

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

H1 Trading Update

Capital Drilling Limited (CAPD: LN), a leading drilling solutions company focused on the African markets, today provides its trading update for the period 1 January to 30 June 2019 (the "Period"). The Company will announce its half year results and provide further operational updates on 22 August 2019.

First Half (H1) 2019 Key Metrics

	H1 2019	H1 2018	H2 2018	% change from H1 2018	% change from H2 2018
Revenue (\$million)	54.7	54.5	61.5	0.4%	-11.1%
ARPOR (\$)	183,000	200,000	189,000	-8.5%	-3.2%
Average utilised rigs	48	43	52	11.6%	-7.7%
Fleet Utilisation (%)	52	46	56	13.0%	-7.1%
Average Fleet	91	94	92	-3.2%	-1.1%
Closing fleet size	92	95	91	-3.2%	1.1%

Second Quarter (Q2) 2019 Key Metrics

	Q2 2019	Q2 2018	Q1 2019	% change from Q2 2018	% change from Q1 2019
Revenue (\$million)	27.7	27.8	27.0	-0.4%	2.6%
ARPOR (\$)	182,000	195,000	183,000	-6.7%	-0.5%
Average utilised rigs	48	45	47	6.7%	2.1%
Fleet Utilisation (%)	52	48	52	8.3%	0.0%
Average Fleet	92	94	91	-2.1%	1.1%
Closing fleet size	92	95	91	-3.2%	1.1%

Financial Highlights

- Revenue Q2 2019 (\$27.7 million) up 2.6% on Q1 2019 (\$27.0 million)
- Revenue H1 2019 \$54.7 million, representing an increase of 0.4% on H1 2018 (\$54.5 million). Revenue decreased by 11.1% on H2 2018 (\$61.5 million), however revenue is anticipated to increase in the second half of the year
- Solid H1 2019 ARPOR of \$183,000, down 3.2% on H2 2018 (\$189,000), Q2 2019 down a marginal 0.5% (\$182,000) on Q1 2019 (\$183,000), primarily due to new contract mobilisations
- Paid a final dividend of US1.5cps for 2018 financial year in May 2019, an increase of 25% on US1.2cps for the 2017 financial year
- The Group maintains guidance on anticipated revenues for the current financial year of \$110-120 million, with revenue expected to increase in H2, consistent with 2018

Operational Highlights

- Maintained robust ARPOR with continued strong performance on key contracts
- Purchased an additional blast hole rig for the long-term contract at Sukari Gold Mine (Egypt), as part of the Group's ongoing fleet management

- Further progress in the establishment of our West African operations, with drilling commencing in Burkina Faso with Golden Rim Resources in May
- Awarded first drilling contract in Nigeria with Thor Explorations Ltd with drilling scheduled to commence in Q4
- Appointment of Jodie North as Chief Operating Officer
- Increased Business Development resources, appointing Chris Hall to position of Business Development Manager, West Africa
- Maintained ongoing rig improvement program, with further deployment of rigs to high-growth West African region, currently in transit
- Achieved a number of world class safety records including:
 - Sukari Gold Mine (Egypt) achieved two years LTI free in January
 - North Mara Gold Mine (Tanzania) achieved three years LTI free in March
 - Geita Gold Mine (Tanzania) achieved two years LTI free in March
 - Tasiast Gold Mine (Mauritania) achieved two years LTI free in June
 - Syama Gold Mine (Mali) achieved three years LTI free in June

Contract Awards

Capital Drilling was awarded a number of new contracts during the first six months. These contract wins reflect the Company's increased presence within West Africa, including the additional infrastructure and facilities established during 2018, and the appointment of a further Business Development resource to focus on the region in Q1 2019. Contract wins include:

- **Compass Gold Corp** (Sikasso, Mali). Awarded a 10,000m exploration drilling contract, utilising one reverse circulation and one diamond rig from the existing fleet. Drilling commenced in June
- **Golden Rim Resources** (Kouri, Burkina Faso) (previously announced). Awarded a 20,000m exploration drilling contract utilising one multi-purpose rig from the existing fleet. Drilling commenced in May
- **Allied Gold Corp** (Bonikro, Côte d'Ivoire). Awarded a five-year exploration drilling contract, utilising one diamond rig and one reverse circulation rig from the existing fleet. Drilling is scheduled to commence in Q4
- **Thor Explorations Ltd** (Segilola, Nigeria). Awarded a five-year exploration and grade control contract, utilising one reverse circulation rig from the existing fleet. This will transition to grade control in 2020, with exploration drilling scheduled to commence in Q4 and grade control in 1H 2020
- **Kinross Gold Corp:** (Tasiast, Mauritania): MSALABs was awarded a three-year onsite laboratory services contract with Kinross at the Tasiast Gold Mine, Mauritania. Operations commenced in July 2019
- **Resolute Mining Ltd** (Syama, Mali). Awarded one-year extension of the long-term underground grade control drilling contract utilising two underground rigs from the existing fleet. Contract extended to June 2020

Trading Update and Outlook

Capital Drilling generated revenue of \$27.7 million during Q2 2019, representing an increase of 2.6% on the previous period (Q1 2019: \$27.0 million) and a marginal 0.4% decrease over Q2 2018 (\$27.8 million). ARPOR decreased marginally by 0.5% (\$182,000) over Q1 2019 (\$183,000) and down 8.5% from H1 2018 (\$200,000) as a result of new contract mobilisations to Compass Gold (Mali) and Golden Rim Resources (Burkina Faso). Revenue increased marginally over the previous corresponding period to \$54.7 million (H1 2018: \$54.5 million). The result remains in line with Company guidance with an improved revenue performance expected for the second half, consistent with the performance in 2018 and following new contract starts detailed above.

Significant progress has been made during the half developing a solid pipeline of new opportunities, as indicated by new contract wins announced above. This positions the company well for the remainder of the year with new contracts expected to contribute to additional revenue from late Q3.

The Company's long-term contracts continue to perform well. It is encouraging to see an extension of the underground contract with Resolute Mining at its Syama Gold Mine in Mali, together with the award of two

additional long-term drilling contracts with Thor Explorations in Nigeria and Allied Gold Corp in Côte d'Ivoire. MSALAB's three-year contract with Kinross in Mauritania further adds to the Company's long-term contract portfolio. It is also pleasing that our new business development strategy has seen Capital Drilling enter the new markets of Burkina Faso and Nigeria, as well as securing additional new clients within our established West African countries of operation.

Encouraging signs in the market remain, with recent firmness in the gold price positive for Capital Drilling given that the gold mining sector represents 90% of our overall business by revenue. The current gold price is driving renewed interest from equity markets in the exploration sector, which together with improved operating cashflow from the mining companies, will continue to drive an increase in exploration budgets. Combined with the success of the Company's business development activities in securing new contracts, these are positive indicators and underpin our confidence in our growth plans for the remainder of the year.

As previously announced, the Company paid a final dividend for the 2018 period of US1.5cps (US\$2.04 million), payable on 3 May 2019. This represents a 25% increase on the final 2017 dividend.

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

"The first half of the year was focused on further consolidating Capital Drilling's presence in the highly active West African market, with a number of new contracts awarded, which will contribute to Group revenues from the end of Q3. This strong push into this region has seen the commencement of our first drilling contract in Burkina Faso during Q2. Today we have also announced our expansion into Nigeria from Q4, a mineral rich yet poorly explored country with significant potential, where we already operate a successful mineral analytics laboratory. Pleasingly, our major operations have also continued to achieve significant safety milestones throughout the first half."

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About Capital Drilling

Capital Drilling provides specialised drilling services to mineral exploration and mining companies in emerging and developing markets, for exploration, development and production stage projects. The Company currently owns and operates a fleet of 92 drilling rigs with established operations in Botswana, Burkina Faso, Côte d'Ivoire, Egypt, Kenya, Mali, Mauritania, Nigeria and Tanzania. The Group's corporate headquarters are in Mauritius.