For Immediate Release **20 January 2011**

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

Pre Close Trading Update

Capital Drilling Limited (CAPD:LN), the emerging markets focused drilling company, will announce its full year results for the period ended 31 December 2010 on or around 21 March 2011.

The Board is taking the opportunity to provide the market with an update of activity through the 2nd half of 2010.

Overview

Since listing the Group on the London Stock Exchange in June 2010, Capital Drilling has made significant progress on delivering its stated strategy of strong but profitable growth, continuing to expand in its key markets while establishing operations in new regions. The Company is pleased to report it has experienced significant demand driven growth in its fleet and has added 14 rigs over the course of 2010, representing an annual growth rate of 23%. This growth provides a substantial and solid platform to commence 2011, with a total of 74 rigs across the Group at the start of the 2011 financial year.

Demand for our services has been driven by increased requirements of the Company's existing customer base in addition to new contract wins. The Company most recently commenced operations in Mauritania for Kinross Mining in the 4th quarter of 2010, which represents its first contract in the significant and fast growth West African drilling market.

The 4th quarter of 2010 saw a return to utilisation levels approaching those that Capital Drilling last experienced at the height of the 2008 market. All of the Group's top line KPI's performed strongly, with a 4th quarter average fleet size of 71 rigs, utilisation rates of 84% and an Average Revenue Per Operational Rig ("ARPOR") of $138,000. Second half KPI's have shown significant growth on the 1st half, with an average fleet size of 68 rigs (up 10% from 1st half 2010), utilisation of 82% (up 37% from 1st half 2010) and ARPOR of $136,000 (up 6% from 1st half 2010).

Market conditions remain favourable with record levels in both commodity prices and capital raising activity. This has driven solid demand from existing customers with a number looking to expand their activities in the key markets of Egypt, Tanzania and Zambia. Some of this growth will be met with rig reallocations and some with new asset purchases during early 2011. Tendering enquiries remained robust and improved in the 4th quarter of 2010, reflecting demand from existing customers ahead of the 2011 year and the return of the 'juniors' to the market, who are more focussed on exploration rather than production drilling. The 4th quarter of 2010 saw success with a number of exploration contracts for new customers in Egypt, Eritrea and Chile.

The December contract renewal season has progressed well. This period is significant for the Company with contract negotiations on roughly 50% of 2011's revenue being discussed. The Company is pleased to report that it continues to operate on all of its major contracts in the new year. Furthermore, the Company is beginning to see the first signs of price increases across contracts which the Directors believe will benefit the business in 2011 and will help to offset the cost pressures seen in the 2nd half of 2010, comprising wage and consumables inflation (driven by stronger industry conditions) and currency impacts (given the significant appreciation in a number of expense currencies, in particular the Australian dollar).

2010 Results

The Company intends to release its financial results for the period ended 31 December 2010 on or around 21 March 2011.

Supportive market conditions and the successful commencement of a number of contracts has driven a strong increase in revenue on the full year 2009, and the Company expects to report revenue slightly above $74million for the full year, representing an increase of approximately 25% year-on-year. Net earnings for the full year are expected to be in line with market expectations, despite the cost pressures throughout the 2nd half 2010.

Capital expenditure ended the full year slightly lower than expectations. This, in turn, resulted in a broadly neutral net cash position at year end. Improved working capital management resulted in a broadly neutral working capital flow for the 2nd half; a positive development following the 1st half outflow as the Group expanded its operational base.

Management changes

The Company is pleased to announce that Tony Woolfe has been appointed Chief Operating Officer with effect from 1 February 2011 to assist with managing the continued growth of the Company. Tony has over fourteen years experience in the drilling industry and has been promoted from the position of Technical Support Services Manager. The Board welcomes him into his new role.

The Company also wishes to announce that Bill Schuts, Group General Manager, will be retiring from the drilling industry to return to his native New Zealand and, as such, will be leaving the Company at the end of March 2011. The Board would like to thank him for his contribution to the Company.

Capital Drilling's CEO, Brian Rudd, commented;

"In the second half of the year we have made further progress in growing the business and, with the commencement of activity in Chile and Mauritania in 2010, we have established operations in two significant markets for future growth. The mineral drilling market is continuing to improve and we have seen a significant increase in utilisation rates that is beginning to drive rig shortages in the industry.

“Bill has been an invaluable part of the management team since the early stages of Capital Drilling and we wish him well with his retirement. We would also like to welcome Tony Woolfe into the management team as Chief Operating Officer. Tony has extensive experience in the industry and throughout Africa and we believe he will be a key part of the team as we look to continue the rapid growth of the Company.”

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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 74 drilling rigs with established operations in Tanzania, Zambia, Egypt, Mauritania, Mozambique, PNG, Eritrea, and Chile. The Group’s corporate headquarters is in Singapore and it has administrative offices in South Africa and Chile.