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

Interim Management Statement

17 May 2013

Capital Drilling Limited (CAPD: LN), the emerging and developing markets drilling company, provides its Interim Management Statement ("IMS") for the period to 17 May 2013.

Key Points

- First quarter revenues of $38.3m for the 3 month period to 31 March 2013, up 6% year-on-year (Q1 2012: $36.0m).

- Monthly Average Revenue per Operating Rig ("ARPOR") of $198,000, up 6% year-on-year (Q1 2012: $186,000). Rig utilisation of 66%, down 8% points year-on-year (Q1 2012: 74%) due to softer demand conditions, on a weighted average fleet of 92 rigs (Q1 2012:85).

- A number of new contracts have been won including:
  - BHP Billiton – 1 reverse circulation rig at Pampa Norte in Chile.
  - Glencore – 2 diamond rigs for the Punitaqui mine in Chile.
  - IMX Resources – 2 diamond rigs for the Ntaka Hill project in Tanzania.

- Achievement of a number of safety records including:
  - Solomon Islands (Gold Ridge Project) achieved 500 days LTI free in February 2013.
  - Ghana (Chirano Project) achieved 500 days LTI free in February 2013.

- Market conditions have deteriorated further following the weakness reported in Q4 2012, with increased volatility since April 2013. In line with the well documented cost cutting in the mining industry, the Group has received notification of a number of clients cutting back on 2013 drilling programs and CAPEX spending.

- As a result of the further weakening in the demand environment the Group has again reviewed its CAPEX plans and expects a substantially reduced CAPEX requirement in 2013, which is expected to contribute to lower net debt and increased cash generation.

Trading Update and Outlook

The Company reports another strong quarterly revenue performance, with sales of $38.3m in Q1 2013, a 6% increase on Q1 2012. This was a record Q1 revenue performance for the Company and was achieved despite softer utilisation rates as a result of the weaker demand environment. The Group saw a further increase in ARPOR, up 6% from Q1 2012 to $198,000 per month on a weighted average fleet of 92 rigs (Q1 2012: $186,000 on 85 rigs).

While the Q1 results were solid, there has been further weakening in the demand environment and the Company has recently received notification of the cancellation or downscaling of drilling requirements in a number of key locations, including Zambia, Tanzania and Chile.

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The weaker demand has driven the requirement for further management and business restructuring including the decision to rationalise our workforce, while reviewing and cutting costs across the business. As a result we will be incurring a restructuring charge of c$2.0mn which will have a substantial impact on the Group results.

At the time of the announcement of the Group's full year results in March 2013, the Company noted that despite the softer market conditions there remained potential expansion opportunities in the market. However, due to the sudden correction in commodity prices, investment in CAPEX & drilling expenditure by our clients has been further curtailed and decisions on new tenders have been subject to delay.

Despite the weaker demand environment we continue to work with a high quality client list and have maintained relatively strong levels of utilisation which continue to trend above reported industry levels. The Group's substantial investment in capital equipment over the past two years has resulted in a lower capital expenditure on assets in the first quarter and the Group remains well positioned in this regard for the periods ahead with one of the most modern drilling fleets in the industry.

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

"The current financial year started with a solid performance in the first quarter as the Group benefited from the early initiatives of cost reductions and management restructuring which were implemented in late 2012. Disappointingly, market conditions have since shown further signs of weakening which have increased in recent weeks, with the Company receiving notification of reduced drilling programs from a number of customers, with capital & exploration expenditure being deferred.

Against the weaker demand environment the Company has intensified its focus on cost reduction initiatives and has subsequently incurred significant restructuring costs which will subsequently affect earnings for the half year.

The Board remains confident that Capital Drilling is uniquely placed, with strong blue chip clients, one of the youngest fleets in industry, and substantially reduced capital expenditure requirements for the current year. Our restructuring will see the business become increasingly flexible in continued challenging times within the mining and commodities markets and will position us well for future opportunities."

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

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