



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

## Interim Management Statement 17 May 2011

Capital Drilling Limited (CAPD: LN), the emerging and developing markets drilling company, provides its Interim Management Statement ("IMS") for the period to 17 May 2011.

### Highlights

- Revenues up 102% year on year to \$27.4m for the 3 month period to 31 March 2011 compared with \$13.6m for the same period last year
- All key metrics improving with rig utilisation averaging 79% over the Q1 period (up from 59% in Q1'10), monthly Average Revenue Per Operating Rig ("ARPOR") of \$148,000 (up from \$119,000 in Q1'10), on a weighted average fleet of 75 rigs (up from 62 in Q1'10)
- Added a further 3 rigs in Q1'11 taking the fleet size to 77 rigs at 31 March 2011
- Challenges remain with continuing currency appreciation, an increasingly competitive labour market and increasing lead times on major capital items and key consumables
- Two new contracts awarded in May with BHP Billiton in Chile and Allied Gold in the Solomon Islands, utilising existing rigs. Both contracts have now commenced
- Tendering market remains strong – continuing expansion demand from existing clients coupled with increased activity from junior explorers

### Trading Update and Outlook

The Company is pleased to report that it has recorded the strongest quarterly revenue result in its history, generating revenue of \$27.4mn in Q1'11 which represented a 102% increase on Q1'10. These record results were achieved in Q1, which is traditionally the weakest quarter for utilisation during the year, particularly given the seasonal impacts in Mozambique and Zambia. Earnings for the Group continue to be in line with expectations.

Headline operating trends for the period showed year on year improvement, with rig utilisation of 79% (up from 59% in Q1'10) and ARPOR increasing to \$148,000 per month (up from \$119,000 in Q1'10), on a weighted average rig count of 75 rigs. Utilisation rates have made further positive progress in Q2 2011 in line with quarterly historic trends, although ARPOR is slightly down.

The recent trends in ARPOR are particularly encouraging with Q1'11 ARPOR being 24% higher than Q1'10, representing the highest ARPOR since Q1'09. The demand environment has continued to improve, with the majority of the Group's major clients seeking to expand their activities over the course of 2011.

The Group ended the period with 77 rigs in the fleet which is consistent with its historical growth rate of 1 rig per month. The increased market activity has continued the need for further investment in inventory to satisfy client demand as well as provide sufficient inventory to maximise utilisation of the Company's assets.

Overall market conditions have generally been in line with expectations although the Company continues to face a number of cost pressures that began to emerge in H2'10. Adverse currency movements and salary pressure from rapidly improving market conditions and an increasingly tightening labour market are being supplemented by increasing lead times on major capital items and key consumables. However, improved rates from current and new contracts are starting to be realised and are serving to offset these cost pressures.

Commenting on the IMS, Jamie Boyton, Executive Chairman, said:

"We entered 2011 with a solid foundation, having made a substantial investment in fleet and inventory in the second half of 2010, a trend which continued into 2011. Market conditions have continued to be supportive in Q1 and we are particularly pleased to see the strength of demand within our existing client base, as well as adding both BHP Billiton and Allied Gold (Gold Ridge) to our growing portfolio of quality customers. We remain confident the business will continue to grow strongly over the foreseeable future."

Capital Drilling will host a conference call on Tuesday 17 May 2011 at 09:00 (London, UK time) to discuss its Interim Management Statement. Participants may join the call by dialling the following number, approximately 10 minutes before the start of the call:

Telephone number: +44 (0)20 3059 5695

Participant pass code: 780977

For further information please access Capital Drilling's website [www.capdrill.com](http://www.capdrill.com) or contact:

#### **Capital Drilling**

Jamie Boyton, Executive Chairman +65 6227 9050  
Brian Rudd, CEO  
David Payne CFO

**Liberum Capital Limited** +44 (0)20 3100 2000  
Clayton Bush  
Richard Bootle

**Canaccord Genuity Limited**  
Andrew Chubb +44 (0)20 7050 6500  
Bhavesh Patel

**Buchanan**  
Bobby Morse +44 (0)20 7466 5000  
Katharine Sutton

#### **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 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 its administrative offices for South America in Santiago.