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## News Release

### EDC 2009 Third Quarter Update

MOSCOW, October 26, 2009 - Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL) today released its operational and financial update for the nine months period ending September 30, 2009.

#### **Dr. Alexander Djaparidze, EDC's Chief Executive Officer, commented,**

"EDC continues to perform well in our rapidly changing market. Although the drilling volumes for our largest client are down 25% from the amount drilled in 2008, we have successfully replaced much of this lost work such that our overall drilling volumes are down only 7% through the first nine months of 2009. We are pleased that management has been able to materially increase our productivity this year which has resulted in continually improving EBITDA margins during the nine months and further strengthened our already solid financial position. The Company continues to deliver remarkable operational performance, as follows:"

#### **NINE MONTHS 2009 OPERATIONAL HIGHLIGHTS:**

- Achieved drilling output of 2,900,309 meters for the first nine months of 2009, 7% below the output achieved in the same period of 2008 (3,120,550 meters);
- Improved crew efficiency to 109 meters per drill crew per day;
- Retained our dominant market position in Russia with approximately 26% market share (based on meters drilled);
- Remained active in the Caspian Sea, as the ASTRA jack-up rig completed its second well in Kazakhstan this year, and began drilling in Russian waters in the 3rd quarter; and
- Further diversified our client base, with our largest client now comprising just over 62% of our total drilling volume.

#### **Mr. W. Richard Anderson, EDC's Chief Financial Officer, added,**

"Our revenues in ruble terms for the nine month period of 2009 were consistent with our performance in 2008 when adjusted for the decrease in meters drilled in 2009 and for the depreciation of the ruble against the dollar for the two periods. Our cash balance increased during the most recent quarter as did our net cash position and free cash flow. During the nine month period, we finished our previously announced stock buy-back program, resulting in a material increase in shareholder value from the program. Our financial health remains unassailable, leaving us in a position to take advantage of any inorganic growth opportunities which might arise. Consistent with its strategy for growth and its aim to strengthen its market position, the Company considers acquisition opportunities on an ongoing basis."

#### **NINE MONTHS 2009 FINANCIAL HIGHLIGHTS:**

- EBITDA margin was above 23% for the nine months period ended September 30, 2009;
- Top line revenue was US\$ 334 million for third quarter 2009, and US\$ 1,007 million for the nine months ended September 30, 2009;
- During the first nine months of 2009 the Company repaid US\$ 72.4 million in debt according to its terms in the ordinary course of business;
- During the nine month period the Company completed its share buyback program and now holds 12.588 million shares in treasury, increasing shareholder value by approximately US\$ 150 million



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(based on the difference between the closing price of the shares this past Friday when compared to the average price per share paid during the buyback program of approximately US\$ 4.70 per share); and

- The average exchange rates experienced in the third quarter and the first nine months of 2009 were 31.3 Rubles per US Dollar and 32.5 Rubles per US Dollar, respectively.

## Outlook

We expect drilling volumes in Russia for the full year 2009 to remain below the record levels drilled in 2008. Our current backlog for calendar 2009 is around 3.775 million meters, or approximately 7% below 2008 volumes. We expect our full year EBITDA margin to be above 23%. Assuming no acquisitions, Capital Expenditures for the year will be US\$ 90 million or less.

## Reminder:

EDC will host a conference call for investors and analysts to discuss Third Quarter 2009 results on Monday, October 26, 2009, at 4:00 p.m. GMT (London time). Equivalent times for other locations: 5:00 p.m. Central Europe, 7:00 p.m. Moscow, 12:00 noon New York.

Participants can dial in on the day of the call on UK Tel: +44 (0) 207 162 0025 or US Tel: +1-334-323-6201 (Pass code: Eurasia Drilling Company), but are encouraged to pre-register for the call using the link below. Pre-registered participants will avoid any queues on the day of the call.

<https://eventreg1.conferencing.com/webportal3/reg.html?Acc=488153&Conf=169075>

Each pre-registering participant will be allocated the conference call number, a participant user PIN, conference PIN and instructions on how to join the conference call. For security purposes, participants are advised not to give out their conference details for others to use. All participants must register individually if they wish to join the call.

Replay of the conference call audio will be available on Tel: +44 (0) 207 031 4064 or Tel: +1-954-334-0342 (Access Code: 849056) through Monday, November 02, 2009 (until midnight, GMT).

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EDC is the largest provider of onshore drilling services in Russia, as measured by the number of meters drilled, providing onshore integrated well construction services and workover services. In addition, the Company provides offshore drilling services in the Caspian Sea. The Company offers its onshore integrated well construction services and workover services to local and international oil and gas companies primarily in Russia and its offshore drilling services to Russian and international oil and gas companies in the Russian, Kazakh and Turkmen sectors of the Caspian Sea. The Company is traded on the London Stock Exchange under the symbol "EDCL".

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