FOR IMMEDIATE RELEASE
18 March 2021

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

Full Year Results for the year ended 31 December 2020

FULL YEAR FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020*

	2020	2019	% change
Average Fleet Size (No. of drill rigs)	**98**	92	6.5
Fleet Utilisation (%)	**59**	54	9.3
ARPOR ($)	**171,000**	176,000	(2.8)
Capex ($ m)	**48.7**	19.8	145.7
Revenue ($ m)	**135.0**	114.8	17.5
EBITDA[1] ($ m)	**33.8**	27.3	24.0
EBIT[1] ($ m)	**21.6**	16.6	29.9
Investment Gains (Losses) ($ m)	**13.6**	(1.1)	N/A
Net Profit After Tax ($ m)	**24.8**	10.4	138.6
Cash From Operations ($ m)	**36.0**	28.7	34.6
Earnings per Share			
Basic (cents)	**17.8**	7.7	130.6
Diluted (cents)	**17.6**	7.6	130.9
Final Dividend per Share (cents)	**1.3**	0.7	85.7
Total dividend for FY (cents)	**2.2**	1.4	57.1
Net Asset Value per Share[1] (cents)	**106.0**	63.0	68.3
Return on Capital Employed (ROCE) (%)[2]	**12.4**	18.4	(32.8)
Adjusted ROCE (%) [3]	**22.2**	18.4	20.3
Net Cash[1] ($ m)	**5.0**	4.4	13.1
Net Cash/Equity (%)	**3.4**	5.2	(34.5)

**All amounts are in US dollars unless otherwise stated*

(1) *EBITDA, EBIT, Net Asset Value per share and Net Cash are non-IFRS financial measures and should not be used in isolation or as a substitute for Capital Limited financial results presented in accordance with IFRS.*

(2) *ROCE calculated utilising 12 months EBIT.*

(3) *Adjusted ROCE excludes Mining Assets and Prepayments, Net Equity Raise proceeds and Sukari prepayment from Capital Employed.*

Financial Overview

- FY2020 revenue up 18% to $135.0 million (FY2019: $114.8 million);
- Year end net cash balance of $5.0 million (December 2019: $4.4 million) comprising cash of $35.7 million and drawn debt of $30.7 million;
- Strong growth in profitability, including:
  - Net Profit After Tax up 139% to $24.8 million (2019: $10.4 million)
  - Basic earnings per share up 131% to 17.8c (2019: 7.7c)
  - EBITDA up 24% to $33.8 million (2019: $27.3 million)
  - EBIT up 30% to $21.6 million (2019: $16.6 million)
- EPS growth driven by strong operating performance and substantial realised and unrealised investment gains. Year end investment portfolio valued at $27.2 million (2019: $12.5 million), recording investment gains totalling $13.6 million, comprising $13.2 million unrealised and $0.4 million realised;
- Solid growth in non-drilling revenue, increasing to 13% in 2020 (2019: 8%); and
- Final Dividend of US$1.3cps, up 86% (2019 second interim dividend: US$0.7cps) to be paid on 4 May 2021 which, together with the interim dividend of US$0.9cps brings total dividends declared for 2020 of US$2.2cps (2019: US$1.4cps) up 57% over prior year.

Operational and Strategic Highlights

- Outstanding safety results, significantly better than industry standards, including Total Recordable Injury Frequency Rate (TRIFR) of 0.77 per 1,000,000 hours worked and All Injury Frequency Rate (AIFR) of 0.43;
- Achieved world class safety records at multiple long-term operations, including:
  - Mwanza Facility (Tanzania) achieved twelve years LTI free in January;
  - 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;
  - Syama Gold Mine (Mali) achieved four years LTI free in June;
  - Tasiast Gold Mine (Mauritania) achieved three years LTI free in June; and
  - Jabal Sayid Mine (Saudi Arabia) achieved one year LTI free in December.
- Increased annual rig utilisation to 59%, up 9% on FY 2019 (54%) on a larger average fleet of 98 rigs (FY 2019: 92 rigs);
- Closing fleet of 94 rigs (2019: 95 rigs) included decommissioning of six rigs during the year;
- ARPOR of $171,000 per rig (2019: $176,000);
- Awarded multiple new exploration contracts over 2020 with awards concentrated in the West African region, consistent with the Group's expansion strategy executed over previous years, including;
  - Predictive Discoveries in Guinea;
  - Altus Strategies and Marvel Gold in Mali;
  - Arrow Minerals in Burkina Faso;
  - Oriole Resources in Cameroon;
  - Awale Resources and Perseus Mining in Côte d'Ivoire.
- Awarded multiple mine-site based contracts during 2020 (new awards and extensions) consistent with the Group's well-established strategy to focus on mine site services, including:
  - AngloGold Ashanti in Tanzania;
  - Barrick Gold Corporation ("Barrick") in Tanzania (Bulyanhulu and North Mara);
  - Firefinch, Hummingbird and Resolute in Mali;
  - Centamin in Egypt; and
  - Kinross in Mauritania (commencing Q1 2021).
- Accordingly, the Group's portfolio of long-term mine-site based operations increased to ten sites, comprising 18 individual contracts with the addition of the new contracts with Barrick in Tanzania and Firefinch in Mali;

- MSALABS awarded its largest ever contract, a transformative five-year laboratory services contract with Barrick at the Bulyanhulu Gold Mine, Tanzania, together with additional new contracts with Endeavour Mining and Tudor Gold and a binding agreement with Thor Explorations;
- MSALABS continued its African expansion with the commissioning of a new laboratory in Nouakchott, Mauritania, together with the acquisition of the ELAM laboratory in Yamoussoukro;
- Strategic relocation of assets into West Africa continued throughout 2020 and is now largely complete, with rig count at year end of 41 rigs (out of 94 rigs in total);
- The COVID-19 pandemic had no material impact on operations, some restrictions were experienced on movement of personnel and supply chain while the Group's protocols and management plan were highly effective in minimising incidents of infection;
- Post year-end contract awards include:
  - Three-year contract for surface delineation and open pit grade control for AngloGold Ashanti, Tanzania (previously announced);
  - Three-year contract for underground delineation and grade control drilling for AngloGold Ashanti, Tanzania (previously announced);
  - Initial six-month delineation drilling contract for Allied Gold Corp, Mali;
  - Exploration drilling contract for new client Cora Gold, Mali;
  - Exploration drilling contract with Perseus Mining in Côte d'Ivoire;
  - Initial six-month delineation drilling contract with Aya Gold and Silver Inc in Mauritania; and
  - Six-month exploration drilling contract for Endeavour Mining Corporation, Burkina Faso.

Outlook

- Revenue guidance for 2021 of $185 to $195 million driven by improving drill rig utilisation, contract extensions and expansions from existing long-term contracts and the commencement of the load and haul waste stripping contract at Sukari, Egypt;
- Demand for drilling services has increased strongly from Q4 2020, building further in Q1 2021 and is particularly strong in West Africa where the Group now has 41 rigs ;
- Drill rig fleet size forecast to increase by 17 rigs with the majority allocated to previously announced contracts with Sukari, Bulyanhulu and Geita;
- Strong demand for laboratory services with MSLABS working at near full capacity across all major laboratories;
- Highly active tendering market across all business activities, with particularly strong demand in exploration drilling and satellite pit mining operations.

Transformative New Business Awards and Equity Placing

In December 2020, we announced the successful awards of a 120Mt waste stripping contract including load and haul and ancillary services, and an expansion and extension of the existing drilling contract at Centamin's Sukari Gold Mine, Egypt. Together, they are expected to deliver US$235 - $260 million of incremental revenue over a four-year term, the Company's largest award of new business since its inception, which is expected to be earnings accretive by the end of the year. The contract is a step-change in the scale of the business and its continued evolution into a full-service mining contractor.

Additionally, Capital completed a successful equity fundraising which was oversubscribed and introduced a new roster of quality institutional investors. Gross proceeds of approximately £30 million (approximately US$40 million, net approximately US$37.2 million) are being used to support the Sukari contracts together with key debt financing facilities, several of which were in place at the year end. The funds have facilitated further payments on all major capital equipment items required for the contracts, including 17 CAT 785 dump trucks, seven blast hole drill rigs, three excavators and all major ancillary support equipment including dozers, graders and water trucks. Subsequent to the year end, Capital has successfully agreed a further debt facility for up to US$17.0 million of which US$6.5 million is committed and available subject to finalisation of security.

The Sukari contracts have commenced and execution is progressing well, with earth moving operations commencing in February and multiple further assets scheduled for commissioning during the current quarter.

Commenting on the results, Jamie Boyton, Executive Chairman of Capital Limited, said:

'Capital's strategy proved resilient against the challenges of 2020 and our performance was outstanding. We delivered significant revenue and profitability growth, along with the achievement of several strategic highlights. Not only did we achieve a transformational milestone with the award of our mining business's first major earthmoving contract with our long-term client Centamin, which is anticipated to deliver incremental revenues of $235 - $260 million over four years, but we also delivered outstanding results across all our business units. As a result of this strong performance, we will be delivering a final dividend to shareholders of US1.3cps, up 86% on the previous year.

Credit must be given to our team, who delivered these results while operating under extremely difficult conditions during the year and yet still maintained our industry leading safety performance, with a TRIFR result of 0.77. Their adherence to COVID-19 related safety protocols ensured we minimised rates of infection and were able to keep business operations continuing uninterrupted.

Our focus on restructuring and rebalancing our business over the past three years is proving successful. Our West African operations are now well established and we were rewarded with multiple new contract wins across the region, including expansion into Guinea and Cameroon. Growth of our ancillary services continued with our laboratory business, MSALABS, which was also awarded its largest contract since its establishment during November while further expanding its presence in Africa with new labs in Mauritania and Côte d'Ivoire. Additionally, our focus on growing the number of mine-site based contracts saw the award of six new long-term contracts during the year, increasing our portfolio to ten mine-site based operations. As we most recently announced, we have been awarded a further two long-term contracts at the Geita Gold Mine in Tanzania, due to commence in Q2 2021, while our two-year grade control drilling contract with Kinross at the Tasiast Gold Mine in Mauritania commenced in Q1.

Our key operational metrics remained strong, with rig utilisation up 9% to 59% and ARPOR of $171,000. We continued to upgrade our fleet to ensure we provide the most modern, reliable rig fleet in Africa and will be commissioning multiple new rigs throughout the remainder of the year, primarily to support our long-term contracts.

We are highly encouraged for the year ahead given favourable operating conditions are continuing. The gold price, our principal commodity exposure, remains at elevated levels and equity markets continue to be supportive for capital raising activity, with fundraisings for Juniors and Intermediates experiencing a significant month-on-month uptick in activity during February, with the greatest number of large financings in recent history, a strong indicator of future demand. Additionally, we have had a strong start to 2021 with numerous contract awards across the West African region, together with the new long-term contracts at the Geita Gold Mine awarded already to date.

We will continue to pursue our key strategic priorities during 2021, focusing on growing our full-service mining business, growing revenues from our ancillary services businesses, expanding capacity with our existing clients and increasing fleet utilisation. We also remain committed to maintaining our strong balance sheet to support further growth initiatives and returns to our shareholders.'

Results Conference Call

Capital Limited will host a Webcast on Thursday 18 March 2021 at 09.00 am (London, UK time) to update investors and analysts on its results. Participants may join the webcast via the like below. Shareholders may also join the webcast by dialling one of the following numbers, approximately 10 minutes before the start of the call. Participants may also wish to download the 2020 Results Presentation, which is available by clicking http://www.capdrill.com/investors/presentations

Webcast Link

https://webcasting.buchanan.uk.com/broadcast/6040d1541e24d464e23e7d6b

Dial-In Details

United Kingdom Toll-Free: 08003589473
United Kingdom Toll: +44 3333000804
PIN: 19974583#

International dial-in numbers - Link

- 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; mining equipment hire and maintenance; and geochemical analysis. The Group's corporate headquarters are in Mauritius and it has established operations in Burkina Faso, Cameroon, Côte d'Ivoire, Egypt, Guinea, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.

Cautionary note regarding forward looking statements

Certain information contained in this report, including any information on Capital Limited's plans or future financial or operating performance and other statements that express management's expectations, or estimates of future performance, constitute forward-looking statements. Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. Capital Limited cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Capital Limited to be materially different than the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of commodities and project execution delays, many of which are beyond the control of Capital Limited. Nothing in the report should be construed as either an offer to sell or a solicitation to buy or sell Capital Limited securities.

CHAIRMAN'S STATEMENT

Finding the right words to describe the events of 2020 presents a challenge in itself, with the commonly quoted 'unprecedented' somehow falling short of the mark. It's fair to say that the year presented all manner of challenges and I'm very pleased to report that Capital Limited did an outstanding job of navigating the crisis and growing the business.

We delivered 18% revenue growth, 24% EBITDA growth, 30% EBIT growth, continued to operate to industry-leading safety standards and achieved a number of significant strategic milestones. Our performance is testament to the Group's business model and strategy, the resilience and hard work of our employees and the strong, cooperative relationships we have in place with our key customers and other stakeholders.

Our Basic EPS growth of 131% was supported by the underlying growth in trading results as noted above and further enhanced by gains across our investment portfolio. The year-end portfolio was valued at $27.2 million (2019: $12.5 million), with investment gains (predominantly unrealised) for the year of $13.6 million. Capital Limited undertook a significant and well-timed investment strategy in 2019 as we expanded our operations in West Africa and that strategy has worked well for the Group, both in terms of investment returns and contract opportunities, with contracts from investee companies generating $18 million of revenue over 2020.

Our geographic expansion into West Africa, a key focus over the past three years, has proven to be highly successful and resulted in Capital Limited diversifying our regional revenue exposure beyond our traditional operations in Egypt and Tanzania. The team has worked tirelessly on this effort, redeploying an additional 30% of the Group's rigs to the region and establishing core operations in Mali and Côte d'Ivoire, together with operations in Burkina Faso, Mauritania, Nigeria and more recently Guinea and Cameroon.

Capital Limited's focus on mine-site based activities also proved to be highly resilient in the face of the significant logistical challenges presented by COVID-19. The stronger gold price experienced throughout 2020, being the key commodity exposure for Capital Limited's client base, drove an increase in demand for mine-site services. Our strategic focus on mine-site generated revenue, which was 93% of our overall revenue in 2020, therefore drove 18% revenue growth for the year, in contrast to weaker revenue across the sector in exploration driven activity. The tendering and exploration markets were negatively impacted, particularly in the first half of the year due to constraints caused by the global pandemic, including restricting the ability to mobilise rigs and people. However, tendering opportunities did commence a strong recovery from late Q3 as logistical constraints eased.

The Group's strategy to develop a broader range of services made significant progress in 2020. Our laboratory business, MSALABS, grew strongly with significant expansion in Africa throughout the year, including the award of the largest contract in their brief history, with global miner, Barrick Gold Corporation, in Tanzania. MSALABS contributed positively to EBITDA for the full year, and to net profit in the second half. This momentum is expected to continue in 2021.

Our mining business, Capital Mining, which commenced in late 2019, won its first material contract in December 2020, a four-year waste mining contract with Centamin, at its Sukari Gold Mine, a Tier 1 project. This contract is anticipated to deliver incremental revenues of US$235 – $260 million over a four-year period and is a transformational win for the Company.

During December, we completed a successful equity fundraising to support equipment purchases for the Sukari contract, raising approximately £30 million (approximately US$40 million). We welcome our new investors to the register and we would also like to thank our existing shareholders for their continued support. Strong demand for the fundraising lead to an upscaling of the intended US$30 million raise and provides the Group with substantial balance sheet strength as we expand our operations in load and haul services.

To reflect the expanded range of services offered to Capital Limited's customers, the Group rebranded during the year to Capital Limited, which better reflects the business as we enter a new chapter in our strategy and development.

Despite COVID-19, trading conditions were largely positive during 2020. The record gold prices positively impacted cash flows of mining companies and equity markets also strengthened, with strong December financings lifting 2020 to a nine-year high, both extremely positive indicators of future activity.

The Board of Directors has declared a final dividend for the 2020 period of 1.3cps ($2.5 million), payable on 4 May 2021 to shareholders on the register as of 9 April 2021. This brings the total dividend declared in 2020 to 2.2c per share. The dividend is a result of our solid financial and operating position.

OPERATIONAL & SAFETY UPDATE

I am extraordinarily proud of our Company's achievements during 2020. Despite the challenging conditions, we were able to maintain consistency in our operations throughout the year and deliver outstanding growth in both revenue and profitability, all of which were achieved with another strong safety performance across our operations. The early implementation of upgraded health and safety measures to manage the unfolding COVID-19 pandemic proved to be highly effective and we worked seamlessly with our clients to ensure a coordinated response.

I would like to take this opportunity to thank all our employees for their dedication throughout this difficult year. Many of our team had extended periods away from their families and loved ones and they were unwavering in their commitment to maintaining our business' continuity of service. Additionally, their compliance with the new COVID-related health and safety procedures ensured we were extremely effective in minimising the rate of infection and keeping everyone safe and well.

Capital Drilling delivered strong results, with a number of new contracts and contract extensions. This contracting success was a solid mix of exploration contracts, primarily reflecting our successful and ongoing expansion in the West African region, and mine-site based contracts across all geographic regions.

The Group's rig count remained relatively stable over 2020, with an average fleet of 98 rigs (2019: 92 rigs), however this is set to expand in 2021 reflecting substantial long-term contract wins and extensions, particularly at the Sukari (Centamin) and Bulyanhulu Gold Mines (Barrick), together with our recently awarded contracts at the Geita Gold Mine (AngloGold Ashanti).

We continued our program of active fleet management to maintain our position as the provider of best-in-class equipment in Africa, decommissioning six rigs over 2020, with a year-end rig count of 94 rigs. Rig fleet utilisation increased 9% to 59% (2019: 54%) while full year ARPOR was $171,000, down marginally on FY 2019 ($176,000). Despite the marginally lower ARPOR, the Group recorded an improvement in EBITDA margins, reflecting cost efficiencies being realised as we neared completion of our three-year asset relocation program into the West Africa region.

Pleasingly, the portfolio of long-term contracts also increased to ten sites during the year, comprising 18 individual contracts. New long-term contracts were awarded with Barrick in Tanzania, Kinross in Mauritania and Firefinch in Mali. This is in addition to contract extensions awarded with a number of existing customers, including: AngloGold Ashanti in Tanzania; Hummingbird Resources in Mali; Perseus Mining in Côte d'Ivoire; Centamin in Egypt; and Resolute in Mali. We will maintain the strength of this portfolio following the award of our new contracts with AngloGold Ashanti in Tanzania.

MSALABS has also had an outstanding year and contributed strongly to the growth in non-drilling revenue. It has continued to expand across Africa and in November was awarded a transformative five-year laboratory services contract with Barrick at their Bulyanhulu Gold Mine, Tanzania. Additional highlights include the acquisition of the ELAM laboratory in Yamoussoukro, commissioning of a new laboratory in Nouakchott, Mauritania, and the signing of a binding agreement to provide laboratory services for Thor Exploration's Segolila project in Nigeria. New contracts were also awarded with Endeavour Mining in Côte d'Ivoire and Tudor Gold in Canada.

In the first half of 2020, we continued to recruit high calibre personnel with extensive experience in the sector to our Capital Mining team. Late in 2020 we were awarded our first full service earthmoving contract at the Sukari Gold Mine. We have been providing drilling services at the Sukari site since 2005 and have extensive knowledge of the asset and the applicable regulatory environment. We have a capable workforce, comprising 95% local national employees, whose competent project execution capability has contributed to the strong relationship we have with Centamin. This knowledge and experience will assist with a smooth transition into delivering the earthmoving services. The award of this significant contract by our long-term partner reflects their confidence in Capital Limited to execute this work at the high standards we have consistently delivered at the site and positions us well for future tender awards.

Our asset and maintenance teams did an outstanding job sourcing the substantial equipment requirements for the contract, working under a tight timetable. Assets started arriving at site in late 2020 and we are on track for Phase 1 commissioning in the first quarter of 2021.

Once again, Capital Limited's uncompromising commitment to the safety of our employees delivered another outstanding safety performance. We expect visible safety leadership at all levels of the business, from the Executive Leadership Team to crews on site, and we actively invest in training programs to ensure our workforce is skilled, competent and can identify and mitigate hazards in the workplace.

Our safety results remain significantly better than industry standards. Our Total Recordable Injury Frequency Rate (TRIFR) was 0.77 per 1,000,000 hours worked and our All Injury Frequency Rate (AIFR) was 0.43. We also achieved a number of site records and safety milestones during 2020 including:

- Mwanza Facility (Tanzania) achieved twelve years LTI free in January;
- 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;
- Syama Gold Mine (Mali) achieved four years LTI free in June;
- Tasiast Gold Mine (Mauritania) achieved three years LTI free in June; and
- Jabal Sayid Mine (Saudi Arabia) achieved one year LTI free in December.

This outstanding, company-wide performance reflects our team's commitment to our strong safety culture and I congratulate everyone for their efforts.

OUTLOOK

As we enter 2021, we are experiencing some of the most positive trading conditions since Capital Limited's inception. The gold price remains at levels which allow strong profitability for producers and is a positive indicator for Capital Limited given its exposure to the sector. Equity markets also remain highly supportive for the mining industry, with financings at the beginning of 2021 approximately five times greater than the previous corresponding period and a staggering 14 times greater than in January 2019 according to S&P Global Market Intelligence. This is following on from the nine-year record high for fundraisings in 2020 and is a key lead indicator for future activity levels. The demand environment for our services is accelerating rapidly and we are seeing increasing contract opportunities across all of our business units.

The momentum in the drilling industry as we enter 2021 has been particularly strong and we have received notification of the award of several new contract awards as outlined above including the two new long-term contracts with AngloGold Ashanti at the Geita Gold Mine, Tanzania.

As previously mentioned, our businesses' restructuring activity is largely complete, with established operations across West, North and East Africa and our diversified revenue base is now beginning to deliver meaningful revenue contributions, which we expect to continue. The implementation of the Sukari contract is advancing well, we are actively progressing a broad range of tender opportunities and our fleet utilisation is increasing rapidly, providing a highly encouraging start to 2021.

We will, however, continue to operate under the backdrop of uncertainty presented by the COVID-19 pandemic. We are confident in our safety management procedures, which have proved effective in minimising incidences of infection, while the ongoing easing of travel restrictions will reduce the impact on employee and supply chain movements.

We will continue to execute our key strategic priorities in 2021, focussing on growing our full-service mining business, growing revenues from our ancillary services businesses, expanding capacity with our existing clients and increasing utilisation through our idle fleet. To this end we have recently been joined by Giles Everist as our Chief Financial Officer and Ahmed Hamadi as our Regional Manager West Africa, adding further depth and experience to our management team as we look to grow further in the periods ahead. Further, we remain committed to maintaining our strong balance sheet to support further growth initiatives and returns to our shareholders.

I would like to take this opportunity to thank all our employees, business partners, shareholders, our Board of Directors and other stakeholders for their continued support of our Company.

Jamie Boyton
Executive Chairman
17 March 2021

CAPITAL

CHIEF FINANCIAL OFFICER'S REVIEW

OVERVIEW

Despite the global impact of COVID-19, Capital Limited delivered a strong performance in 2020, and made significant progress towards growing the business even further in 2021 and beyond, including securing the strategically important Sukari waste stripping and extended drilling contracts.

The award signifies a significant advancement of Capital's growth strategy and necessitated a review of the company's funding requirements, given the capital investment required. Although partially funded from operating cash, the decision was made to obtain additional equity in order to ensure the continued strength of the Balance Sheet and debt leverage. The proposed placing was intended to raise approximately $30 million in gross proceeds, ultimately closing on proceeds of $40 million.

Revenue increased by 17.5% to $135.0 million (2019: $114.8 million). H2 revenue ($70.0 million) was 7.3% higher than H1 revenue ($65.1 million) as a result of new contract start-ups and improved revenues at MSALABS, attributed to their continued growth in Africa.

Profitability also improved, with margin improvements across all key metrics on the back of increased expenditure discipline. Year-on-year EBITDA and EBIT increased by 24% and 30% respectively.

As a result of expanding our service offering and continued West Africa expansion, our capex increased during the year to $48.7 million (2019: $19.8 million), including $30.1 million invested in the new Sukari contract as announced in the Q4 2020 Trading Update, and $1.8 million in the continued expansion of our mineral assay business MSALABS with the acquisition of a turnkey laboratory in Côte d'Ivoire.

Funding for the Sukari contract to date has been obtained via a combination of operating cash, an equity raise of net $37.2 million and an increase in our debt profile through additional financing obtained from Macquarie Bank ($10 million) and OEM financing from Sandvik and Epiroc. In addition, a further $17.0 million facility has been agreed with Macquarie Bank of which $6.5 million is committed and available subject to finalisation of security.

Cash generated from operations was $36.0 million (2019: $28.7 million). Closing cash was $35.7 million (2019: $17.6 million), aided by the aforementioned equity raise and an additional $16 million in new financing in the year, with net cash of $5.0 million (2019: $4.4 million). Weighing on cash flows was the increased capex outflow, as well as an additional $17.9 million invested in prepayments for fixed assets.

Our portfolio of long-term mine-site based contracts continues to underpin our cash flow and growth strategy. Mine-site based contracts represent 93% (2019:90%) of our Company revenue and growth of this portfolio remains a focus.

The COVID-19 pandemic continues to create uncertainty in the global economy. Our portfolio of mine-site based contracts has continued uninterrupted however, providing a stable business platform and we therefore consider it to have had a marginal impact on the Group. However, given the unpredictable nature of the pandemic, we have evaluated a downside model taking the aggregate effect of the reasonable downside short term risks and demonstrated that the business is robust to scenarios far worse than experienced or expected. Refer to Note 1.1 of the Annual Financial Statements for further detail.

Capital Limited's investment portfolio generated a $13.6 million gain on investments reflected in the Profit and Loss. This outstanding performance reflects a significant value increase in a number of investments within the portfolio. The result is a consequence of the successful 2019 investment strategy. Investment activity decreased in 2020 as the cycle improved and capital markets became significantly more accommodating to equity issuance. The Company's strategy has therefore matured to a portfolio of core holdings and rationalisation, while continuing to evaluate new opportunities.

Statement of Comprehensive Income

Reported	2020 $'m	2019 $'m
Revenue	135.0	114.8
EBITDA	33.8	27.3
EBITDA (%)	25.1	23.8
EBIT	21.6	16.6
PBT	34.1	14.6
NPAT	24.8	10.4
Basic EPS (cent)	17.8	7.7
Diluted EPS (cent)	17.6	7.6

Table 1: Statement of Comprehensive Income (Summary)

Average rig utilisation increased 5% to 59% (2019: 54%) on a larger average fleet size of 98 (2019: 92). Average revenue per operating rig (ARPOR) of $171,000 (2019: $176,000) per month is attributed to the increased mobilisation of exploration rigs for the new contract start-ups.

Non-mining revenues continue to increase their contribution to Group revenues, driven by MSALABS, mining services and maintenance services. 2020 contribution 13% (2019: 8%).

EBITDA increased 24% to $33.8 million delivering a 25.1% margin (2019: $27.3 million/23.8%).

EBIT increased 30.0% to $21.6 million delivering a 16.0% margin (2019: $16.6 million/14.5%).

Profit Before Tax (PBT) increased by 133.6% to $34.1 million (2019: $14.6 million) impacted by Net Interest of $1.1 million (2019: $0.7 million) and benefitting from an investment gain of $13.6 million (2019: $1.3 million loss), of which $13.2 million is unrealised. These investments were aligned to activity with service contracts and provided greater revenue and earnings. Depreciation of $12.2 million (2019: $10.6 million), flat as a percentage of revenue at 9%.

NPAT increased 138.6% to $24.8 million/18.35% (2019: $10.4 million/9.0%). The improved NPAT benefitted from net gains on unrealised equity investments of $13.2 million (2019: loss of $1.3 million).

The Effective Tax Rate for 2020 was 27.4% (2019: 28.9%).

The Basic Earnings Per Share (EPS) for the year increased 132% to 17.8 cents (2019: 7.7 cents). The weighted average number of ordinary shares used in the earnings per share calculation was 138,367,746 (2019: 136,138,967).

The substantial growth in Earnings per Share was driven by the strong operating performance and investment gains.

Statement of Financial Position

Reported	2020 $'m	2019 $'m
Non-current assets	91.1	55.1
Current assets	135.2	73.2
Total assets	226.3	128.3
Non-current liabilities	26.5	3.3
Current liabilities	51.8	38.1
Total liabilities	78.3	41.4
Shareholders' equity [(1)]	146.7	85.7

Table 2: Statement of Financial Position (Summary)
[(1)] Excludes non-controlling interest of $1.4 million

As at 31 December 2020, shareholders' equity increased by 71%, primarily due to the $37.2 million net equity raise, combined with the strong net profit of $24.8 million. The Group distributed dividends of $2.2 million (2019: $3.0 million) to shareholders.

The total rig fleet size at the end of 2020 was 94 drill rigs (2019: 95).

Overall PPE increased from $52.9 million in 2019 to $89.0 million in 2020, reflecting depreciation of $12.2 million (2019: $10.6 million), assets disposed of $0.8 million (2019: $0.5 million) and additional operating capital expenditure of $48.7 million (2019: $19.8 million). Of this amount, $30.1 million relates to the acquisition of assets for the Sukari waste mining and extended drilling contracts and $1.8 million in the acquisition of the turnkey laboratory in Côte d'Ivoire. $43.0 million of assets were purchased with cash, with $5.7 million being financed through OEM and vendor financing.

Current assets increased to $135.2 million (2019: $73.2 million). Inventory increased by $7.1 million to $24.7 million (2019: $17.5 million) due to increased inventory levels primarily in Egypt and West Africa. Prepaid expenses increased by $21.2 million to $28.4 million (2019 $6.6 million) with $17.9 million invested in prepayments for fixed assets. Cash and cash equivalents increased by $18.1 million to $35.7 million (2019: $17.6 million). Investments held of $27.2 million (2019: $12.5 million) are the fair value of trade investments.

Non-current liabilities of $26.5 million (2019: $3.3 million) includes $26.1 million (2019: $2.9 million) of long term loans. Total long term debt includes $15 million of the renewed Revolving Credit Facility, a $10 million asset backed facility with Macquarie and $5.5 million of Epiroc direct OEM Rig financing.

Current liabilities consisted of trade and other payables, $39.7 million (2019: $23.1 million), current portion of long-term liabilities $4.6 million (2019: $10.3 million) and tax liabilities of $7.2 million (2019: $4.3 million). Trade and other payables includes increased trade payables of $19.8 million (2019: $12.5 million) due to increased activity levels and investment in the Sukari contract.

Statement of changes in equity

Reported	2020 $'m	2019 $'m
Opening equity	87.0	77.3
Net proceeds from Equity raise	37.2	-
Share based payments	1.4	0.8
Total comprehensive income	24.7	10.7
Dividends paid	(2.2)	(3.0)
NCI ex Business Combination	-	1.2
Closing equity	148.1	87.0

Table 3: Statement of changes in equity (Summary)

Statement of Cash Flows

Reported	2020 $'m	2019 $'m
Net cash from operating activities	28.3	24.7
Net cash used in investing activities	(60.7)	(23.6)
Net cash generated from/(used in) financing activities	50.1	(3.3)
Net (decrease)/increase in cash and cash equivalents	17.7	(2.2)
Opening cash and cash equivalents	17.6	19.9
Translation of foreign currency cash	0.4	0.03
Closing cash and cash equivalents	35.7	17.6

Table 4: Statement of Cash Flows (Summary)

Reconciliation of net cash (debt) position

Reported	2020 $'m	2019 $'m
Net cash at the beginning of the year	4.4	10.9
Net (decrease)/increase in cash and cash equivalents	17.7	(2.2)
Decrease/(increase) in long term liabilities	(17.5)	(4.2)
Translation of foreign currency cash	0.4	0.03
Net cash at the end of the year	5.0	4.4

Table 5: Reconciliation of net cash (debt) position

Cash generated from operations was $36.0 million (2019: $28.7 million), an increase of 34.5% year-on-year. Not reflected in the Cash Flow is a $2.6 million asset finance facility obtained from Epiroc Financial Solutions for the purchase of three blast hole rigs. This is aligned with our strategy to establish more flexible, lower cost financing options.

The capital expenditure increase of $28.9 million year-on-year is largely driven by the $30.1 million invested in the new Sukari contracts. The balance of the outflow is driven by our commitment to meeting existing client requirements and the strategy of maintaining fleet operational readiness for the expansion into West Africa, which is expected to deliver long-term growth benefits.

Financing activities included the dividend cash payment of $2.2 million (2019: $3.0 million).

The dividend history for the past three years is as follows:

	H1 2018	FY 2018	H1 2019	FY 2019	H1 2020	FY 2020
Declaration	16 Aug 2018	14 Mar 2019	22 Aug 2019	19 Mar 2020	20 Aug 2020	18 Mar 2021
Cents per share	0.6	1.5	0.7	0.7	0.9	1.3
Dividend amount ($'m)	$0.81	$2.04	$0.95	$0.96	$1.23	$2.47

Principal Risks and Uncertainties

The Group operates in environments that pose various risks and uncertainties. Aside from the generic risks that face all businesses, the Group's business, financial condition or results of operations could be materially and adversely affected by any of the risks described below.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties, nor are they listed in order of magnitude or probability. Additional risks and uncertainties that are not presently known to the Directors, or which they currently deem immaterial, may also have an adverse effect on the Group's operating results, financial condition and prospects.

The principal and emerging risks associated with the business are:

Area	Description	Mitigation
Fluctuation in levels of mining activity	The Group is highly dependent on the levels of mineral exploration, development and production activity within the markets in which it operates. A reduction in exploration, development and production activities, or in the budgeted expenditure of mining and mineral exploration companies, will cause a decline in the demand for mining services, as was evident in the 2014 and 2015 financial years.	The Group is seeking to balance these risks by building a portfolio of long-term contracts, expanding its services into mine-site based activities and expanding into new geographic areas. The focus on long-term contracts is evidenced by the award of five new multi-year contracts in 2020, together with contract extensions at Sukari and Yanfolila. Through the expansion in West Africa and extension of services into earth moving services, together with the acquisition of a Mineral Assay business that operates in both the Americas and Africa, we have further diversified the risk.

Area	Description	Mitigation
Fluctuations in value of Investments held	The Group holds investments in a portfolio of both publicly traded and private companies. The accounting value of these investments is marked to market at each reporting date and the fair value adjustment is accordingly recorded in the profit and loss account as an unrealised gain or loss. The value of the investments will change and could materially alter both the Group's reported net assets and net profit position.	The group holds a portfolio of investments in various companies, mitigating the risk of single company weakness. The investments are actively monitored and proactively managed. New investments are required to satisfy a number of criteria with non-executive oversight. In the event of fair value investments becoming an unrealised loss, while this would affect the company's net assets and profitability, it would not affect going concern or cash flow.
Reliance on key customers	The Group's revenue is reliant on a small number of key customers. The loss of a key customer, or a significant reduction in the demand for services provided to a key customer will have a significant adverse effect on the Group's revenues.	The Group has entered into long-term contracts with its key customers for periods between two to five years. Contract renewal negotiations are initiated well in advance of expiry of contracts to ensure contract renewals are concluded without interruption to services. The Group has and continues to monitor projects closely and invest a significant amount of time into client relationship and service level monitoring at all levels of the business. A key part of this process is the quarterly project steering committee meetings with key client stakeholders that provide a forum for monitoring and reporting on project performance and performance indicators, contractual issues, pricing and renewal. The West Africa expansion is intended to negate the customer concentration risk. During 2020, of the 11 new exploration contracts (which includes one extension), five are with new clients, a further four are new sites with existing clients and an additional two long-term contracts were also added to the portfolio.

Area	Description	Mitigation
Contract Risk	The Group is reliant on its ability to price contracts accurately Contract prices are generally set at the outset of a customer contract following a competitive tender process	The Group goes through a rigorous - process to determine a price to submit as part of the tender submission based on a bottom-up costing analysis with a mark-up. The Group makes use of its extensive historical statistics and its in-house knowledge base, combined with site visits to obtain contract specific data. Where contracts are of significant scope, independent cost estimators are appointed, with their findings verified by in-house modelling.
Key personnel and staff retention	The Group's ability to implement a strategy of pursuing expansion opportunities is dependent on the efforts and abilities of its Executive Directors and senior managers. In addition, the Group's operations depend, in part, upon the continued services of certain key employees. If the Group loses the services of any of its existing key personnel without timely and suitable replacements or is unable to attract and retain new personnel with suitable experience as it grows, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected. In addition, business may be lost to competitors which members of senior management may join after leaving their positions with the Group.	The Group has expanded capabilities in the areas of business development, supply chain, finance, training and health and safety and continues to do so through the recruitment of senior managers in the various fields, implementing comprehensive training programmes and providing employees with international exposure in their fields. The Group has also implemented remuneration and incentive policies that seeks to recruit suitable talent and to remunerate talent at levels commensurate with market levels.

Area	Description	Mitigation
Operating risks	Operations are subject to various risks associated with mining including, in the case of employees, personal injury, malaria and loss of life and in the Group's case, damage and destruction to property and equipment, release of hazardous substances into the environment and interruption or suspension of site operations due to unsafe operations. The occurrence of any of these events could adversely impact the Group's business, financial condition, results of operations and prospects, lead to legal proceedings and damage the Group's reputation. In particular, clients are placing an increasing focus on occupational health and safety, and a deterioration in the Group's safety record may result in the loss of key clients.	The Executive Chairman, Executive Leadership Team and managers provide leadership to projects on the management of these risks and actively engage with employees at all levels. The Group have implemented and continue to monitor and update a range of health and safety policies and procedures including equipment standards and standard work procedures. Employees are provided with training regarding risks associated with their employment, policies and standard work procedures. Health and Safety statistics and incident reports are monitored throughout our projects and the various management structures of the Group, including the HSE committee. Where necessary policies and procedures are updated to reflect developments and improvement needs. The Executive – HSEQ monitors high risk events in areas of operation and distributes warnings and guidance as required. The Group acknowledges it has a business risk due to the global outbreak of COVID-19. The primary direct risk factors are closure of mine sites due to an outbreak/preventative measures and the inability of expatriates (both the Group and its clients) to travel to and from site. The Group is in regular contact with its clients to manage this risk. Business continuity measures have already been implemented including limiting all non-essential business travel, monitoring and issuing regular updates on measures taken by governments and institutions to limit the spread and re-enforcing appropriate hygiene measures as per the guidance of medical professionals. The Group is also closely engaged with its clients to ensure workplace safety and containment measures are adhered to.

Area	Description	Mitigation
Currency fluctuations	The Group's contract pricing is in US dollars. However, in certain markets the funds are received in local currency and some of the Group's costs are in other currencies in the jurisdictions in which it operates. Foreign currency fluctuations and exchange rate risks between the value of the US dollar and the value of other currencies may increase the cost of the Group's operations and could adversely affect the financial results. As a result, the Group is exposed to currency fluctuations and exchange rate risks.	To minimise the Group's risk, the Group tries to match the currency of operating costs with the currency of revenue. Funds are pooled centrally in the head office bank accounts to the maximum extent possible. The Group have implemented procedures to allow for the repatriation of funds to the Group's Head Office bank accounts from jurisdictions where exchange control regulations are in effect. While there were continued improvements throughout 2019 and 2020 this remains a key focus area.
Political, economic and legislative risk	The Group operates in a number of jurisdictions where the political, economic and legal systems are less predictable than in countries with more developed industrial structures. Significant changes in the political, economic or legal landscape in such countries may have a material effect on the Group's operations in those countries. Potential impacts include restrictions on the export of currency, expropriation of assets, imposition of royalties or other taxes targeted at mining companies, and requirements for local ownership. Political instability can also result in civil unrest, industrial action and nullification of existing agreements, mining permits or leases. Any of these may adversely affect the Group's operations or results of those operations.	The Group has invested in a number of countries thereby diversifying exposure to any single jurisdiction. The Group monitors political and regulatory developments in the jurisdictions it operates through a number of service providers and advisors. The Group engages specialist consultants to ensure tax compliance is maintained at the highest levels and to provide assistance where tax audits are performed by the Tax Authorities. Senior management regularly reports to the Board on any political or regulatory changes in the jurisdictions we operate in. Where significant events occur, we work closely with our clients, advisors and other stakeholders to address these events.

Area	Description	Mitigation
Technological risk	New Innovation has the possibility of changing an industry with regards to methods and equipment, giving a cost or productivity advantage.	Representatives from the Executive are constantly in contact with the OEMs and attend all major industry trade shows and conferences. The ELT team members have significant experience and knowledge in their operational field and are aware of all new industry developments. For example, the Group's rigs and Heavy Mining Equipment are outfitted with the latest safety equipment as the technology is proven.

Viability Statement

The activities of the Group, together with the factors likely to affect its future development, performance, the financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in pages 22 to 38. The Directors have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. These risks and the ways they are being managed and mitigated by a wide range of actions are summarised on pages 15 to 20.

Taking account of the Group's position, emerging and principal risks, the Directors assessed the prospects of the Group by reviewing and discussing the annual forecast, the three-year strategic plan and the Group risk framework. The review is a robust consideration of all risk factors and sensitivities. The plan reviewed scenarios such as non-renewal of key contracts within the time frame, a general reduction in turnover and the impact on the business and a downside scenario incorporating the aggregate impact of operational and financial disruption on the business, including the possible impact of COVID-19. The evaluation of the potential impact of COVID-19 considered the announcements regarding the current and potential impact of the pandemic by our client base, the gold price as an indicator of its safe haven status, the liquidity of the company, its robust Balance Sheet, good relationship with its financiers and concentration of revenue in gold producing mine sites that to date have continued to produce and export gold. We will continue to be vigilant in monitoring the impact as a result of the COVID-19 pandemic as well other business risks but remain confident that the Group's viability is not at risk.

Throughout the year the Directors review and discuss the potential impact of each principal risk as well as the risk impact of any major events or transactions. A three-year period is considered appropriate for this assessment because:

- It is the period covered by the strategic plan;
- It is aligned with the terms of our principle financing facilities;
- The majority of our major contracts are for a period of three to five years; and
- It enables a high level of confidence, even in extreme adverse events, due to a number of factors such as:
    - The Group has considerable financial resources together with established business relationships with major, mid-tier and junior mining houses and suppliers in countries throughout the world;
    - High cash generation by the Group's operations;
    - Low levels of gearing and strong debt capacity;

- Flexibility of cash outflows including capital expenditure and dividend payments; and

- The Group's long-term contracts, equipment availability and diverse geographic operations.

Based on the results of this analysis, the Directors believe that the Group is well placed to manage its business risks successfully as the market conditions continue to improve. The Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Cautionary Statement

This Business Review, which comprises the Chairman's Statement and Chief Financial Officer's Review, has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed.

The Business Review contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

By order of the Board

Giles Everist
Chief Financial Officer
17 March 2021

CAPITAL

Financial Results

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

		CONSOLIDATED	
		2020	**2019**
		$	$
Revenue		134,961,874	114,826,796
Cost of sales		(80,065,718)	(69,543,841)
Gross profit		54,896,156	45,282,955
Administration expenses		(21,074,206)	(18,003,234)
Depreciation		(12,197,072)	(10,637,057)
Profit from operations		21,624,878	16,642,664
Share of losses from associate		-	(227,904)
Interest income		256,557	182,035
Finance charges		(1,364,222)	(891,750)
Fair value gain/(loss) on investments at fair value		13,574,332	(1,111,456)
Profit before tax		34,091,545	14,593,589
Taxation	4	(9,328,357)	(4,215,970)
Profit for the year		24,763,188	10,377,619
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Movement in other reserve		-	287,568
Total other comprehensive income for the year		-	287,568
Total comprehensive income for the year		24,763,188	10,665,187
Earnings per share:			
Basic (cents per share)	5	17.76	7.7
Diluted (cents per share)	5	17.55	7.6
Profit (loss) attributable to:			
Owners of the parent		24,571,452	10,416,669
Non-controlling interest		191,736	(39,050)
		24,763,188	10,377,619
Other comprehensive income (loss) attributable to:			
Owners of the parent		-	288,651
Non-controlling interest		-	(1,082)
		-	**287,568**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 $	2019 $
ASSETS			
Non-current assets			
Property, plant and equipment	7	88,970,683	52,862,017
Right-of-use assets		629,657	679,991
Goodwill		1,252,348	1,252,348
Intangible assets		276,248	303,191
Total non-current assets		91,128,936	55,097,547
Current assets			
Inventory	10	24,689,102	17,544,401
Trade and other receivables		18,903,656	18,619,228
Prepaid expenses and other assets		28,394,850	6,624,827
Investments at fair value		27,167,095	12,537,105
Taxation		359,970	289,139
Cash and cash equivalents		35,701,894	17,620,623
Total current assets		135,216,567	73,235,323
Total assets		226,345,503	128,332,870
EQUITY AND LIABILITIES			
Equity			
Share capital	8	18,878	13,625
Share premium	8	60,169,426	22,495,287
Equity-settled employee benefits reserve		1,926,994	974,118
Other reserve		190,056	261,301
Retained earnings		84,384,101	62,004,344
		146,689,455	85,748,675
Non-controlling interest		1,389,315	1,199,681
Total equity		148,078,770	86,948,356
Non-current liabilities			
Loans and Borrowings	9	26,112,602	2,899,754
Lease liabilities		337,233	367,039
Deferred tax liabilities		13,755	31,481
Total non-current liabilities		26,463,590	3,298,274

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 31 December 2020

	2020 $	2019 $
Current liabilities		
Trade and other payables	39,711,217	23,121,158
Taxation	7,174,749	4,335,388
Loans and Borrowings	4,581,111	10,294,456
Lease liabilities	336,066	335,238
Total current liabilities	51,803,143	38,086,240
Total equity and liabilities	226,345,503	128,332,870

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Note	Share capital $	Share premium $	Equity settled employee benefits reserve $	Other reserve $	Retained earnings $	Non-controlling interest $	Total $
CONSOLIDATED								
Balance at January 1, 2019		13,581	22,231,662	409,995	(26,267)	54,624,202	-	77,253,173
Issue of shares		44	263,625	(263,669)	-	-	-	-
Recognition of share-based payments		-	-	827,792	-	-	-	827,792
Total comprehensive (loss) income for the year		-	-	-	287,568	10,377,619	-	10,665,187
Profit for the year		-	-	-	-	10,377,619	-	10,377,619
Other comprehensive (loss) income for the year, net of tax		-	-	-	287,568	-	-	287,568
Dividends paid		-	-	-	-	(2,997,477)	-	(2,997,477)
Business Combinations		-	-	-	-		1,199,681	1,199,681
Balance at 31 December 2019 (Audited)		13,625	22,495,287	974,118	261,301	62,004,344	1,199,681	86,948,356
Issue of shares		5,253	40,743,147	(458,740)	-	-	-	40,289,660
Expenses paid on equity raise			(3,069,008)	-	-	-	-	(3,069,008)
Recognition of share-based payments		-	-	1,411,616	-	-	-	1,411,616
Purchase of shares from minority		-	-	-	-	-	(2,102)	(2,102)
Movement to intangible assets					(71,245)	-	-	(71,245)
Total comprehensive income for the year		-	-	-	-	24,571,452	191,736	24,763,188
Profit for the year		-	-	-	-	24,571,452	191,736	24,763,188
Other comprehensive income for the year, net of tax		-	-	-	-	-	-	-
Dividends paid	6	-	-	-	-	(2,191,695)	-	(2,191,695)
Balance at 31 December 2020		18,878	60,169,426	1,926,994	190,056	84,384,101	1,389,315	148,078,770

CONDENSED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	CONSOLIDATED 2020 $	2019 $
Operating activities:			
Cash generated from operations	11	35,987,566	28,690,964
Interest received		256,557	182,035
Finance charges paid		(1,340,098)	(659,292)
Taxation paid		(6,577,555)	(3,541,389)
Net cash generated from operating activities		28,326,470	24,672,318
Investing activities:			
Purchase of property, plant and equipment	7	(42,232,001)	(15,849,548)
Net cash from MSA acquisition		-	166,255
Purchase of investments		(6,398,269)	(9,682,412)
Proceeds from sale of investments at fair value		6,562,856	1,738,964
Proceeds from disposal of property, plant and equipment		42,990	6,754
Purchase of intangible asset		(44,302)	-
Cash paid for asset acquisition		(716,752)	-
Cash paid in advance for property, plant and equipment		(17,933,019)	-
Net cash used in investing activities		(60,718,497)	(23,619,987)
Financing activities:			
Proceeds from new loans		16,000,000	2,000,000
Repayment of loans		(1,062,766)	(2,000,000)
Repayments of leases – principal		(453,611)	(289,537)
Dividend paid	6	(2,191,695)	(2,997,477)
Gross proceeds on equity raise		40,289,660	-
Expenses paid on equity raise		(2,486,602)	-
Net cash generated from/(used in) financing activities		50,094,986	(3,287,014)
Net increase/(decrease) in cash and cash equivalents		17,702,959	(2,234,683)
Cash and cash equivalents at the beginning of the year		17,620,623	19,888,764
Effect of exchange rate movement on cash balances		378,312	(33,458)
Cash and cash equivalents at the end of the year		35,701,894	17,620,623

CAPITAL

NOTES TO THE CONDENSED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. **Basis of preparation**

The preliminary condensed consolidated financial statements are prepared on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. The directors are responsible for the preparation of the preliminary announcement.

The condensed consolidated financial statements included in this preliminary announcement has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”). Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRS, this announcement does not itself contain sufficient information to comply with the disclosure requirements of IFRS. The Group's 2020 Annual Consolidated Financial Statements have been prepared in accordance with IFRS. The preliminary announcement does not constitute a dissemination of the annual financial reports. A separate dissemination announcement in accordance with Disclosure and Transparency Rules (DTR) 6.3 will be made when the Annual Report and audited consolidated Financial Statements are available on the Company’s website.

The accounting policies are in terms of IFRS and consistent with those of the prior year.

The financial information for the years ended 31 December 2020 and 2019 does not constitute the annual financial statements. The annual consolidated financial statements for the year ended 31 December 2019 and 2020 were completed and received an unmodified audit report from the Company’s Auditors.

2. **Operations during the year**

Capital Limited (the “Company”) is incorporated in Bermuda. The Company and its subsidiaries (the “Group”) provide drilling services including but not limited to exploration, development, grade control and blast hole drilling services, mining services including but not limited to earthmoving, fleet management and mine management, mineral analytical services including but not limited to geochemical analysis and laboratory management, maintenance services, including but not limited to fleet maintenance and distribution of specialist mining supplies and rig site technology services including but not limited to equipment rental, survey and geophysical logging and borehole management software services for mining and mining exploration companies.

During the year ended 31 December 2020, the Group provided drilling services in Botswana, Burkina Faso, Cameroon, Côte d'Ivoire, Guinea, Egypt, Mauritania, Mali, Saudi Arabia and Tanzania. The Group's administrative office is located in Mauritius.

3. **Segment analysis**

Operating segments are identified on the basis of internal management reports regarding components of the Group. These are regularly reviewed by the Chairman in order to allocate resources to the segments and to assess their performance. Operating segments are identified based on the regions of operations. For the purposes of the segmental report, the information on the operating segments have been aggregated into the principal regions of operations of the Group. The Group’s reportable segments under IFRS 8 are therefore:

NOTES TO THE CONDENSED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December 2020

3. Segment analysis (continued)

- Africa: Derives revenue from the provision of drilling services, equipment rental, IT support services and mineral assaying.
- Rest of world: Derives revenue from the provision of drilling services, equipment rental, IT support services and mineral assaying.

The following is an analysis of the Group’s revenue and results by reportable segment:

	Africa $	**Rest of world** $	**Consolidated** $
2020			
External revenue	118,892,158	16,069,716	134,961,874
Segment profit (loss)	42,983,120	(19,213,658)	23,769,462
Central administration costs and depreciation			(2,144,584)
Profit from operations			21,624,878
Interest income			256,557
Finance charges			(1,364,222)
Fair value gain on investments at fair value			13,574,332
Profit before tax			34,091,545

The total revenue of $118.9m from the Africa segment includes $70.6m (2019: $70.5m) from customers that represent more than 10% of the Group's revenue.

	Africa $	**Rest of world** $	**Consolidated** $
2019 Audited			
External revenue	110,621,737	4,205,059	114,826,796
Segment profit (loss)	36,501,271	(18,112,362)	18,388,909
Central administration costs and depreciation			(1,746,245)
Profit from operations			16,642,664
Interest income			182,035
Share of losses from associate			(227,904)
Finance charges			(891,750)
Net loss on financial assets at fair value through profit and loss			(1,111,456)
Profit before tax			14,593,589

	CONSOLIDATED	
	2020	2019
	$	$

3. Segment analysis (continued)

Segment assets and liabilities:

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment assets:

	2020 $	2019 $
Africa	276,239,160	184,635,830
Rest of world	48,615,789	29,823,155
Total segment assets	324,854,949	214,458,985
Head office companies	209,060,235	138,073,761
	533,915,184	352,532,746
Eliminations	(307,569,681)	(224,199,876)
Total Assets	226,345,503	128,332,870

Segment liabilities:

	2020 $	2019 $
Africa	150,572,691	85,462,428
Rest of world	37,338,422	28,745,632
Total segment assets	187,911,113	114,208,060
Head office companies	189,124,661	145,304,748
	377,035,774	259,512,808
Eliminations	(298,769,041)	(218,128,294)
Total Liabilities	78,266,733	41,384,514

Segmental reporting summary by region:

	Revenue		Non-current assets	
	2020	2019	2020	2019
Middle East/North Africa	44,620,151	37,955,032	41,357,995	10,563,547
South & East Africa	43,448,759	47,484,365	12,246,215	14,319,439
West Africa	39,699,664	23,917,494	24,682,269	15,072,028
Others	7,193,300	5,469,905	12,842,457	15,142,533
	134,961,874	114,826,796	91,128,936	55,097,547

The business has considered this segmental distribution to be appropriate as it represents the discrete areas of operations that make up the group's revenue stream.

4. Taxation

Capital Limited is incorporated in Bermuda. No taxation is payable on the results of the Bermuda business. Taxation for other jurisdictions is calculated in terms of the legislation and rates prevailing in the respective jurisdictions.

The Group operates in multiple jurisdictions with complex legal and tax regulatory environments. In certain of these jurisdictions, the Group has taken income tax positions that management believes are supportable and are intended to withstand challenge by tax authorities. Some of these positions are inherently uncertain and relates to the interpretation of income tax laws. The Group periodically reassesses its tax positions. Changes to the financial statement recognition, measurement, and disclosure of tax positions is based on management's best judgment given any changes in the facts, circumstances, information available and applicable tax laws. Considering all available information and the history of resolving income tax uncertainties, the Group believes that the ultimate resolution of such matters will not likely have a material effect on the Group's financial position, statements of operations or cash flows. Refer to Note 14 (Contingencies) for more detail on Tanzania, Zambia and Mauritania.

	CONSOLIDATED	
	2020	**2019**
	$	$
5. Earnings per share		
Basic earnings per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Earnings for the year, used in the calculation of basic earnings per share	24,571,452	10,416,669
Weighted average number of ordinary shares for the purposes of basic earnings per share	138,367,746	136,138,967
Basic earnings per share (cents)	17.8	7.7
Diluted earnings per share		
The earnings used in the calculations of all diluted earnings per share measures are the same as those used in the equivalent basic earnings per share measures, as outlined above.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	138,367,746	136,138,967
Shares deemed to be issued for no consideration in respect of:		
– Dilutive share options #	149,023	639,688
– Effect of STIP and LTIP shares	1,478,469	856,104
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	139,995,238	137,634,759
Diluted earnings per share (cents)	17.6	7.6

For the purposes of calculating diluted earnings per share, the share options of 2.16 million were excluded as they are anti-dilutive as the exercise price is higher than the average share price.

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	CONSOLIDATED	
	2020	**2019**
	$	$
6. Dividends		
Dividends paid:		
Final dividend in respect of the year	2,191,695	2,997,477
Total dividends paid	2,191,695	2,997,477

During the 12 months ended 31 December 2020, a dividend of 0.7 cents (2019: 1.5 cent) per ordinary share, totalling to $958,866 (2019:$2,043,734) was declared as the final dividend for 2019 and paid to the shareholders on 04 May 2020 (2019: 03 May 2019) followed by a further dividend of 0.9 cents (2019: 0.7 cents) per share which was declared as interim dividend for 2020 totalling $1,232,828 (2019: $953,743) and paid on 25 September 2020 (2019: 27 September 2019). The total dividend paid is $2,191,695 (2019: $2,997,477).

In respect of the year ended December 31, 2020, the Directors propose that a final dividend of 1.3 cents (2019: 0.7 cents) per share be paid to shareholders on 04 May 2021 (2019: 04 May 2020). This final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these Consolidated Financial Statements. The proposed final dividend is payable to all shareholders on the Register of Members on 9 April 2021 (2019: 14 April 2019). The total estimated final dividend to be paid is $2.5 million (2019: $0.96 million). The payment of this final dividend will not have any tax consequences for the Group.

7. Property, plant and equipment

For the year ended 31 December 2020, the Group spent $46.9 million (2019: $19.8 million) on drilling rigs and other assets to expand its operations, safety upgrades and for the replacement of existing assets. An additional $1.8m was acquired through the purchase of ELAM. The Group disposed of property, plant and equipment with a net book value of $0.8 million (2019: $0.5 million) during the year. A loss of $0.8 million (2019: $0.4 million) was incurred on the disposal of property, plant and equipment. Not reflected in the Cash Flow is a $2.6 million asset finance facility obtained from Epiroc Financial Solutions for the purchase of 3 Rigs and $2 million of assets purchased on credit.

8. Share capital

	2020	2019
<u>Authorised</u>		
2,000,000,000 (2019: 2,000,000,000) ordinary shares of 0.0001 cents (2019: 0.0001 cents) each	200,000	200,000
<u>Number of ordinary shares issued</u>		
188,780,903 (2019: 136,248,953) ordinary shares of 0.0001 cents (2019: 0.0001 cents) each	18,878	13,625
<u>Share premium</u>		
Balance at the beginning of the year	22,495,287	22,231,662
Share issue	37,674,139	263,625
Balance at the end of the year	60,169,426	22,495,287

On 26 March 2020, the Company issued 731,950 new common shares pursuant to the Company's employee incentive scheme. The shares rank pari passu with the existing ordinary shares. Fully paid ordinary shares which have a par value of 0.0001 cents, carry one vote per share and carry rights to dividend.

8. Share capital (Cont'd)

On 21 December 2020, the Company issued 51,800,000 new common shares as part of an equity raise to finance the purchase of mining equipment and working capital for the Group's expansion of its mining activities in Egypt. These shares rank pari passu with the existing ordinary shares, have a par value of 0.0001 cents and carry one vote per share and carry rights to dividend.

9. Loans and Borrowings

Long term liabilities consist of

(a) $15 million revolving credit facility ("RCF") provided by Standard Bank (Mauritius) Limited

The RCF was renewed on 30 July 2020 for a further term of three years. The interest rate on the RCF is the prevailing three month US LIBOR plus a margin of 6.5% (payable quarterly in arrears) and an annual commitment fee of 2.275% of the undrawn balance. The RCF is secured by various pledges over the shares and claims of the Group's entities in Cote d'Ivoire and Tanzania together with the assignment of material contracts and their collection accounts in these jurisdictions and a debenture over the rigs in Tanzania. The facility was fully drawn as at 31December 2020.

(b) $ 3.8 million credit facility provided by Epiroc Financial Solutions AB

The facility was signed on 6 September 2019 and drawn down against the purchase of five rigs. The term of the facility is four years repayable in 46 monthly instalments. Interest is charged at a with a fixed rate of 8.47% per annum (payable monthly in arrears). As at 31
December 2020, an amount of $2.7 million remained outstanding under this facility.

(c) $ 0.2 million Hire purchase agreement with Ma'aden Barrick Copper Company

The agreement was entered into for the purchase of one rig and is repayable over two years in fixed monthly instalments.

(d) $2.6 million credit facility by Epiroc Financial Solutions AB

The facility was signed on 26 November 2020 and drawn down against the purchase of three rigs. The term of the facility is 4 years repayable in 46 monthly instalments. Interest is charged at a fixed rate of 8.25% per annum (payable monthly in arrears). The facility was fully drawn as at 31 December 2020.

(e) $10 million term loan provided by Macquarie Bank Limited (London Branch)

On 25th September 2020, the Group entered into a senior secured, asset backed term loan facility with Macquarie Bank Limited. The term of the loan is three years repayable in quarterly instalments with an interest rate on the facility of the prevailing three month US LIBOR plus a margin of 7.75% per annum (payable quarterly in arrears). The loan is secured over certain assets owned by the Group and currently located in Egypt and Cote d'Ivoire together with guarantees provided by Capital Limited, Capital Drilling Egypt LLC and Capital Mining Services SARL. The facility was fully drawn as at 31 December 2020.

During the year under review, the Group has complied with all covenants that attached to both the RCF and the term loan.

9. Loans and Borrowings (Cont'd)

On 19 November 2020, the Group entered into a term loan facility agreement with Sandvik Financial Services AB (PUBL). The facility is for up to $8.5 million for the purchase of equipment from Sandvik AB, available in not more than four tranches until 31 December 2021. Each tranche is repayable over a period of five years. Interest is payable quarterly in arrears at 5.45% per annum on the drawn amount. As at 31 December 2020, the facility remained undrawn and fully available.

	CONSOLIDATED	
	2020	**2019**
	$	$
Balance at the beginning of the year	13,194,210	9,029,884
Amounts received during the year	18,649,798	5,971,650
Interest accrued during the year	1,196,504	851,968
Interest paid during the year	(1,098,963)	(659,292)
Commitment fees expensed/paid	(185,070)	-
Principal repayments during the year	(1,062,766)	(2,000,000)
	30,693,713	13,194,210
Less: Current portion included under current liabilities	(4,581,111)	(10,294,456)
Due after more than one year	26,112,602	2,899,754

10. Inventory

The cost of inventories recognised as an expense in the current year amounts to $9.8m (2019: $10.1m). During the year, the Group wrote off $385k (2019: $524k) of inventory. An additional provision of $102k (2019: $110k) was made during the year, resulting in an increase in the carrying amount of the provision. Refer to Note 4 for details of the amount of write-down of inventories recognised as an expense in the period.

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		CONSOLIDATED	
		2020	2019
		$	$
11.	**Cash generated from operations**		
	Profit before tax	34,091,545	14,593,589
	Adjusted for:		
	– Depreciation	11,778,170	10,372,879
	– Loss on disposal of property, plant and equipment	778,847	448,495
	– Depreciation of Right of use assets	418,902	264,178
	– Share based payment expense	1,411,616	827,792
	– Fair value gain/(loss) on investments at fair value	(13,574,332)	1,111,456
	– Interest income	(256,557)	(182,035)
	– Share of loss from associate	-	227,904
	– Finance charges	1,364,222	891,750
	– Unrealised foreign exchange loss/(gain) on foreign cash held	(378,312)	33,458
	Operating cash flows before working capital changes	35,634,101	28,589,466
	Adjustments for working capital changes:		
	– (Increase)/Decrease in inventory	(7,074,833)	1,594,687
	– Increase in trade and other receivables	(5,170,082)	(5,023,468)
	– Increase in trade and other payables	12,598,380	3,530,279
		35,987,566	28,690,964

		CONSOLIDATED	
		2020	2019
		$	$
12.	**Commitments**		
	The Group has the following commitments:		
	Committed capital expenditure	35,647,233	745,238

The Group had outstanding purchase orders amounting to $40.2 million (2019: $1.1 million) at the end of the reporting period of which $35.6 million [2019: $0.7 million] were for capital expenditure. $32.2 million of the increase relates to the order of assets for the Sukari waste stripping and drilling contracts.

13. Contingencies

Zambia tax:

Capital Drilling (Zambia) Limited ("CDZ"), a subsidiary of Capital Limited, is a party to various tax claims made by the Zambian Revenue Authority for the tax years 2007 to 2013.

Following an integrated audit completed by the ZRA between 1 and 19 September 2014, on 30 April 2015, CDZ received a tax assessment from the Zambian Revenue Authority totalling Zambian Kwacha 149,978,783 ($8.3 million), inclusive of penalties and interest. The claims relate to various taxes, including income tax, value added tax, payroll tax (PAYE) and withholding tax. Since the assessment date, the management of CDZ has responded in detail to these claims, providing the Zambian Revenue Authority with detailed analysis and arguments justifying CDZ's tax position. No amount has yet been paid in this regard and no additional communication or actions were received from the Zambian Revenue Authority regarding this matter since June 2016.

Tanzania tax:

2009-15 tax audit

Capital Drilling (T) Ltd ("CDT"), a subsidiary of the Company, is party to a payroll tax claim made by the Tanzanian Revenue Authority ("TRA") for the tax years 2009-2015. During the financial year ended 31 December 2016, the company received an immediate demand notice from the TRA for 18.6 billion Tanzanian Shillings ("TZS") (US$8.0 million), inclusive of penalties and interest. The management of CDT objected to the assessment raised by the TRA and requested the calculations of the notice. In order to object, according to Tanzanian tax law, a taxpayer is required to pay the tax amount not in dispute or one third of the assessed tax whichever is greater. CDT's management reached an agreement with the TRA and paid TZS 1.5 billion (US$0.7 million) in lieu of one third of the assessed value.

In June 2017 the TRA provided its calculations to CDT, in which CDT identified differences with the TRA on both the facts and methodology used to determine the tax payable. In order to continue the discussions and negotiations with the TRA, CDT has, at the request of the TRA, paid an additional amount of TZS 1.1 billion (US$0.4 million), increasing the total amount paid to TZS 2.6 billion (US$1.1 million) as at 31 December 2018.

CDT is of the view that the US$1.1 million already paid represents the maximum potential tax liability. However, on 3 February 2020, the TRA issued an updated assessment of TZS 22.5 billion (US$9.8 million) which comprises a principal amount of TZS 7.3 billion (US$3.2 million) and interest of TZS 15.2 billion (US$6.6 million). CDT has lodged an appeal at the Tanzania Revenue Appeals Board (TRAB), which was dismissed on a technicality on 25th September 2020. Since then, CDT has lodged a Notice of Intention to Appeal against the decision of the TRAB at the Tanzania Revenue Appeals Tribunal. The appeal will be lodged within the statutory timeframes that procedurally commence once the TRAB issues CDT with copies of proceedings and the full text of the Ruling, both of which are required in order to lodge the appeal. CDT remains confident that its appeal will be successful.

CDT is confident with the position presented to the TRA and, concurrent with the ongoing formal TRAB appeal procedure, continues to engage with the TRA to seek a negotiated resolution.

13. Contingencies (Continued)

Tanzania tax: (Cont'd)

2016-18 tax audit

The TRA issued an initial assessment of $4.5m for 2016-18 in December 2019. Through negotiation, this was reduced to $2.4 million in May 2020.

In the year ended 31 December 2020, a total of $0.7 million was paid in order to allow CDT to proceed with lodging formal objections. These were lodged in June 2020 and have been acknowledged by the TRA. No other communication on this matter has been forthcoming.

$0.7m is also in line with Management's estimate of the potential tax and penalties due and, as this amount has already been paid, no further amounts have been provided on the balance sheet.

Mauritania tax:

2016-2018 tax audit

On 20 February 2020, Capital Drilling Mauritania SARL ("CDM") received a tax assessment from the Mauritanian Revenue Authority ("MRA") for the tax years 2016–2018. The assessment totalled $2.8m inclusive of penalties and interest. CDM's management responded to these claims in detail, strongly refuting the position taken by the MRA. An amount of $1.8m was provided for in the Group's accounts as at 30 June 2020.

With additional interest, the total assessment increased from $2.8m to $3.2m. Through discussions with the Director of the MRA, the tax assessment was reduced to $1.8m, which was paid in full by 31 December 2020.

The 2016-18 audit is now closed and the MRA has indicated that withholding tax credits of $0.6m paid during the period will be refunded to CDM. No asset has been recognised for these withholding tax credits.

2019 tax audit

On 25 November 2020, CDM received notification that the MRA has commenced a routine tax audit into the 2019 tax year and, on 21 December 2020, the MRA issued a payment demand for a total of $1.9m including penalties.

Management considers that the maximum exposure is $0.7m, including penalties. A payment of $0.3m was made before the end of 2020, leaving $0.4m payable based on management's analysis. However, in February 2020 CDM was required to sign a payment plan for $1.7m, including an additional $0.1m penalties, in order for the case to proceed to a full technical review by the MRA. As at 31 December 2020, $1.0m has been provided but the final negotiated position is expected to be significantly closer to Management's estimate of the remaining exposure.

14. Glossary

A description of various acronyms is detailed below:

ARPOR	Average Revenue Per Operating Rig
CAPEX	Capital Expenditure
EBIT	Earnings (Loss) Before Interest and Taxes
EBITDA	Earnings (Loss) Before Interest, Taxes, Depreciation and Amortisation
EPS	Earnings (Loss) Per Share
ETR	Effective Tax Rate
HSSE	Health, Safety, Social and Environment
KPI	Key Performance Indicator
LTI	Lost Time Injury
LTM	Last Twelve Months
NPAT	Net Profit (Loss) After Tax
PBT	Profit (Loss) Before Tax
YOY	Year On Year
Return on capital employed	LTM EBIT / (Equity)
Return on total assets	LTM EBIT / Total Assets