

Capital Limited
(“Capital”, the “Group” or the “Company”)

Q3 Trading Update

Capital Limited (CAPD: LN), a leading mining services company focused on the African markets, today provides its Q3 2020 trading update for the period to 30 September 2020.

THIRD QUARTER (Q3) 2020 KEY METRICS

	Q3 2020	Q3 2019	Q2 2020	% change from Q3 2019	% change from Q2 2020
Revenue (US\$m)	35.3	29.4	32.6	20.1	8.3
ARPOR*(US\$)	171,000	174,000	170,000	-1.7	0.6
Average utilised rigs	60	48	57	25.0	5.3
Fleet Utilisation (%)	61	52	58	17.3	5.2
Average Fleet	98	92	99	6.5	-1.0
Closing fleet size	98	92	99	6.5	-1.0

* Average monthly revenue per operating rig

Financial Highlights

- Revenue of \$35.3 million, up 8.3% on Q2 2020 (\$32.6 million) and 20.1% up on Q3 2019 (\$29.4 million)
- Mine-site services continue to underpin revenue streams, contributing 94% of Group revenue
- Q3 ARPOR \$171,000, up 0.6% on Q2 2020 (\$170,000) and down 1.7% on Q3 2019 (\$174,000)
- Non-drilling revenue contribution of 12% of total revenue for Q3 2020, compared with Q2 2020 (10%), driven by mining services, maintenance services and MSALABS (Q3 2019: 11%)
- West Africa contributed 31% to Group revenues in Q3 2020 compared to Q2 2020 (29%), an increase of 6% (Q3 2019: 22%)
- Continued solid operational profitability, driven by consistent revenue at long-term contracts and ongoing prudent cost management
- Declared an interim dividend of US0.9cps for the H1 2020 period, paid on 25 September 2020 (2019: Interim dividend of US0.7cps), a 29% increase

Operational Highlights

- Further expansion of West African operations, with the successful award of two new drilling contracts in Guinea for an initial total of 40,000 metres of reverse circulation, diamond and air core drilling:
 - Hummingbird Resources: exploration drilling contract at its newly acquired Kouroussa Gold Project in Guinea. Drilling is anticipated to commence in Q4 2020 and will utilise an air core rig from the existing fleet. This will be Capital’s first contract in Guinea
 - Predictive Discovery: an exploration and delineation drilling contract at its Bankan Project, located within the Siguiri Basin in Guinea. This is a new client for Capital, with drilling expected to commence in Q4 2020, and will initially utilise a multi-purpose rig from the existing fleet
- Exploration activity re-commencing as West African wet season nears completion, with a number of exploration projects starting, including Arrow Minerals (Burkina Faso), Awale Resources (Côte d’Ivoire), Marvel Gold (Mali) and in Q4, Oriole Resources (Cameroon)

- Increased exploration drilling activities has driven an increase in Q3 2020 fleet utilisation to 61%, up 5.2% on Q2 2020 (58%) and up 17.3% on Q3 2019 (52%)
- Continued to build the West African fleet, with a further four reverse circulation rigs due for arrival in Q4 2020
- Another solid safety performance for the quarter, with the Group's COVID-19 protocols and management plan proving to be highly effective in minimizing incidents of infection
- Solid performance by the Groups portfolio of eight long-term mine-site based contracts including: Tasiast (Kinross) in Mauritania, Syama (Resolute) and Yanfolila (Hummingbird) in Mali, Bonikro (Allied) in Côte d'Ivoire, Sukari (Centamin) in Egypt, North Mara (Barrick) and Geita (AngloGold Ashanti) in Tanzania and Jabal Sayid (Barrick) in Saudi Arabia
- The COVID-19 pandemic continues to have no material impact on operations, however some restrictions in the movement of personnel continues to require pro-active management

Trading Update and Outlook

- Equity markets continued to strengthen with activity levels during the quarter reaching the highest seen since 2012, a strong indicator of future demand
- The gold price continues trading around all-time highs, a positive for Capital Limited with over 90% of revenue derived from the sector
- Strong gold price continues to positively impact cash flows of mining companies, which is expected to support increased exploration budgets and demand for drilling and mining services
- International travel restrictions associated with COVID-19 continue to ease, however the company will maintain close monitoring of the situation
- Operations at Sukari, Centamin's Tier 1 gold mine, continue without any disruptions despite the temporary safety suspension to operations on the West Wall of the open pit
- Tendering market for drilling has increased materially during the quarter, both in the numbers and size of tenders in the market
- Continued to gradually build mining fleet to better position the business to actively engage in the mining services tender market
- Opportunities within the mining services business are progressing well with advanced discussions on a number of opportunities

The Group maintains its revenue guidance, with expected revenue of \$130 - \$140 million for 2020 (versus \$114.8 million in 2019).

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

"The third quarter saw further progress in our drilling services operations, from production to exploration, with continued excellence in our safety record as well as a strong pick up in rig utilisation. Our West African strategy continued to deliver growth through existing client projects, and we look forward to expanding our reach with the forthcoming expansion into the Guinea-Conakry market. In terms of our broader mining services businesses, Capital made significant progress with the development of our load and haul fleet and capability, while MSALABS, our laboratory business, continued to grow its presence in Africa, leveraging off the well-established Capital network."

Looking ahead into the current quarter, Capital's operations at Sukari, Centamin's Tier 1 gold mine in Egypt continue with no disruptions following the successful safety measures recently implemented in the open pit. Activity levels are beginning to benefit from the gradual easing of travel and other restrictions brought on by the global COVID-19 pandemic. Capital remains on track to deliver on its guidance for 2020, supported by the positive trends both in the capital markets' appetite for the gold mining sector, the medium term fundamentals of gold and the increased activity in African mining more generally."

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About Capital

Capital Limited is a leading mining services company providing a complete range of drilling, mining, maintenance and geochemical laboratory solutions to customers within the global minerals industry, focusing on the African markets. The Company's services include: exploration, delineation and production drilling; load and haul services; mining equipment hire and maintenance; and geochemical analysis. The Group's corporate headquarters are in Mauritius and it has established operations in Botswana, Burkina Faso, Côte d'Ivoire, Egypt, Guinea, Mali, Mauritania, Nigeria, Saudi Arabia and Tanzania.