For Immediate Release **15 March 2011**

Capital Drilling Limited

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

Full Year Results
For the period ended 31 December 2010

Capital Drilling Limited (CAPD:LN), the emerging markets focused drilling company, today announces its full year results for the period ended 31 December 2010.(All amounts are in USD unless otherwise stated).

Financial Highlights[1]

- *Revenue up 27% to $75.1m (2009 $59.0m)*
- *EBITDA up 43% to $19.8m (2009 $13.9m)*
- *EBIT up 58% to $14.1m (2009 $8.9m)*
- *Profit after tax up 57% to $11.1m (2009 $7.1m)*
- *Diluted earnings per share up 36% to 9.0 cents (2009 6.6 cents)*
- *Net cash $0.2m (2009 net debt $14.4m)*

Corporate Highlights

- *Successful June IPO, generating proceeds of £13.6 million*
- *Significant fleet expansion and a further 3 rigs added in 2011, taking the total fleet to 77 rigs*
- *H2'10 utilisation of 82%, approaching peak levels seen in 2008*
- *New contract wins:*
  - *Commenced the first contract in the Latin American markets, with Polar Star in Chile*
  - *Commenced the first contract in the West African market, with Kinross Gold on their Tasiast project in Mauritania*
  - *Commenced the Group's first energy contract for ASX listed Oil Search Limited*
  - *Commenced new exploration contracts in Q4 for Thani Ashanti in Egypt and Andiamo & Sunridge Gold Corp. in Eritrea*
- *Successfully renegotiated all major contracts and expanded our presence in Egypt (Centamin Egypt), Tanzania (African Barrick, AngloGold), Zambia (Equinox) and Mozambique (Riversdale)*
- *Received the first broad contract pricing increases since 2008*
- *Early revenue trading ahead of expectations in 2011*

Commenting on the results, Jamie Boyton, Executive Chairman of Capital Drilling said:

"The continued strong global commodity environment has translated into unprecedented levels of demand and subsequent high levels of rig utilisation in Capital Drilling's markets of operation over the past 6 months. We have also aggressively expanded our fleet by 23% during 2010, and added a further three rigs in 2011. The Company continues to experience high enquiry levels from existing and prospective customers with a number of tenders at an advanced stage of bidding. With the firming of rig rates combined with our expanding fleet we remain confident that the momentum from 2010 will continue during 2011. This is supported by the stronger than expected sales growth that we have witnessed in the first two months of the current financial year.

The 2010 performance demonstrates that Capital Drilling's growth strategy is on track, with our continuing focus on operating a high quality, young fleet and working for a strong, well capitalized customer base. We began 2011 very well positioned with a fleet of 74 rigs deployed with a range of long term customers, providing high levels of visibility for the 2011 financial year. Given the current market conditions, the Board expects another significant period of growth in the 2011 financial year".

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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 77 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.

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[1] A definition of terms used is provided in note 15 and the reconciliation between reported and underlying results is provided in the operating review.

Chairman's Statement

This year marks a year of significant achievement and change within the Group. Having started 2010 operating in a market still feeling the impact of the global credit crunch, we saw a strong and rapid improvement in activity and finished the year operating in an environment of unprecedented demand for our services and record commodity prices. In anticipation of this increased activity, we undertook an initial public offering in June which, in conjunction with the negotiation of new banking facilities, provided the Company with the balance sheet capacity to capitalise on improving market conditions. Accordingly we embarked on a major fleet expansion in 2010, adding 14 new rigs, increasing our fleet by 23% to 74 rigs. We have entered 2011 well positioned, currently with 77 rigs, utilisation rates approaching peak levels last seen in 2008 and an environment offering record levels of opportunity and demand for our services.

Against this economic backdrop, the Company has produced a strong set of results. Profit after tax from underlying operations rose by 57% year-on-year to $11.1 million.

Capital Drilling currently finds itself uniquely positioned, with a substantial exposure to gold and copper which together represented over 80% of the Group's commodity exposure in 2010. With both metals trading near record highs we are seeing a material increase in capital markets activity, particularly in recent months with the return of the exploration companies to the market, with the resultant positive flow through of increasing rig demand and higher industry utilisation rates. The same dynamic is currently evident in a number of other commodities, particularly iron ore and coal. Industry commentary supports this increased demand and increasing industry utilisation rates are having an impact on rig availability and correspondingly, for the first time since 2008, a positive impact on contract pricing. This strong demand environment does however bring with it a number of challenges, most notably the tightening labour market and the increasing lead times on capital equipment.

2010 was a year in which we saw particularly strong demand growth in our traditional regional base of Africa, with the revenue contribution from the continent representing approximately 84% of total revenue, back to levels commensurate with those of 2007. Of particular encouragement was the significant growth within our existing long term customer base, with Capital Drilling expanding its presence in Egypt (Centamin Egypt), Tanzania (African Barrick, Gold, AngloGold), Zambia (Equinox) and Mozambique (Riversdale). The Group's ability to expand and leverage off its existing infrastructure vindicates the strategy of partnering with well capitalised customers on high quality, long life of mine assets and we enter 2011 with further expansion opportunities with a number of these customers. The Group continues to place great emphasis on winning good quality contracts that can provide clear and sustainable margins. During 2010 we expanded on the portfolio of clients, adding First Quantum (Zambia) and Kinross Gold (Mauritania).

The commencement of operations in new geographical regions of Latin America and West Africa are significant milestones for the Group. These markets have traditionally been significant for the drilling industry and represent substantial growth opportunities on which we are hopeful we can report further progress in the future. Our recent entry into the energy market with Oil Search Limited also provides further service diversification and an exciting future growth opportunity.

The Company completed its IPO in June in difficult market conditions, where we placed 33.8 million new shares with investors at £0.615 per share, generating proceeds of £13.6 million. We also welcomed two new Board members to the Company, Alex Davidson and Tim Read. Both are highly respected and experienced figures in the mining sector and we are benefiting from their input as our Independent Non Executive Directors.

Looking to the year ahead, Capital Drilling has never been in a better position. The Company started 2011 with a solid, well capitalised and expanding customer base, amid a backdrop of a commodities industry that is driving strong demand for our services. We enter the year with utilisation rates of over 80%, an improving pricing environment for our services and a strong balance sheet, well positioned for further growth. The Board believes that we will continue to benefit from increasing expenditure in our markets and from Capital Drilling's focus on providing quality services to our customers in dynamic and fast growth markets. The Company is well placed and looking forward to both the challenges and the opportunities that lie ahead.

I would like to take the opportunity to thank our employees, business partners, shareholders and all stakeholders for their continued support.

Jamie Boyton
Executive Chairman

CEO Review

Overview

2010 was a transformational year for Capital Drilling and encouragingly, in H2, we saw a welcome return of highly supportive market conditions, which helped drive a strong performance for the Company and has us well positioned for the year ahead. The cornerstone of the business, Capital Drilling Africa, had another particularly strong year, with the group expanding its presence with a number of long term customers as well as commencing operations in exciting new regions such as Western Africa. Capital Drilling Africa contributed over 80% of the Group's 2010 revenue and continues to provide a number of exciting growth opportunities.

With regards to the remainder of the Group, the Company exited Pakistan and Serbia during the year, and established operations in Chile in Latin America, the world's largest market for drilling services. This, combined with the Group's first energy contract in Papua New Guinea, represent new and material opportunities for the Group and we expect a substantially improved performance for these divisions in the year ahead.

The Group's revenue KPI's all demonstrated encouraging trends in 2010, particularly with respect to fleet growth and rig utilisation. We started 2011 with a total of 74 rigs, an increase of 14 rigs year-on-year representing a 23% growth rate. In terms of rig additions, this represents the second strongest year in our history and maintains the long term rate of growth of one rig per month. Encouragingly, the rigs were deployed across a mix of existing sites (particularly in Egypt, Zambia and Tanzania) and new sites (specifically Zambia, Mauritania and Chile).

We are pleased to report that this momentum has carried on into 2011, with the Company adding a further three rigs to the fleet, taking the current rig count to 77. These new rigs are being deployed with existing customers, particularly in Tanzania.

Utilisation rates began to climb from the first quarter of 2010 and it was this increase in activity that drove the Board's decision to launch the Company's IPO in London, creating the capital base to facilitate the growth ahead. After dropping rapidly due to the impact of the global credit crunch, utilisation rates showed a material improvement during H2 2010, averaging 82%, an increase of 37% on H1 2010. The performance in 2011 has continued to be strong with utilisation rates currently above 80%, in what are the traditionally softer months of January and February.

The final revenue KPI, average revenue per operational rig ("ARPOR"), has followed the typical trend of lagging the increase in utilisation which is largely a function of high levels of rig mobilisation during 2010, as the Group commenced a number of new contracts in new geographies. Whilst ARPOR was further restrained by legacy pricing on contracts agreed in 2009, second half ARPOR was $136,000 (up 6% from first half 2010) and reached $138,000 in the fourth quarter 2010. Early signs in 2011 are maintaining this momentum in ARPOR growth.

The combination of these revenue KPI's drove a strong increase in Group revenue, particularly in H2 2010 with revenue of $46.3m, representing a 61% increase on H1 2010. Fully diluted earnings per share for underlying operations were 9.0 cents, a substantial 36% increase on the previous year even with an enlarged capital base.

The strength of the operating environment did however bring with it a number of challenges for the management team, most noticeably in labour price inflation, increasing consumables pricing (from both the increased demand and the currency impact), as well as increasing lead times on key capital items. These challenges, while manageable, continue into 2011.

The recent December 2010 contract renewal season has been a busy period, and thanks to our long term relationships and reputation all major contracts were renewed, the majority with price increases and programs extended to include additional drilling rigs. We continue to see improvements in the demand for drilling services across all markets that we operate in and remain confident that we will continue to grow strongly over the foreseeable future.

Operating Review

The underlying result for the Group saw a 27% increase year-on-year in revenue to $75.1m and a 57% increase year-on-year in net profit after tax to $11.1m.

Statement of Comprehensive Income	FY-2010 Reported	FY-2010 Adjustment	FY-2010 Underlying	FY-2009 Reported	FY-2009 Adjustment	FY-2009 Underlying
	$m	$m	$m	$m	$m	$m
Revenue	75.3	(0.2)	75.1	59.0	-	59.0
Cost of sales	(47.9)	0.1	(47.8)	(37.5)	0.3	(37.3)
Gross profit	27.4	(0.1)	27.3	21.5	0.3	21.7
Administration costs (net of other income)	(7.5)	0.0	(7.4)	(8.7)	0.8	(7.9)
Profit before depreciation, amortisation, finance cost and tax	19.9	(0.1)	19.8	12.8	1.1	13.9
Depreciation and amortisation	(5.8)	-	(5.8)	(4.9)	-	(4.9)
Profit from operations	14.2	(0.1)	14.1	7.9	1.1	8.9
Finance charges	(1.3)	-	(1.3)	(1.3)	-	(1.3)
Profit before tax	12.9	(0.1)	12.8	6.6	1.1	7.6
Taxation	(1.7)	-	(1.7)	(0.5)	-	(0.5)
Profit for the period	11.2	(0.1)	11.1	6.1	1.1	7.1
Earnings per share:						
Basic (cents per share)	9.5		9.4	6.7		7.9
Diluted (cents per share)	9.1		9.0	5.6		6.6

The underlying result has been restated from the reported numbers to reflect non-recurring one off items as outlined in Note 13. The Group reports in two geographical segments, Africa and Rest of the World.

Capital Drilling Africa continued to be the dominant contributor to the company, generating revenue of $63.2m representing a 40% year-on-year increase. The Group expanded its activities with a number of long term customers, adding rig capacity in;

- Egypt, with Centamin Egypt
- Mozambique, with Riversdale
- Tanzania, with African Barrick Gold& AngloGold Ashanti
- Zambia, with Equinox Limited

In addition to the growth within the existing customer base, the Company was awarded 2 new significant contracts, with First Quantum in Zambia and Kinross Gold in Mauritania. The move into Mauritania is significant for the Group as it represents the first contract in the substantial West African market, which is roughly equivalent to the size of the East and Southern African markets, which have been the bulk of the Company's exposure since inception.

The largest expansions to the existing operations were seen in Egypt and Zambia. To cater for this growth the Company underwent a significant restructure of our Egyptian operational team to correspond with the increased exposure to production drilling, changes that have already had a positive impact on the performance and efficiency of the operations. Further management depth has recently been added to both Zambia and Tanzania to assist in the continued growth of these businesses.

The fourth quarter of 2010 also saw the return of the junior exploration companies to the market, which represents a significant positive development as they provide further demand momentum and correspondingly increase industry utilisation rates. Capital Drilling has undertaken a number of new contracts in recent months, including Thani Ashanti in Egypt, Andiamo, Sunridge Gold Corp, and Sahar Minerals in Eritrea and Baobab in Mozambique.

Capital Drilling Rest of the World had a softer year when compared to 2009. Revenue decreased by 15% to $11.8m and gross profit from the region halved to $3.4m, largely reflecting the cessation of activities in Pakistan and Serbia. We continue to work in Papua New Guinea for Allied Gold and have recently been awarded a new contract on their Gold Ridge project in the Solomon Islands, which is due to commence in the second quarter of 2011, utilising a rig from the existing fleet. The fourth quarter also saw Capital Energy secure its first contract, with ASX listed Oil Search Limited in Papua New Guinea, utilising an existing rig within the Capital Drilling fleet which was modified for the customer's specific requirements.

Capital Drilling Chile commenced operations in the second quarter, working on an exploration contract with Polar Star. We established a financial and operations support function in Santiago and intend to use this platform to expand the business further in the year ahead. The Latin American market is the largest in the world for the services provided by Capital Drilling, representing over 25% of the worldwide exploration budgets by region, roughly double the size of the African market which has provided the foundation for the Company. The Company expects to add further contracts in the Latin American market in the future.

The significant number of new contract wins provided a unique challenge for the Group in 2010. While international mobilisation is part and parcel of the business, the scale of movement in 2010 was unprecedented, with roughly 25% of the fleet under mobilisation in the second and third quarters of the year. This has a material impact on underlying costs and management time, however these moves were achieved within budget, on time and with a perfect safety record, a highly commendable effort by all involved. The commencement of operations in Mauritania provided another unique challenge for the Group, where we were required to mobilise five new rigs along with over 125 tons of associated support equipment in a six week time frame. Again the team achieved this task injury free and within scope.

Key Performance Indicators

A number of performance indicators are used to compare the business performance and position of the Group.

	2010			2010	2009
	Q4	**H2**	**H1**	**FY**	**FY**
Average fleet size				65	55
Utilisation	84%	82%	60%	72%	61%
Average revenue Operating Rig (ARPOR)	$138,000	$136,000	$128,000	$132,000	$146,000

Business Development

Outside of the new activities in Latin America and Mauritania, 2010 saw the Company commence a number of other new businesses that have the potential to provide meaningful contributions to the Company's performance in the years ahead.

We established our energy division, Capital Energy, in the second half of the year, and commenced drilling for ASX-listed Oil Search in Papua New Guinea. The contract continues into 2011 and we are in advanced discussions on further opportunities for the year ahead.

We also established another division, Well Force International, in 2010. Well Force offers a wide range of services including bore hole survey, directional drilling equipment and 3D single and multi bore hole planning and deviation control software. The business complements Capital Drilling's operations and has started well, contracting clients in Mauritania and Tanzania in 2010, with further opportunities and prospects ahead in 2011.

To reflect the increasing scale and diversity of the Group's activities, the management team has initiated the process of establishing a presence in Dubai which is expected to commence in the first half of 2011. The premises will house a number of Capital Drilling divisions including Cap-Sat, Well Force International and Capital Support Services, as well as being the centralised procurement & distribution centre for the Group. We also intend to use the facilities as a centralised maintenance facility and expect it will add to the Group's efficiency levels in the years ahead.

Health & Safety

We are pleased to report another strong year for the Group in Health & Safety with a number of significant milestones being achieved in 2010, including achieving over 1.7 million man hours LTI Free.

A number of operating sites were able to report record periods of LTI free activity, including Geita and North Mara in Tanzania, Sukari in Egypt, Lumwana in Zambia as well as a record for the operations in Mozambique. We presented the inaugural annual award for Excellence in Performance & Management of Safety to the Geita site in Tanzania.

Outlook

2011 promises to be another year of sustained growth for Capital Drilling. The business is well positioned with a solid base in the exciting growth market of Africa, and has growth opportunities both within the existing client base and in the broader market. Having now established the business in Latin America the Group is now at advanced stages of discussion on a number of new client opportunities. We expect to see growth in all regions of operation and in the new businesses established in 2010. The macro environment remains highly supportive with record levels of client enquiries in 2011.

The contract renewal season of December 2010 progressed well, with the Company successfully renegotiating all contracts over this period (approximately 50% of total contracts). Encouragingly, we managed to secure our first pricing increases since the global credit crunch which will assist in offsetting the cost pressures experienced in the second half of 2010 and should continue the recent return to a positive trend in operating margins.

Since late January 2011 there has been some significant political upheaval in Egypt, with the fall of President Hosni Mubarak and the installation of an interim government until democratic elections are held in September this year. It is important to clarify that operations at Centamin Egypt's Sukari Gold Project, which accounts for approximately 20% of Capital Drilling's total rig fleet, were not materially impacted by the upheavals and that development, grade control and exploration drilling continues as per normal. Indeed, it is anticipated that Capital Drilling's operations in Egypt will see further growth in 2011.

We remain committed to the Group strategy of targeted growth in the emerging markets, partnering with well capitalised clients, working on long duration quality assets and maintaining a high quality and young fleet, which the Board believes is a key advantage in the regions in which we operate.

With the strengthened balance sheet following the Group’s Initial Public Offering in 2010, the continued support of our long term customer base and the dedicated efforts of our employees, we are excited about our prospects for the year ahead, and thank all for their support.

Brian Rudd
Chief Executive Officer
Capital Drilling Limited

Chief Financial Officer's Report

Following the disruption to the global economic environment in 2009, the full year result for 2010 saw a return to the historical growth trend in the business. Particularly pleasing was the contract expansion from within our existing client base which confirms the quality of the service being offered, and the projects to which the Group is contracted.

The business displayed considerable resilience to the pressures arising from increased labour retention costs and the strength in a number of cost input currencies, delivering a substantial increase in earnings combined with a strengthened Balance Sheet. Net earnings increased to $11.1m or 57% year-on-year and net equity increased to $61.4m.

Statement of Comprehensive Income

Underlying	FY '10	FY '09	Reported	FY '10	FY '09
Revenue $m	75.1	59.0	Revenue $m	75.3	59.0
EBITDA $m	19.8	13.9	EBITDA $m	19.9	12.8
EBITDA %	26.4	23.5	EBITDA %	26.5	21.7
EBIT $m	14.1	8.9	EBIT $m	14.2	7.9
PBT $m	12.8	7.6	PBT $m	12.9	6.6
NPAT $m	11.1	7.1	NPAT $m	11.2	6.0
Basic EPS (cents)	9.4	7.9	Basic EPS (cents)	9.5	6.7
Diluted EPS (cents)	9.0	6.6	Diluted EPS (cents)	9.1	5.6

Rapidly improving global conditions and the expansion in contract size within the existing client base saw revenue increase to $75.1m, or 27% year-on-year. Of particular note was the 61% increase in revenue in H2 after three broadly flat previous periods of revenue, as we saw the benefit of the continued fleet growth, better industry conditions and higher utilisation rates. We enter 2011 with high levels of revenue visibility, providing further comfort to the growth prospects within the current client base.

All key metrics continued to improve with utilisation averaging 84% in the fourth quarter, on a fleet that expanded by 23%. The improved utilisation confirms the demand within the sector and for our services and we expect to see an improving pricing environment for our services in 2011, evidence of which started to appear during the December 2010 contract renewal season.

As a result of improving market sentiment, 25% of the drilling fleet was under mobilisation in the first half of 2010 which placed pressure on our margins in H1. Following completion of the unprecedented mobilisation, H2 revenue increased and the business displayed positive operating leverage resulting in a full year EBIT of $14.1m or 18.8% (margin), an increase of 58% from 2009.

Whilst the business displayed resilience, pressure placed on labour from increased global demand resulted in higher labour retention costs which were unable to be offset by increased contract pricing given the lag in the contract renewal season. In addition, raw material costs from rising commodity prices, combined with a deteriorating US Dollar, placed pressure on the Gross Profit margin of the business. These cost pressures were offset by the evidence of operating leverage within the administration costs of the business, thus generating a substantially improved EBIT and net profit after tax margin.

In January 2011, the Board of Directors approved a change in Depreciation methodology. The change provides consistency with industry peers in both policy and estimated useful life and will be accounted for prospectively.

Flat financing costs, combined with a continued low effective tax rate delivered an improved NPAT to $11.1m, or 14.8% (margin), an increase from 12%, an improvement of 57% over the previous year.

Diluted Earnings per share increased by 36% to 9.0 cents on a weighted average number of shares of 122,383,914, from 6.6 cents on a weighted average number of shares of 103,404,878 shares in 2009. The diluted EPS was impacted by non-controlling minority interests, all of which were eliminated at the time of the IPO.

In 2010, the effective tax rate was 13.0%. Despite expanding into new high taxation regions, the business was able to take advantage of carried forward losses as well as continued benefits from double taxation agreements.

Statement of Financial Position

As at 31 December 2010, the Statement of Financial Position showed substantial improvement with net equity increasing to $61.4m. This strengthening is a result of improved retained earnings and current assets from a higher cash position, primarily as a result of the June IPO. The business is now well placed to capitalise on the strong demand from the industry and allow the business to continue targeted expansion.

Statement of Financial Position	Dec 2010	Dec 2009
	$m	$m
Non-current assets	48.2	36.4
Current assets	48.4	21.3
Total Assets	**96.6**	**57.7**
Current liabilities	22.4	17.2
Non-current liabilities	12.8	8.6
Total Liabilities	**35.2**	**25.8**
Total Shareholder's Equity	**61.4**	**31.9**

Current assets increased by 128% to $48.4m. Driven by improved business performance and the proceeds of the IPO, the Group's cash position increased by $14.8m to $18.2m. The Group's Inventory increased by 67% to $14.9m, a strategic decision to cater for further growth of the business and support the new remote locations in West Africa and Latin America. As a consequence of the increased inventory and expansion of capital items, particularly in H2'10, current liabilities increased. Despite this, the liquidity of the business improved from the previous year.

In line with the increase in the drilling fleet to 74 rigs (increase year-on-year of 23%), the net fixed assets of the business increased by 34% to $48.1m. The full impact of this investment will flow through in 2011.

Total debt increased to $18.0m, primarily due to capital expansion and debt restructuring prior to the June IPO.

Statement of Cash Flow	Dec 2010	Dec 2009
	$m	$m
Net Cash from Operating Activities	12.6	9.2
Net Cash used in Investing Activities	(18.3)	(7.3)
Net Cash used in Financing Activities	22.8	(6.5)
Net Increase (Decrease) in Cash & Cash Equivalents	17.1	(4.6)
Cash balance at beginning of period	1.1	5.7
Cash Balance at End of Period	**18.2**	**1.1**

Significant improvement in the Group's cash-flow was achieved in 2010. Enhancement of margins, improved collections and IPO funds from the June listing provided the basis for the improved liquidity. Higher levels of profitability, from increasing demand and subsequent revenue growth, was offset by working capital outflows in 2010, due to expansion of inventory and receivables. Despite this, net cash from operating activities increased by a commendable 37% to $12.6m. Working capital management continues to be a focus for the business, H2 resulting in a broadly flat working capital flow.

Cash used in investing activities was $18.3m, a 151% increase on 2009. The Group's drilling fleet expanded by 14 rigs (increase of 23%) and we expect the full effect of this investment will be seen in 2011. As a result of the substantial increase in Fixed Assets, the Free Cash Flow of the business was negative $5.7m.

Cash from Financing Activities was $22.8m, compared to net cash used of $6.5m in 2009, a direct result of the successful IPO.

The Group's cash position at year end was $18.2m, a substantial increase from the 2009 cash position of $1.1m net of overdraft. Total debt marginally increased as a result of pre IPO debt restructuring and fixed asset additions to $18.0m.

The net cash position of the business improved to $0.2m and, as a result, net gearing was 0%. In 2009, the business had a net debt position of $14.4m.

A reconciliation of the movement in the net cash position is found below.

Net Debt at beginning of year	**(14,406,495)**
Increase in cash and cash equivalents	17,127,545
Increase in loans	(2,771,122)
Loan write off	238,966
Net Cash at end of year	**188,894**

Treasury and Risk Management

The Group operates under standard Finance Procedures with a centralised Treasury function. As a result, the majority of receivables are centrally received to mitigate any in country cash risk and therefore cash and cash flow is managed by Head Office.

The Group does not undertake any formal currency hedging, though it endeavours to increase the percentage of all transactions in USD denominations as an informal hedge.

Critical Accounting Policies

The Financial statements have been prepared in accordance with IFRS issued by the International Accounting Standards Board. The principal accounting standards are set out in the Group's financial statements.

The Financial statements have been prepared on the historical cost basis and are presented in USD, given the Groups transactions are primarily denominated in USD.

Property Plant and Equipment

The Group depreciates all fixed assets over an estimated useful life, less any pre-agreed salvage value. A Balance sheet review is undertaken annually and as such, the asset values are deemed fair and reasonable.

In January 2011, the Board of Directors approved a change in Depreciation methodology, to a pure straight line basis. In addition, certain estimated useful lives were amended to reflect the current condition. The change provides consistency with industry peers in both policy and estimated useful life and will be accounted for prospectively. A summary is detailed below:

Category	Old Policy No of years	New Policy No of years	Peer Policy No of years
Rigs	7 – 10	5 – 12	5 – 15
Auto	3 – 7	4 – 7	3 -10
Associated Drills	1.5 – 7	2 – 7	1 – 10
Others	3 – 5	3 – 5	1 - 10

Taxation

A deferred tax asset and liability is recorded in the Balance sheet. In addition, the business will have carried forward tax losses to the value of $0.7m, essentially the same as 2010. These tax losses, whilst relatively lower, are expected to be utilised in the forthcoming period.

Goodwill

As a result of the purchase of the assets of the Eastern European business of IDS in July 2008, Goodwill was recorded. Following a review, the Board of Directors agreed to write off the asset.

Share Based Payments

In May 2010, the 2010 Discretionary Share Plan was approved. As a result, in 2010, 2,520,000 Options were issued with a vesting period between January 2011 and December 2013 and a share based expense of $5,925 was recorded.

Subsequent to the above, in February 2011, an additional 140,000 options were issued on the same terms and conditions, taking the total options issued to 2,660,000.

Primary Risks

The Group operates in environments that pose various risk and uncertainties. The primary risks associated with the business are.

Fluctuation in levels of mineral exploration

The Group is highly dependent on the levels of mineral exploration, development and production activity within the markets in which it operates. A reduction in exploration, development and production activities, or in the budgeted expenditure of mining and mineral exploration companies, will cause a decline in the demand for the drilling rigs and drilling services.

Key personnel and staff retention

The Group's ability to implement a strategy of pursuing expansion opportunities is dependent on the efforts and abilities of its executive directors and senior managers. In addition, the Group's operations depend, in part, upon the continued services of certain key employees. If the Group loses the services of any of its existing key personnel without timely and suitable replacements, or is unable to attract and retain new personnel with suitable experience as it grows, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, business may be lost to competitors that members of senior management may join after leaving their positions with the Group.

Currency fluctuations

The Group receives the majority of its revenues in US dollars. However, some of the Group's costs are in other currencies in the jurisdictions in which it operates. Foreign currency fluctuations and exchange rate risks between the value of the US dollar and the value of other currencies may increase the cost of the Group's operations and could adversely affect financial results. As a result, the Group is exposed to currency fluctuations and exchange rate risks. To minimise the Group's risk, the Group tries to match the currency of operating costs with the currency of revenue.

Operating risks

Operations are subject to various risks associated with drilling including, in the case of employees, personal injury and loss of life and, in the Group's case, damage and destruction to property and equipment, release of hazardous substances to the environment and interruption or suspension of drill site operations due to unsafe drill operations. The occurrence of any of these events could adversely impact the Group's business, financial condition, results of operations and prospects, lead to legal proceedings and damage the Group's reputation. In particular, clients are placing an increasing focus on occupational health and safety, and deterioration in the Group's safety record may result in the loss of key clients.

Business interruptions and weather conditions

Significant business interruptions as a result of natural disasters, extreme weather conditions, unstable drilling sites, regulatory intervention, delays in necessary approvals and permits or delays in supplies, may reduce the Group's ability to complete drilling services, resulting in performance delays, increased costs and loss of revenue.

As operations are conducted outdoors, they are generally vulnerable to weather and environmental conditions. The Group operates in a variety of locations, some of which are prone to extreme weather conditions. High rainfall can significantly impact drilling activity as well as impede the ability to move drilling rigs between drill sites. Accordingly, weather conditions as well as natural disasters may adversely impact the financial performance of the Group.

Financial information

The Listing Rules of the UK Listing Authority (LR 9.7A.1) require that preliminary unaudited statements of annual results must be agreed with the listed company's auditor prior to publication, even though an audit opinion has not yet been issued. In addition, the Listing Rules require such statements to give details of the nature of any likely modification that may be contained in the auditor's report to be included with the annual report and accounts. Capital Drilling Limited confirms that it has agreed this preliminary statement of annual results with Deloitte & Touche and that the Board of Directors has not been made aware of any likely modification to the auditor's report required to be included with the annual report and accounts for the year ended 31December 2010.

Responsibility Statement

The Directors confirm to the best of their knowledge that the Financial statements have been prepared in accordance with IFRS and give a true and accurate reflection on the Operating result, cash position and balance sheet of the business.

By order of the Board

David Payne
Chief Financial Officer
15 March 2011

Financial Results

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Note	Group 31/12/2010 $	Group 31/12/2009 $
Revenue	3	75,255,976	59,009,215
Cost of sales		(47,873,623)	(37,550,273)
Gross profit		27,382,353	21,458,942
Other income		728,269	592 971
Administration expenses		(8,182,247)	(9,240,143)
Profit before depreciation, amortisation, finance cost and tax		19,928,375	12,811,770
Administration expenses - depreciation and amortisation		(5,751,748)	(4,925,394)
Total administration expenses		(13,933,995)	(14,165,537)
Profit from operations		14,176,627	7,886,376
Finance charges		(1,288,414)	(1,327,061)
Profit before tax		12,888,213	6,559,315
Taxation	4	(1,671,101)	(506,316)
Profit for the period		11,217,112	6,052,999
Other comprehensive income:			
Exchange differences on translation of foreign operations		(21,449)	(11,024)
Total comprehensive income for the period		11,195,663	6,041,975
Profit attributable to:			
Equity holders of the parent		11,115,033	5,777,185
Non-controlling interest		102,079	275,814
Profit for the period		11,217,112	6,052,999
Total comprehensive income attributable to:			
Equity holders of the parent		11,093,584	5,766,161
Non-controlling interest		102, 079	275,814
Total comprehensive income for the period		11,195,663	6,041,975
Earnings per share:			
Basic (cents per share)	5	9.5	6.7
Diluted (cents per share)	5	9.1	5.6

CONDENSED STATEMENT OF FINANCIAL POSITION
31 December 2010

	Note	Group 31/12/2010 $	31/12/2009 $
ASSETS			
Non-current assets			
Property, plant and equipment	7	48,135,427	35,898,180
Goodwill		-	456,784
Deferred tax		21,837	23,752
Total non-current assets		48,157,264	36,378,716
Current assets			
Inventory		14,923,881	8,934,626
Trade and other receivables		14,965,800	8,807,865
Taxation		316,287	61,936
Cash and cash equivalents		18,237,254	3,479,717
Total current assets		48,443,222	21,284,144
Total assets		96,600,486	57,662,860
EQUITY AND LIABILITIES			
Equity			
Share capital	8	13,459	14,400
Share premium	8	21,561,190	189,600
Equity-settled employee benefits reserve		5,925	2,250,100
Foreign currency translation reserve		(32,473)	(11,024)
Retained earnings		39,821,672	28,360,237
Equity attributable to equity holders of the parent		61,369,773	30,803,313
Non-controlling interest		-	1,035,975
Total equity		61,369,773	31,839,288
Non-current liabilities			
Long-term liabilities	9	12,424,065	3,126,310
Executives' loans		-	5,274,887
Deferred taxation		396,999	249,608
Total non-current liabilities		12,821,064	8,650,805
Current liabilities			
Trade and other payables		16,166,954	7,517,741
Taxation		618,400	170,011
Current portion of long-term liabilities		5,236,505	3,721,847
Short-term loans	10	387,790	3,393,160
Bank overdraft		-	2,370,008
Total current liabilities		22,409,649	17,172,767
Total equity and liabilities		96,600,486	57,662,860

CONDENSED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

	Share capital	Share premium	Equity-settled employee benefits reserve	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the parent	Non controlling interest	Total
	$	$	$	$	$	$	$	$
Balance at 1 January 2009	14,400	189,600	2,250,100	-	22,583,052	25,037,152	760,161	25,797,313
Total comprehensive income for the period	-	-	-	(11,024)	5,777,185	5,766,161	275,814	6,041,975
Balance at 31 December 2009	14,400	189,600	2,250,100	(11,024)	28,360,237	30,803,313	1,035,975	31,839,288
Exercise of shareholder share options	2,400	1,917,600	-	-	-	1,920,000	-	1,920,000
Exercise of executive share options	1,800	3,688,300	(2,250,100)	-	-	1,440,000	-	1,440,000
Equity-settled share based scheme	-	-	5,925	-	-	5,925	-	5,925
Repayment of capital	-	(2,500,000)	-	-	-	(2,500,000)	-	(2,500,000)
Acquisition of non-controlling	89	791,563	-	-	346,402	1,138,054	(1,138,054)	-
Effect of share split	(7,440)	7,440	-	-	-	-	-	-
Issue of shares	2,210	19,594,015	-	-	-	19,596,225	-	19,596,225
Share issue cost	-	(2,127,328)	-	-	-	(2,127,328)	-	(2,127,328)
Total comprehensive income for the period	-	-	-	(21,449)	11,115,033	11,093,584	102,079	11,195,663
Balance at 31 December 2010	13 459	21,561,190	5,925	(32,473)	39,821,672	61,369,773	-	61,369,773

CONDENSED STATEMENT OF CASH FLOWS

For the year ended 31 December 2010

	Note	Group 31/12/2010 $	Group 31/12/2009 $
Operating activities:			
Cash from operations	11	15,257,804	13,025,111
Finance costs		(1,288,414)	(1,327,061)
Taxation paid		(1,327,757)	(2,490,748)
Net cash generated from operating activities		12,641,633	9,207,302
Investing activities:			
Purchase of property, plant and equipment		(18,976,678)	(8,400,360)
Proceeds from disposal of property, plant and equipment		662,571	1,102,520
Net cash used in investing activities		(18,314,107)	(7,297,840)
Financing activities:			
Exercise of shareholder share options		1,920,000	-
Exercise of executive share options		1,440,000	-
Repayment of capital		(800,000)	-
Issue of shares		19,596,225	-
Share issue cost		(2,127,328)	-
Increase in executives' loans		-	1,743,861
(Decrease) in executives' loans		(5,274,887)	-
Long-term liabilities raised		17,766,391	4,282,414
Long-term liabilities repaid		(6,953,978)	(11,466,936)
(Decrease) increase in short-term liabilities		(2,766,404)	(1,054,473)
Net cash generated from (used in) financing activities		22,800,019	(6,495,134)
Net increase (decrease) in cash and cash equivalents		17,127,545	(4,585,672)
Cash and cash equivalents at the beginning of the year		1,109,709	5,695,381
Cash and cash equivalents at the end of the year		18,237,254	1,109,709

NOTES TO THE CONDENSED ANNUAL FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. Basis of preparation

The unaudited preliminary consolidated financial statements are prepared on a going concern basis under the historical cost convention.

The unaudited preliminary consolidated financial statements included in this preliminary announcement have been computed in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRSs"). Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The company's 2010 Annual Report and Account will be prepared in accordance with IFRS. The unaudited preliminary announcement does not constitute a dissemination of the annual financial reports. A separate dissemination announcement in accordance with Disclosure and Transparency Rules (DTR) 6.3 will be made when the annual report and audited financial statements are available on the company's website.

The financial information for the years ended 31 December 2010 and 2009 does not constitute the annual financial statements. The annual financial statements for the year ended 31 December 2009 were completed and received an unmodified report from the Company's Auditors. The Annual Report and Accounts for the year ended 31 December 2010 will be finalised on the basis of the financial information presented by the Directors in this unaudited preliminary announcement. The audit report for the year ended 31 December 2010 has not yet been signed.

2. Operations during the year

On 7 June 2010, the group was admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. As part of the successful listing, an amount of $17,466,687 (net of share issue cost) was raised through the issue of 22.1 million shares.

During the year ended 31 December 2010, the group provided drilling services in Chile, Egypt, Eritrea, Hungary, Mauritania, Mozambique, Pakistan, Papua New Guinea, Tanzania, and Zambia. The group's administrative and operations offices are located in Singapore and South Africa.

On 15 March 2010, Sahar Minerals Limited ceased to be a subsidiary of the group. Sahar Minerals Limited, although at an early stage in its development, is a mineral exploration company, which has a different business model to that of the group's business. Accordingly, a decision was taken to transfer Sahar Minerals Limited out of the group. The group's interests in Sahar Minerals Limited were distributed to the existing shareholders in the form of a capital distribution. As part of that transaction a return of capital was made to the group's shareholders on 30 April 2010 of $2.5 million. A part of this $2.5 million distribution was a $1.5 million drilling credit which will reduce as the group performs drilling services for Sahar Minerals Limited. Sahar Minerals Limited has entered into a drilling contract with the group during the year ended 31 December 2010.

3. Segment report

Operating segments are identified on the basis of internal management reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the group's chief operating decision maker, in this case the Chief Executive, for the purposes of resource allocation and assessment of segment performance is focussed on the region of operation.

2010	Africa	Rest of world	Consolidated
	$	$	$
External revenue	63,445,158	11,810,818	75,255,976
Segment gross profit	23,964,242	3,418,111	27,382,353
Administration costs and depreciation, net of other income	(11,062,030)	(1,804,330)	(12,866,360)
	12,902,212	1,613,781	14,515,993
Head office company administration costs and depreciation			(1,018,046)
Head office company other income			678,680
Profit from operations			14,176,627
Finance charges			(1,288,414)
Profit before tax			12,888,213

2009	Africa	Rest of world	Consolidated
	$	$	$
External revenue	45,071,758	13,937,457	59,009,215
Segment gross profit	14,132,047	7,326,895	21,458,942
Administration costs and depreciation, net of other income	(8,924,171)	(3,641,347)	(12,565,518)
	5,207,876	3,685,548	8,893,424
Head office company administration costs and depreciation			(1,600,019)
Head office company other income			592,971
Profit from operations			7,886,376
Finance charges			(1,327,061)
Profit before tax			6,559,315

	Group	
Segment assets:	**31/12/2010**	**31/12/2009**
	$	$
Africa	109,196,805	72,326,603
Rest of world	49,740,355	38,867,387
Total segment assets	158,937,160	111,193,990
Head office companies	26,546,069	13,492,948
	185,483,229	124,686,938
Eliminations	(88,882,743)	(67,024,078)
Consolidated	96,600,486	57,662,860

4. Income tax

The period income tax is calculated by external consultants and on assessments performed by management and the effective tax rates applicable in the various jurisdictions the group operates in.

5. Earnings per share

	Group	
	31/12/2010	31/12/2009
	$	$
Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Profit for the period attributable to equity holders of the parent, used in the calculation of basic earnings per share	11,115,033	5,777,185
Weighted average number of ordinary shares for the purposes of basic earnings per share	116,994,604	86,400,000
Basic earnings per share (cents)	9.5	6.7
Diluted earnings per share		
The earnings used in the calculations of all diluted earnings per share measures are the same as those used in the equivalent basic earnings per share measures, as outlined above.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	116,994,604	86,400,000
Shares deemed to be issued for no consideration in respect of:		
- Dilutive share options	5,389,390	17,004,878
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	122,383,994	103,404,878
Diluted earnings per share (cents)	9.1	5.6

The denominators for the purposes of calculating both basic and diluted earnings per share have been adjusted to reflect the share split in 2010.

6. Dividends

No dividends have been declared or paid for the year ended 31 December 2010 (2009: $nil).

7. Property, plant and equipment

For the year ended 31 December 2010, the Group spent approximately net $18.3 million on drilling rigs and other assets to expand its operations and for the replacement of existing assets.

8. Issued capital

	Group	
	31/12/2010	31/12/2009
	$	$
Authorised capital		
2,000,000,000 (2009: 204,600) ordinary shares of 0.01 cents (2009: 10 cents) each	200,000	20,460
Issued and fully paid:		
134 590 000 (2009: 144 000) ordinary shares of 0.01 cents (2009: 10 cents) each	13,459	14,400
Share premium:		
Balance at the beginning of the period	189,600	189,600
Exercise of shareholder share options	1,917,600	-
Exercise of executive share options	3,688,300	-
Repayment of capital	(2,500,000)	-
Acquisition of minority interest	791,563	-
Effect of share split	7,440	-
Issue of shares	19,594,015	-
Share issue cost	(2,127,328)	-
Balance at the end of the period	21,561,190	189,600

On 23 April 2010, pursuant to the exercise of fully vested options, the Group allotted and issued 42.000 ordinary shares of 10 cents each at a price of $80.00 per share

On 28 May 2010, the Group increased and subdivided its authorised share capital into 2,000,000,000 ordinary shares of 0.01 cents.

On the same date the Group allotted and issued 892 800 ordinary shares of $0.01 in consideration for the transfer to the Group of the remaining stakes in Capital Drilling (T) Limited and Capital Drilling Egypt Limited Liability Company.

On 7 June 2010, the Group was admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. As part of the successful listing, 22.1 million ordinary shares of 0.01 cents were issued at £0.615 per share. The net proceeds amounted to $17.5 million (net of share issue cost).

9. Long term debt

The Group purchased 5 drilling rigs and accessories for a total cost of $3.1 million from Atlas Copco for the year ended 31 December 2010. $2.6 million of these purchases were financed through loans obtained from Atlas Copco Customer Finance AB. These loans are repayable quarterly in arrears over a period of four years.

On 26 April 2010, the Group (through Capital Drilling Mauritius Limited) entered into a new debt facility with Standard Bank (Mauritius) Limited. The new facility comprises (i) a $15 million medium term loan ("MTL") facility and (ii) a $1 million settlement limit facility. The MTL facility is available for 12 months from the date of first draw down and is repayable over four years from the earliest of the first anniversary of the first draw down or full utilisation. The security and covenants attached to this loan remains unchanged from the disclosures made in the company's prospectus issued on 7 June 2010.

During 2010, the Group also settled the remaining balances of the Standard Bank plc and National Bank of Commerce Limited facilities.

10. Short-term loans

The Group purchased 2 drilling rigs to be used for the Polar Star Mining Project in Chile. The acquisition of the rigs was financed through a loan, amounting to $0.8 million, obtained from Polar Star Mining. The loan is repayable through a deduction of 15% from the drilling invoices issued relating to this project.

On 16 June 2010, the Group entered into a final settlement agreement with International Drilling Services Limited ("IDS") whereby the remaining obligations owing to IDS were settled for an amount of AUD2.7 million.

During 2010, the Group repaid all amounts due on the Executives' loans that were outstanding on 31 December 2009.

11. Cash from operations

	Group	
	31/12/2010	31/12/2009
	$	$
Profit before tax	12,888,213	6,559,315
Adjusted for:		
- Depreciation	5,751,748	4,925,394
- Loss on disposal of property, plant and equipment	337,700	588,202
- Impairment of goodwill	456,784	-
- Share-based payment expense	5,925	-
- Exchange differences on translating foreign operations	(35,480)	-
- Gain on settlement of loan	(238,966)	-
- Gain on disposal of Sahar Minerals Limited	(423 908)	-
- Finance charges	1,288,414	1,327,061
Operating profit before working capital changes	20,030,430	13,388,948
Adjustments for working capital changes:		
- (Increase) decrease in inventory	(5,989,255)	325,529
- (Increase) decrease in trade and other receivables	(6,513,859)	405,229
- Increase (decrease) in trade and other payables	7,730,488	(1,094,595)
	15,257,804	13,025,111

12. Contingencies and commitments

	Group	
Contingencies and commitments	**31/12/2010**	**31/12/2009**
	$	**$**
The Group has the following commitments:		
Committed capital expenditure	2,026,212	1,530,136

The Group also has had outstanding purchase orders amounting to $2.5 million (009: $2.0 million) at the reporting date.

13. Exceptional Items

The business incurred non-recurring revenue and expenses in 2010 which have been normalised to generate the Underlying result.

In March 2010, Sahar Minerals, an exploration company, was deemed a non core asset and thus was divested ahead of the Initial Public Offering. As a result, both revenue and expenses from the transaction were normalised.

Following the purchase of assets in Eastern Europe in 2008, goodwill was recognised in the balance sheet. In 2010, following the annual impairment review, the Board of Directors resolved to write off the goodwill.

All non recurring loans, denominated in AUD, were settled in 2010. The gain from this transaction has been normalised.

Expenses from the June 2010 IPO, not allocated against Equity in the Balance sheet, have been normalised given the non-recurring nature thereof.

	FY-2010			FY-2009		
	Reported	Adjustment	Underlying	Reported	Adjustment	Underlying
	$m	$m	$m	$m	$m	$m
REVENUE	**75.3**			**59.0**		
Sahar		(0.2)	**75.1**		-	**59.0**
Cost of Sales	**(47.9)**			**(37.5)**		
Sahar		0.1	**(47.8)**		0.3	**(37.3)**
GROSS PROFIT	**27.4**	(0.1)	**27.3**	**21.5**	0.3	**21.7**
Goodwill		0.5			-	
Sahar		(0.4)			0.0	
FX on loan		(0.3)			0.9	
IPO cost		0.2			0.0	
Other		0.0			(0.2)	
	(7.5)	0.0	(7.4)	(8.7)	0.8	(7.9)
EBITDA	**19.9**	(0.1)	**19.8**	**12.8**	1.1	**13.9**

14. Events after the Statement of Financial Position date

Since the end date of the period to the date of this report, the following significant circumstances of a material nature have arisen:

- Options

  An additional 140,000 options under the same terms and conditions as previously advised have been issued to employees.

- Depreciation

  The Board of Directors recently approved a change in depreciation methodology. The Group will now depreciate it's assets on a pure straight line basis, with some asset classes having reduced useful lives and other extended useful lives to better match current asset conditions. The change will provide greater transparency and simplicity to depreciation of property, plant and equipment.

  The Directors are not aware of any other facts or circumstances of a material nature since the end of the period to the date of this report which significantly affects the financial position of the Group or the results.

15. Glossary

A description of various acronyms is detailed below:

NPAT	Net Profit After Tax
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
ARPOR	Average Revenue Per Operating Rig
KPI	Key Performance Indicator
YOY	Year On Year
LTI	Lost Time Injury