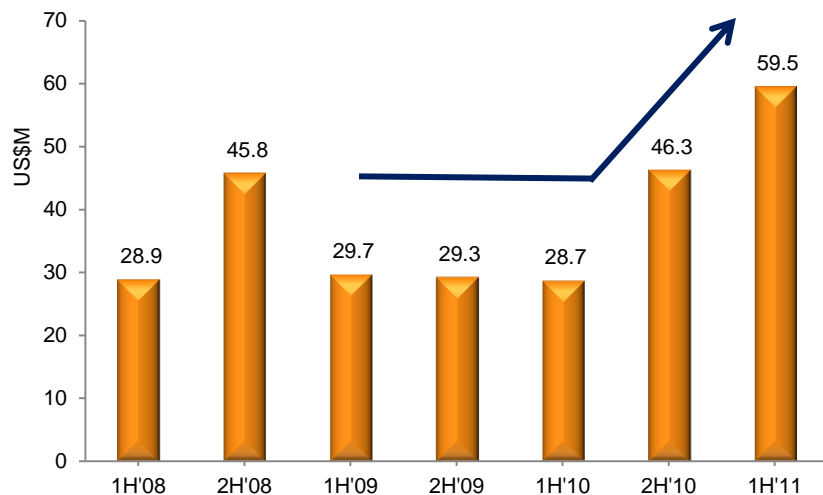
Continued focus on majors and mid-tier clients



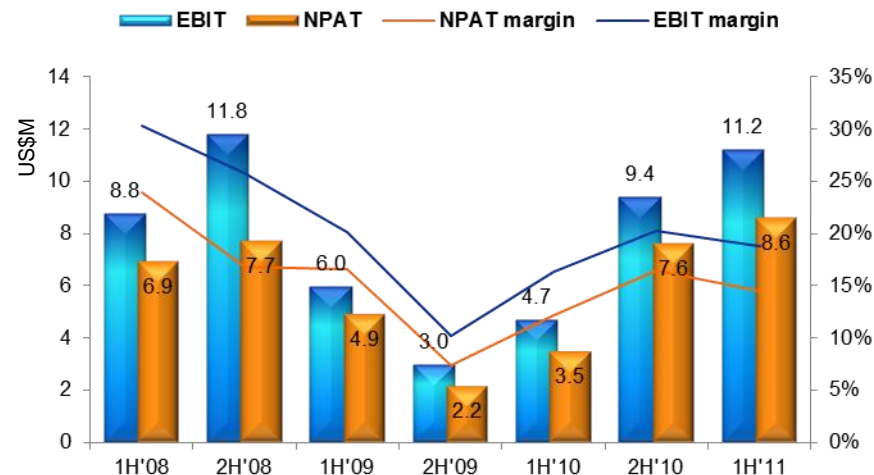
Financial Results

Financials: Margins and Returns Metrics¹

Revenues



EBIT¹ and NPAT Margins



- ❖ Strong revenue growth in 1H 2011 – revenue up 107% half-on-half
- ❖ Continued momentum towards another record half.
- ❖ Growth driven by further demand from existing clients.
- ❖ Despite market volatility, continued demand from existing clients to underpin growth.

- ❖ EBIT up 139% to \$11.2 million in 1H 2011 with higher ARPOR and improved operational efficiency.
- ❖ Margin growth despite continued labour & currency pressures and impact of change in depreciation methodology.
- ❖ Firming rate environment impacting earnings.
- ❖ Further operating leverage expected in H2.

Note:

1. Underlying earnings in the period up to 2010 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.

Cash Flow

	1H 2011 \$m	1H 2010 \$m
Operating Activities		
Net cash generated from operating activities	9.5	1.3
Investing Activities		
Net cash used in investing activities	(11.6)	(5.8)
Financing Activities		
Changes in Shares and Premium	-	20.0
Increase (decrease) - Loans	(3.4)	1.4
Net Cash (used in) generated from financing activities	(3.4)	21.4
Net increase (decrease) in cash	(5.5)	16.9
Closing cash balance	12.8	18.0

*Net of bank overdraft

- ❖ Operating activities: Substantial improvement in net cash generated from operating activities.
- ❖ Investing activities: Further investment in capital expenditure to cater for growth and enhance efficiency & safety.
- ❖ Financial activities: Debt repayments maintain conservative gearing.

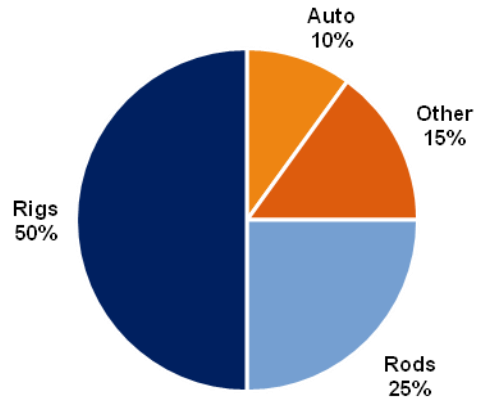
Balance Sheet 1H 2011

	1H 2011 \$m	FY 2010 \$m	Change %
Non - Current Assets	54.4	48.2	12.9
Current Assets	51.5	48.4	6.2
Total assets	105.8	96.6	9.6
Non - Current Liabilities	10.0	12.8	(22.1)
Current Liabilities	25.9	22.4	15.4
Total liabilities	35.8	35.2	1.7
Equity	70.0	61.4	14.1
Cash	12.8	18.2	(30.0)
Debt	14.6	18.0	(18.9)
Net Cash (Debt)	(1.9)	0.2	-
Gearing (net debt/equity)	2.7%	0.0%	-

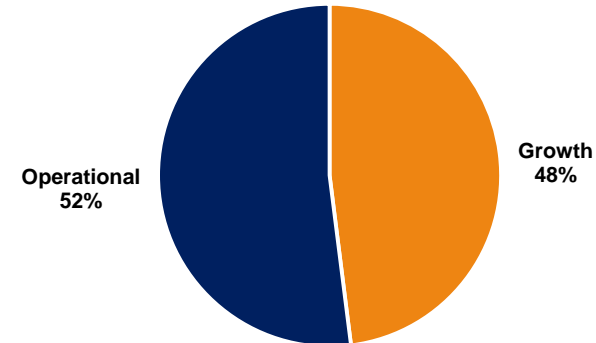
- ❖ Continued Balance Sheet strength – conservative gearing positions business well for further growth.
- ❖ \$12.4m in Capital Expenditure for both contract expansion and fleet & safety upgrades.
- ❖ Continued investment in 2011 as core clients continue to grow.

Capital Expenditure

Capital Expenditure



Capital Expenditure – Operational / Growth



- ❖ Capital expenditure of \$12.4m directed evenly towards both operational and growth requirements.
- ❖ Operational capital expenditure representing 17% of gross assets (10% excluding rig rebuilds and safety upgrades).
- ❖ Rig rebuilds to improve fleet efficiency representing \$1.5m.
- ❖ Safety upgrades in line with client expansion representing \$0.9m.



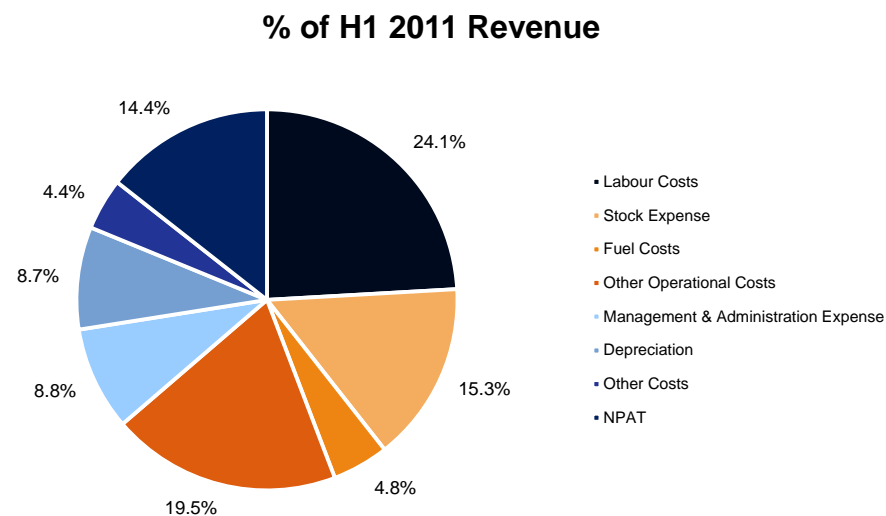
After =>





Cost Analysis

	1H-2011 \$m
Labour Costs	14.3
Stock Expense	9.1
Fuel Costs	2.9
Other Operational Costs	11.6
Management & Administration Expenses	5.2
Depreciation	5.2
Other Costs	2.6
Total Costs	50.9



- ❖ Labour – tightening global labour market creating pressure.
- ❖ Stock – improved operational efficiency.
- ❖ Fuel – % reduced as contract and fleet mix changed.
- ❖ Management and administrative – % increased marginally despite continued foreign exchange losses.



Strategy and Outlook

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

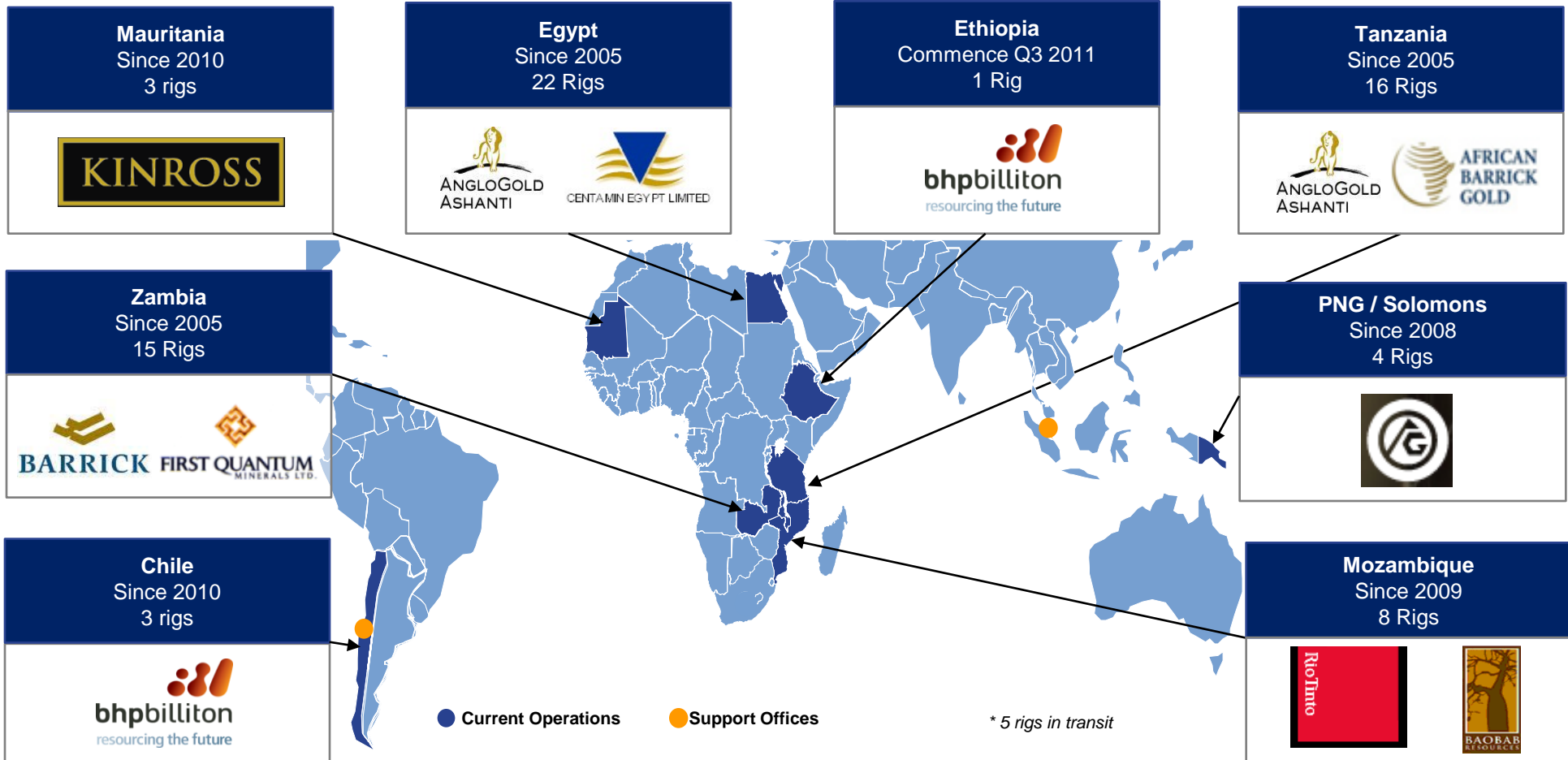
- ❖ 4-year average of 22.7%, conservative gearing profile*

*Normalised EBIT / Total Assets

Leveraging our strengths for expansion



Emerging Markets Focus



• August 2011

Added BHP Billiton & RIO in 1H'11

Quality, Long Term Clients

Well Capitalised Clients

Client	Market Cap ¹	Location	Commodity	Active Since	Type of Drilling
 AFRICAN BARRICK GOLD	US\$3.6bn	Tanzania	Gold	December 2008	E, D, P
 ANGLOGOLD ASHANTI	US\$17.7bn	Tanzania	Gold	April 2007	E, D, P
 BARRICK	US\$50.8bn	Zambia	Copper	July 2006*	E, D, P
 bhpbilliton resourcing the future	US\$190.4bn	Chile / Ethiopia	Copper	May 2011	E, D
 CENTAMIN EGYPT LIMITED	US\$1.9bn	Egypt	Gold	June 2005	E, D, P
 FIRST QUANTUM MINERALS LTD.	US\$10.7bn	Zambia	Copper	July 2010	E, D
 KINROSS	US\$17.7bn	Mauritania	Gold	October 2010	E, D
 RioTinto	US\$115.0bn	Mozambique	Coal	March 2009*	E, D

1. Source: Bloomberg.

2. Various client announcements.

* Pre-Takeover

E – Exploration

D – Development

P – Production

Provides stability and visibility on earnings



Appendices



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, First Quantum & 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 & 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 & 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 Yamana Gold & Namakwa Diamonds

Craig Burton
(NED)



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

Experienced management and highly respected Board



Size of the Market

2010¹

Worldwide Exploration Budgets by Region 2010¹

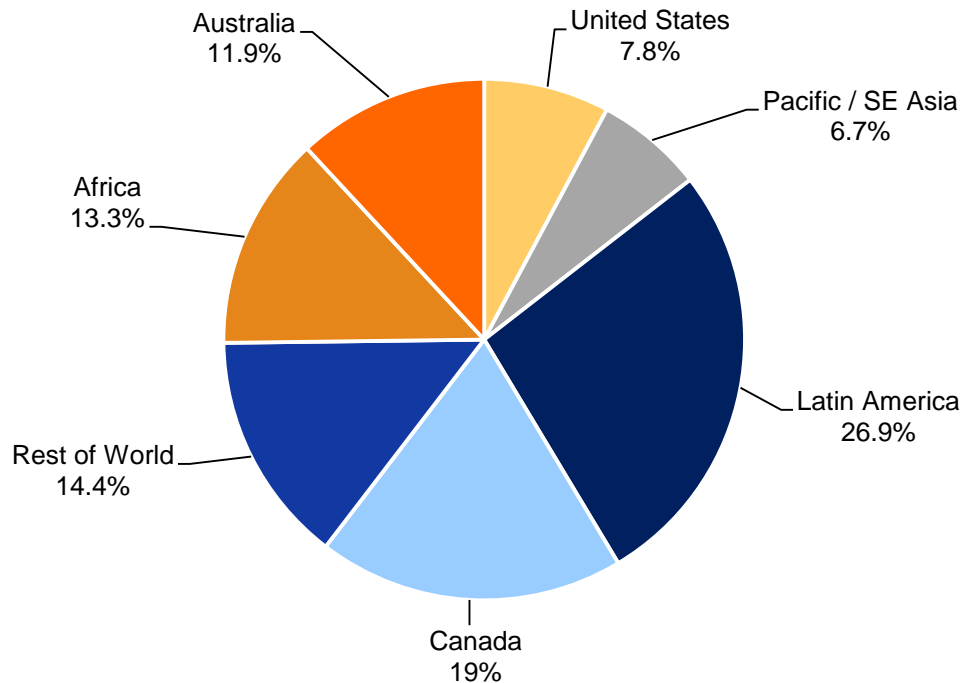
2010¹

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



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



Current Fleet



Deep Hole
diamond
5



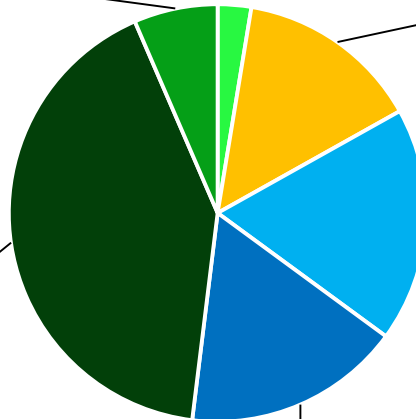
Heli-portable
2



Multi-purpose
11



Diamond
32



Reverse
Circulation
14



Production
13



• As at August 2011

Broad fleet profile to support client base

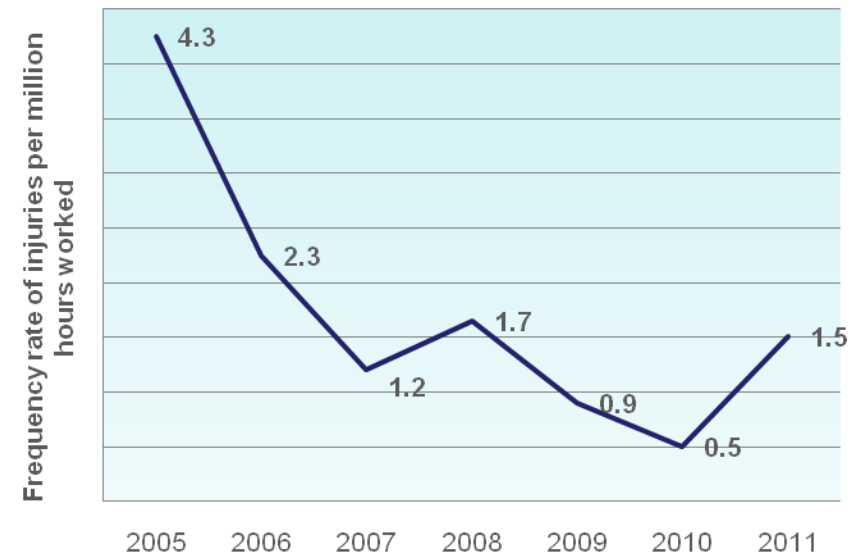


Health & Safety

Health & Safety

- ❖ The Baobab project in Mozambique achieved their 500 days LTI free in May 2011.
- ❖ Eritrea reached 500 days LTI free in May 2011.
- ❖ Geita project in Tanzania achieved their 1,500 days LTI free in June 2011.
- ❖ A substantial investment was made in rod handling equipment and the Company has since seen a decrease in incidents.

Annual Progressive Loss Time Injury Frequency Rate





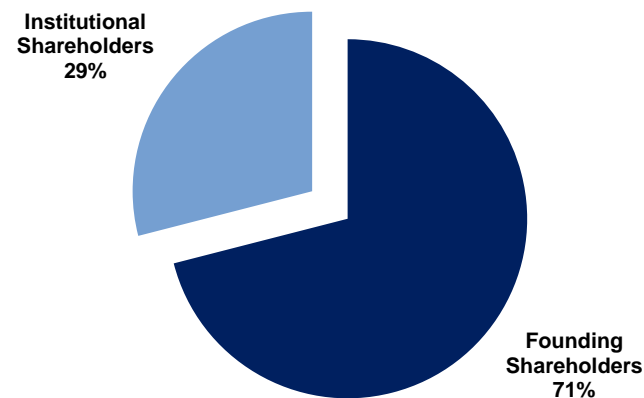
Shareholder Structure

Capital Drilling Shareholders

Shares in issue	134.6 mn
Options	2.6 mn
Total	137.2 mn

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

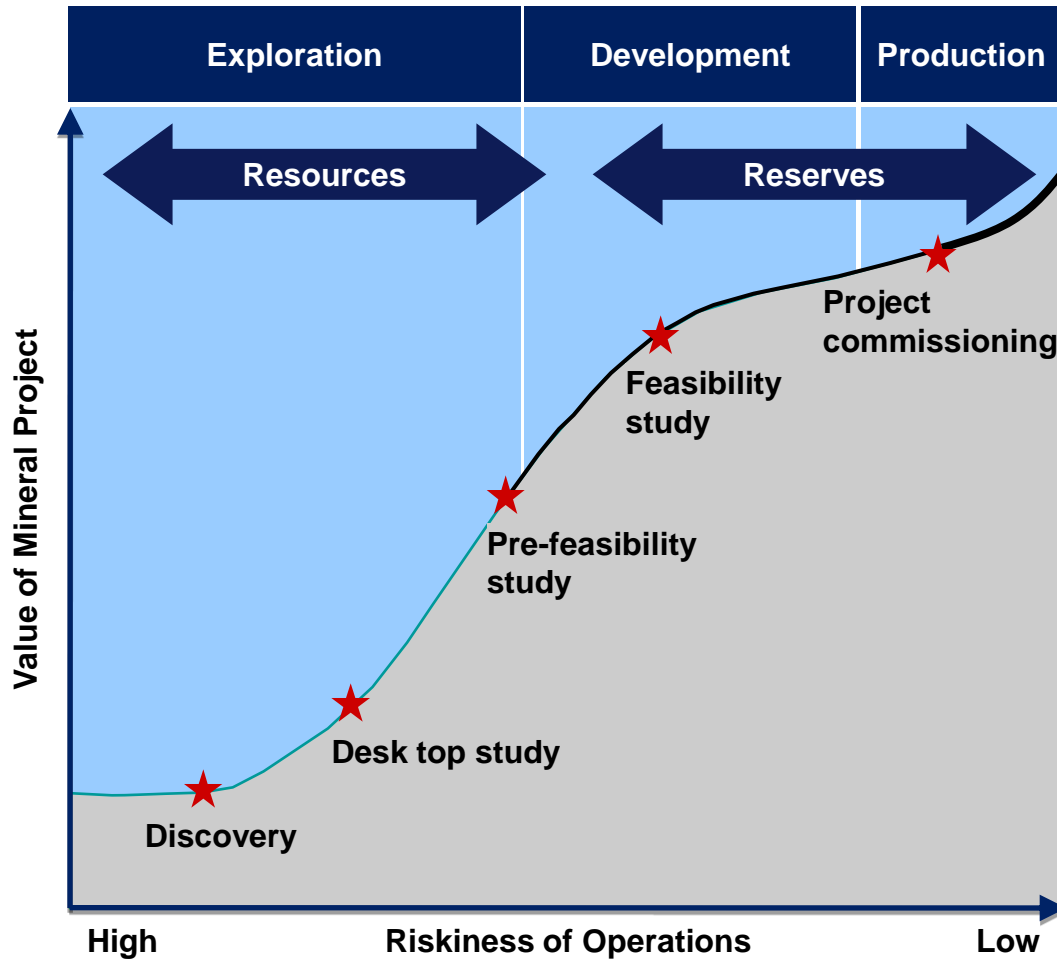
Post Admission and Placing Free Float



Upcoming News Flow

- ❖ August 22, 2011: 1H 2011 Results
- ❖ November 2011: Interim Management Statement

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

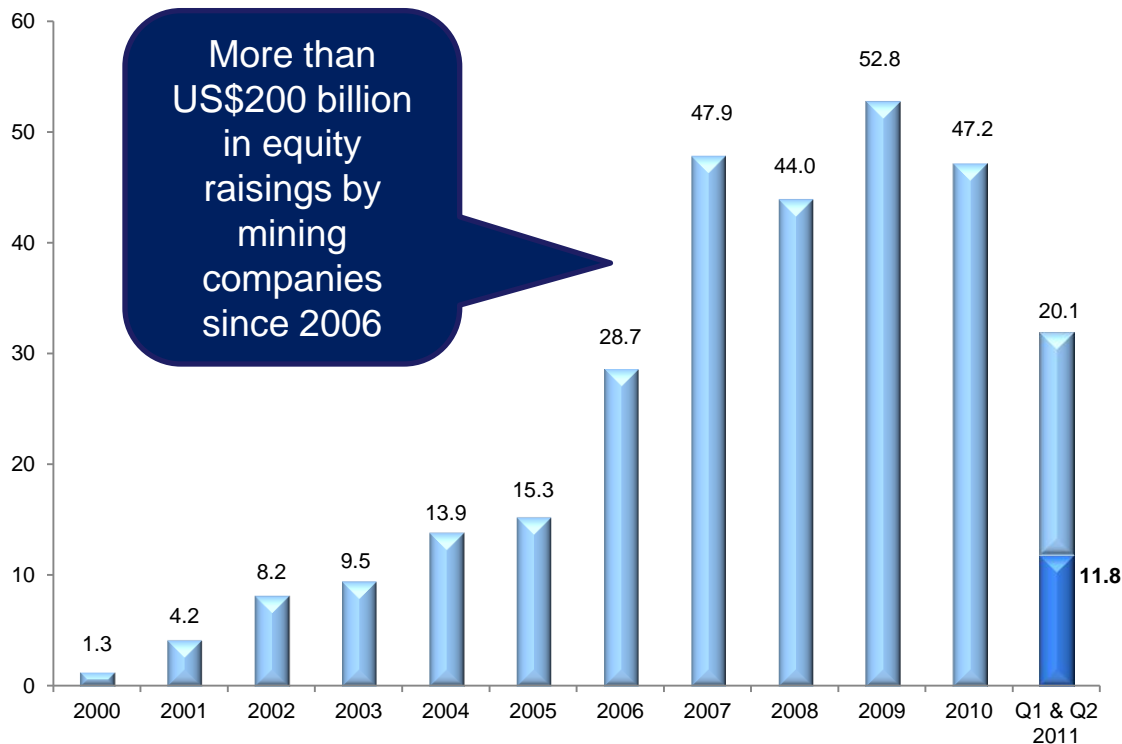
Production

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

Drilling is an integral part of mineral discovery and extraction

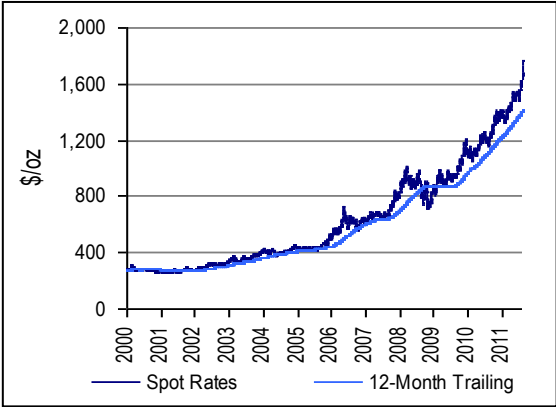


Key Demand Drivers

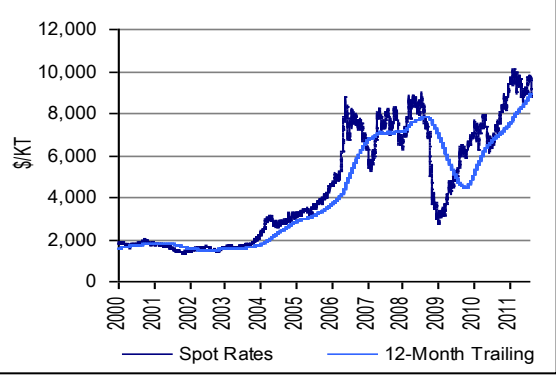


More than US\$200 billion in equity raisings by mining companies since 2006

Gold¹



Copper¹



1. Source: FactSet (as at 12-Aug-2011)

Continued strength in commodity prices and capital markets

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 6500

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