

Capital Limited
("Capital", the "Group" or the "Company")

Q4 2020 Trading Update

Capital (LSE: CAPD), a leading mining services company focused on the African markets, today provides its Q4 2020 trading update for the period ended 31 December 2020 (the "Period"), ahead of announcing its full year results on 18 March 2021.

FOURTH QUARTER (Q4) AND FULL YEAR 2020* KEY METRICS

	Q4 2020	Q3 2020	% change from Q3 2020	FY 2020*	FY 2019	% change from FY 2019
Revenue (\$m)	34.6	35.3	-2%	135.0	114.8	18%
ARPOR# (\$)	172,000	171,000	1%	171,000	176,000	-3%
Average utilised rigs	56	60	-7%	57	50	14%
Fleet Utilisation (%)	59	61	-3%	59	54	9%
Average Fleet	95	98	-3%	98	92	7%
Closing fleet size	94	98	-4%	94	95	-1%

All amounts are in USD unless otherwise stated

Average revenue per month per operating rig

** Unaudited numbers*

Financial Highlights

- Full year revenue \$135.0 million, an increase of 18% on 2019 (\$114.8 million) and in line with guidance;
- Q4 2020 revenue of \$34.6 million, up 13% on Q4 2019 (\$30.7 million), and a marginal 2% decrease over Q3 2020 (\$35.3 million);
- Non-drilling revenue contribution of 16% of total revenue for Q4 2020, compared with Q3 2020 (12%), driven by MSALABS, mining services and maintenance services (Q4 2019: 12%);
- Successful equity fundraising completed with gross proceeds of approximately £30 million (approximately \$40 million) as well as adding new high-quality investors to the shareholder register to support the recently announced Sukari waste stripping and extended drilling contracts;
- Finalised debt documentation for two OEM facilities (\$8.5 million from Sandvik and \$2.6 million from Epiroc) and a \$10.0 million asset-backed facility from Macquarie – with a total of \$12.6m drawn down as at 31 December 2020; and
- Year-end net cash balance of \$5.0 million (December 2019: \$4.4 million) comprising cash of \$35.7 million and drawn debt of \$30.7 million.

Operational Highlights

- Continued outstanding safety results, significantly better than industry standards, including Total Recordable Injury Frequency Rate (TRIFR) of 0.77 per 1,000,000 hours worked and All Injury Frequency Rate (AIFR) of 0.43;
- Achievement of one-year LTI Free safety milestone at Barrick's Jabal Sayid Gold Mine, Saudi Arabia;
- Rig utilisation in Q4 of 59%, stable against Q4 2019 (59%) with an average fleet of 95 rigs (Q4 2019: 93 rigs);
- Closing fleet of 94 rigs (2019: 95 rigs) included decommissioning of four rigs during the quarter as we continue the focus on active fleet management to maintain industry leading equipment standards;
- Q4 2020 ARPOR of \$172,000, a 1% increase on Q3 2020 (\$171,000). Full year ARPOR of \$171,000 per rig (2019: \$176,000);

- New contract awards include:
 - Resolute: An extension to December 2021 of underground grade control drilling services at its Syama Gold Mine, Mali; and
 - Kinross: A two-year grade control drilling contract at its Tasiast Gold Mine, Mauritania, commencing February 2021.
- Commencement of drilling at new contracts in the quarter including:
 - Firefinch: Two-year delineation contract at its Morila Gold Mine, Mali;
 - Predictive Discovery: Exploration and delineation drilling contract at its Bankan Project, Guinea; and
 - Barrick: Two-year underground grade control drilling contract at its Bulyanhulu Gold Mine, Tanzania.
- MSALABS awarded its largest ever contract, a transformative five-year laboratory services contract with Barrick at the Bulyanhulu Gold Mine, Tanzania (previously announced);
- The COVID-19 pandemic continues to have no material impact on operations, and while we are experiencing some restrictions on movement of personnel and supply chain, the Group's protocols and management plan continue to be highly effective in minimising incidents of infection;
- Commenced 2021 drilling on multiple short-term exploration contracts including Altus Strategies at its Diba Project, Mali, Arrow Minerals, Burkina Faso and Awale Resources, Côte d'Ivoire; and
- The Group's portfolio of ten long-term mine-site based contracts continue to deliver solid performances, including: Tasiast (Kinross) in Mauritania, Syama (Resolute), Morila (Firefinch) and Yanfolila (Hummingbird) in Mali, Bonikro (Allied Gold) in Côte d'Ivoire, Sukari (Centamin) in Egypt, North Mara (Barrick), Bulyanhulu (Barrick) and Geita (AngloGold Ashanti) in Tanzania, and, Jabal Sayid (Barrick) in Saudi Arabia.

Transformative New Business Awards and Equity Placing

In December, Capital announced the successful awards of a 120Mt waste stripping contract including load and haul and ancillary services, and an expansion and extension of the existing drilling contract at Centamin's Sukari Gold Mine, Egypt. Together, they are expected to deliver US\$235 - \$260 million of incremental revenues over a four-year term, the Company's largest award of new business since its inception. The contract is a step-change in the scale of the business and its continued evolution into a full-service mining contractor. The contract will commence in Q1 2021 and is expected to be earnings accretive by the end of the year.

Additionally, Capital completed a successful equity fundraising. Gross proceeds of approximately £30 million (approximately \$40 million), will be used to support the Sukari contracts together with key debt financing facilities, several of which have also been completed. The funds have facilitated further payments on major capital equipment items required for the contracts, including 17 CAT 785 dump trucks, seven blast hole drill rigs, three excavators and all major ancillary support equipment including dozers, graders and water trucks. Negotiations for further debt financing facilities are also underway and are progressing well.

Trading Update and Outlook

- Trading conditions are extremely positive for Capital, with the gold price remaining robust, equity markets supportive and strong levels of tendering activity;
- The strengthening gold price observed during 2020 has continued into the first quarter of 2021, a positive indicator for Capital with approximately 90% of Group revenue from the sector;
- Capital's well-established portfolio, recently expanded to ten mine-site based contracts, provides a solid revenue platform to support further growth opportunities;
- We continue to establish a strong operational platform in West Africa, with this now contributing significant revenue. Further reverse circulation and multi-purpose rigs are arriving imminently to support increased levels of demand for drilling services;
- The recently awarded Sukari waste mining contract provides a firm basis to support growth of the mining services business and further revenue diversification;

- MSALABS is reaching critical mass through the established long-term contract with Kinross (Tasiast Gold Mine, Mauritania), together with new mine-site based contracts won during 2020 with Barrick (Bulyanhulu Gold Mine, Tanzania) and Thor Explorations (Segilola Gold Project, Nigeria) – through leveraging the Capital networks, over 50% of revenue is now generated from Africa and a solid revenue base has been established;
- Tendering activity across all business units remains robust, with a number of opportunities progressing well; and
- Capital’s healthy balance sheet positions the Group to capture the expected strong growth in the market.

2021 guidance is to be announced on 18 March 2021, alongside the Group’s full year results and together with any dividend declarations

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

‘Capital has had an outstanding year, especially given the unprecedented challenges presented by the global COVID-19 pandemic. The recent contract wins at Sukari are an exciting transformational opportunity, delivering significant revenue diversification and consolidating Capital as one of the leading mining services operators in Africa. We have made excellent progress through the successful completion of the equity fundraise and finalising further debt financing facilities, with payments now significantly progressed on all major capital equipment purchases required to support the contract. I would also like to take this opportunity to thank our new and existing shareholders for their continued support in the successful equity raising.

In addition to the award of the Sukari contracts, we have delivered exceptional results this year. We increased revenue by 18% and broadened our platform for growth through the extension of services at existing sites and a further two new long-term contracts with Firefinch and Barrick.

Additionally, the West African region remained a focus for growth. We have continued to build our platform in the area with new rigs arriving during the quarter, the further long-term contract win with Firefinch in Mali and an expansion of operations into Guinea.

It is also very pleasing that MSALABS have been awarded their largest contract since inception, a five-year laboratory services contract with global miner Barrick. This contract further expands MSALABS’s African footprint and will contribute to increasing Capital’s non-drilling revenue, together with the Sukari open pit waste mining contract.

As we begin 2021, we are encouraged by the strong trading conditions, with a number of other tendering opportunities in progress. We look forward to executing the Sukari contract and further building our mining services business as we continue to consolidate Capital’s position as one of the leading mining services companies operating in Africa.’

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About Capital Limited

Capital 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, Guinea, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.