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## EDC REPORTS 2010 FULL YEAR RESULTS

**Moscow, April 21, 2011** - Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL), one of the leading onshore and offshore drilling services providers in the CIS, today announced its Full Year 2010 Consolidated Financial Results, prepared in accordance with US GAAP.

The audited Consolidated Financial Statements for the twelve months ended December 31, 2010, and the Management Report on 2010 Results, can be found under the following link:

[http://www.eurasiadrilling.com/financial\\_information.html](http://www.eurasiadrilling.com/financial_information.html)

### 2010 FINANCIAL HIGHLIGHTS:

- Top line revenue up 31% to US \$1,812 million (2009: US \$1,382 million);
- EBITDA margin improved to 24.1% (2009: 23.1%);
- Net Income increased 25% to US \$207 million (2009: US \$165 million);
- Diluted earnings per share up 18% to US \$1.44 (2009: US \$1.22);
- Capital expenditures of US \$284 million (2009: US \$107 million);
- Total dividends of US \$213 million comprised of US \$179 million as a special dividend on treasury share sales transaction and US \$34 million dividend resulting from successful 2009 operations;
- Cash and cash equivalents of US \$629 million (December 31, 2009: US \$434 million).

**W. Richard Anderson, EDC's Chief Financial, commented:**

"2010 was another year of excellent financial performance for EDC. Our revenue, net income and EBITDA margin all improved over 2009. We returned approximately US \$213 million to our shareholders and substantially increased our capital expenditures while preserving the integrity of our balance sheet. Our expectation is that 2011 will be an even better year as we begin to see the benefits of our recent investments and acquisitions."

### 2010 OPERATIONAL HIGHLIGHTS:

- Drilled over 4.1 million meters onshore in 2010; 9% greater than 2009 (3.75 million meters) and a new record for the Company;
- Signed Letter of Intent with Schlumberger to sell and purchase each other's drilling and service assets and enter into a strategic alliance in the CIS;
- Contracted Lamprell Plc to build a new jack-up drilling rig for deployment in the Caspian Sea;
- Commenced onshore drilling operations for several new clients in Russia, including TNK-BP;
- Further diversified client base; largest customer accounted for 57% of total drilling (2009: 63%);
- Fully employed jack-up rig *ASTRA* in Turkmen and Russian waters of the Caspian Sea, and operated year-round on LUKOIL's Yu. Korchagin field platform;
- Performed a record number of well servicing and workover jobs as the newly acquired workover businesses from LUKOIL West Siberia added materially to legacy operations;
- Completed fabrication of 2,000 hp "YERMAK" drilling rig, formally launched in March 2010.

**Dr. Alexander Djaparidze, EDC's Chief Executive Officer, added:**

"In 2010 we began to show the full potential of the Company. We drilled more wells, performed more workovers and posted better margins than in any prior year. As we integrate our recently acquired businesses this year, we are laying the foundation for superior performance into the future."



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**Income Statement for the years ended December 31, 2010 and 2009 (USD million)**

	<b>2010</b>	<b>2009</b>
	<b>(audited)</b>	<b>(audited)</b>
<b>Revenues</b>		
Drilling and related services	1,799	1,362
Other sales and services	13	20
<b>Total revenues</b>	<b>1,812</b>	<b>1,382</b>
Cost of services	(1,196)	(912)
Selling, general and administrative expenses	(107)	(95)
Taxes other than income taxes	(72)	(55)
Depreciation	(142)	(106)
Gain on disposal of property, plant and equipment	6	-
Goodwill impairment loss	(7)	-
<b>Income from operating activities</b>	<b>294</b>	<b>214</b>
Interest expense	(15)	(13)
Interest income	7	10
Currency transaction loss	(7)	(4)
Net gain on acquisitions of businesses	1	3
Other expense	(1)	(1)
<b>Income before income taxes</b>	<b>279</b>	<b>209</b>
Income Tax	(72)	(44)
<b>Net income</b>	<b>207</b>	<b>165</b>
Basic earnings per share of common stock (USD per share)	1.45	1.22
Diluted earnings per share of common stock (USD per share)	1.44	1.22



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**Balance Sheet as of December 31, 2010 and 2009 (USD million)**

	2010 (audited)	2009 (audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	629	434
Accounts receivable, net	235	191
Inventories	146	117
Other assets	67	53
<b>Total current assets</b>	<b>1,077</b>	<b>795</b>
Property, plant and equipment	765	684
Other non-current assets	112	44
<b>Total assets</b>	<b>1,954</b>	<b>1,523</b>
<b>Liabilities and stockholder's equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	259	228
Short-term debt and current portion of long-term debt	117	32
Other current liabilities	75	91
<b>Total current liabilities</b>	<b>451</b>	<b>351</b>
Long-term debt	286	150
Other long-term liabilities	32	20
<b>Total liabilities</b>	<b>769</b>	<b>521</b>
<b>Stockholder's equity</b>		
Paid in capital & APIC less treasury stock	680	471
Retained earnings	579	596
Accumulated other comprehensive income/(expense)	(74)	(65)
<b>Total stockholder's equity</b>	<b>1,185</b>	<b>1,002</b>
<b>Total liabilities and stockholder's equity</b>	<b>1,954</b>	<b>1,523</b>



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**Cash Flow Statement for the periods ended December 31, 2010 and 2009 (USD million)**

	2010 (audited)	2009 (audited)
<b>Cash flows from operating activities</b>		
<b>Net income</b>	<b>207</b>	<b>165</b>
Adjustments for non-cash items:		
Non- cash adjustments (Depreciation)	142	106
Changes in working capital	(27)	139
<b>Net cash provided by operating activities</b>	<b>322</b>	<b>410</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(284)	(107)
Acquisition of subsidiary, net of cash acquired	(43)	(23)
Other investing activities	2	4
<b>Net Cash used in investing activities</b>	<b>(325)</b>	<b>(126)</b>
<b>Cash flows from financing activities</b>		
Net change in loans	215	(80)
Dividends paid	(213)	(34)
Purchase of treasury stock	204	(19)
Other financing activities	-	(4)
<b>Net cash provided by financing activities</b>	<b>206</b>	<b>(137)</b>
Effect of exchange rate changes on cash	(8)	8
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>195</b>	<b>155</b>
Cash and cash equivalents at beginning of period	434	279
<b>Cash and cash equivalents at end of period</b>	<b>629</b>	<b>434</b>

**Non-US GAAP Measure**

**Reconciliation of Net Income to EBITDA (USD million)**

	2010	2009
<b>Net Income</b>	<b>207</b>	<b>165</b>
Income Tax Expense	72	44
Gain on disposal of PP&E	(6)	-
Currency transaction losses	7	4
Net gain on acquisitions of businesses	(1)	(3)
Goodwill impairment loss	7	-
Interest Expense	15	13
Interest Income	(7)	(10)
Depreciation	142	106
<b>EBITDA</b>	<b>436</b>	<b>319</b>



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**A conference call for investors and analysts hosted by senior management of the Company will be held on April 21, 2011 at 3:00 p.m. London time (BST). Equivalent times for other locations: 4:00 p.m. Central Europe, 6:00 p.m. Moscow, 10:00 a.m. New York.**

**Participants dial-in details:**

**UK Tel:** +44 (0) 20 8515 2302

**US Tel:** +1-480-629-9690

**Conference ID:** 4432738

**Conference title:** Eurasia Drilling FY10 Results Conference Call

Toll free numbers are also available:

UK: 0800 358 0857

Russia: 810-8002-1984011

A replay of the conference call will be available until midnight (BST) May 5, 2011 on:

UK Tel: +44 (0) 207 154 2833

US Tel: +1 303 590 3030

Toll free numbers:

UK: 0800 358 3474

US: 1-800-406-7325

Access code to all the replay numbers: 4432738#

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EDC is the largest independent 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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