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## News Release

### EDC's 2012 Outlook

MOSCOW, January 26, 2012 - Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL), the leading onshore & offshore drilling service provider in the CIS, today released its update for 2011 and activity outlook for calendar year 2012. The financial data is based on management's assessment and has not been reviewed by external auditors.

#### Update for 2011

- 2011 was a strong year for the Company, reflecting our leadership position in attractive high growth markets. We drilled a record of 4.8 million meters, a 16% y-o-y increase, which was in line with our guidance given on January 26, 2011. The growth achieved was both organic and inorganic. Starting from late April 2011, our results consolidate drilling volumes from assets acquired from Schlumberger. In 2011, these assets accounted for 11% of total meters drilled.
- During 2011, the Company drilled a record 879 thousand horizontal meters, double the 2010 figure.
- Total revenues for the year were approximately US\$ 2.7 billion with an EBITDA margin of about 21.7%.
- Full year audited results with accompanying Management's Discussion and Analysis will be released in the second half of April 2012.

#### Onshore Drilling and Workover Services Outlook:

- EDC's current onshore drilling volume forecast is approximately 5.5 million meters for 2012, implying growth of about 15% y-o-y. This estimate includes both increases in legacy output and full year results from the drilling assets acquired from Schlumberger in late April 2011. The estimate does not include any other potential acquisitions.
- Horizontal drilling volumes are expected to increase further in line with total meters drilled and amount to approximately one million meters.
- In 2012, we will continue to work with Russia's four largest integrated oil and gas companies, with Rosneft our second largest customer accounting for more than a quarter of total drilling volumes. Lukoil drilling volumes are also expected to increase, but due to the gains with other customers, its' share is projected to decrease slightly compared to 2011.
- Workover and sidetracking activities are expected to be strong contributors to revenue in 2012 as the Company will consolidate on a full year basis workover and sidetracking assets acquired from Schlumberger in 2011.
- Pricing in ruble terms for the year should increase by mid-single digits compared to 2011.

#### Offshore Drilling Services Outlook:

- In February 2011, the Company acquired the *Trident 20* jack up rig from Transocean which is currently contracted to Petronas Carigali Sdn Bhd in the Turkmen waters of the Caspian Sea. In 2012, we will continue to work under the existing contract while negotiating a new contract for 2013 and subsequent years.
- The *ASTRA* jack-up drilling rig is currently committed to a full twelve month program in 2012, and is scheduled to operate in the Russian and Kazakh sectors of the Caspian Sea at attractive day-rates.
- We will continue to provide our services on Lukoil's Yu. Korchagin field ice-resistant platform throughout the year drilling more complex extended reach wells.



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- The construction of our new Super 116E jack-up drilling rig is proceeding as planned. Final assembly and commissioning will take place in the Caspian Sea later in 2012, with the rig expected to begin operations in early 2013.

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

"I am very pleased with the results achieved by our management team in 2011. The two acquisitions we have made for our onshore and offshore business segments were fully and efficiently integrated and contributed positively to our consolidated results. We will continue to pursue accretive inorganic growth opportunities both within and outside Russia, as we look forward to building on our success in 2012. "

**Murat Sampiev, EDC's Chief Operating Officer, added,**

"We anticipate that 2012 is going to be our busiest year yet. The demand for our services is strong and our customers' requirements are becoming more exacting. We are confident that we are well positioned to meet these increasing requirements and are raising our average crew count by 14% compared to 2011 as well as ordering additional equipment from local and foreign manufacturers. Being the largest requires us to be the best we can be every day."

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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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