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## News Release

### EDC First Quarter 2014 Results Update

MOSCOW, April 17, 2014 - Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL), the leading onshore & offshore drilling service provider in the CIS, today announced its operational and financial update for the three months ending March 31, 2014. The financial data are based on management assessment only and have not been reviewed by external auditors.

#### THREE MONTHS 2014 FINANCIAL HIGHLIGHTS:

- Top line revenue down 12% to USD 697 million (1Q 2013: USD 789 million);
- EBITDA margin down to 18.8% (1Q 2013: 22.6%);
- Net debt position as of March 31, 2014 was USD 437 million (December 31, 2013: USD 337 million);
- Dividend paid for the year ended December 31, 2013 amounted to USD 0.92 per share;
- Capital expenditure USD83 million (1Q 2013: USD 79 million);
- The average exchange rate for the first quarter of 2014 was 34.9 Rubles per US Dollar compared to 30.4 Rubles per US Dollar during the corresponding period of 2013.

Mr. W. Richard Anderson, EDC's Chief Financial Officer, commented,

“Our first quarter 2014 financial results reflect ongoing changes in the Company's customer and services mix and current uncertainties resulting in a depreciation of our functional currency, the Russian ruble, against the US dollar. Overall we are pleased with our achieved results. The first quarter was a challenging one as approximately one-third of our fleet was being moved which resulted in a lower EBITDA margin period-over-period. Going forward as the rigs are on-site our operations should ramp up enabling us to deliver on our financial targets for the full year.”

#### THREE MONTHS 2014 OPERATIONAL HIGHLIGHTS:

- Total drilling output was down 12% to 1.197 million metres (1Q 2013: 1.366 million metres), while horizontal drilling was up 34% to 279 thousand metres (1Q 2013: 208 thousand metres);
- Exploration drilling volumes increased 9.7% during the first quarter of 2014 compared to the same period in 2013;
- The share of LUKOIL, our largest customer, and GAZPROMNEFT increased to 63% and 16%, respectively, of total metres drilled (1Q 2013: LUKOIL 61%, GAZPROMNEFT 11%);
- The share of ROSNEFT decreased to 15% of our total metres drilled (1Q 2013: 20%);
- Our rig moving crew count increased by 26% period-over-period;
- Most of the first quarter of 2014 the *ASTRA* jack-up rig was on a paid stand-by and later in the quarter was relocated to Russian waters to commence drilling for LUKOIL in the Russian sector of the Caspian Sea;
- The *SATURN* jack-up rig continued its operations for PETRONAS Carigali (Turkmenistan) Sdn Bhd (Petronas) in the Turkmen waters of the Caspian Sea, drilling one sidetrack well;
- During the first quarter of 2014 we completed one well and commenced drilling another extended reach horizontal development well on Lukoil's Yuri Korchagin field platform in the Caspian Sea;



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- The new-build *NEPTUNE* jack-up commenced drilling for Dragon Oil in Turkmen waters of the Caspian Sea;
  - Construction of our fourth jack-up, *MERCURY*, continued on schedule during 2014. Hull sections were welded and floated in a Caspian shipyard.

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

"The first quarter of 2014 contained both achievements and challenges. Unfavourable weather conditions and increased rig redeployments resulted in lower drilling volumes period-over-period, mitigated by a significant increase of 34% in horizontal metres drilled. During the first quarter there was an increase in the shares of total metres drilled for both LUKOIL and GAZPROMNEFT, while ROSNEFT's share declined. We expect this trend to continue as we finalise the redeployment of our drilling rigs from ROSNEFT's fields. I would like to thank our team for delivering on challenging goals during the first quarter of 2014. Looking forward, 2014 is shaping up to be a year of consolidation where excellent execution is critical."

#### **Conference Call Details**

A conference call for investors and analysts hosted by senior management of the Company, will be held on today at 3:00 p.m. 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:** 0844-871-9461

**US Tel:** +1-646-741-2120

**International Tel:** +44-1452-541003

**Conference ID:** 26532678

**Conference title:** Eurasia Drilling Company 1Q 2014 Results Conference Call

Toll free numbers are also available:

UK: 0800-694-5707

USA: 1-866-254-0808

A replay of the conference call will be available until midnight (BST) April 30, 2014 on:

UK Tel: 0844-338-6600

International: +44-1452-550000

Toll free numbers are also available:

UK: 0800-953-1533

USA: 1-866-247-4222

Access code to all the replay numbers: 26532678#

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EDC is the largest provider of onshore drilling services in Russia, as measured by the number of metres drilled, providing onshore integrated well construction services and workover services. The Company also provides offshore drilling services in the Caspian Sea and is the largest provider of such services in the sectors where it operates based on the number of jack-up drilling rigs. 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. In addition, the Company provides onshore drilling services in Iraq. The Company is traded on the London Stock Exchange under the symbol "EDCL".



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