

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

**H1 Trading Update**

Capital Drilling, a leading drilling solutions company focused on the African markets, today provides its trading update for the period 1 January to 30 June 2018. The Company will announce its half year results and provide further operational updates on 16 August 2018.

**FIRST HALF (H1) 2018 KEY METRICS**

	<b>H1 2018</b>	<b>H1 2017</b>	<b>H2 2017</b>	<b>% change from H1 2017</b>	<b>% change from H2 2017</b>
Revenue (\$million)	54.5	62.3	57.1	-12.5%	-4.6%
ARPOR (\$)	200,000	191,000	198,000	4.7%	1.0%
Average utilised rigs	43	52	46	-17.3%	-6.5%
Fleet Utilisation (%)	46%	56%	49%	-17.9%	-6.1%
Average Fleet	94	93	93	1.1%	1.1%
Closing fleet size	95	93	93	2.2%	2.2%

**SECOND QUARTER (Q2) 2018 KEY METRICS**

	<b>Q2 2018</b>	<b>Q2 2017</b>	<b>Q1 2018</b>	<b>% change from Q2 2017</b>	<b>% change from Q1 2018</b>
Revenue (\$million)	27.8	30.7	26.6	-9.4%	4.5%
ARPOR (\$)	195,000	186,000	205,000	4.8%	-4.9%
Average utilised rigs	45	53	41	-15.1%	9.8%
Fleet Utilisation (%)	48%	57%	44%	-15.8%	9.1%
Average Fleet	94	94	93	0%	1.1%
Closing fleet size	95	93	93	2.2%	2.2%

**Financial Highlights**

- Revenue Q2 2018 (\$27.8 million) up 4.5% on Q1 2018 (\$26.6 million) due to improved fleet utilisation of the Group's exploration rigs
- Revenue H1 2018 \$54.5 million, representing a decrease of 4.6% on H2 2017 (\$57.1 million) and 12.5% on H1 2017 (\$62.3 million)
- H1 2018 ARPOR up 1.0% (\$200,000) on H2 2017 (\$198,000), a continued solid performance
- Paid a final dividend of US1.2cps for 2017 financial year in May 2018
- The Group provided new guidance on our anticipated revenues for the current financial year to \$105-115 million, up from \$100-110 million, on 18 June 2018

## Operational Highlights

- Continued strength in ARPOR reflecting strong contract performance
- Two new Production rigs deployed at Sukari (Egypt) and North Mara (Tanzania)
- Made significant progress expanding the Group's presence in the West Africa region, including asset mobilisations which increased our rig number to 26 rigs, with further rigs scheduled for Q3 arrival
- Established infrastructure with offices, warehouses, workshops and accommodation in Bamako, Mali, and Yamoussoukro, Côte d'Ivoire, adding to the existing presence in Mauritania
- Appointed a Business Development Manager, Julian Blake, initially based in Ghana
- Announced numerous contract awards, specifically:
  - Aton Resources (Egypt): one rig, drilling in Q3
  - De Beers (Botswana): two rigs, drilling in Q3
  - Graphex Mining (Tanzania): one rig, drilling in Q3
  - Hummingbird (Mali): four rigs, commenced in July
  - Kinross (Mauritania): Two year drill rig maintenance contract for two blast hole rigs, commenced in Q2
  - Resolute (Mali): Awarded a three year surface exploration drilling contract, currently drilling with three rigs
- Achievement of world class safety milestones, including:
  - Mali (Syama Project) achieved two years LTI free in June 2018
  - Tanzania (North Mara Project) achieved two years LTI free in March 2018
  - Tanzania (Geita Project) achieved one year LTI free in March 2018

## Trading Update and Outlook

Capital Drilling generated revenue of \$27.8 million during Q2 2018, representing an increase of 4.5% on the previous period (Q1 2018: \$26.6 million) and a 9.4% decrease over Q2 2017 (\$30.7 million). ARPOR increased 4.7% (\$200,000) over H1 2017 (\$191,000). The revenue results are in line with Company guidance and reflect the continued efforts of the Group to redeploy idle rigs to the high growth West African markets. Substantial progress was made over the first half increasing the Group's presence in West Africa, with the establishment of key infrastructure and significant asset mobilisations. The group had 26 rigs in Côte d'Ivoire, Mali and Mauritania at June 30, with a further six rigs now scheduled for shipping during Q3 2018.

The Company's long-term mining and production contracts continued to perform well over the period, with strong contract performance contributing to ARPOR to \$200,000 over H1 2018. The award of a three year contract covering the surface drilling requirements for Resolute in Mali further strengthen the Group's contract profile, adding greater depth to the portfolio of mine site based, long life contracts.

Capital markets activities continued apace over the first quarter and there has been an increase in tendering activity levels, reflecting stronger market conditions and Capital Drilling's increased presence in West Africa. Market sentiment remains buoyant and we are seeing further strength in the exploration markets and increasing drilling budgets from major mining companies. There remains a fundamental requirement from the mining industry to replace resources and reserves depleted during the downturn, when exploration drilling was significantly reduced due to budgetary constraints. We remain confident that we will secure further contract wins in the current quarter.

As previously announced, the Company paid a final dividend for the 2017 period of US1.2cps (US\$1.63 million), on 18 May 2018. This represents a 20% increase on the final 2017 dividend.

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

*“The building of our business in West Africa has been the major focus of our growth strategy over the past 6 months. The investment in building new operational centres in Côte d’Ivoire and Mali will provide infrastructure to deploy further production and exploration rigs, into what is regarded as one of the fastest growing drilling markets in the industry. With the announced new contracts due to start over the coming months, we expect to see our utilisation rate further increase over the second half, which fully underpins the investment we have made to target the West African market. We are pleased to have had another exceptional quarter in terms of our safety record, which remains at the heart of our strategy.”*

**For further information, please visit Capital Drilling’s website [www.capdrill.com](http://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 95 drilling rigs with established operations in Botswana, Côte d’Ivoire, Egypt, Ghana, Kenya, Mali, Mauritania and Tanzania. The Group’s corporate headquarters are in Mauritius.