



Capital Drilling Limited
 (“Capital Drilling”, the “Group” or the “Company”)

Q3 Trading Update

Capital Drilling, a leading drilling solutions company focused on the African markets, today provides its Q3 2018 trading update for the period to 10 October 2018.

THIRD QUARTER (Q3) 2018 KEY METRICS

	Q3 2018	Q3 2017	Q2 2018	% change from Q3 2017	% change from Q2 2018
Revenue (US\$m)	31.0	30.0	27.8	3%	12%
ARPOR*(US\$)	198,000	198,000	195,000	0%	2%
Average utilised rigs	49	48	45	2%	9%
Fleet Utilisation (%)	53	52	48	2%	10%
Average Fleet	92	93	94	-1%	-2%
Closing fleet size	91	92	95	-1%	-4%

* Average monthly revenue per operating rig

Financial Highlights

- Revenue of \$31.0 million, representing 3% growth on Q3 2017 (\$30.0 million) and an increase of 12% on Q2 2018 (\$27.8 million)
- ARPOR up 2% (\$198,000) on Q2 2018 (\$195,000)
- Continued solid operational profitability, driven by improved revenue and continued cost management
- Declared an Interim dividend of US0.6cps for the H1 2018 period, paid on 05 October 2018 (2017: Interim dividend of US0.5cps), representing a 20% increase
- Strong cash position facilitated repayment of \$2.0 million on current revolving facility, reducing gross debt to \$10.0 million as at 30 September, with net cash increasing to \$4.1 million
- Continue to track in line with recently upgraded revenue guidance of \$105 to \$115 million for 2018

Operational Highlights

- Strong ARPOR performance driven by continued solid performance across the Group’s key contracts at the Sukari Mine (Egypt – Centamin), the North Mara Mine (Tanzania – Acacia), the Geita Gold Mine (Tanzania – AngloGold Ashanti), the Tasiast Gold Mine (Mauritania – Kinross) and the Syama Gold Mine (Mali – Resolute)
- Utilisation increased to 53% from 48% in Q2 2018 reflecting the start of drilling activities for new projects – De Beers (Botswana), Hummingbird (Mali), Graphex (Tanzania)
- Further expanded mine site drilling activity during Q3 with the commencement of directional drilling and pre-split drilling at the Tasiast Mine (Kinross) in Mauritania (two rigs)
- Continued to expand our presence in West Africa, with Group rig count now at 31 rigs, representing one third of the Capital Drilling fleet
- Successfully completed an exploration contract at Algold (Mauritania)

- Decommissioned two rigs and sold two rigs during Q3, consistent with the continued focus on active asset management, resulting in a closing fleet size of 91 Rigs

Health & Safety

- Capital Drilling was awarded the following ISO Certification in August 2018 demonstrating our commitment to industry best practice safety standards:
 - ISO, SA 8000: 2014 & ISO 26000:2010 Guidelines - Social Responsibility & Compliance Initiative Management System
 - ISO 14001/2015 - Environment Management System standard
 - ISO 45001/ 2018 - Occupational Health & Safety Management System standard
 - ISO 9001/2015 - Quality Management System standard

Trading Update and Outlook

Capital Drilling generated revenue of \$31.0 million during Q3 2018, representing an increase of 3% on the same period last year (Q3 2017: \$30.0 million) and a 12% increase on Q2 2018. ARPOR increased 2% (\$198,000) over Q2 2018 (\$195,000), primarily due to consistency of drilling at the Group's production contracts. The strong revenue results reflect the improvement in utilisation, as we commenced drilling on a number of exploration and delineation contracts.

Capital Drilling's increased focus on the large and active West African market continued to pay benefits in Q3, with increased drilling activity at the Tasiast Mine in Mauritania (Kinross) and the commencement of delineation drilling activities for Hummingbird around the Yanfolila Mine in Mali. With our increased rig presence in the region, now totaling 31 rigs representing one third of the Capital Drilling fleet, and with our recent infrastructure build-out in Mali and Côte d'Ivoire, we are well positioned to secure further work in the periods ahead.

Operations in Tanzania continue to perform well. The Company secured its first exploration contract in the country for two years (Graphex), with drilling commencing in Q3. We remain encouraged by the formation of the Mining Commission earlier this year and we note the recent award of a mining license to Walkabout Resources, which should contribute to improved investor sentiment toward Tanzania.

Strong cash generation facilitated the repayment of \$2.0 million on our current revolving credit facility with Standard Bank, reducing the Group's gross debt to \$10.0 million. The Group maintains a robust balance sheet with net cash at period end of \$4.1 million (30 June: \$3.4 million).

Capital markets activities moderated over Q3 2018, while metal prices weakened, driven by continued global trade tension and the stronger US dollar. Despite the macro headwinds that have recently emerged, the demand environment remains strong, particularly from major and mid-tier mining companies which represent the majority of our revenues, and this is reflected in continued requests for tenders and general enquiry levels. Capital markets activities over the past two years have provided more robust balance sheets within the client base and the continued need for reserve and resource replacement is underpinning demand for drilling services. We remain confident that we will secure further contract wins in the current quarter.

Commenting on the trading update, Jamie Boyton, Executive Chairman, said:

“The third quarter saw strong revenue growth by 12% from Q2 2018, driven by a number of recently awarded contracts, both in our existing geographic footprint and significantly in the fast growth West African market where Capital Drilling has further increased its presence. The commencement of delineation drilling activities with Hummingbird Resources in Mali further adds to the Group’s contracts in West Africa, with a third of our rig fleet now located in the region.

Our strong control of costs and careful asset management saw Capital Drilling further improve its cash generation, enabling the Group to pay an increased half year dividend post the September quarter, as well as reducing our gross debt by a further \$2 million, ending the period with \$4.1 million in net cash.”

As we enter the fourth quarter we remain optimistic for a solid performance for the year. Enquiry levels remain strong and we anticipate further contract wins as we emerge from the wet season in the key growth markets in West Africa”.

For further information, please visit Capital Drilling’s website www.capdrill.com or contact:

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About Capital Drilling

Capital Drilling provides specialised drilling services to mineral exploration and mining companies in emerging and developing markets, for exploration, development and production stage projects. The Company currently owns and operates a fleet of 91 drilling rigs with established operations in Botswana, Côte d’Ivoire, Egypt, Ghana, Kenya, Mali, Mauritania and Tanzania. The Group’s corporate headquarters are in Mauritius.