



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

Interim Management Statement 30 October 2013

Capital Drilling Limited (CAPD: LN), the emerging and developing markets focused drilling company, provides its Interim Management Statement ("IMS") for the period to 30 October 2013.

Summary

- Revenues for the 3 months ended 30 September 2013 of \$21.7m (Q3 2012: \$40.9m) and for the 9 months ended 30 September 2013 of \$94.4m (\$119.9m for 9 months to 30 September 2012) impacted by the downturn in the mining industry.
- Rig utilisation rate for the quarter dropped to 46% for the Q3 period (H1 2013: 64%).
- Quarterly Average Revenue per Operating Rig ("ARPOR") down 14% to \$165,000 (H1 2013: \$192,000) on a weighted average fleet size of 91 rigs resulting from deferment or reduction in clients' drilling spend.
- Cash flow continues to be positive allowing for further reduction in net debt to equity, reducing to 12.7% (15.6% at end of Q2 2013, from 21.4% at 1 January 2013). Cost reduction initiatives on-going.
- 3 rigs scheduled for delivery in Q4 (expected commissioning in early Q1 2014) to service the newly won 5 year drilling contract with AngloGold Ashanti in Tanzania.
- Global conditions for the Mining industry showing initial signs of stabilisation. Current trading remains in line with market expectations.

Trading Update and Outlook

The Company experienced one of the most challenging quarters as a listed company from July to September, with the well documented downturn in the mining industry continuing to cause deferments and reductions in development and exploration drilling in most geographies. The quarter was further impacted by disruptions in August due to Ramadan. These developments resulted in ARPOR and utilisation falling by 14% and 26% respectively.

The Group's continuing cost reduction programmes have continued to deliver positive results for the Company. These programmes have resulted in the generation of free cash flow from operations, allowing the Company to further reduce net debt to equity to 12.7% at the end of the third quarter. The strengthening of the balance sheet and improved cash flows from our assets not only ensures that the business has the flexibility to manage significant volatility but also allows Capital Drilling to capitalise on any improved sentiment towards the mining industry in 2014.

The Group currently has 91 rigs in the fleet, with 3 new blast hole rigs due to be delivered in the final quarter and be commissioned by early Q1 2014 as a result of the contract win with AngloGold Ashanti in Tanzania. A further 2 rigs are to be sourced in early 2014. Capital Drilling's trading remains in line with market expectations for the full year with Q4 revenues expected to show a small improvement on Q3.

Commenting on the IMS, Jamie Boyton, Executive Chairman and Interim CEO, said:

"Capital Drilling has felt the impact of the global slowdown in mining, impacting capex particularly in drilling, resulting in a significant fall in revenue over the period and utilisation rates of 46%, the lowest in the Company's history. The management team has remained highly focused on continued cost and capital expenditure discipline and, despite the weaker revenue and resulting profit performance, the business has continued to generate positive operating cash flows for the period.

We are encouraged by recent contract wins, most significantly the 4 October announcement of a 5 year comprehensive drilling contract for the Geita Gold mine in Tanzania (AngloGold Ashanti). The contract represents the largest single contract award for Capital Drilling and further underpins our position in the key Tanzanian market, while adding to the Group's exposure to the longer term production drilling market that we have been strategically targeting".

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 91 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.