



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

Q3 Trading Update

Capital Drilling Limited (CAPD:LN), the emerging and developing markets focused drilling company, today provides its Q3 Trading Update for the period to 25 October 2015.

Summary

- Achieved consistent quarter-on-quarter revenue growth throughout 2015 financial year
- Q3 2015 revenue of \$20.8 million (Q3 2014: \$23.6 million; Q2 2015: \$19.8 million); third consecutive quarter of revenue growth
- YTD revenue of \$59.8 million (9 months to 30 September 2014: \$77.4 million)
- ARPOR up 7% to \$192,000 (Q3 2014: \$179,000; Q2 2015: \$186,000) on a weighted average fleet size of 97 rigs
- Rig utilisation remained stable at 34%
- Further \$8.0 million debt repayment made in Q3 2015. Maintained positive net cash position and robust balance sheet
- Paid maiden Interim dividend of US1.1cps (\$1.5 million) on 9 October 2015
- Ongoing subdued market conditions
- Trading remains in line with market expectations for the full year

Trading Update and Outlook

Recent industry commentary suggests the significant and prolonged downturn of the global mining sector has now reached the bottom of its cycle and will go on to make a measured recovery. There is little indication, however, of a material improvement in the near-term. Notwithstanding these challenging market conditions, Capital Drilling is continuing to deliver positive cash flows, with a strong net cash position, and is gaining additional contracts for its unutilised rigs.

Capital Drilling's revenue for the three months ending 30 September 2015 (Q3 2015) was \$20.8 million. This result was 11.8% lower than the 2014 corresponding period, however consecutively higher than the previous two quarters (Q1: \$19.1 million and Q2: \$19.8 million). The Company's year-to-date (YTD) revenue result for the 9 months ended 30 September 2015 was \$59.8 million (\$77.4 million for 9 months to 30 September 2014).

Encouragingly, Capital Drilling's Quarterly Average Revenue per Operating Rig (ARPOR), on a weighted average fleet size of 97 rigs, increased 7% on the previous corresponding period to \$192,000. This increase can be attributed to well performing diamond drilling exploration contracts and the Company's ongoing focus on improving drilling efficiencies for all existing contracts.

During the quarter, Capital Drilling maintained positive operating cash flow and a further \$8.0 million was repaid on the Company's Standard Bank revolving credit facility ('RCF'). These repayments, together with the \$2.0 million repaid during H1 2015, have reduced the balance owing on the facility from \$15.0 million, as at 31 December 2015, to \$5.0 million as at 30 September 2015. At 30 September 2015, the Company maintained a cash balance of \$8.6 million, with a resultant positive net cash balance of \$3.6 million.

Throughout the quarter, market conditions and tendering activity remained subdued yet consistent. Capital Drilling's strategic decision to deliver a low cost drilling model to broaden its client base, and maximize rig utilisation, has resulted in additional revenue and earnings including exploration drilling in Peru and Botswana. Further, subsequent to period end, the Company has secured two additional contracts in Tanzania, specifically an exploration drilling contract with Magnis Resources, for one reverse circulation rig, and an underground rig for development drilling with AngloGold Ashanti at the Geita Gold mine.

The Company remains focused on optimising efficiencies and service delivery for its existing clients, which include large Blue Chip resources companies, together with mid-tier and juniors. Importantly the Company also maintained its excellent safety record, well above industry averages.

Commenting on the Trading Update, Mark Parsons, CEO, said:

"The Company is in a solid position as it approaches the year end. Trading remains in line with market expectations for the full year and we are in a stronger position for an upswing of the cycle. A large proportion of our business is secured by long-term contracts and a number of contracts are now expected to run for longer than forecast. Further, we are beginning to attract additional work with our low cost drilling model.

Not only have we improved the strength of our balance sheet through the repayment of \$8.0 million of the RCF, we have a net cash position, having also paid a maiden interim dividend to all shareholders earlier this month. The Company looks forward to maintaining a net cash position, allowing the Company to leverage our strengths in FY16 and beyond.

The Groups quarter-on-quarter revenue growth throughout 2015 demonstrates our excellent service delivery and operational efficiencies. Our continued discipline towards capital expenditure and cost management have again contributed to positive operating cash flows despite the challenging market conditions in the global mining sector."

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, Peru, Tanzania and Zambia. The Group's corporate headquarters is in Mauritius and it has its administrative offices for South America in Santiago.