

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

Q1 2021 Trading Update

Capital (LSE: CAPD), a leading mining services company focused on the African markets, today provides its Q1 2021 trading update for the period ended 31 March 2021 (the “Period”).

FIRST QUARTER (Q1) 2021 KEY METRICS

	Q1 2021	Q1 2020	Q4 2020	% change from Q1 2020	% change from Q4 2020
Revenue (US\$m)	44.0	32.5	34.6	35.4%	27.2%
ARPOR*(US\$)	180,000	170,000	172,000	5.9%	4.7%
Average utilised rigs	64	56	56	14.3%	14.3%
Fleet Utilisation (%)	67%	57%	59%	17.5%	13.6%
Average Fleet	95	98	95	-3.1%	0.0%
Closing fleet size	98	99	94	-1.0%	4.3%

* Average monthly revenue per operating rig

Financial Highlights

- Revenue US\$44.0 million, a 35.4% increase on Q1 2020 (US\$32.5 million) and a 27.2% increase on Q4 2020 (US\$34.6 million), the strongest quarterly revenue performance since the Company’s inception;
- Mine-site services continue to underpin revenue streams, contributing 87% of Group revenue;
- Strong growth in non-drilling revenue contribution (21% of total revenue) compared with Q1 2020 (12%), driven by MSALABS, Well Force and Mining Services;
- West African region contributed 37% to Group revenues in Q1, a 15% increase compared to Q1 2020 (32%) and a 95% increase since commencing the strategic relocation of assets in Q1 2018 (19%);
- Average monthly revenue per operating rig (“ARPOR”) increased 4.7% (US\$180,000) on Q4 2020 (US\$172,000) attributed to strengthening revenue contributions from new contracts (Predictive, Firefinch and Oriole), together with improved performance at long-term contracts (Centamin, Hummingbird and Resolute); and
- Declared a final dividend of US 1.3 cps for the 2020 financial year (2019: US 0.7 cps), payable 4 May 2021.

Operational Highlights

- Fleet Utilisation increased to 67%, an increase of 17.5% on Q1 2020 (57%) and 13.6% on Q4 2020 (59%) driven by start-up of new contracts;
- MSM, our fledgling maintenance business, awarded two-year complete hydraulic hose services contract with Resolute at the Syama Gold Mine, Mali;
- New exploration & delineation contracts awarded (previously announced) during the quarter include:
 - Initial six-month delineation drilling contract for Allied Gold Corp, Mali;
 - Exploration drilling contract for new client Cora Gold, Mali;
 - Exploration drilling contract with Perseus Mining in Côte d’Ivoire;
 - Initial six-month delineation drilling contract with Aya Gold and Silver Inc in Mauritania; and
 - Six-month exploration drilling contract for Endeavour Mining Corporation, Burkina Faso.
- Transformational Sukari waste mining contract progressing well, highlights include:
 - Q1 asset commissioning completed marginally ahead of schedule with the second phase of equipment commissioning on track for completion early Q2;
 - Earth moving operations commenced in February; and
 - Substantial progress on recruitment with approximately 70% of planned workforce hired during the quarter.

- Achieved a number of safety milestones during the quarter, including:
 - Mwanza facility (Tanzania) achieved thirteen years LTI free in January;
 - Yanfolila Gold Mine (Mali, Hummingbird) achieved three years LTI free in January;
 - Bamako facility (Mali, Allied Gold) achieved three years LTI free in January;
 - Bulyanhulu Gold Mine (Tanzania, Barrick) achieved one year LTI free in January;
 - Bonikro Gold Mine (Côte d'Ivoire, Allied Gold) achieved one year LTI free in January;
 - North Mara Gold Mine (Tanzania, Barrick) achieved five years LTI free in March; and
 - Geita Gold Mine (Tanzania, AngloGold Ashanti) achieved four years LTI free in March.
- The Group's expanded portfolio of ten long-term mine-site based contracts continue to perform well; and
- Rig count increased from 94 (31 December 2020) to 98, with the acquisition and commissioning of three new rigs to support the Sukari contract in (Egypt) and a further new rig to support the Cora Gold contract (Mali).

Outlook

- Q1 delivered the highest quarterly revenues since the company's inception, with revenue growth delivered across all business units;
- Expanded budgets within the exploration drilling market, creating significant tailwinds for the exploration fleet which contributed strongly to overall rig utilisation;
- Capital Limited is currently experiencing the strongest demand environment for drilling services in a decade;
- Current gold price levels remain supportive for Capital, with c.90% of revenue exposure to the African gold sector, and other commodity prices, driven by energy metals, have also continued to increase strongly during Q1;
- Tendering market across all businesses continues to be highly active; and
- Revenue guidance for 2021 remains \$185 to \$195 million (compared to FY2020 revenues of \$135 million), driven by higher drill rig utilisation, new contracts and contract extensions and the commencement of the load and haul waste mining contract at Sukari, Egypt.

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

'The first quarter of 2021 has been the strongest revenue performance in Capital's history, underpinned by significant demand for drilling services in particular, and supported by growth in the Company's non-drilling services. Capital's strategy of diversifying its revenue streams through significant expansion into the fast growth West African drilling services market, as well as the generating of significant momentum in its contract mining, MSLABS and maintenance operations, continues to deliver strong returns for our stakeholders. Of particular note is our continued excellence in safety, particularly during a period which has seen unprecedented mobilisation and start-up operations in a number of mine sites across our blue-chip client mine sites.'

Looking ahead and having been awarded a number of new contracts with both new and existing customers in West Africa, our rig utilisation is expected to remain strong. The execution of the early stages of the Sukari contracts for the waste stripping and additional drilling contracts is progressing well with revenue growth contribution set to accelerate through 2021, reaching full run rate in Q4.'

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About Capital Limited

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 Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, Guinea, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.