

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

Q1 Trading Update

Capital Drilling Limited (CAPD:LN), the emerging and developing markets focused drilling company, today provides its trading update for the period 1 January to 17 May 2016.

First Quarter (Q1) 2016 Key Metrics

	<u>Q1 2016</u>	<u>Q1 2015</u>	<u>Q4 2015</u>	<u>% change from Q1 2015</u>	<u>% change from Q4 2015</u>
Revenue (\$mn)	19.1	19.1	18.9	0.0%	1.1%
ARPOR (\$)	181,000	191,000	185,000	-5.2%	-2.2%
Average utilised rigs	34	32	34	6.3%	0.0%
Fleet Utilisation (%)	36%	33%	35%	9.1%	2.9%
Average Fleet	94	96	97	-2.1%	-3.1%
Closing fleet size	94	97	94	-3.1%	0.0%

Operational Highlights

- Successful deployment and commencement of production drilling contract for Acacia Mining at the North Mara Gold Mine, Tanzania, with 3 newly acquired (previously announced) rigs arriving on site late March/early April
- Awarded multiple new exploration drilling contracts, including:
 - » Alexander Nubia, Egypt: 1 diamond rig, commenced March 31
 - » Algold, Mauritania: 1 multi-purpose rig, commencing mid May
 - » OreCorp Limited, Mauritania; 1 diamond rig, commenced March 17
 - » Tanga Resources, Tanzania: 1 multi-purpose rig, commenced April 18
- Successfully completed high altitude exploration drilling contract with Barrick Gold, Chile, utilising 1 reverse circulation rig
- Achievement of a number of world class safety milestones, including:
 - » Tanzania (Mwanza Support Facility) achieved 8 years LTI free in January 2016
 - » Mauritania (Tasiast Project) achieved 5 years LTI free in February 2016
 - » Botswana (Cupric Project) achieved 1 year LTI free in March 2016
 - » Tanzania (Geita Gold Mine) achieved 9 years LTI free in April 2016

Financial Highlights

- Payment of final dividend (US2.5cps) for 2015 financial year on May 6, 2016
- Stable revenue over the traditionally weak 1st quarter, with revenue increasing into Q2 following the commencement of new short term exploration contracts
- 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

Capital Drilling generated revenue of \$19.1 million during 1Q 2016, which represents an increase of 1.1% on the previous period (4Q 2015 \$18.9 million). The result reflects the continued stabilization of the Company's revenue with the Company's core production contracts contributing over 80% of Group revenue in Q1. The Group saw a slight increase in utilisation over the quarter, reflecting increased activity at the North Mara Gold Mine and new exploration contracts that commenced late in the quarter. ARORP was however marginally softer, primarily due to rigs commencing drilling in late March, therefore generating a marginal revenue contribution for the period, in addition to single shift drilling on a number of exploration programs.

Of particular encouragement was the award of multiple exploration contracts during the period, indicating early signs of a measured industry recovery. It is also important to note that the Company was awarded the majority of the exploration contracts it tendered for. This significant achievement can largely be attributed to its Lean Operating Model ("the Model"), which was implemented in 2015. The Model enables Capital Drilling to provide competitive drilling programs on smaller site footprints and the Company has received positive client feedback relating to projects in Botswana, Egypt, Peru and Tanzania.

A further operational achievement for the period includes Capital's mobilization of three new blast hole rigs for Acacia Mining's North Mara contract. This contract extends the Company's services at the site, where it was previously providing grade control drilling services only. The two-plus-two year contract with Acacia Mining was announced to the market on 14 December 2015 and increased the total rigs on site to 5.

Recent increases in the gold price along with increased capital markets activity in the mining sector give the Group an encouraging outlook. The early signs of recovery in the sector, albeit measured, together with the award of new exploration contracts, reinforce Capital's position for revenue and earnings growth during the balance of 2016 and beyond. The Group continues to benefit from a strong balance sheet and solid cash generation, providing the platform for growth.

Commenting on the trading update, Mark Parsons, Chief Executive Officer, said:

"While the market continues to be subdued, the small signs of improvement in the tendering markets are encouraging, as is the recent uplift in capital markets activity in the resources sector. While we currently expect trading to remain in line with expectations for the remainder of the year, we are in a strong position to take advantage of opportunities as conditions improve.

The large majority of our revenue is secured with long-term contracts, many of which are expected to operate beyond their forecast completion. Our low cost operating model also attracted several new contracts during Q1, supporting our growth strategy.

For the balance of the year we will continue to: pursue growth in emerging markets; enhance our ability to offer additional drilling services; and execute strategic partnerships. I am confident we have established a solid platform for future growth, despite the challenges the industry continues to face."



For further information, please visit 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 94 drilling rigs with established operations in Botswana, Chile, Egypt, Ethiopia, Mauritania and Tanzania. The Group's corporate headquarters is in Mauritius.