

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

H1 2021 Trading Update and Guidance Update for 2021

Capital (LSE: CAPD), a leading mining services company focused on the African markets, today provides its trading update for the period 1 January to 30 June 2021 (the "Period"). The Company will announce its half year results and provide a further operational update on 19 August 2021.

FIRST HALF (H1) 2021 KEY METRICS

	H1 2021	H1 2020	H2 2020	% change from H1 2020	% change from H2 2020
Revenue (\$million)	98.7	65.1	69.9	51.7%	41.2%
ARPOR (\$)	180,000	170,000	172,000	5.9%	4.7%
Average utilised rigs	73	57	58	28.1%	25.9%
Fleet Utilisation (%)	73	57	60	28.1%	21.7%
Average Fleet	99	99	97	0.0%	2.1%
Closing fleet size	106	99	94	7.1%	12.8%

SECOND QUARTER (Q2) 2021 KEY METRICS

	Q2 2021	Q2 2020	Q1 2021	% change from Q2 2020	% change from Q1 2021
Revenue (\$million)	54.7	32.6	44.0	68.0%	24.3%
ARPOR (\$)	180,000	170,000	180,000	5.9%	0.0%
Average utilised rigs	81	57	64	42.1%	26.6%
Fleet Utilisation (%)	79	58	67	36.2%	17.9%
Average Fleet	103	99	95	4.0%	8.4%
Closing fleet size	106	99	98	7.1%	8.2%

Financial Highlights

- Q2 2021 revenue of \$54.7 million, up 68.0% on Q2 2020 (\$32.6 million) and up 24.3% on Q1 2021 revenue (\$44.0 million);
- H1 2021 revenue of \$98.7 million, up 51.7% on H1 2020 (\$65.1 million) and up 41.2% on H2 2020 (\$69.9 million);
- Non-drilling revenue contributed 17% of total revenue for H1 2021, compared with H1 2020 (9%¹), driven by mining services, maintenance services and MSALABS;
- West African region's contribution to Group revenue was 38% in H1 2021, compared to a 31% contribution in H1 2020 and 32% in H2 2020;
- Paid a final dividend of US1.3cps for 2020 financial year in May 2021, up from US0.7cps for the 2019 financial year;
- Net debt at the end of H1 2021 was \$33.6 million vs a net cash balance of \$5.0 million at the end of December 2020. The majority of the remaining Sukari capex was spent in H1 2021 as previously guided;
- **Increasing 2021 Revenue Guidance:** After a strong H1 2021 and better than anticipated drilling utilisation rates, the Group is increasing guidance on anticipated revenues for the current financial year to \$200-210 million (up from \$185-195 million originally guided at the FY20 results); and
- H1 2021 results will be released on 19 August 2021.

¹ Restated as Well Force International (WFI) revenue is now incorporated within drilling revenue

Operational Update

- Fleet utilisation increased to 79% in Q2 2021, an increase of 36.2% on Q2 2020 (58%) and 17.9% on Q1 2021 (67%); H1 2021 average utilisation was 73% an increase of 28.1% on H1 2020 (57%) and 21.7% on H2 2020 (60%);
- Average monthly revenue per operating rig (“ARPOR”) remained consistent with Q1 2021 (US\$180,000) as core long-term contracts continue to perform strongly;
- Awarded a two-year contract extension for surface exploration and resource development drilling with Resolute at the Syama Gold Mine, Mali (commencing July);
- Awarded an exploration contract with new client Shanta Gold at its West Kenya project, Kenya (commencing Q3);
- Commenced new exploration drilling campaign with existing client Arrow Minerals at its Dassa Gold Project, Burkina Faso;
- Increased rig capacity at multiple operations, including:
 - Geita Gold Mine, Tanzania (AngloGold);
 - North Mara Gold Mine, Tanzania (Barrick);
 - Morila Gold Mine, Mali (Firefinch);
 - Sanankoro Project, Mali (Cora Gold).
- Transformational Sukari Gold Mine (Egypt) waste mining and expanded drilling contracts continue to perform well:
 - Blast hole fleet is fully utilised, with all seven new blast hole rigs now operational;
 - Large excavator fleet (1 x CAT 6020 and 2 x CAT 6040) commissioned and operational;
 - Workforce recruitment is approximately 94% complete.
- Achieved several world class safety records during the half, including:
 - Yanfolila Gold Mine (Mali) achieved three years LTI free in January;
 - Bonikro Gold Mine (Côte d’Ivoire) achieved on year LTI free in January;
 - Bamako facility (Mali) achieved three years LTI free in January;
 - Mwanza facility (Tanzania) achieved thirteen years LTI free in January;
 - Bulyanhulu Gold Mine (Tanzania) achieved one year LTI free in January;
 - North Mara Gold Mine (Tanzania) achieved five years LTI free in March;
 - Geita Gold Mine (Tanzania) achieved four years LTI free in March;
 - Syama Gold Mine (Mali) achieved four years LTI free in June.
- MSALABS is advancing the installation of Chrysol’s PhotonAssay units:
 - The initial unit is currently in transit to the Bulyanhulu (Tanzania) laboratory, with commissioning anticipated during August;
 - Additional unit secured for Canada and scheduled for arrival in Val d’Or, Quebec, in Q4, representing an expansion of our presence in the country and entry into the prolific Abitibi Belt. Offtake discussions are well advanced for the unit’s capacity.
- Rig count increased from 98 (31 March 2021) to 106 with the acquisition of new rigs to support existing contracts, including four blast hole rigs for Sukari (Egypt), three underground rigs for Geita (Tanzania) and one RC rig for Yanfolila (Mali); and
- The Group’s portfolio of ten long-term mine-site based contracts performed well.

Outlook

- Q2 once again delivered the highest quarterly revenues since the Company’s inception, with the drilling business being particularly strong and mining and other business units are also driving revenue growth;
- Capital continues to see very robust demand conditions for drilling services which should keep utilisation rates high through H2 2021;
- Gold continues to trade at near decade long highs, which is supportive of further increases to capex and exploration budgets across the mining industry – a strong tailwind for Capital with c.90% of revenue exposed to the African gold mining sector;
- Sukari earth moving works continue to ramp up in line with expectations and guidance for full operating run rate remains Q4 2021;
- Tendering activity across all business units remains robust, with a number of opportunities progressing; and
- Revenue guidance for 2021 is raised to \$200-210 million compared to \$185-195 million originally guided at the FY20 results.



Conference Call Details – Today 09.00 UK time

The Company will host a conference call on Thursday, 15 July 2021, at 09.00 a.m. (London, UK time) to update investors and analysts on the Q2 trading release.

Participants can join the conference call using the dial in details below

United Kingdom Toll-Free: 08003589473

United Kingdom Toll: +44 3333000804

PIN: 62882241#

International dial-in numbers - [Link](#)

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

“Capital has delivered the strongest first half in its history, with drilling particularly strong throughout the period and non-drilling contribution continuing to grow. Near decade high commodity prices remain a significant tailwind, with Capital seeing exceptionally strong demand for its drilling business, driving utilisation rates not seen since 2012. This has been the primary driver for our 2021 revenue guidance uplift announced today.

Non-drilling services are quickly becoming a larger portion of the Group’s business mix. The execution of the Sukari contracts for the waste stripping and additional drilling are progressing well and in line with our expectations. Operations will continue to accelerate through the second half, reaching full run rate in Q4. MSALABS is also showing encouraging momentum as it rolls out the revolutionary Chrysos PhotonAssay units, with the first in transit to Bulyanhulu in Tanzania and a second set to arrive in Val d’Or in Quebec, Canada, in Q4 this year.

The safety of our workforce remains a pillar of our strategy, and we are proud that we have seen continued excellence amongst all the increased activity across the Group.

Looking ahead, rig utilisation levels are expected to maintain the high levels seen through H1, with new rigs largely going to previously announced contracts, and demand remaining strong.”

- ENDS -

For further information, please visit Capital’s website www.capdrill.com or contact:

Capital Limited +230 464 3250
Jamie Boyton, Executive Chairman investor@capdrill.com
Giles Everist, Chief Financial Officer
Rick Robson, Executive - Corporate Development
Conor Rowley, Investor Relations & Corporate Development Manager

Berenberg +44 20 3207 7800
Matthew Armit
Jennifer Wyllie
Detlir Elezi

Tamesis Partners LLP +44 20 3882 2868
Charlie Bendon
Richard Greenfield

Buchanan +44 20 7466 5000
Bobby Morse capital@buchanan.uk.com
Kelsey Traynor
James Husband



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.