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

Trading Update

17 January 2013

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 2012 on 18 March 2013. The Board is taking the opportunity to provide the market an update of activity through the second half of 2012 and the preliminary unaudited numbers for the 2012 financial year.

	2012[1] US$m	2011 US$m	Change %
Average Fleet Size	88	78	+13
Fleet Utilisation (%)	76	82	-7
ARPOR ($)	192,000	158,000	+22
Revenue	158.9	130.5	+22
EBITDA	37.1	34.0	+9
EBIT	20.9	22.8	-8
Net Profit After Tax	14.0	17.6	-20
Earnings per share			
Basic (cents)	10.4	13.1	-21
Diluted (cents)	10.4	13.0	-20
Net Asset Value per share (cents)	69.2	58.8	+18
Return On Capital Employed (%)	19.9	28.2	-29
Return on Total Assets (%)	16.1	21.3	-24
Net Debt / (Cash)	19.9	14.6	+36
Net Debt to Equity (%)	21.6	18.5	+17

[1]Unaudited results

2012 Results Overview / H2 2012 Comment

The Company intends to release its audited financial results for the period ended 31 December 2012 on 18 March 2013.

The preliminary unaudited results show unaudited revenue of $158.9mn for the full year, representing an increase of 22% year on year. Full year revenue growth was driven by an increased fleet size and higher average revenue per operating rig ("ARPOR"), with utilisation down year on year (albeit with an improvement in H2). 2012 average fleet size was 88 rigs (up 13% on 2011: 78 rigs), ARPOR of $192,000 (up 22% on 2011: $158,000), and utilisation of 76% (down from 82% in 2011).

Second half KPI's resulted in an increase in fleet size and utilisation, offset by weaker ARPOR. H2 2012 average fleet size was 89 rigs (up from 87 in H1 2012), utilisation was 78% (up from 75% in H1 2012) and ARPOR was $186,000 (down from $197,000 in H1 2012). Finally the Group's top line KPI's did soften in the fourth quarter with utilization rates of 76%, a higher average fleet size of 90 rigs, and an ARPOR of $184,000.

As mentioned in previous updates, market conditions softened in H2 driven by weaker global economic conditions, the lowest levels of capital market activity in the mining sector for the last seven years (Dealogic data, January 2013) and the well documented cutting back of CAPEX from the mining industry.

Q4 was particularly weak for Capital Drilling as we experienced a slowdown driven by clients' year end budget constraints, with clients reducing activity levels when their full year budgets were expended. This contrasted to prior years where we saw clients spending beyond their budgets in the final months of the year. In addition we had our operations at the Sukari Mine in Egypt temporarily closed down in December due to fuel shortages arising from supply disruptions. These developments, combined with a number of redundancy costs, have had a material impact on the Q4 results, and subsequently the FY 2012.

2013 Outlook

Despite the poor results for Q4 2012, we commence 2013 well positioned. The Group has invested over $50mn in CAPEX over the past two years, which for 2012 was over $30mn. The investment has gone into new rigs, fleet upgrades and safety initiatives (much of which is consistent with the Group's increased exposure to mid-tier and major mining houses, which in 2012 represented 97% of our revenue). As a result we are now operating a fleet with an average age of approximately 3.5 years with industry leading safety equipment. We commence the year with 93 rigs covering the bulk of our requirements for the existing business in 2013. Accordingly we expect a material reduction in CAPEX for the 2013 year for the existing business. Growth CAPEX will continue to be driven by new tender wins; however with the softer utilisation in recent months we have an inventory of rigs available for Capital Drilling to meet additional short term demand.

We have also received confirmation of drilling activities from clients representing approximately 90% of our forecast revenue for 2013. The balance of confirmations are expected in 1H 2013 as the current tenders conclude and are re-tendered for the year ahead. Furthermore, operations at the Sukari Gold mine in Egypt resumed in late December and are performing to the Group's expectations since the beginning of 2013. Finally, the tendering market remains strong, with significant opportunities in East and West Africa, as well as in Latin America.

The Group remains conservatively geared with net debt to equity of 22% as at December 31, 2012, a clearly defined growth and maintenance capital expenditure plan, and is comfortably within all banking covenants. We have commenced a range of cost savings initiatives to further strengthen the business and balance sheet and will provide further updates on progress as the year progresses.

Management changes

The Group announced significant management changes in November 2012, with Geoff Fardell stepping down as Chief Executive Officer and Jamie Boyton, Executive Chairman, taking over as Interim Chief Executive Officer, effective 19 November 2012. An international executive search firm was engaged to recruit a new CEO and a short list of candidates has been presented to the Board, with interviews commencing in late December 2012.

Operationally we are pleased to report that Bill Schuts joined the Company as General Manager, Drilling Operations, in December 2012. Bill was a founding shareholder of Capital Drilling and has re-joined the Group after a well-deserved break. Bill brings over 30 years of drilling experience to the Company and a strong understanding of the business, a welcome return.

Capital Drilling's Chairman, Jamie Boyton, commented;

"*Capital Drilling experienced a difficult second half to 2012, with strong revenue growth in the first half offset by some contracts not delivering on the anticipated performance in the last quarter of the year. Though the underlying profitability of the business did not follow record revenues achieved during the whole year, particularly due to the challenging Q4, 2013 has started well. With our focus on the larger producing miners, providing one of the youngest fleets in the industry, as well as an excellent conversion of contracts since the year end, Capital Drilling is confident of delivering a strong profitable performance in 2013."*

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

Capital Drilling
Jamie Boyton, Executive Chairman +65 6227 9050

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

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

Buchanan
Bobby Morse +44 (0)20 7466 5000
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 93 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.