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

Interim Management Statement

23 October 2012

Capital Drilling Limited (CAPD: LN), the emerging and developing markets drilling company, provides its Interim Management Statement for the period to 23 October 2012.

Highlights

- Despite the weakening macro environment, revenues rose 26% to $40.9m (Q3 2011: $32.5m) for the 3 month period to 30 September 2012 and by 30% to $119.9m for the 9 month period ($92.0m for 9 months in 2011).

- The utilisation rate for the quarter improved following H1 rig mobilisation, rising to 79% for the Q3 period (up from 75% in H1 2012).

- Quarterly Average Revenue Per Operating Rig ("ARPOR") down 4% to $188,000 ($197,000 in H1 2012) on a weighted average fleet size of 88 rigs due to some contracts moving from double to single shifts.

- Added three new rigs in the quarter & decommissioned a further 4 rigs, bringing the quarter end rig count to 89 rigs. 3 further contracted rigs are scheduled for delivery in Q4.

- Global conditions for the mining industry continued to soften, with major miners continuing to defer capex on large development projects.

- Profits impacted by labour & production disruptions in Egypt along with a weaker than expected Q3 in Tanzania, which combined account for approximately 40% of total revenues.

- Capital Energy awarded its 3rd contract, with Ethiopotash (Yara International) in Ethiopia. Activity is scheduled to commence late Q4.

- Further expansion of activities at the Lumwana (Barrick Gold) and Kansanshi (First Quantum) mines in Zambia.

- Achievement of a number of safety records including:
  - Capital Drilling Mauritania achieved 500 days LTI free at the Tasiast Gold Mine (Kinross Gold).
  - Capital Drilling Tanzania achieved 2,000 days LTI free at the Geita Gold Mine (Anglogold Ashanti).

Trading Update and Outlook

The performance of Capital Drilling in the third quarter was solid albeit below consensus forecasts, with budget constraints being faced by many of our clients, 70% of which are large blue chip mining "majors". Revenues continued to grow, with Q3 posting record revenues of $40.9m, demonstrating some gains in market share in the drilling industry, as well as utilisation rates also showing continued growth to 79% from 75%. ARPOR was, however, put under some pressure with a small number of contracts moving from double shift to single shift operations. Other challenges during the quarter included the temporary industrial action in Egypt, as well as a weaker than expected performance in Tanzania, two key countries in which Capital Drilling generates c.40% of its total revenues, with expectations of combined improving performance in Q4. As a result of the impacts during Q3, full year revenues are expected to come in just below consensus forecasts for 2012 together with lower than consensus FY2012 margin performance and consequent impact on profit.

Earlier in the year, Capital Drilling began investing in its personnel and infrastructure; however upon the signs of a softening market we have implemented cost reduction and efficiency programmes, which includes systematic reviews of a number of major cost inputs including labour & supply chain. These measures are designed to allow Capital Drilling to improve the profitability and efficiency of the business and to develop a platform from which it can continue to grow in the future. It is anticipated that the benefits of these measures will start to be felt in Q4 of 2012 and beyond.

The Group currently has 89 rigs in the fleet. Although the Group is carefully monitoring the impact of the well documented softening of conditions it also continues to see opportunities and where appropriate, will invest, such as the further investment scheduled for Q4 this year through an additional 3 rigs due to be deployed in Egypt.

Commenting on the IMS, Geoff Fardell, Chief Executive Officer, said:

"Capital Drilling has maintained strong levels of activity despite the fallout from declining commodity prices, capex reductions from the majors on large development projects, as well as instability in some of the emerging markets within which we operate. Our revenues remain strong, albeit that they have been slightly impacted by the softening market and are expected to come in just below consensus forecasts for 2012. Whilst our net margins were lower in the last quarter than consensus forecasts, we have initiated cost reduction and efficiency programs to move these margins back towards the margin performance we have enjoyed as one of the leaders in our industry. We continue to monitor market conditions and at the same time we are seeing tender opportunities, and are confident that these new opportunities and the delivery of cost efficiencies, which began in Q3, will flow through in future periods".

For further information please access Capital Drilling's website www.capdrill.com or contact:

Capital Drilling

Jamie Boyton, Executive Chairman +65 6227 9050
Geoff Fardell, CEO

+44 (0)20 3100 2000

Liberum Capital Limited
Clayton Bush
Richard Bootle

Canaccord Genuity Limited
Andrew Chubb +44 (0)20 7523 8000
Rob Collins

Buchanan
Bobby Morse +44 (0)20 7466 5000
Cornelia Browne
Gabriella Clinkard

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 89 drilling rigs with established operations in Chile, Egypt, Ethiopia, Ghana, Mauritania, Mozambique, Tanzania, Solomon Islands and Zambia. The Group's corporate headquarters is in Singapore and it has its administrative offices for South America in Santiago.