



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

Trading Update 27 January 2012

Capital Drilling Limited (CAPD:LN), the emerging and developing markets focussed drilling company, will announce its full year results for the period ended 31 December 2011 on, or around 19 March 2012.

The Board is taking the opportunity to provide the market with an update of activity through the second half of 2011.

2011 Results

The Company intends to release its financial results for the period ended 31 December 2011 on, or around 19 March 2012.

Despite the uncertainty and volatility created by the European sovereign debt crisis, market conditions in the commodities markets and consequently drilling services market have remained supportive with expected revenue of \$130m for the full year, representing an increase of approximately 73% year-on-year. Net earnings for the full year are expected to be in line with market expectations, despite continuing cost pressures particularly caused by the tight labour market in 2011 as well as the significant investments the Group made in both its assets and its geographical expansion.

Overview

We are pleased to report another year of strong growth for the Group, with expected revenue of \$130m for the full year, representing a 73% increase on 2010 and a significant increase from the revenue of \$59.5m for the first half of 2011. During 2011, the Group has again made significant progress on delivering on its stated strategy of strong and profitable growth, through the expansion of its fleet and operations with a number of key customers, in addition to establishing operations in new countries.

Against the backdrop of a continued supportive demand environment, the Group added a further 14 rigs over the course of the year, consistent with the additions in 2010. As previously noted, the Group has, as part of its on-going asset management programme, decommissioned two older rigs from the fleet as well as selling a rig, therefore adding a net 11 rigs over 2011, generating rig growth of 15%. As such we start the 2012 financial year with 85 rigs in the fleet.

Demand for our services has again been driven by increased requirements of the Company's existing customer base with additional rigs deployed with Centamin, Barrick Gold (post their successful takeover of Equinox Minerals) and Kinross. BHP Billiton (Chile), a new customer in 2011, has also recently increased their on-site rig count. Corporate activity amongst our customers in 2011 (namely Barrick Gold/Equinox Minerals and RIO/Riversdale) has seen an increase in the Group's exposure to major blue chip mining companies, which represented 63% of revenue for the year as a whole and 73% in the second half.

The second half of 2011 saw a continuation of strong market conditions for drilling services, which have been a feature since Q4 2010. The Group's top line KPI's performed strongly in the fourth quarter with an average fleet size of 83 rigs, utilisation rates of 83% and an Average Revenue Per Operational Rig ("ARPOR") of \$164,000. Second half KPI's have shown continued growth on the first half, with an average fleet size of 80 rigs (up 5% from first half 2011), utilisation of 83% (up 2% from first half 2011) and ARPOR of \$162,000 (up 5% from first half 2011).

Commodity prices have remained robust during 2011, with favourable market conditions for drilling services, despite the collapse in confidence in capital markets during the second half of 2011 following the ongoing European sovereign debt crisis. Nevertheless, the biggest challenges facing the drilling services industry remain increased cost pressures, mainly associated with labour, as well as the risk appetite from capital markets to fund exploration and development projects, which impacts demand. Despite these constraints, Capital Drilling continues to deliver on its stated growth strategy, with the Group investing in its future growth by increasing its presence in the growth markets of Chile, Ghana and Ethiopia.

The Group is also pleased to report further safety records. Capital Drilling Egypt recently achieved a significant milestone of 1,000 days lost time injury frequency ("LTIF"), the Lumwana site (Barrick Gold) in Zambia has recently achieved the milestone of 1,500 days LTIF and the North Mara site (African Barrick) recently achieved its milestone of 1,000 days LTIF. All are outstanding achievements and continue to demonstrate the Group's commitment to the highest standards in health and safety.

Management changes

The Group recently announced the appointment of Geoff Fardell as Chief Executive Officer, effective 1 January 2012. Mr Fardell was previously Chief Financial Officer at Coates Hire Limited, an ASX 200 listed company, Australia's largest industrial equipment rental company and the twelfth largest in the world at that time. He joined Capital Drilling in April 2011 and was appointed Deputy CEO of the Group six months ago. During that period he worked closely with the previous CEO, Mr Brian Rudd, on the strategic direction of the Group and other organisational matters. Mr Rudd will continue as a full time Executive Director focussing on business development, client relations and corporate strategy.

Capital Drilling's Chairman, Jamie Boyton, commented;

"Capital Drilling saw unprecedented growth in its operations during 2011. We have entered new countries, expanded existing contracts with long term clients, and invested for the next stage of the Group's development. The success of our business is defined by the nature of the clients for whom we work and 2011 was a very strong endorsement of what Capital Drilling is able to supply to the global mining industry".

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About Capital Drilling

Capital Drilling, which has a Premium Listing on the Main Market of the London Stock Exchange, 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 85 drilling rigs with established operations in Tanzania, Zambia, Egypt, Mauritania, Mozambique, PNG, Ethiopia, Ghana and Chile. The Group's corporate headquarters is in Singapore and it has its administrative offices for South America in Santiago.