FOR IMMEDIATE RELEASE
20 August 2020

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

H1 Results

Capital Limited (CAPD:LN), a leading mining services company focused on the African markets, today announces half year results for the period 1 January to 30 June 2020 (the “Period”).

HALF YEAR RESULTS FOR THE PERIOD ENDED 30 JUNE 2020*

	H1 2020	H1 2019
Average Fleet Size (No. of drill rigs)	99	91
Fleet Utilisation (%)	57	52
ARPOR ($)	170,000	183,000
Capex ($ m)	7.0	6.4
Revenue ($ m)	65.1	54.8
EBITDA[1] ($ m)	15.4	12.7
EBIT[1] ($ m)	9.6	7.9
Investment Gains ($ m)	9.9	0.1
Net Profit After Tax ($ m)	13.6	5.1
Cash From Operations ($ m)	7.0	10.5
Earnings per Share		
Basic (cents)	10.0	3.7
Diluted (cents)	9.9	3.7
Interim Dividend per Share (cents)	0.9	0.7
Net Asset Value per Share[1] (cents)	72.4	58.3
Return on Capital Employed (ROCE) (%)[2]	17.9	19.5
Return on Total Assets (ROTA) (%)[2]	12.5	15.6
Net Cash[1] ($ m)	-0.1	8.5
Net Cash/Equity (%)	-0.1	10.7

**All amounts are in US dollars unless otherwise stated*

(1) EBITDA, EBIT, Net Asset Value per share and Net Cash are non-IFRS financial measures and should not be used in isolation or as a substitute for Capital Limited financial results presented in accordance with IFRS.

(2) ROCE and ROTA calculated utilising 12 months EBIT.

Financial Overview

- H1 2020 revenue of $65.1 million, up 18.8% on H1 2019 ($54.8 million) and 8.5% on H2 2019 ($60.0 million);
- EBITDA of $15.4 million, up 21.3% on H1 2019 ($12.7 million) and 5.5% on H2 2019 ($14.6 million);
- EBITDA margins increased from 23.2% in H1 2019 to 23.7% in H1 2020, despite higher labour costs associated with the management of COVID-19, reflecting the sustained focus on cost management;
- Net gains from equity investments (unrealised) of $9.9 million in H1 2020, increasing the value of Group strategic investments to $23.2 million as of 30 June 2020 (31 December 2019: $12.5 million);
- Net Profit After Tax (NPAT) $13.6 million (including investment gains), a material increase of 166.7% on H1 2019 ($5.1 million);
- Capex of $7.0 million (H1 2019: $6.4 million) relating to sustaining capex, upgrading of support equipment and the purchase of an additional underground drill rig;

- Net cash generated from operations of $7.0 million (H1 2019: $10.5 million), with the decrease attributable to asset prepayments, increased inventory and receivables timing;
- Net cash of -$0.1 million (FY 2019: $4.4 million) reflecting working capital movements including fixed asset prepayments for mining equipment relating to H2 2020 capex;
- Earnings per share (including investment gains) improved by 170.5% to 10.0 cents (H1 2019: 3.7 cents);
- Successfully renewed and increased the value of the Group RCF facility to $15 million (previously $12 million) with a three-year term with Standard Bank; and
- Declared an interim dividend of 0.9 cents per share, to be paid on 25 September 2020 to shareholders registered on 4 September 2020 (up 28.6% on 2019 interim dividend 0.7 cents per share).

Operational and Strategic Review

- Stable ARPOR result from drilling operations of $170,000, consistent with H2 2019 ($170,000), driven by the strong performance of core long-term contracts, with no material production interruptions due to COVID-19;
- Increased activity levels at a number of existing operational sites, driving an increase in fleet utilisation to 57%, up 9.6% on H1 2019 and 1.8% on H2 2019;
- COVID-19 impact remains limited to people movement and slower supply chain movement due to travel restrictions, increased Rostered Days Off (RDO's) for fatigue management, delayed tendering activity and curtailment of exploration activity;
- Commissioned a further underground rig during Q2, bringing total rig fleet to 100;
- Previously announced world class safety achievements:
  - Sukari Gold Mine (Egypt) achieved three years LTI free in January
  - North Mara Gold Mine (Tanzania) achieved four years LTI free in March
  - Geita Gold Mine (Tanzania) achieved three years LTI free in March
  - Tasiast Gold Mine (Mauritania) achieved three years LTI free in June
  - Syama Gold Mine (Mali) achieved four years LTI free in June
- Strong performance underpinned by operations across the Group's long-term mine site contracts, including: Tasiast (Kinross) in Mauritania, Syama (Resolute) and Yanfolila (Hummingbird) in Mali, Bonikro (Allied) in Côte d'Ivoire, Sukari (Centamin) in Egypt, North Mara (Barrick) and Geita (AngloGold Ashanti) in Tanzania and Jabal Sayid (Barrick) in Saudi Arabia;
- Previously announced new contract awards include a two-year contract with Hummingbird (Mali), together with exploration contracts with Allied Gold (Egypt), Altus Strategies (Mali) and Barrick Bulyanhulu (Tanzania);
- Contract extensions (previously announced) include Perseus Mining (Côte d'Ivoire), Resolute (Mali), Barrick North Mara (Tanzania) and AngloGold Ashanti (Tanzania);
- Encouragingly, exploration activity increased with the resumption of exploration projects in June and July, specifically Altus Strategies (Mali) and Arrow Minerals (Burkina Faso);
- Commenced drilling for Awale (Côte d'Ivoire) in August;
- Revenue from the West African region continued to increase, contributing 31% of Group revenues in H1 2020;
- Continued the asset relocation strategy into West Africa, with the rig count now 42, up from 15 rigs in January 2018 (42% of the fleet now in the region);
- Growth of non-drilling revenue to 11% of total revenue for H1 2020, compared with H1 2019 (5%), of which MSALABS contributed 50%, the balance attributed to mining services and maintenance services;
- MSALABS footprint increased in Africa with the acquisition of the ELAM laboratory in Yamoussoukro (Côte d'Ivoire), commissioning of a laboratory in Nouakchott (Mauritania) and signing of a binding agreement for on-site laboratory construction and management with Thor Explorations, at its Segilola Project (Nigeria);
- Continued recruitment of key positions within the Mining business, including Chief Development Officer, Commercial Manager, Contracts and Legal Manager and Maintenance Manager; and

- Progressively building mining fleet via existing cash flow and balance sheet, better positioning the business to actively engage in the tendering market.

Outlook

- Despite the uncertainty and disruptions caused by the impact of COVID-19, the business has continued to perform strongly;
- The gold price has continued to strengthen throughout Q2, reaching all-time highs early in Q3, a positive indicator for Capital given over 90% of revenue is derived from the gold sector;
- Improving gold markets have positively impacted cash flows of mining companies, which is expected to contribute to an increase in demand for services from existing customers;
- The strong gold price has seen a surge of activity in equity markets during Q2, a leading indicator for demand;
- Substantial increase in activity pipeline across all business units;
- Strong demand for drilling services anticipated following the completion of the West African wet season;
- Capital Mining engaging in a number of large tendering opportunities, with an improved tendering pipeline across all business units;
- COVID-19 continues to provide a level of uncertainty, however the current impact on Capital remains limited and positive recent developments include the easing in COVID-19 related travel restrictions, together with the resumption of smaller exploration projects in Burkina Faso and Côte d'Ivoire;
- Capital continues to closely monitor the situation in Mali, which has seen President Ibrahim Boubacar Keita resign and announce the dissolution of parliament. The safety of personnel at our operations and offices remains our utmost priority and focus; and
- Capital remains committed to its strategy of maintaining a strong balance sheet and providing returns to its shareholders.

The Group reinstates its revenue guidance, with expected revenue of $130 - $140 million for 2020 (versus $114.8 million in 2019).

Commenting on the results, Jamie Boyton, Executive Chairman of Capital Limited, said:

"Capital delivered a strong first half performance despite the unprecedented challenges presented by the global COVID-19 pandemic. I would like to thank our staff and management team for their ongoing efforts in ensuring we continued to operate safely and efficiently during this uncertain time. It is encouraging to see some signs of improvement, however we must remain vigilant to the evolving situation, ensuring we adjust and manage our business accordingly.

We posted very strong revenue growth during the half year period, up 18.8% on the prior corresponding period, primarily driven by an increase in assets at many of our long-term projects. In addition, activity undertaken during 2018 and in particular 2019 to build the pipeline and relocate assets into West Africa ensured we were well placed to start the year contributing further to this outstanding result, with the region contributing 31% of total revenues during the period.

A robust increase in EBITDA and earnings per share reflects the ongoing strong performance at our underlying operations. Our long-term contract portfolio strengthened further with the award of a two-year contract with Hummingbird in Mali. Additionally, we were awarded extensions at three existing long-term contracts with Resolute (Mali), Barrick North Mara (Tanzania) and AngloGold Ashanti (Tanzania), a positive reflection of our performance delivery at these sites.

MSALABS, our laboratory business, continued to perform well. During the half year period it significantly increased its West African presence through the establishment of new laboratories in Côte d'Ivoire and

Mauritania. The region now contributes more than 50% of MSALAB's revenue and is shifting the geographic focus for the business.

Importantly, our commitment to operating safely has seen the achievement of outstanding LTI results during the half, with safety milestones achieved across many of our existing long-term contract sites including Geita and North Mara in Tanzania, Sukari in Egypt, Syama in Mali and Tasiast in Mauritania.

A key contributor to our strong result for the half has been returns from our equity investments. These have been a business development tool for several years with Capital completing direct investments into exploration and mining companies. This strategy has been successful, both in securing preferred contractor status with multiple companies and the provision of equity returns. During Q2, these investments delivered material unrealised returns of $9.9 million.

While the COVID-19 pandemic still provides a level of uncertainty for the future, the gold price has reached record highs, and we anticipate strong demand for our services following the West African wet season in Q4. This is encouraging for Capital due to our high gold sector exposure and established presence in the West African region. We have now filled key positions within our mining division, and the mining business is seeing increased tendering activity, providing further optimism of higher activity levels in the second half and into 2021."

Capital Limited will be hosting a live webcast presentation at 09:00 BST on Thursday 20 August 2020, where questions can be submitted through the platform.

The webcast presentation link:
https://webcasting.buchanan.uk.com/broadcast/5f33fd15b14d872626436e41

Participants may join the webcast approximately five minutes before the commencement time. A copy of the Company's presentation will be available on www.capdrill.com.

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

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About Capital

Capital Limited is a leading mining services company providing a complete range of drilling, mining, maintenance and geochemical laboratory solutions to customers within the global minerals industry, focusing on the African markets. The Company's services include: exploration, delineation and production drilling; load and haul services; mining equipment hire and maintenance; and geochemical analysis. The Group's corporate headquarters are in Mauritius and it has established operations in Botswana, Burkina Faso, Côte d'Ivoire, Egypt, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.

Cautionary note regarding forward looking statements

Certain information contained in this report, including any information on Capital Limited's plans or future financial or operating performance and other statements that express management's expectations, or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. Capital Limited cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Capital Limited to be materially different than the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of commodities and project execution delays, many of which are beyond the control of Capital Limited. Nothing in the report should be construed as either an offer to sell or a solicitation to buy or sell Capital Limited securities.

CAPITAL

INDEPENDENT REVIEW REPORT TO CAPITAL LIMITED

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and the related notes 1 to 16.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs). The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting''.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP

BDO LLP
Chartered Accountants
London, UK
19 August 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Notes	Unaudited Six months ended 30 Jun 2020 $	30 Jun 2019 $
Revenue	5	65,089,372	54,832,471
Cost of sales		(39,431,925)	(33,409,735)
Gross profit		25,657,447	21,422,736
Administration expenses		(10,276,703)	(8,772,356)
Depreciation, amortisation and impairments		(5,732,201)	(4,729,080)
Operating profit		9,648,543	7,921,300
Share of loss from associate		-	(227,904)
Interest income		179,637	168,966
Finance charges		(566,691)	(391,899)
Loss on disposal of FVTPL Investments		(114,663)	(141,240)
Fair value gain on FVTPL Investments		9,978,513	259,262
Profit before taxation		19,125,339	7,588,485
Taxation	3	(5,509,895)	(2,492,887)
Profit for the period		13,615,444	5,095,598
Other comprehensive (loss) income:			
Other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods:			
Cumulative gain reclassified to profit and loss on sale of fair value through other comprehensive income shares		-	26,267
Total other comprehensive income /(loss) for the period		-	26,267
Total comprehensive income for the period		13,615,444	5,121,865
Profit attributable to:			
Owners of the parent		13,673,957	5,095,598
Non-controlling interest		(58,513)	-
		13,615,444	5,095,598
Earnings per share:			
Basic (cents per share)	6	10.0	3.7
Diluted (cents per share)	6	9.9	3.7

CAPITAL

CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2020

	Notes	Unaudited 30 Jun 2020	Audited 31 Dec 2019
ASSETS		$	$
Non-current assets			
Property, plant and equipment	8	54,163,390	52,862,017
Right of use assets		550,954	679,991
Goodwill	4	1,181,103	1,252,348
Intangible assets		311,105	303,191
Total non-current assets		56,206,552	55,097,547
Current assets			
Inventory		18,753,273	17,544,401
Trade and other receivables		19,634,785	18,619,228
Prepaid expenses and other assets		12,807,469	6,624,827
Current tax receivable		376,083	289,139
Investments at fair value		23,239,631	12,537,105
Cash and cash equivalents		15,535,741	17,620,623
Total current assets		90,346,982	73,235,323
Total assets		146,553,534	128,332,870
EQUITY AND LIABILITIES			
Equity			
Share capital	9	13,698	13,625
Share premium	9	22,953,954	22,495,287
Reserves for own shares/ Share repurchase reserve		1,109,379	974,118
Other reserve		190,056	261,301
Retained earnings		74,719,433	62,004,344
		98,986,520	85,748,675
Non-controlling interest		1,141,168	1,199,681
Total equity		100,127,688	86,948,356
Non-current liabilities			
Loans and borrowings	10	2,382,112	2,899,754
Lease liabilities		232,997	367,039
Deferred tax		55,290	31,481
Total non-current liabilities		2,670,399	3,298,274
Current liabilities			
Trade payables		10,720,814	8,520,241
Other payables		12,696,870	14,600,917
Current tax payable		6,778,534	4,335,388
Loans and borrowings	10	13,213,442	10,294,456
Lease liabilities		345,787	335,238
Total current liabilities		43,755,447	38,086,240
Total equity and liabilities		146,553,534	128,332,870

CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
30 June 2020

	Share capital	Share premium	Total share capital	Reserves: Reserves for own shares/ Share repurchase reserve	Reserves: Other reserve	Reserves: Total reserves	Retained earnings	Total attributable to equity holders of the Group	Non-controlling interest	Total equity
	$	$		$	$		$		$	$
Restated balance at 31 December 2018 - Audited	13,581	22,231,662	22,245,243	409,995	(26,267)	383,728	4,624,202	77,253,173	-	77,253,173
Issue of shares	44	263,625	263,669	(263,669)	-	(263,669)	-	-		-
Recognition of share-based payments	-	-	-	511,614	-	511,614	-	511,614	-	511,614
Total comprehensive income (loss) profit for the period	-	-	-	-	26,267	26,267	5,095,598	5,121,865	-	5,121,865
- Profit for the period	-	-	-	-	-	-	5,095,598	5,095,598	-	5,095,598
- Other comprehensive loss for the period	-	-	-	-	26,267	26,267	-	26,267	-	26,267
Dividends paid (1.5 cents per share) - Note 7	-	-	-	-	-	-	(2,043,734)	(2,043,734)	-	(2,043,734)
Restated balance at 30 June 2019 (Unaudited)	13,625	22,495,287	22,508,912	657,940	-	657,940	57,676,066	80,842,918	-	80,842,918
Balance at 31 December 2019 - Audited	13,625	22,495,287	22,508,912	974,118	261,301	1,235,419	62,004,344	85,748,675	1,199,681	86,948,356
Issue of shares	73	458,667	458,740	(458,667)	-	(458,740)	-	-	-	-
Recognition of share-based payments	-	-	-	594,001	-	594,001	-	594,001	-	594,001
Allocation of other reserves against goodwill	-	-	-	-	(71,245)	(71,245)	-	(71,245)	-	(71,245)
Total comprehensive income for the period	-	-	-	-	-	-	13,673,957	13,673,957	(58,513)	13,615,444
- Profit for the period	-	-	-	-	-	-	13,673,957	13,673,957	(58,513)	13,615,444
- Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-
Dividends paid (0.7 cents per share) - Note 7	-	-	-	-	-	-	(958,868)	(958,868)	-	(958,868)
Balance at 30 June 2020 (Unaudited)	13,698	22, 953,954	22,967,652	1,109,379	190,056	1,299,435	74,719,433	98,986,520	1,141,168	100,127,688

CAPITAL LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2020

	Notes	Unaudited Six months ended 30 Jun 2020	30 Jun 2019
		$	$
Cash flow from operating activities			
Cash generated from operations	11	7,024,547	10,464,047
Interest income received		179,637	168,966
Finance costs paid		(566,691)	(370,974)
Tax paid		(3,129,884)	(2,225,440)
Net cash from operating activities		3,507,609	8,036,599
Cash flow from investing activities			
Purchase of property, plant and equipment	8	(7,046,887)	(6,383,879)
Proceeds from disposal of property, plant and equipment		19,917	227
Acquisition of intangible assets		(7,914)	-
Acquisition of investments		(967,202)	(2,132,667)
Proceeds on disposal of investments		1,447,800	465,980
Net cash from investing activities		(6,554,286)	(8,050,339)
Cash flow from financing activities			
Repayment of loans	10	(598,656)	(2,000,000)
Proceeds from new loans	10	3,000,000	-
Dividend paid	7	(958,868)	(2,043,734)
Repayment of lease		(179,850)	(40,781)
Net cash from financing activities		1,262,626	(4,084,515)
Total cash movement for the period		(1,784,051)	(4,098,255)
Cash at the beginning of the period		17,620,623	19,888,764
Effect of exchange rate movement on cash balances		(300,831)	(252,142)
Total cash at the end of the period		15,535,741	15,538,367

CAPITAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2020

1. Basis of presentation and accounting policies

Preparation of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of Capital Limited and Subsidiaries (“Capital” or the “Group”) as at and for the six months ended 30 June 2020 (the “Interim Financial Statements”), which are unaudited, have been prepared in accordance with International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting”. This condensed interim report does not include all the notes of the type normally included in an Annual Report. They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Group’s Annual Report for the year ended 31 December 2019 which have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Interim Financial Statements have been reviewed in terms of International Standard on Review Engagements (ISRE) 2410.

Accounting policies

The condensed consolidated interim financial statements have been prepared under the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of the Group’s financial statements for the year ended 31 December 2019.

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an on-going basis using currently available information. Changes in facts and circumstances may result in revised estimates and actual results could differ from those estimates.

Going concern

At the end June 2020, the Group had a robust Balance Sheet, with significant financial resources at its disposal. The Group had a low debt gearing, with equity of $100.1 million and loans and borrowings of $15.6 million. Cash at 30 June 2020 was $15.5 million, with net debt of $0.1 million. Additional investments in listed entities provided additional flexibility as it could easily be converted into cash.

The Group had a $12 Million facility with Standard bank which was due to expire in October 2020. The facility was renewed on 31 July for a further three years at an increased amount of $15 Million.

This robustness is underpinned by stable revenues generated on long term contracts. Revenues generated on mine sites and longer-term contracts make up over 90% of Group revenues. Revenues continued to perform strongly in H1 2020 with increased revenue compared to both H1 2019 and H2 2019.

The Board and Group acknowledge the significant current and future impact of COVID-19 on the global economy and have undertaken a thorough investigation into the potential risk it may have on going concern and working capital.

Although the pandemic continues to create uncertainty globally, mining and production activity have continued uninterrupted at all the Group’s operations.

The strong H1 revenue was in line with expectations and demonstrates that the Group has been largely unaffected during the period, however global travel restrictions have impacted expat employee roster rotations with those on site working extended rosters;

1. Basis of presentation and accounting policies (Cont'd)

Going concern (Cont'd)

In response to extended rosters for both expats and nationals, fatigue management policies have been implemented on-site in the form of shortened weekly rosters which reduced on-site activity in the period;

Greenfield exploration activity is marginally affected at the moment as global travel restrictions are limiting the ability to start new projects. The current record gold price is also driving renewed interest in exploration activities.

The Group's portfolio of eight long-term mine-site based contracts provides a level of revenue stability against the global risk exposure created by the COVID-19 pandemic, as mines continue to operate with gold exports continuing;

The Board have considered the potential risks and impact of COVID-19 on the business and note that:

- 90% of the Groups revenue originate in the gold mining sector, a sector that has been very resilient to the impact of the pandemic due to the strict control and containment measures implemented by the active mines;
- Revenues from gold mines are critical for the support of the economies in which the mines operate, especially in the current macro-economic environment. There is therefore significant industry support from the relevant governments;
- Gold is currently trading at record levels, creating significant industry interest;
- The primary client base of the business is predominantly producing gold mining companies, which the Board considers are appearing to be operating in line with expectation. This opinion is supported by the various market announcements made by the companies;
- The primary client base is distributed across the African continent, including Tanzania, Egypt and West Africa;
- To date, despite the pandemic, no client mines have seen a reduction in operations.

As a result, the Board considers that the downside scenario presented by COVID-19 to largely be limited to a temporary reduction in the exploration market, with a fairly minimal impact on the Group. This position is reinforced by the H1 performance and related market announcement.

Despite the above, and to test the robustness of the business to withstand a situation much worse than anticipated, the Board also considered a scenario, which acts as a reverse stress test, where turnover would be severely reduced by up to 42% (to model the situation where, in addition to reduction in the exploration market, major client operations became closed for a sustained period). The Board noted that the model showed that even without taking any other protective steps, other than to reduce planned future capital expenditure and related variable costs, to address the downside, that this could prevail for a sustained period of over eight months without impacting expected facilities and covenants.

As a result, the Board considers the business to be a going concern.

2. Operations in the interim period

Capital Limited is incorporated in Bermuda. The Group provides drilling services including but not limited to exploration, development, grade control and blast hole drilling services to mineral exploration and mining companies located in emerging and developing markets. The Group also provides some equipment rental, information technology services to mining and mining related companies and laboratory analysis of drilling samples related to sample analysis by MSA laboratories.

During the six months ended 30 June 2020, the Group provided drilling services in Egypt, Mauritania, Mali, Tanzania, Burkina Faso, Saudi Arabia and Ivory Coast.

3. Taxation

Capital Limited is incorporated in Bermuda. No taxation is payable on the results of the Bermuda business. Taxation for other jurisdictions is calculated in terms of the legislation and rates prevailing in the respective jurisdictions.

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. In certain of these jurisdictions, the Group has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and include those relating to transfer pricing matters and the interpretation of income tax laws. The Group periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgement given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information and the history of resolving income tax uncertainties, the Group believes that the ultimate resolution of such matters will not likely have a material effect on the Group's financial position, statements of operations or cash flows.

CAPITAL LIMITED
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For the six months ended 30 June 2020

		$
4.	**Goodwill**	
	At 31 December 2019	
	Cost	1,252,348
	Accumulated amortisation and impairment	-
	Net book amount	1,252,348
	Half year ended 30 June 2020	
	Cost	
	At 01 January 2020	1,252,348
	Adjustment to opening balance	(71,245)
	At 30 June 2020	1,181,103
	Accumulated amortisation and impairment	
	At 01 January 2020	-
	Amortisation charge	-
	At 30 June 2020	-
	Net book amount	
	At 30 June 2020	1,181,103

		Six months ended	
5.	**Revenue**	**30 Jun 2020**	**30 Jun 2019**
		$	**$**
	Revenue from the rendering of services comprises:		
	Drilling and associated revenue	60,256,642	53,926,977
	Revenue from Surveying	1,505,718	223,400
	Information technology revenue	32,138	682,094
	MSALABS revenue	3,294,874	-
		65,089,372	54,832,471

6. Earnings per share

Basic Earnings per share:

The profit and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	30 Jun 2020	30 Jun 2019
Profit for the period used in the calculation of basic earnings per share	13,673,957	5,095,598
Weighted average number of ordinary shares for the purposes of basic earnings per share	136,639,059	136,027,158
Basic earnings per share (cents)	10.0	3.7

CAPITAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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	Six months ended	
	30 Jun 2020	**30 Jun 2019**
	$	**$**
6. Earnings per share (continued)		
Diluted earnings per share:		
The profit used in the calculations of all diluted earnings per share measures are the same as those used in the equivalent basic earnings per share measures, as outlined above.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	136,639,059	136,027,158
- Dilutive share options #	1,675,427	350,476
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	138,314,486	136,377,634
Diluted earnings per share (cents)	9.9	3.7

For the purposes of calculating diluted earnings per share, the share options of 2.16 million (2019: 2.16 million) were excluded as they are anti-dilutive as the exercise price is higher than the current share price.

7. Dividends

During the six months ended 30 June 2020, a dividend of 0.7 cents per ordinary share, totalling $958,868 (six months ended 30 June 2019: 1.5 cents per ordinary share, totalling $2,043,734) was declared and paid.

8. Property, plant and equipment

During the six months ended 30 June 2020, the Group acquired $7.0 million (2019: $6.4 million) of drilling rigs and other assets to expand its operations and for the replacement of existing assets.

The Group disposed of property, plant and equipment with a net carrying amount of $0.2 million (2019: $0.2 million) during the period. A loss of $0.2 million (2019: $0.2 million) was incurred on the disposal of property, plant and equipment.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets may be impaired. As at 30 June 2020, there was no indication of impairment.

	As at	
	30 Jun 2020	31 Dec 2019
	$	$
9. Issued capital and share premium		
Authorised capital		
2,000,000,000 (2019: 2,000,000,000) ordinary shares of 0.01 cents (2019: 0.01 cents) each	200,000	200,000
Issued and fully paid:		
136,980,903 (31 December 2019: 136,248,953) ordinary shares of 0.01 cents (31 December 2019: 0.01 cents) each	13,698	13,625
Share premium:		
Balance at the beginning of the period	22,495,287	22,231,662
Issue of shares	458,667	263,625
Balance at the end of the period	22,953,954	22,495,287

On 26th March 2020, the Company issued 731,950 new common shares (valued at $ 458,740) pursuant to the Company's employee incentive scheme. The shares rank pari passu with the existing ordinary shares. Fully paid ordinary shares which have a par value of 0.01 cents, carry one vote per share and carry rights to dividends.

10. Long term liabilities

Long term liabilities consist of:

(a) $12 million revolving credit facility ("RCF") provided by Standard Bank (Mauritius) Limited
The Facilities Agreement was renewed for 15 million on 31 July 2020. The interest rate on the RCF is the prevailing three-month US LIBOR (payable in arrears) plus a margin of 5.75%, and an annual commitment fee of 1.5% of the undrawn balance. The amount utilised on the RCF is $12 million as at 30 June 2020.

Under the terms of the RCF, the group is required to comply with certain financial covenants relating to:
- Interest coverage
- Gross debt to EBITDA ratio
- Debt to equity ratio
- Tangible net worth

Security for the Standard Bank (Mauritius) Limited facility comprises:
> Upward corporate guarantees from Capital Drilling (T) Limited, Capital Drilling (Botswana) Proprietary Limited and Capital Limited.
> A negative pledge over the assets of Capital Drilling (T) Limited and Capital Limited.

As at the reporting date and during the period under review, the Group has complied with all covenants attached to the loan facilities.

(b) $ 3.8 million credit facility provided by Epiroc Financial Solutions AB for the purchase of five rigs.
The loan will be repaid in 46 monthly payments in arrears at a fixed rate of interest of 8.47% annually. The first instalment was paid in January 2020.

CAPITAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six months ended 30 June 2020

	2020	2019
	$	$

10. Long term liabilities (continued)

(c) $ 0.2 million hire purchase agreement with Ma'aden Barrick Copper Company for the purchase of 1 rig.
The lease is repayable by a fixed monthly instalment over 24 months. The first instalment was paid in April 2020.

	2020 $	2019 $
Balance at 1 January	13,194,210	9,029,884
Amounts received during the 6-month period/year	3,000,000	2,000,000
Credit facility received for the purchase of rigs	-	3,971,650
Interest accrued during the 6-month period/year	522,470	851,968
Interest paid during the 6-month period/year	(522,470)	(659,292)
Principal repayments during the 6-month period/year	(598,656)	(2,000,000)
	15,595,554	13,194,210
Less: Current portion included under current liabilities	(13,213,442)	(10,294,456)
Due after more than one year	2,382,112	2,899,754

11. Cash from operations

	Six months ended 30 Jun 2020	Six months ended 30 Jun 2019
Profit before taxation	19,125,339	7,588,485
Adjusted for:		
- Depreciation	5,546,806	4,729,080
- Loss on disposal of property, plant and equipment	178,790	198,999
- Realised gain on FVTOCI shares	114,663	-
- Fair value adjustment on financial assets through profit and loss	(9,978,513)	(259,262)
- Share based payment expense	594,001	511,615
- Interest income	(179,637)	(168,966)
- Finance charges	566,691	391,899
- Share of loss from associate	-	227,904
- IFRS 16 depreciation on rights of use assets	185,395	49,821
- Unrealised foreign exchange loss on foreign currency held	300,831	252,142
Operating profit before working capital changes	16,454,366	13,521,717
Adjustments for working capital changes:		
- Decrease in inventory	(1,208,872)	1,406,768
- Decrease / (Increase) in trade and other receivables	(8,517,473)	(4,029,566)
- Decrease in trade and other payables	296,526	(434,872)
	7,024,547	10,464,047

12. Segmental analysis

Operating segments are identified on the basis of internal management reports regarding components of the Group. These are regularly reviewed by the Chairman in order to allocate resources to the segments and to assess their performance. Operating segments are identified based on the regions of operations. For the purposes of the segmental report, the information on the operating segments have been aggregated into the principal regions of operations of the Group. The Group's reportable segments under IFRS 8 are therefore:

- Africa: Derives revenue from the provision of drilling services, surveying, IT support services and mineral assaying.
- Rest of world: Derives revenue from the provision of drilling services, surveying, IT support services and mineral assaying.

Information regarding the Group's operating segments is reported below. At 30 June 2020, management reviewed the composition of the Group's operating segments and the allocations of operations to the reportable segments.

Segment revenue and results:

The following is an analysis of the Group's revenue and results by reportable segment:

For the six months ended 30 June 2020	Africa	Rest of World	Consolidated
	$	$	$
External revenue	63,158,081	1,931,291	65,089,372
Segment profit (loss)	20,046,732	(9,464,201)	10,582,531
Central administration costs and depreciation, net of other income			(933,988)
Profit from operations			9,648,543
Realised loss on disposal of FVTPL shares			(114,663)
Fair Value gain on FVTPL Investments			9,978,513
Interest income			179,637
Share of losses from associate			-
Finance charges			(566,691)
			19,125,339

12. Segmental analysis (continued)

For the six months ended 30 June 2019	Africa	Rest of World	Consolidated
	$	$	$
External revenue	54,317,249	515,222	54,832,471
Segment profit (loss)	15,744,899	(7,131,884)	8,613,015
Central administration costs and depreciation, net of other income			(691,715)
Profit from operations			7,921,300
Realised loss on disposal of FVTOCI shares			(141,240)
Fair value adjustment on financial assets through profit and loss - Share Options			259,262
Interest income			168,966
Share of income from associate			(227,904)
Finance charges			(391,899)
Profit before tax			7,588,485

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 1. Segment profit/(loss) represents the profit/(loss) earned by each segment without allocation of central administration costs, depreciation, interest income, share of losses from associate, finance charges and income tax. This is the measure reported to the Chairman for the purpose of resource allocation and assessment of segment performance.

	As at	
	30 Jun 2020	31 Dec 2019
	$	$
Segment assets:		
Africa	214,767,498	184,635,830
Rest of world	33,176,380	29,823,155
Total segment assets	247,943,878	214,458,985
Head office companies	155,102,281	138,073,761
	403,046,159	352,532,746
Eliminations *	(256,492,625)	(224,199,876)
Total assets	146,553,534	128,332,870
Segment liabilities:		
Africa	110,384,672	85,462,428
Rest of world	25,638,315	28,745,632
Total segment liabilities	136,022,987	114,208,060
Head office companies	160,547,594	145,304,748
	296,570,581	259,512,808
Eliminations *	(250,144,735)	(218,128,294)
Total liabilities	46,425,846	41,384,514

CAPITAL LIMITED
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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12. Segmental analysis (continued)

For the purposes of monitoring segment performance and allocating resources between segments the Chairman monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of property, plant and equipment used by the head office companies, certain amounts included in other receivables, and cash and cash equivalents held by the head office companies.

* Eliminations include inter-group accounts receivable, inter-group accounts payable and inter-group investments.

Other segment information:

	Six months ended	
Non-Cash items included in profit or loss:	**30 Jun 2020**	**30 Jun 2019**
	$	**$**
Depreciation		
Africa	4,798,213	4,037,365
Rest of world	382,842	24,361
Total segment depreciation	5,181,055	4,061,725
Head office companies	551,146	667,355
	5,732,201	4,729,080
Loss on disposal of property, plant and equipment		
Africa	160,966	194,574
Rest of world	2,660	4,425
Total segment loss on disposal	163,626	198,999
Head office companies	15,164	-
	178,790	198,999
Impairment on Inventory		
Africa		
Stock Provision	403,494	452,942
Stock Write Offs	177,369	28,426
	580,863	481,368
Rest of world		
Stock Provision	(347,345)	-
Stock Write Offs	1,086	850
	(346,259)	850
Total segment impairment	234,604	482,218
Head office companies	-	-
	234,604	482,218

	Six months ended 30 Jun 2020	Six months ended 30 Jun 2019
	$	$
12. Segmental analysis (continued)		
Additions to property, plant and equipment		
Africa	6,557,062	5,162,793
Rest of world	678,737	-
Total segment additions	7,235,799	5,162,793
Head office companies	(188,912)	1,221,086
	7,046,887	6,383,879

Information about major customers

Included in revenues arising from the Africa segment are revenues of approximately $35.4 million (2019: $41.0 million) which arose from sales to customers that represent more than 10% of the Group's revenue.

13. Commitments

The Group has the following capital commitments at 30 June:

	30 Jun 2020	30 Jun 2019
Committed capital expenditure	11,617,926	5,248,512

The Group has outstanding purchase orders amounting to $13.9 million (including committed capital expenditure as disclosed above) at 30 June 2020 (30 June 2019: $7.2 million).

14. Contingencies

Zambia Tax:

As disclosed in the prior year Financial Statements, Capital Drilling (Zambia) Limited is a party to various tax claims made by the Zambian Revenue Authority for the tax years 2007 to 2013. On 30 April 2015, the Company received a tax assessment from the Zambian Revenue Authority totalling ZMW 144.1 million ($ equivalent: $13.1 million), inclusive of penalties and interest. The claims relate to various taxes, including income tax, value added tax, payroll tax and withholding tax. Since the assessment date, Management has responded in detail to these claims, providing the Zambian Revenue Authority with detailed analysis and arguments justifying the Company’s tax position. No amount has yet been paid in this regard and no additional communication or actions were received from the Zambian Revenue Authority during the 2020 financial year regarding this matter. Capital Drilling (Zambia) Limited is currently dormant with no drilling revenue since November 2014. An amount of $1.6 million was raised in 2015 relating to certain areas of the claim, however the Directors are of the opinion that a significant portion of the tax claim by the Zambian Revenue Authority is without merit.

14. Contingencies (continued)

Tanzania tax:

As disclosed in the prior year Financial Statements, Capital Drilling (T) Ltd is party to a payroll tax claim made by the Tanzanian Revenue Authority (TRA) for the tax years 2009-2015. During the financial year ended 31 December 2016, the company received an immediate demand notice from the TRA for Tanzanian Shillings (TZS) of 18.6 billion ($8.4 million), inclusive of penalties and interest. Management objected to the assessment raised by the TRA and requested the calculations of the notice. In order to object, according to Tanzanian Tax Law Sections 51(1) and (5) of the TAA 2015, a taxpayer is required to pay the tax amount not in dispute or one third of the assessed tax whichever is greater. It is prudent to note that the Finance Act in 2016 added a further subsection (9) in Section 51 regarding tax objections and assessments. The said amendment provides: “Where the taxpayer fails to pay the amount stated under subsection (5) within the time provided therein, the assessed tax decision shall be confirmed as final tax assessment in terms of section 15(1) (a) of the Tax Revenue Appeals Act.” In accordance with the above-mentioned legislation, Management reached an agreement with the TRA to pay TZS1.5 billion ($0.7 million) in lieu of the one third of the assessed value. This amount was fully provided for in the 2016 Annual Financial Statements. In June 2017 the TRA provided their workings to Capital Drilling (T) Ltd. Capital Drilling (T) Ltd identified differences with the TRA on both the specific merits and methodology used to determine the value. In order to continue the discussions and negotiations with the TRA, Capital Drilling (T) Ltd has, at the request of the TRA, paid an additional amount of TZS1.1 billion ($0.4 million), increasing the total amount paid to TZS2.6 billion ($1.1 million) as at 31 December 2018. This is in line with the aforementioned Tanzanian Tax Law. The company is of the position that the $1.1 million provided and paid as the full liability. On 3 February 2020, the TRA issued an updated assessment of TZS22.5 billion ($9.8 million) which comprises of a principal amount of TZS7.3 billion ($3.2 million) and interest TZS15.2 billion ($6.6 million). As per Section 48 quoted in the assessment, the company is entitled to appeal and has already done so – the matter is currently on the roll of the TRAAB (Tanzanian Revenue Authority Appeals Board) awaiting a date. Capital Drilling (T) Ltd is confident with the position presented to the TRA and continues its engaging relationship to find closure and resolution to this matter.

Mauritania tax:

Capital Drilling Mauritania SARL is a party to various tax claims made by the Mauritanian Revenue Authority (MRA) for the tax years 2016–2018. On 20 February 2020, the company received a tax assessment totalling MRU105.0 million, inclusive of penalties and interest ($2.8 million). The claims relate to various taxes, including Minimum Income Tax, VAT, Corporate Income Tax, Securities Tax and Apprentice Tax. Management has responded to these claims in detail, strongly refuting the position taken by the MRA. An amount of MRU 68 million ($1.8 million) has been provided. A number of follow up meetings have occurred where additional information has been provided, but to date no Final assessment has been received to date and negotiations are ongoing.

15. Events post the reporting date

The directors proposed that an interim dividend of 0.9 cent per share be paid to shareholders on 25 September 2020. This dividend has not been included as a liability in these condensed consolidated interim financial statements. The proposed dividend is payable to all shareholders on the Register of Members on 04 September 2020. The total estimated interim dividend to be paid is $1.2 million (2019: $1.0 million). The payment of this dividend will have no tax consequences for the group.

15. Events post the reporting date (Cont'd)

In order to supplement MSA's growth in West Africa and to service significant customers in CDI, MSALABS acquired a 100% shareholding in ELAM on 1 July 2020, a laboratory in Yamoussoukro, Côte d'Ivoire. ELAM is a mineral assay laboratory capable of providing Fire, BLEG and ICP-OES assaying, with plans to increase its capabilities in the near future. The purchase consideration is US$1.9 million payable in tranches, pending conditions subsequent. At the time of approving the interim financial statements, the purchase price allocation, fair value of consideration payable and goodwill assessments has not yet been completed by management. Therefore, the related disclosures in this regard are not made within these interims.

The RCF provided by Standard Bank (Mauritius) Limited to Capital Drilling (Mauritius) Ltd was renewed for 15 million on 31 July 2020. The interest rate on the RCF is the prevailing three-month US LIBOR (payable in arrears) plus a margin of 5.75%, and an annual commitment fee of 1.5% of the undrawn balance. The facility will expire in July 2023.

16. Financial instruments

(a) Fair value hierarchy

Financial instruments that are measured in the consolidated statement of financial position or disclosed at fair value require disclosure of fair value measurements by level based on the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	As at	
	30 Jun 2020	**31 Dec 2019**
	$	**$**
Fair Value investment through profit and loss		
Level 1 - Listed shares	11,978,780	6,695,958
Level 3 – Unlisted shares	10,540,851	5,483,947
Financial instruments at amortised cost	720,000	357,200
	23,239,631	12,537,105

The reconciliation of the investment valuations from 1 January 2020 to 30 June 2020 is as follows:

	Level 1	**Level 3**	**Total**
At 1 January 2020	6,695,958	5,841,147	12,537,105
Additions	967,202	1,319,274	2,286,476
Disposal	(864,186)	(698,277)	(1,562,463)
Fair value gain	5,179,806	4,798,707	9,978,513
At 30 June 2020	11,978,780	11,260,851	23,239,631

16. Financial instruments (continued)

(a) Fair value hierarchy (cont'd)

	Level 1	Level 3	Total
At 1 January 2019	2,961,491	2,743,622	5,705,113
Additions	6,682,412	3,000,000	9,682,412
Disposal	(1,844,411)	-	(1,844,411)
Fair value (loss)/gain	(1,103,534)	97,525	(1,006,009)
At 31 December 2019	6,695,958	5,841,147	12,537,105

(b) Fair value information

Level 1 shares
Market approach - Listed share price.

The Company's interests in various listed shares are valued at the 30 June 2020 closing prices. No secondary valuation methodologies have been considered as all the Company's investments are listed on active markets.

Level 3 shares
Market Approach – Market Comparables applying Directors' estimate.

The Directors considered the most appropriate valuation methodology is a multiples-based approach based on comparing the enterprise values of a peer group with their respective mineral reserves and resources.

The average multiple from peer analysis was applied to the reserves and resources of each level 3 company to arrive at an estimated enterprise value. An adjustment was then made to arrive at an estimated equity valuation from which the value of the level 3 shareholding was determined.

For the level 3 investments in exploration-phase companies, the Directors considered a peer group of mines of junior exploration companies with West African assets. An average multiple of enterprise values to mineral resources (comprising resources in each of measured, indicated and inferred categories) of USD13/oz was used in the valuation.

For the level 3 investments in companies with a portfolio of assets (including production, development and exploration phases), the Directors considered a peer group comprising of mid-sized, producing companies with primarily West African assets. Average multiples of enterprise value to mineral reserves and enterprise value to mineral resources (comprising resources in each of measured, indicated and inferred categories) of USD311/oz and USD126/oz, respectively, were used in the valuation.

For the purposes of the disclosures required by IFRS 13, if the reserves and resources increased by 25% across all the level 3 companies, with all other indicators unchanged, in aggregate the level 3 investment value included in the balance sheet would increase from USD9.6 million to USD11.8 million. The related fair value increase of USD2.2 million would be recognised in profit and loss. Alternatively, if the average multiples used decrease by 25%, with all other indicators unchanged, in aggregate the level 3 investment value included in the balance sheet would decrease from USD9.6 million to USD7.4 million. The related fair value decrease of USD2.2 million would be recognised in profit and loss.

16. Financial instruments (continued)

(c) Transfers between levels 1 and 3

There were no transfers between the levels of the fair value hierarchy in the six months to 30 June 2020.

(d) Fair values of other financial instruments

The group also has other financial instruments which are not measured at fair value in the statement of financial position. The directors consider that the carrying value amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are approximately equal to their fair values.

CAPITAL LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITY
For the six months ended 30 June 2020

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the condensed consolidated interim financial statements and related information.

The directors are also responsible for the Group's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for the Group's assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the six months under review.

We confirm that to the best of our knowledge:

a) the condensed set of consolidated interim financial statements, which has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the International Accounting Standards Boards gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by FCA's Disclosure and Transparency Rules DTR4.2.4R;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR4.2.8R; and

c) there has been no significant individual related party transactions during the first six months of the financial year and nor have there been any significant changes in the Group's related party relationships from those reported in the Group's annual financial statement for the year ended 31 December 2019.

The condensed consolidated interim financial statements have been prepared on the going concern basis since the directors believe that the Group has adequate resources in place to continue in operation for the foreseeable future.

The condensed consolidated interim financial statements were approved by the board of directors on 19 August 2020.

ON BEHALF OF THE DIRECTORS

Jamie Boyton
Chairman of the Board of Directors

Brian Rudd
Executive Director

CAPITAL LIMITED
Principal and Emerging Risks and Uncertainties

The Group operates in environments that pose various risks and uncertainties. Aside from the generic risks that face all businesses, the Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties, nor are they listed in order of magnitude or probability. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Group's operating results, financial condition and prospects.

The principal risks associated with the business are:

Area	Description	Mitigation
Fluctuation in levels of mining activity	The Group is highly dependent on the levels of mineral exploration, development and production activity within the markets in which it operates. A reduction in exploration, development and production activities, or in the budgeted expenditure of mining and mineral exploration companies, will cause a decline in the demand for drilling rigs and drilling services, as was evident in the 2014 and 2015 financial years.	The Group is seeking to balance these risks by building a portfolio of long-term drilling contracts and expanding into new geographic areas. The focus on long-term contracts is evidenced by the award of three new multi-year contracts in 2020, together with post period-end contract extensions at Syama, North Mara and Geita Gold Mines. Expansion in West Africa has further diversified our revenue streams. With the acquisition of a Mineral Assay business that operates in both the Americas and Africa, we have further diversified the risk.

Area	Description	Mitigation
Reliance on key customers	The Group's revenue is reliant on a small number of key customers. The loss of a key customer, or a significant reduction in the demand for drilling provided to a key customer will have a significant adverse effect on the Group's revenues.	The Group has entered into long-term contracts with its key customers for periods between 2 to 5 years. Contract renewal negotiations are initiated well in advance of expiry of contracts to ensure contract renewals are concluded without interruption to drilling services. The Group has and continues to monitor projects closely and invest a significant amount of time into client relationship and service level monitoring at all levels of the business. A key part of this process is the quarterly project steering committee meetings with key client stakeholders that provide a forum for monitoring and reporting on project performance and performance indicators, contractual issues, pricing and renewal. The West Africa expansion is intended to negate the customer concentration risk. During 2020, of the 11 new exploration contracts, eight are with new clients and a further three long-term contracts were added to the portfolio.
Key personnel and staff retention	The Group's ability to implement a strategy of pursuing expansion opportunities is dependent on the efforts and abilities of its Executive Directors and senior managers. In addition, the Group's operations depend, in part, upon the continued services of certain key employees. If the Group loses the services of any of its existing key personnel without timely and suitable replacements or is unable to attract and retain new personnel with suitable experience as it grows, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, business may be lost to competitors which members of senior management may join after leaving their positions with the Group.	The Group has expanded capabilities in the areas of business development, supply chain, finance, training and health and safety and continues to do so through the recruitment of senior managers in the various fields, implementing comprehensive training programmes and providing employees with international exposure in their fields. The Group has also implemented remuneration and incentive policies that seeks to recruit suitable talent and to remunerate talent at levels commensurate with market levels.

Area	Description	Mitigation
Operating risks	Operations are subject to various risks associated with drilling including, in the case of employees, personal injury, malaria and loss of life and in the Group's case, damage and destruction to property and equipment, release of hazardous substances into the environment and interruption or suspension of drill site operations due to unsafe drill operations. The occurrence of any of these events could adversely impact the Group's business, financial condition, results of operations and prospects, lead to legal proceedings and damage the Group's reputation. In particular, clients are placing an increasing focus on occupational health and safety, and a deterioration in the Group's safety record may result in the loss of key clients.	The Executive Chairman, Executive Leadership Team and managers provide leadership to projects on the management of these risks and actively engage with employees at all levels. The Group have implemented and continue to monitor and update a range of health and safety policies and procedures including equipment standards and standard work procedures. Employees are provided with training regarding risks associated with their employment, policies and standard work procedures. Health and Safety statistics and incident reports are monitored throughout our projects and the various management structures of the Group, including the HSSE committee. Where necessary policies and procedures are updated to reflect developments and improvement needs. The Executive – HSEQ monitors high risk events in areas of operation and distributes warnings and guidance as required. The Group acknowledges it has a business risk due to the global outbreak of COVID-19. The primary direct risk factors are closure of mine sites due to an outbreak/preventative measures and the inability of expatriates (both the Group and its clients) to travel to and from site. The Group is in regular contact with its clients to manage this risk. Business continuity measures have already been implemented including limiting all non-essential business travel, monitoring and issuing regular updates on measures taken by governments and institutions to limit the spread and re-enforcing appropriate hygiene measures as per the guidance of medical professionals.

Area	Description	Mitigation
Currency fluctuations	The Group's contract pricing is in US dollars. However, in certain markets the funds are received in local currency and some of the Group's costs are in other currencies in the jurisdictions in which it operates. Foreign currency fluctuations and exchange rate risks between the value of the US dollar and the value of other currencies may increase the cost of the Group's operations and could adversely affect the financial results. As a result, the Group is exposed to currency fluctuations and exchange rate risks.	To minimise the Group's risk, the Group tries to match the currency of operating costs with the currency of revenue. Funds are pooled centrally in the head office bank accounts to the maximum extent possible. The Group have implemented procedures to allow for the repatriation of funds to the Group's Head Office bank accounts from jurisdictions where exchange control regulations are in effect. Despite the improved repatriation achieved in 2019, there is continuous focus on improvement. The Treasury Manager has also implemented new procedures to minimise foreign exchange risks.
Political, economic and legislative risk	The Group operates in a number of jurisdictions where the political, economic and legal systems are less predictable than in countries with more developed industrial structures. Significant changes in the political, economic or legal landscape in such countries may have a material effect on the Group's operations in those countries. Potential impacts include restrictions on the export of currency, expropriation of assets, imposition of royalties or other taxes targeted at mining companies, and requirements for local ownership. Political instability can also result in civil unrest, industrial action and nullification of existing agreements, mining permits or leases. Any of these may adversely affect the Group's operations or results of those operations.	The Group has invested in a number of countries thereby diversifying exposure to any single jurisdiction. The Group monitors political and regulatory developments in the jurisdictions it operates through a number of service providers and advisors. The Group engages specialist consultants to ensure tax compliance is maintained at the highest levels and to provide assistance where tax audits are performed by the Tax Authorities. Senior management regularly reports to the Board on any political or regulatory changes in the jurisdictions we operate in. Where significant events occur, we work closely with our clients, advisors and other stakeholders to address these events.

Area	Description	Mitigation
Technological risk	New Innovation has the possibility of changing an industry with regards to methods and equipment, giving a cost or productivity advantage.	Representatives from the Executive are constantly in contact with the OEMs and attend all major trade and industry trade shows. The ELT team consist of significant experience and knowledge in the operational field and are aware of all new industry developments. The Group's rigs are outfitted with the latest safety equipment as the technology is proven, providing a competitive advantage.

CAPITAL LIMITED
APPENDIX: GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (UNAUDITED)

The following terms and alternative performance measures are used in the half year results release for the six months ended 30 June 2020.

ARPOR	Average revenue per operating rig
EBITDA	Earnings before interest, taxes, depreciation, amortisation and fair value gain/loss
NET CASH (DEBT)	Cash and cash equivalents less short term and long-term debt
NET ASSET VALUE PER SHARE (CENTS)	Total equity/ Weighted average number of ordinary shares
RETURN ON CAPITAL EMPLOYED	EBIT/Total assets-current liabilities
RETURN ON TOTAL ASSETS	EBIT/Total assets

Reconciliation of alternative performance measures to the financial statements:

	Six months ended	
	30 Jun 2020	**30 Jun 2019**
	$	**$**
ARPOR can be reconciled from the financial statements as per the below:		
Revenue per financial statements ($)	65,089,372	54,832,471
Non-drilling revenue ($)	(7,376,450)	(2,753,339)
Revenue used in the calculation of ARPOR ($)	57,712,922	52,079,132
Monthly Average active operating Rigs	57	48
Monthly Average operating Rigs	99	91
ARPOR (rounded to nearest $'000)	170,000	183,000

EBITDA can be reconciled from the financial statements as per the below:

	30 Jun 2020	30 Jun 2019
Profit for the period	13,615,444	5,095,598
Depreciation	5,732,201	4,729,080
Taxation	5,509,895	2,492,887
Share of losses (gain) from associate	-	227,904
Interest income	(179,637)	(168,966)
Finance charges	566,691	391,899
Fair value adjustments	(9,863,851)	(118,022)
EBITDA	15,380,744	12,650,380
Operating profit (EBIT)	9,648,543	7,921,300
Depreciation, amortisation and impairments	5,732,201	4,729,080
EBITDA	15,380,744	12,650,380
Gross profit	25,657,447	21,422,736
Administration expenses	(10,276,703)	(8,772,356)
EBITDA	15,380,744	12,650,380

Net cash (debt) can be reconciled from the financial statements as per the below:

	30 Jun 2020	**31 Dec 2019**
	$	**$**
Cash and cash equivalents	15,535,741	17,620,623
Long-term liabilities	(2,382,112)	(2,899,754)
Current portion of long-term liabilities	(13,213,442)	(10,294,456)
Net cash (debt)	(59,813)	4,426,413

CAPITAL LIMITED
APPENDIX: GLOSSARY AND ALTERNATIVE PERFORMANCE MEASURES (UNREVIEWED) (Continued)

Net Asset Value per share (cents) can be calculated as per the below:

	30 Jun 2020	31 Dec 2019
	$	$
Total Equity	98,986,520	85,748,675
Weighted average number of ordinary shares used in the calculation of basic earnings per share	136,639,059	136,138,967
Net Asset Value per share (Cents)	72.44	62.99

EBITDA

EBITDA represents profit or loss for the year before interest, income taxes, depreciation & amortisation and fair value adjustments on financial assets at fair value through profit and loss and realised gain (loss) on FVTOCI shares.

EBITDA is non-IFRS financial measures that is used as supplemental financial measures by management and external users of financial statements, such as investors, to assess our financial and operating performance. These non-IFRS financial measures will assist our management and investors by increasing the comparability of our performance from period to period.

We believe that including EBITDA assists our management and investors in: -

i. understanding and analysing the results of our operating and business performance, and
ii. monitoring our ongoing financial and operational strength in assessing whether to continue to hold our shares. This is achieved by excluding the potentially disparate effects between periods of depreciation and amortisation, income (loss) from associate, interest income, finance charges, fair value adjustment on financial assets at fair value through profit and loss and realised gain (loss) on FVTOCI shares, which may significantly affect comparability of results of operations between periods.

EBITDA has limitations as analytical tools and should not be considered as alternatives to, or as substitutes for, or superior to, profit or loss for the period or any other measure of financial performance presented in accordance with IFRS. Further other companies in our industry may calculate these measures differently from how we do, limiting their usefulness as a comparative measure.

Net cash (debt)

Net cash (debt) is a non-GAAP measure that is defined as cash and cash equivalents less short term and long-term debt.

Management believes that net cash (debt) is a useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of cash and cash equivalents within the Group's business that could be utilised to pay down the outstanding borrowings. Management believes that net debt can assist securities analysts, investors and other parties to evaluate the Group. Net cash (debt) and similar measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required in comparing net debt as reported by the Group to net cash (debt) of other companies.

Net Asset Value per share (cents)

Net Asset Value per share (cents) is a non-financial measure taking into consideration the total equity over the weighted average number of shares used in the calculation of basic earnings per share.

Management believe that the net asset value per share is a useful indicator of the level of safety associated with each individual share because it indicates the amount of money that a shareholder would get if the Group were to liquidate. Management believes that net asset value per share can assist securities analysts, investors and other parties to evaluate the Group.

Net asset value per share and similar measures are used by different companies for different purposes and are often calculated in ways that reflect the circumstances of those companies. Accordingly, caution is required when comparing net asset value per share as reported by the Group to net asset value per share of other companies.

Average revenue per operating rig

ARPOR is a non-financial measure defined as the monthly average drilling specific revenue for the period divided by the monthly average active operating rigs. Drilling specific revenue excludes revenue generated from shot crew, a blast hole service that does not require a rig to perform but forms part of drilling. Management uses this indicator to assess the operational performance across the board on a period by period basis even if there is an increase or decrease in rig utilisation.