

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

Q1 Trading and COVID-19 Update

Capital Drilling Limited (CAPD: LN), a leading mining services company focused on the African markets, today provides its Q1 2020 trading update for the period ended 31 March 2020 (the "Period"), together with an update on the COVID-19 situation.

FIRST QUARTER (Q1) 2020 KEY METRICS

	Q1 2020	Q1 2019	Q4 2019	% change from Q1 2019	% change from Q4 2019
Revenue (US\$m)	32.5	27.0	30.7	20.4%	5.9%
ARPOR*(US\$)	170,000	183,000	167,000	-7.1%	1.8%
Average utilised rigs	56	47	55	19.1%	1.8%
Fleet Utilisation (%)	57%	52%	59%	9.6%	-3.4%
Average Fleet	98	91	93	7.7%	5.4%
Closing fleet size	99	91	95	8.8%	4.2%

* Average monthly revenue per operating rig

Financial Highlights

- Revenue US\$32.5 million, a 20.4% increase on Q1 2019 (US\$27.0 million) and a 5.9% increase on Q4 2019 (US\$30.7 million);
- Mine-site services continue to underpin revenue streams, contributing 93% of Group revenue;
- Strong growth in non-drilling revenue contribution (12% of total revenue) compared with Q1 2019 (4%), driven by MSALABS, Well Force and Capital Mining Services (CMS);
- West African region contributed 32% to Group revenues in Q1, a 61% increase compared to Q1 2019 (20%);
- Average monthly revenue per operating rig ("ARPOR") increased 1.8% (US\$170,000) on Q4 2019 (US\$167,000) attributed to strengthening revenue contributions from new contracts (Allied Gold Corp in Côte d'Ivoire and Barrick Ma'aden in Saudi Arabia), together with improved performance at long-term contracts (Resolute and Hummingbird in Mali);
- Declared a second interim dividend of US 0.7 cps for 2019 financial year in lieu of final dividend (2018: US 1.5 cps), payable 4 May 2020.

Operational Highlights

- Awarded a two-year extension of surface exploration and delineation drilling contract at Hummingbird's Yanfolila Gold Mine (Mali) to March 2022;
- Commenced new contracts and contract extensions (previously announced) in Tanzania, including:
 - Bulyanhulu Gold Mine (Barrick) – commenced drilling in February. Significantly this is Capital Drilling's third contract with Barrick, following commencement of our recent contract in Saudi Arabia together with ongoing long-term contract at North Mara;
 - North Mara Gold Mine (Barrick) - a long-term production drilling contract extension, with additional scope for underground drilling services; and
 - Extension of underground drilling services at Geita Gold Mine (AngloGold Ashanti) to December 2020.
- MSALABS commenced a six-month contract with Endeavour Mining in Côte d'Ivoire in January and was awarded a further contract with Tudor Gold, due to commence Q2 2020 (previously announced);

- Achieved a number of world class safety records including:
 - Mwanza facility (Tanzania) achieved twelve years LTI free in January;
 - North Mara Gold Mine (Tanzania) achieved four years LTI free in March;
 - Sukari Gold Mine (Egypt) achieved three years LTI free in January; and
 - Geita Gold Mine (Tanzania) achieved three years LTI free in March;
- Solid and improved performance at the Bonikro project in Côte d'Ivoire in our first full quarter of operations;
- The Group's key long-term contracts continue to perform well with strong performances at AngloGold Ashanti's Geita Gold Mine (Tanzania), Centamin's Sukari Gold Mine (Egypt), Resolute's Syama Gold Mine (Mali) and Hummingbird's Yanfolila Gold Mine (Mali);
- Increase in fleet utilisation to 57% (Q1 2019: 52%) reflecting the Group's ongoing success in securing contracts with new and existing clients and despite increased average fleet to 98 rigs (Q1 2019: 91 rigs);
- Four new rigs commissioned during Q1 to support new long-term contracts.

COVID-19 Update

- The COVID-19 pandemic continues to create uncertainty globally, however mining and production activity have continued uninterrupted at all the Group's operations and with no recorded cases of COVID-19 on these sites to date;
- Strong Q1 revenue result demonstrates that Capital Drilling has been largely unaffected during the quarter, however as we enter Q2 global travel restrictions are beginning to impact expat employee roster rotations with those on site working extended rosters;
- In response to extended rosters for both expats and nationals, fatigue management policies have been implemented on-site in the form of shortened weekly rosters which will marginally reduce on-site activity in the current quarter;
- The Group's supply chain movement is primarily land and sea based and remains largely unaffected. The majority of restrictions have been attributed to air-freight movements;
- Greenfield exploration activity is temporarily put on hold at the moment as juniors find it difficult to access capital markets and exploration programs are deferred pending stabilisation of the current situation.

Outlook

- Our portfolio of eight long-term mine-site based contracts provides a level of revenue stability against the global risk exposure created by the COVID-19 pandemic, as mines continue to operate with gold exports continuing;
- Capital Drilling's broader client base and extension of services provides a platform for further revenue and growth;
- The company continues to be well positioned for an anticipated uplift in demand, especially in West Africa as is evidenced by the increased regional contribution to revenue;
- The gold price remains highly supportive and has continued to rally during the quarter, reaching seven year highs early in Q2, a positive indicator given c.90% of revenue is derived from the gold sector.

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

“It is pleasing to see the activity undertaken during 2019 to position the business for growth is now delivering improved revenue performance. Additionally, revenue from our non-drilling businesses has grown strongly over the last 12 months, as we further strengthened our services portfolio. Most importantly, our strong safety performance continued with a number of LTI milestones across our operations. Notwithstanding these positive results, the COVID-19 pandemic continues to create uncertainty globally. We are closely monitoring developments and keeping our employees safe remains our first priority. We have experienced some disruption to international employee travel and have adjusted our business accordingly but have remained largely unaffected to date. Our long-term contracts at operating mine sites provide revenue stability during this time, with operations continuing uninterrupted to this point. Despite the current levels of uncertainty, we remain well positioned to pursue new opportunities and the rising gold price continues to underpin the strength of Capital Drilling’s operations. We will continue to focus on growth of our business in West Africa in conjunction with broadening our service offerings to our clients, together with opportunities presented by our successful expansion into mining services.

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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.