



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

Interim Management Statement 15 May 2015

Capital Drilling Limited (CAPD: LN), the emerging and developing markets drilling company, provides its Interim Management Statement ("IMS") for the period to 14 May 2015.

Key Points

- First quarter revenues of \$19.1m for the 3 month period to 31 March 2015, 1.4% lower than Q4 2014 (Q1 2014: \$26.1m).
- Q1 2015 Average Revenue per Operating Rig ("ARPOR") of \$191,000 per month, 2.1% higher than Q4 2014 (Q1 2014: \$187,000).
- Rig utilisation of 33%, down from 38% in Q4 2014 (Q1 2014: 44%), reflecting the full quarter impact of the company's decision to cease operations in Papua New Guinea and the Solomon Islands in Q4 2014, and the continued lack of activity in Zambia.
- Acquired 1 new blast hole rig for the Geita Gold Mine in Tanzania, providing a weighted average fleet of 96 rigs for the quarter (Q1 2014: 95) and a total fleet of 97 rigs.
- Market conditions remain subdued and challenging, however the company has been successful in winning a number of exploration and delineation contracts which will see utilisation increase to 36% in May, specifically:
 - » Cupric Canyon Capital (Botswana): 2 diamond rigs, resource delineation drilling (commenced April 2015)
 - » IMX Resources (Tanzania): 2 diamond rigs, resource definition drilling (commenced May 2015)
 - » Acacia Mining (Tanzania): 1 RC rig, geo-technical drilling (commencing May 2015)
- Achievement of a number of safety records including:
 - » Mauritania (Kinross Tasiast Project) achieved 4 years LTI free in March 2015.
 - » Mauritania (Kinross Tasiast Project) achieved 1,500 days LTI free in April 2015.
 - » Tanzania (North Mara Project) achieved 1,000 days LTI free in April 2015.
- Maiden dividend of US1.9cps for the 2014 financial year paid to shareholders on May 8, 2015.
- Positive cash flow from operational activities maintained. Capital Drilling remains focussed on strict cost management and ongoing capital discipline, generating solid cash flows and a strong balance sheet.

Trading Update and Outlook

This quarter demonstrated a stabilisation of revenue with quarterly sales of \$19.1m in Q1 2015, a decrease of 1.4% on Q4 2014. The decrease is predominantly due to the company's previously announced decision to cease its operations in Papua New Guinea and the Solomon Islands, in addition to the lack of activity in Zambia arising from the uncertainty around the Government's position on royalties in the copper industry.

Revenue has since shown a modest increase into the second quarter as seasonal activity levels have increased. Furthermore the company has been awarded a number of exploration and delineation contracts which have commenced in April and May, all of which utilise existing assets within the rig fleet. The tendering market continues to offer small pockets of opportunity, predominantly with shorter duration exploration and delineation contracts.

The early initiatives taken by the management team over 2013 and 2014 to reduce the company's cost base and debt profile continue to serve the company well, with Capital Drilling again generating solid cash flows over the first quarter despite weak utilisation figures. We finished the 2014 year with net debt of 0.4% and we expect to move to a net cash position over the course of 2015, in conjunction with the Group paying its maiden dividend in May 2015. The focus remains on maintaining the conservative gearing profile and the company's ability to provide solid returns to shareholders.

Commenting on the IMS, Mark Parsons, Chief Executive Officer, said:

"Whilst we continue to operate in a challenging environment, we are pleased to continue to generate positive cash flows, deliver strong operational performance and further debt reduction. Although first quarter utilisation was particularly depressed, the efforts of the management team in targeting new business has demonstrated early signs of success, with the company being awarded three new contracts in the period to May, including our first contract in Botswana where we mobilised assets from neighbouring Zambia.

Capital expenditure has remained controlled with the addition of one blast hole rig which has been deployed at the Geita Gold Mine in Tanzania. On current demand forecasts the Group has no further requirement for rig purchases in 2015 and we expect to generate strong cash flows over the year allowing further balance sheet management initiatives for shareholders".

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