



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

Q1 Trading Update

Capital Drilling Limited (CAPD:LN), a leading drilling solutions company focused on emerging and developing markets, today provides its Q1 2017 trading update for the period to 01 May 2017.

FIRST QUARTER (Q1) 2017 KEY METRICS

	Q1 2017	Q1 2016	Q4 2016	% change from Q1 2016	% change from Q4 2016
Revenue (\$m)	31.6	19.1	27.8	65.4%	13.6%
ARPOR#(\$)	196,000	181,000	170,000*	8.3%	15.3%
Average utilised rigs	51	34	51	50.0%	0.0%
Fleet Utilisation (%)	55%	36%	55%	52.8%	0.0%
Average Fleet	93	94	94	-1.1%	-1.1%
Closing fleet size	93	94	92	-1.1%	1.1%

* restated

Average revenue per operating rig

Financial Highlights

- Revenue of \$31.6 million, representing 13.6% growth on Q4 2016 (\$27.8 million) and 65.4% on Q1 2016 (\$19.1 million)
- Strongest first quarter revenue result since 2013
- ARPOR up 15.3% (\$196,000) on Q4 2016 (\$170,000)
- Declared a final dividend of US1.0cps for 2016 financial year, payable on May 19, 2017
- Maintained strong balance sheet
- 2017 revenue guidance increased to \$120 - \$130 million (previous guidance of \$105 - \$112 million), driven by the strength of the Q1 results and additional rigs commencing drilling

Operational Highlights

- Maintained utilisation and improved ARPOR over Q4 2016
- Expanded operations at AngloGold Ashanti's Geita Gold Mine (Tanzania), with an additional underground rig commencing in February
- Newly acquired blast hole and grade control rigs (previously announced) for long-term production contracts at Centamin's Sukari Gold Mine (Egypt) and Acacia Mining's North Mara Gold Mine (Tanzania) commenced operations in February
- Awarded multiple new exploration drilling contracts with existing customers, including;
 - Aton Resources (Egypt): 1 diamond rig, commenced February
 - Algold (Mauritania): 2 rigs (1 diamond rig, 1 Reverse Circulation rig), commenced February
 - MRL (Mauritania): 1 RC rig, commenced April
 - OreCorp Limited (Mauritania); 1 diamond rig, commencing Q2 2017
 - Thani Stratex (Egypt): 1 diamond rig, commencing Q2 2017

- Commenced grade control drilling at the Tasiast Mine in Mauritania in April with a second rig scheduled for Q3 2017
- Awarded initial Phase 1 production contract for two blast hole rigs with Alecto Minerals (Botswana), with the first rig commencing drilling in March 2017
- Purchased a further blast hole rig for the Geita Gold Mine, with delivery scheduled for late Q2 2017
- Achievement of world class safety milestones, including:
 - Tanzania (Mwanza Support Facility) achieved 9 years LTI free in January 2017
 - Mauritania (Tasiast Project) achieved 5 years LTI free in February 2017
- Exploration drilling programs commenced earlier than recent years following the traditional seasonal shutdown
- Made initial strategic investment in MS Analytical, a Canadian head quartered laboratory business with satellite operations and focus on global developing and emerging markets

Trading Update and Outlook

Capital Drilling generated revenue of \$31.6 million during Q1 2017, representing an increase of 13.6% on the previous period (Q4 2016 : \$27.8 million) and a 65.4% increase over Q1 2016 (\$19.1 million). ARPOR increased 15.3% (\$196,000) over Q4 2016 (\$170,000) due primarily to exploration activity becoming more consistent during the quarter. The result reflects the cyclical recovery in exploration demonstrated by the earlier and considerably stronger start-up following the seasonal shut down, together with growing activity driven by stronger gold and base metal prices.

The Company's long-term production contracts continue to underpin revenue stability. Encouragingly, operations at AngloGold Ashanti's Geita Gold Mine expanded during the quarter - an additional underground rig commenced drilling in February and a new blast hole rig was purchased with delivery scheduled for late Q2 2017. Three new production rigs acquired for the long-term Sukari and North Mara contracts (as previously announced) were also mobilised and began operating in February. Additionally, Capital Drilling was awarded a Phase 1 production contract for two blast hole rigs at Alecto Mineral's Mowana Copper project in Botswana. Drilling started at the mine in March.

Increasing exploration activity seen in H2 2016 has continued. New short-term exploration contracts awarded during the quarter are a continuation of drilling programs that commenced last year. Capital Drilling operated at these sites previously and will benefit from client and site knowledge, with minimal additional mobilisation costs, with rigs already on the ground at these locations.

As previously announced, the Board of Directors declared a final dividend for the 2016 period of 1.0cps (US\$1.35 million), payable on 19 May 2017. Improving market conditions during the year required increased capital expenditure, which in turn will contribute to improved revenue and earnings growth in the future. As a result, this represents a decrease on the final 2015 dividend.

During the quarter Capital Drilling advanced \$0.9 million as part of its staged strategic investment in laboratory testing business MS Analytical. MS Analytical operates a central hub laboratory in Vancouver, Canada, and an expanding network of satellite laboratories in global emerging markets.

Market sentiment is optimistic, with gold and base metal prices remaining strong and major mining companies anticipating budget increases for drilling activities. The industry retains a fundamental need to replace diminishing resources and reserves depleted during the downturn, when exploration drilling was significantly reduced. Given these conditions, the Company expects a stronger financial performance in 2017 over the prior year and, as a result of recent contract wins and the improved tendering pipeline, the Company is increasing revenue guidance for FY17 to \$120 - \$130 million, versus previous guidance of \$105 - \$112 million.

Commenting on the trading update, Jamie Boyton, Executive Chairman, said:

“Encouragingly, the Company has seen the strongest start to the new financial year in terms of revenue growth for a number of years. Following the traditional seasonal shutdown, we have seen drilling programs recommence earlier in January than in recent years, resulting in revenue growth of 13.6% over Q4 2016.

Our long-term production contracts continue to perform well and we have commissioned new rigs at Sukari (Egypt) and North Mara (Tanzania) during the quarter. In a further positive sign of improving conditions, our operations at Geita (Tanzania) expanded, with a further underground rig added to the rig fleet, along with the purchase of a new blast hole rig for the site.

The increase in exploration activity evident in 2016 is continuing. The Company has been awarded new and repeat exploration contracts throughout the quarter, and we anticipate further expansion opportunities throughout Q2.

For the remainder of the year, we anticipate leveraging our new structure to meet the needs of our growing exploration and production clients, maximising opportunities in the recent market upturn, whilst maintaining a prudent approach to managing our working capital and balance sheet.”

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 93 drilling rigs with established operations in Botswana, Chile, Egypt, Ethiopia, Kenya, Mali, Mauritania, Serbia and Tanzania. The Group's corporate headquarters is in Mauritius.