



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

Strategic Investment in Laboratory Testing Services Company

Capital Drilling Limited (CAPD:LN), a leading drilling solutions company focused on emerging and developing markets, is pleased to announce a phased strategic investment of up to US\$3.8 million in private laboratory testing services company, A2 Global Ventures Inc (“A2”).

Trading as MS Analytical, A2 is headquartered in Vancouver, Canada, where it operates a central hub laboratory, supported by feeder laboratories in Guyana, Myanmar and Sweden. The business was established in mid 2015 with an expansion plan focused on emerging market opportunities. The founders of A2 have extensive experience in the provision of laboratory testing services to the mining and exploration industries, particularly in emerging markets. MS Analytical is accredited to ISO9001 and ISO17025 quality standards, a requirement for many mining customers.

MS Analytical currently has over 50 blue chip and mid-tier customers operating in more than 15 countries. The investment by Capital Drilling will fund A2’s expansion plans, including the establishment of new laboratories in Capital Drilling’s core African market and other emerging markets. Capital Drilling and A2 see significant opportunities to realise synergies and support customers through the cross selling of services and the sharing of infrastructure.

Since its inception, A2 has raised over C\$3 million (approximately US\$2.2 million) which has been invested in laboratories and related fixed assets and growth working capital. The business is yet to report audited financial results. While A2 pursues its expansion plans, it is not expected to achieve profitability in 2017 but represents an important platform for Capital Drilling as part of its own growth strategy, and greater exposure to the improving outlook for mineral exploration markets.

Capital Drilling has advanced US\$0.95 million to A2 as the first tranche of its investment for an interest of approximately 20 per cent. Three further tranches for a further US\$2.85 million are to be advanced by 31 December 2017 for a total investment of US\$3.8 million and an interest of 50 per cent. The A2 investment will be funded from Capital Drilling’s existing cash resources, expected cash generation and undrawn facilities.

Capital Drilling’s Chairman, Jamie Boyton and Non-Executive Director, Brian Rudd have been appointed as non-executive directors of A2. The current directors of A2 are Geoff Woodfield and Dr George Siasios. Both Mr Woodfield and Mr Siasios were members of the executive team that participated in the growth and sale of AcmeLabs to Bureau Veritas in 2012.

Tamesis Partners LLP is acting as financial adviser to A2 in connection with the transaction.

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/ 2014.

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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 93 drilling rigs with established operations in Botswana, Chile, Egypt, Ethiopia, Kenya, Mali, Mauritania, Serbia and Tanzania. The Group's corporate headquarters is in Mauritius.