



www.eurasiadrilling.com

News Release

EDC 2014 Interim Results

MOSCOW, August 28, 2014 -Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL), the leading onshore & offshore drilling service provider in the CIS, today releases its Interim Consolidated Financial Results, prepared in accordance with US GAAP, for the six month period ended June 30, 2014.

The reviewed 2014 Interim Consolidated Financial Statements for the six months ended June 30, 2014, and Management's Report on 2014 Interim Period Results, can be found at the following link: http://www.eurasiadrilling.com/financial_information.html

1H 2014 FINANCIAL HIGHLIGHTS:

- Top line revenue was US \$1,551 million, 8.5% lower than revenue of US \$1,695 million in 1H 2013;
- EBITDA was US \$402 million, 8.8% lower than EBITDA of US \$441 million in 1H 2013;
- EBITDA margin was 25.9% compared to EBITDA margin of 26.0% in 1H 2013;
- Net income was US \$201 million, 7.2% lower than Net Income of US \$217 million in 1H 2013;
- Earnings per share was US \$1.37 compared to US \$1.48 earnings per share in 1H 2013;
- Capital expenditure was US \$222 million compared to US \$179 million during 1H 2013;
- Cash flow from operations was US \$255 million compared to US \$216 million in 1H 2013;
- Dividend paid for the year ended December 31, 2013 amounted to USD 0.92 per share, a 31% increase compared to the dividend paid for the year ended December 31, 2012;
- The average exchange rate for the first half of 2014 was 35.0 Rubles per US Dollar compared to 31.0 Rubles per US Dollar during the corresponding period of 2013;
- In June 2014, the global ratings agency Fitch Ratings revised EDC's Outlook to Positive from Stable and affirmed its Long-term foreign currency Issuer Default Ratings at 'BB'.

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

"Overall we are pleased with our first half 2014 results which are in line with our expectations. Despite the challenging market environment, we managed to sustain our leading position in the Russian oilfield services market as well as deliver a stable operational performance and solid financial metrics. The reported US dollar results were negatively affected by a weaker ruble, which devalued by approximately 11% period-over-period, while revenue excluding foreign exchange effect increased approximately 2.3% period-over-period. We are pleased to report that our EBITDA margin was sustained at the level of 25.9% despite significant rig moves and changes in the customer mix. We thank our shareholders for their support to EDC, look forward to further capitalising on our strengths in 2014 and are confident that we will meet both our operational and financial targets for the year."

1H 2014 OPERATIONAL HIGHLIGHTS:

- Drilling output of 2.763 million metres, 9.1% below the output achieved in 1H 2013 (3.039 million metres);
- Horizontal metres drilled during 1H 2014 were up 22.8% compared to 1H 2013 and account for 22% of total metres drilled compared to 16% during 1H 2013;
- Exploration drilling volumes increased by 12.5% during 1H 2014 compared to 1H 2013;



www.eurasiadrilling.com

-
- The share of our largest customer, LUKOIL, increased to 63% of our total metres drilled during 1H 2014, as compared to 57% during 1H 2013;
 - The share of GAZPROMNEFT, which became our second largest customer, increased to 18% of our total metres drilled during 1H 2014, as compared to 11% during 1H 2013;
 - The share of ROSNEFT decreased to 11% of our total metres drilled during 1H 2014, as compared to 24% during 1H 2013;
 - Our rig moving crew count increased by 8.5% period-over-period;
 - Our market share was approximately 28% based on metres drilled onshore in Russia during 1H 2014;
 - Our *ASTRA* jack-up rig was on paid stand-by for most of the first quarter 2014 and later in the quarter the rig completed one well for LUKOIL and commenced drilling a well for KNK in the Russian sector of the Caspian Sea in the second quarter;
 - Our *SATURN* jack-up rig continued its operations for PETRONAS Carigali (Turkmenistan) Sdn Bhd (Petronas) in the Turkmen waters of the Caspian Sea; one sidetrack well was drilled and a second was begun;
 - We drilled and completed two wells on LUKOIL's Yuri Korchagin field platform in the Caspian Sea, including one extended-reach horizontal development well and commenced drilling another extended-reach horizontal development well;
 - The new-build *NEPTUNE* jack-up rig commenced drilling for Dragon Oil in Turkmen waters of the Caspian Sea;
 - Fabrication of our fourth new-build jack-up, *MERCURY*, continued on schedule during 1H 2014.

1H 2014 STRATEGIC HIGHLIGHTS:

- In May 2014, EDC signed a three-year Framework Agreement for well construction and sidetracking operations with OAO GAZPROMNEFT.
- In June 2014, EDC signed a Framework Agreement with Bentec for drilling rig manufacturing in EDC's minority owned drilling rig production facility located in Kaliningrad.

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

"The first six months of 2014 were both challenging and exciting as we were undergoing changes in our customer mix. These changes required us to quickly redeploy a significant portion of our land drilling fleet, done with minimum disruption to our continuing clients. In addition, weather conditions were challenging in the first half of 2014. Given these complexities, we are pleased to have achieved solid operational and financial results. The demand for technologically advanced services such as horizontal drilling continues to accelerate and EDC is well placed to cope with the ongoing shift in customers' demand patterns. The recently announced sanctions have had no impact to date on our activities in Russia. However, our future growth may suffer if the sanctions are extended to other areas and, specifically, if our clients are unable to expand into shale drilling at the levels envisaged."

Conference Call Details

A conference call for investors and analysts hosted by senior management of the Company, will be held on the same day 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:



www.eurasiadrilling.com

UK Tel: 08444-933-800

US Tel: +1-631-510-7498

International Tel: +44-1452-555566

Conference ID: 86767638

Conference title: Eurasia Drilling Company 2014 Interim Results

Toll free numbers are also available:

UK: 0800-694-0257

USA: 1-866-966-9439

A replay of the conference call will be available until midnight (BST) September 10, 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: 88767638#

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".

For further information, please contact:

Tom O’Gallagher, Marketing and Investor Relations

Evgeniya Bitsenko, Head of Investor Relations

+44 (0) 207 717 9707

investors.relations@eurasiadrilling.com

Hudson Sandler

Andrew Hayes/ Maria Ignatova

+44 (0)20 7796 4133

August 28, 2014

Some of the views expressed in this document may constitute “forward looking statements” that involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.