

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

FY 2022 Trading Update

Capital (LSE: CAPD), a leading mining services company focused on the African markets, today provides its trading update for the period 1 January to 31 December 2022 (the "Period").

FOURTH QUARTER (Q4) AND FULL YEAR 2022 KEY METRICS

	Q4 2022	Q3 2022	vs Q3 2022	Q4 2021	vs Q4 2021	FY 2022*	FY 2021	FY 2022 vs FY 2021
Revenue (\$m)	79.1	73.1	8.2%	66.5	18.9%	290.3	226.8	28.0%
ARPOR# (\$)	191,000	182,000	4.9%	184,000	3.8%	180,000	181,000	-0.6%
Average Utilised Rigs	94	91	3.3%	86	9.3%	93	78	19.2%
Fleet Utilisation (%)	73	77	-5.2%	79	-7.6%	79	75	5.3%
Average Fleet	129	119	8.4%	109	18.3%	118	104	13.5%
Closing Fleet Size	129	127	1.6%	109	18.3%	129	109	18.3%

All amounts are in USD unless otherwise stated

Average revenue per month per operating rig

** Unaudited numbers*

Financial Highlights

- FY 2022 revenue of \$290.3 million, up 28.0% on FY 2021 (\$226.8 million), slightly ahead of the upper end of revised guidance of \$280-290 million (up from \$270-280 million guided at our FY21 results);
- This is the third consecutive year Capital has delivered material growth in revenue, with full year revenues increasing 28%, following 68% YoY growth in 2021 and 18% YoY growth in 2020;
- Q4 2022 revenue of \$79.1 million, another record quarter, up 18.9% on Q4 2021 (\$66.5 million) and up 8.2% on Q3 2022 revenue (\$73.1 million);
- Non-drilling revenue contributed 28% of total revenue for FY 2022, compared with 22% in FY 2021, driven primarily by the increased contribution from mining services and MSALABS.

Operational Update

- Safety performance remains world-class with 2022 Total Recordable Injury Frequency Rate ("TRIFR") of 1.2 per 1,000,000 hours worked (2021: 0.98).
- **Capital Drilling: Further strengthening of the contract portfolio**
 - Average monthly revenue per operating rig ("ARPOR") in Q4 2022 at US\$191,000, up 3.8% on Q4 2021 (US\$184,000) and up 4.9% on Q3 2022 (US\$182,000);
 - Fleet utilisation decreased to 73% in Q4 2022, compared to 79% in Q4 2021 and 77% in Q3 2022. This is the result of our active strategy to reposition the contract portfolio, as outlined at the H1 2022

results, reducing exposure to short-term exploration contracts, and focusing on large scale mine sites and Tier-1 projects with significant growth potential. FY 2022 average utilisation was 79% an increase on FY 2021 (75%);

- New contract wins in Q4 2022 include:
 - A two-year contract extension for underground grade control drilling with Barrick at the Bulyanhulu Gold Mine, Tanzania;
 - A three-year contract extension (with two-year further extension option) for grade control and reverse circulation drilling with B2Gold at the Fekola Gold Mine, Mali;
 - An underground contract with Barrick for an additional rig at North Mara, Tanzania;
 - An extension of the exploration contract, including additional rigs, with Tembo Mining at the Kabanga Nickel project, Tanzania, subject to final terms and conditions.
- Rig count increased from 127 to 129 through Q4 2022, net of depletion.
- **Capital Mining: Continuing to perform strongly and ahead of contracted levels through Q4 2022**
 - Sukari Gold Mine (Egypt) waste mining contract had another strong performance through Q4 2022 with the team exceeding their previous daily production record since the project commenced;
- **MSALABS: Continuing to deliver on its multi-year growth trajectory**
 - The rollout of the PhotonAssay units is progressing well:
 - MSALABS now has four units commissioned across Africa and Canada, with three further units due to begin operations in Q1 2023, including Barrick's Kibali Gold Mine;
 - Trials with major mining companies are continuing with PhotonAssay in high demand globally. The expanded relationship with Chrysos will see MSALABS deploy 21 units by 2025, giving the company a strong competitive position in the coming years;
 - Routine copper analysis commenced at the unit at Barrick's Bulyanhulu Gold Mine, Tanzania;
 - R&D has also commenced on automation of PhotonAssay adjacent processes such as jar recycling.
 - MSALABS has also extended into the Yukon region in Canada, where mining activity is rapidly growing, with a sample preparation laboratory at Victoria Gold's Eagle mine.

Direct Investments Update

- The total value of investments (listed and unlisted) was US\$38.7 million as of 31 December 2022, versus \$47.3 million at 30 June 2022 and versus US\$60.2 million at the end of 2021; The portfolio recorded investment losses (unrealised) of US\$9.55 million in H2 2022;
- Capital was a net seller in 2022 and has invested a net total of \$12.5 million in the investment strategy since forming the Investment Committee formally in January 2019;
- The portfolio remains concentrated around a few key holdings with our holding in Predictive Discovery accounting for ~50%;
- The Direct Investment portfolio will provide a mark to market contribution to results.

Outlook

- The Group continued to see strong demand across all its business units in Q4 2022 and gives the Group confidence to continue to invest in growth.
 - The drilling business has a strong outlook entering 2023 with its highest rig count, robust utilisation and strong ARPOR;

- The Sukari earth moving contract continues to perform extremely well and is expected to operate at steady state through the coming year;
 - MSALABS continues to see strong demand for its laboratory services and has now locked in a multi-year growth outlook, particularly driven by the rollout of the PhotonAssay units through 2023 and 2024;
 - The Group’s contract portfolio developed further in 2022, in both drilling and MSALABS, adding exposure to major mines and clients such as Barrick’s Kibali and B2Gold’s Fekola while also expanding the Group’s exposure to gold and non-gold world class developing projects;
 - Tendering activity across all business units remains robust;
- Revenue and capex guidance for 2023 will be announced alongside the Group’s full year results together with any dividend declaration on the 16th March 2023.

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

“The last financial year saw Capital materially increase its revenues for the third consecutive year, but in addition to this growth, pleasingly Capital enters 2023 with an even more robust contract portfolio. Through 2022, the Group renewed multiple long-term contracts including Bulyanhulu in Q4 2022, and also entered into new material contracts both at major operating mines, such as Fekola and Kibali, and also at world-class projects with significant growth potential in gold and non-gold commodities.

This contract portfolio suite, as well as the Group’s continued focus on productivity and stellar safety performance, ensures a robust platform from which we can continue to invest in growth. As we look to the year ahead, we remain confident in the demand we are seeing on the ground. On top of significant growth potential in drilling, MSALABS is set to see another year of strong growth driven primarily by the rollout of further PhotonAssay units, and in mining we continue to progress a number of tendering opportunities.”

Peter Stokes, Chief Executive, said:

“Since joining Capital in October 2022, I’ve had the opportunity to visit our key drilling operations across East and West Africa, our world class drilling and mining operations at Sukari in Egypt and MSALABS’ Canadian operations including the revolutionary PhotonAssay technology. It is clear Capital stands as a leader in its chosen fields, not only through the strength of its relationships and high-quality equipment but also through the focus on safety and push towards a highly nationalised workforce, something that really drew me to the company to begin with. Capital is certainly on an impressive growth trajectory and we are very optimistic about the year ahead.”

- ENDS –

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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; maintenance; and geochemical analysis. The Group's corporate headquarters are in Mauritius and it has established operations in Côte d'Ivoire, Canada, Egypt, Guinea, Kenya, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.