



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

H1 Trading Update

Capital Limited (CAPD: LN), a leading mining services company focused on the African markets, today provides its trading update for the period 1 January to 30 June 2020 (the "Period"). The Company will announce its half year results and provide a further operational update on 20 August 2020.

First Half (H1) 2020 Key Metrics

	H1 2020	H1 2019	H2 2019	% change from H1 2019	% change from H2 2019
Revenue (\$million)	65.1	54.8	60.0	18.8%	8.5%
ARPOR (\$)	170,000	183,000	170,000	-7.1%	0.0%
Average utilised rigs	57	48	52	18.8%	9.6%
Fleet Utilisation (%)	57	52	56	9.6%	1.8%
Average Fleet	99	91	92	8.8%	7.6%
Closing fleet size	99	92	99	7.6%	0.0%

Second Quarter (Q2) 2020 Key Metrics

	Q2 2020	Q2 2019	Q1 2020	% change from Q2 2019	% change from Q1 2020
Revenue (\$million)	32.6	27.7	32.5	17.5%	0.2%
ARPOR (\$)	170,000	182,000	170,000	-6.6%	0.0%
Average utilised rigs	57	48	56	18.8%	1.8%
Fleet Utilisation (%)	58	52	57	11.5%	1.8%
Average Fleet	99	92	98	7.6%	1.0%
Closing fleet size	99	92	99	7.6%	0.0%

Financial Highlights

- Q2 2020 revenue of \$32.6 million, up 17.5% on Q2 2019 (\$27.7 million) and in line (up 0.2%) with Q1 2020 revenue (\$32.5 million), despite the global impact of COVID-19;
- H1 2020 revenue of \$65.1 million, up 18.8% on H1 2019 (\$54.8 million) and 8.5% on H2 2019 (\$60.0 million);
- Non-drilling revenue contribution of 11% of total revenue for H1 2020, compared with H1 2019 (5%), driven by mining services, maintenance services and MSALABS;
- West African region contributed 10% more to Group revenues in H1 2020 (31%), compared to H1 2019 (21%) and an additional 4% on H2 2019 (27%); and
- Paid a second interim dividend of US0.7cps for 2019 financial year in May 2020 in lieu of final dividend.

Operational Update

- Core long-term contracts continue to perform strongly, with no material production interruptions due to COVID-19, reflected in a stable ARPOR result of \$170,000, consistent with H2 2019 (\$170,000);
- H1 2020 fleet utilisation of 57%, up 9.6% on H1 2019 and 1.8% on H2 2019, driven by capacity increases on existing operational sites;
- COVID-19 impact remains limited to people movement and slower supply chain movement due to travel restrictions, increased Rostered Days Off (RDO's) for fatigue management, delayed tendering activity and curtailment of exploration activity;
- New contract awards include Allied Gold (Egypt), Altus Strategies/Glomin (Mali) and Barrick Bulyanhulu (Tanzania) (previously announced), together with a new two year long-term contract with Hummingbird (Mali);
- Contract extensions include Perseus Mining (Côte d'Ivoire), along with previously announced extensions with Resolute (Mali), Barrick North Mara (Tanzania) and AngloGold Ashanti (Tanzania);
- Encouragingly we saw the resumption of some exploration projects in June and July, specifically Altus Strategies (Mali) and Arrow Minerals (Burkina Faso);
- Achieved several world class safety records during the half including:
 - Sukari Gold Mine (Egypt) achieved three years LTI free in January
 - North Mara Gold Mine (Tanzania) achieved four years LTI free in March
 - Geita Gold Mine (Tanzania) achieved three years LTI free in March
 - Tasiast Gold Mine (Mauritania) achieved three years LTI free in June
 - Syama Gold Mine (Mali) achieved four years LTI free in June
- MSALABS footprint increased in Africa with the acquisition of the ELAM laboratory in Yamoussoukro (Côte d'Ivoire), commissioning of a laboratory in Nouakchott (Mauritania) and signing of a binding agreement for on-site laboratory construction and management with Thor Explorations, at its Segilola Project (Nigeria).

Direct Investments Update

- Over the past several years, as a component of its business development strategy, Capital has engaged in direct investments into exploration and mining companies, aligning the activity with service contracts;
- In line with the expansion into West Africa, direct investment activity increased significantly over 2019;
- Total value of investments was \$12.5 million as at the end of 2019, comprising a combination of listed companies (\$6.7 million) and unlisted companies (\$5.8 million);
- Listed shares positive revaluation for H1 2020 was \$5.2 million to bring total listed investments to \$11.9 million, noting unlisted investments revaluation will be released with H1 results; and
- H1 2020 results will be released on 20 August 2020, where the strong performance of listed investments is expected to provide a material contribution to results.

Outlook

- As previously stated, 2020 guidance was withdrawn on 19 March 2020 due to the uncertainty of the impact of COVID-19. However, the business has continued to perform strongly with H1 revenue up 18.8% on the previous corresponding period;
- The gold price has continued to strengthen throughout Q2, nearing ten-year highs, a positive indicator for Capital given c.90% of revenue is derived from the gold sector;
- Improving gold markets have positively impacted cash flow of mining companies, which is expected to continue throughout the second half;

- COVID-19 continues to provide a level of uncertainty, however the current impact on Capital remains limited as outlined above;
- Positive signs include some evidence of an easing in COVID-19 related travel restrictions, together with the resumption of smaller exploration projects in Burkina Faso and Côte d'Ivoire;
- Early indicators suggest there will be strong demand for drilling services following the completion of the West African wet season; and
- Mining sector activity improving with Capital Mining engaging in a number of tendering opportunities.

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

“Capital has performed strongly in the first half of the year, despite the challenges presented by the global COVID-19 pandemic. There are some encouraging signs of improvement in the situation, with the resumption of smaller exploration projects and easing of some travel restrictions, and we remain prepared for any changes to the current situation. I want to take this opportunity to thank our staff and management for their effort and continued work to ensure we operate safely and efficiently during this uncertain time.”

We continue to consolidate the Company’s presence in the highly active West African market, which now contributes 31% of our revenue. We have increased the number of assets operating at many of our long-term projects, and we are seeing an increase in enquiries and tender activities for the mining division in particular. It is also pleasing to see the success of our laboratory business, with a significant rise in MSALABS presence in West Africa, with the region now generating more than 50% of the Company’s revenue. Most importantly, we have continued to achieve significant safety milestones at our long-term projects throughout the first half.”

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About Capital

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 Botswana, Burkina Faso, Côte d'Ivoire, Egypt, Mali, Mauritania, Namibia, Nigeria and Tanzania.