



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

**Q3 Trading Update**

Capital Drilling Limited (CAPD: LN), a leading mining services company focused on the African markets, today provides its Q3 2019 trading update for the period to 30 September 2019.

**THIRD QUARTER (Q3) 2019 KEY METRICS**

	Q3 2019	Q3 2018	Q2 2019	% change from Q3 2018	% change from Q2 2019
Revenue (US\$m)	29.4	31.0	27.7	-5.2	6.1
ARPOR*(US\$)	174,000	198,000	182,000	-12.1	-4.4
Average utilised rigs	48	49	48	-2.0	0.0
Fleet Utilisation (%)	52	53	52	-1.9	0.0
Average Fleet	92	92	92	0.0	0.0
Closing fleet size	92	91	92	1.1	0.0

\* Average monthly revenue per operating rig

**Financial Highlights**

- Revenue of \$29.4 million, up 6.1% on Q2 2019 (\$27.7 million). Year to date (YTD) revenue \$84.1 million, down 1.6% on 2018 YTD (\$85.5 million)
- Q3 ARPOR \$174,000, down 4.4% on Q2 2019 (\$182,000) and down 12.1% on Q3 2018 (\$198,000), primarily attributable to a temporary reduction in drilling activities at Acacia's North Mara Gold Mine (Tanzania), due to the suspension of the use of the tailings facility by the Tanzanian Government. This is now been resolved and activity at North Mara has increased in Q4. Solid performance at other long term contracts
- Continued solid operational profitability, driven by consistent revenue at long-term contracts and ongoing prudent cost management
- Declared an interim dividend of US0.7cps for the H1 2019 period, paid on 27 September 2019 (2018: Interim dividend of US0.6cps), representing a 17% increase
- Net Cash of \$2.5 million (Q3 2018: \$4.1 million). Cash reduced due to capex investment during Q3 to support the Bonikro contract (previously announced) and the payment of the interim dividend

**Operational Highlights**

- Award of the Group's first comprehensive mining services contract with Allied Gold Corp at its Bonikro Gold Mine in Côte d'Ivoire (previously announced). Services include blast hole drilling, load and haul, grade control drilling and dewatering
- Extension of services to incorporate load and haul enables Capital Drilling to offer clients a fully integrated mining service, providing the ability for Capital Drilling to pursue transformational growth opportunities with a broader base of long-term mine site based clients
- Strong business development and mobilisation activity driven by 10 new exploration contract awards in 2019

- New exploration contract award wins to commence in Q4 2019 include:
  - Mali Lithium, Mali
  - Perseus Mining, Côte d'Ivoire
  - Tanga Resources, Namibia
- Previously announced exploration contract awards, commencing in Q4 2019:
  - Allied Gold Corp, Côte d'Ivoire (commenced)
  - Arrow Minerals, Burkina Faso
  - Awale Resources, Côte d'Ivoire
  - Compass Gold Corp, Mali
  - Desert Gold Ventures, Mali
  - Golden Rim Resources, Burkina Faso (commenced)
  - Thor Explorations Ltd, Nigeria
- Continued expansion of our presence in West Africa. Group rig count in the region increased to 35 rigs (from 33 in June), over one third of the rig fleet, with a further five new rigs in transit due to arrive in Q4
- Solid ARPOR performance notwithstanding temporary issues at North Mara noted above, driven by continued strong performance across the Group's key contracts at the Sukari Mine (Egypt - Centamin), the Geita Gold Mine (Tanzania - AngloGold Ashanti), the Tasiast Gold Mine (Mauritania - Kinross) and the Syama Gold Mine (Mali - Resolute)
- Utilisation remained stable at 52%, reflecting consistent drilling activities, with an increase anticipated in Q4 2019 with the commencement of new contracts

#### **Trading Update and Outlook**

- Continued strategic growth focus on West Africa, mobilization of further rigs and other resources into the region
- West African fleet increasing to 40 rigs during Q4 following the strategic redeployment of rigs from the existing fleet, together with the acquisition of five new rigs to support the Bonikro (Côte d'Ivoire) and Thor (Nigeria) contracts
- Increased regional presence is driving an unprecedented number of contract wins, with the largest number of new contract awards in the Company's history during the six month period to 30 September
- High activity levels will continue as a result of the strong contract pipeline commencing in Q4
- Encouraging signs with exploration and delineation drilling programs having commenced at long-term mine site contracts at Sukari (Centamin, Egypt) and Geita (AngloGold Ashanti, Tanzania)
- The recent strength in the gold price providing a highly encouraging outlook, albeit with a moderate increase in capital markets activities to date. Mine site tendering for drilling has increased, a positive signal for future growth

The Group is well on track to achieve its full year 2019 revenue guidance of \$110 - \$120 million, with the increasing activity expected to see revenues further increase in Q4 2019.

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

*"In the first nine months of 2019 Capital Drilling has positioned itself for further growth, which is now bearing fruit with strong exploration contracting and mobilisation activity and, as recently announced, broadening our service offering with the award of our first comprehensive mining services contract with Allied Gold Corp at their Bonikro gold project. Our West African growth strategy continues to pay dividends, with a record number of contracts commencing in Q4. During the quarter, we have invested to support the new contracts, and we are confident that Capital Drilling is building a stronger, broader revenue base as a result. With increasing activity levels already seen in Q4, underpinned by high quality long term contracts, we are optimistic of a solid performance for the remainder of the year as well as into 2020."*

**- ENDS -**



For further information, please visit Capital Drilling's website [www.capdrill.com](http://www.capdrill.com) or contact:

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#### **About Capital Drilling**

Capital Drilling is a leading mining services business providing a complete range of drilling and mine site services to mineral exploration and mining companies, with a focus on the African markets. The company's services include: exploration, development, drill and blast and grade control drilling for surface and underground projects and load and haul services. The Group's corporate headquarters are in Mauritius and it has established operations in Botswana, Burkina Faso, Côte d'Ivoire, Egypt, Mali, Mauritania, Namibia, Nigeria and Tanzania.