

Centamin PLC Announces Q1 2019 Results

24.04.2019 | [ACCESS Newswire](#)

Quarterly Report

for the three months ended 31 March 2019

PERTH, April 24, 2019 - HIGHLIGHTS

Operational

- Sukari Gold Mine ("Sukari") produced 116,183 ounces of gold in the first quarter ("Q1"), above forecast of 105,000 - 115,000 ounces.
- Ongoing operational improvements delivered in the open pit and underground.
- Record processing plant throughput of 3.25Mt of ore at a 95% plant utilisation rate.
- Both unit cash costs and all in sustaining costs ("AISC") trending toward the lower end of annual guidance; cash costs of production of US\$631 per ounce produced and AISC of US\$898 per ounce sold.

Exploration

- Successful drilling campaign at Sukari continues to unlock more reserve and resource growth potential, identifying ore suitable for near- and medium-term production; Encouraging results from the Horus Deeps confirmed mineralisation remains open at-depth and along strike.
- Doropo Project resource update, increasing Indicated resource estimate by 58% to 2.13Moz Indicated and 0.8Moz Inferred with further positive results confirming structural extensions and resource upside.
- Maiden resource estimate at ABC Project of 650koz Indicated and 450koz Inferred.

Environmental, Social and Governance

- Good progress with succession planning and recruitment initiatives with the appointment of Dr Sally Eyre as Independent Non-Executive Director, Jeremy Langford as Chief Operating Officer ("COO"), as well as several high calibre individuals into key operational roles of Operations Director, Underground Manager, Technical Services and Planning Manager, and Supply Chain Manager.
- Group Lost Time Injury Frequency Rate ("LTIFR") of 0.60 per 200,000 workplace hours.

Financial

- Generated US\$13.9 million of Group free cash flow ⁽¹⁾, net of profit share payments to the Egyptian government and investing activities.
- Strong and flexible balance sheet with no debt, no hedging and cash and liquid assets⁽⁴⁾ of US\$331.6 million, as at 31 March 2019.
- 2018 final dividend approved at the Annual General Meeting, with US\$34.6 million (3.0 US cents per share) to be paid to shareholders on 13 May 2019⁽⁵⁾.

Outlook

- The Company is on track and reiterates annual guidance for 2019: gold production of 490,000 - 520,000 ounces, at cash costs of US\$675-725 per ounce produced and an AISC of US\$890-950 per ounce sold.

- Continued exploration focus with 2019 budget of US\$40 million targeting Cleopatra exploration and decline development, reserve and resource expansion at Sukari underground, Doropo Project and ABC Project, while identifying new scalable targets for future exploration and growth upside.
- Updated resource, maiden reserve and Preliminary Economic Assessment ("PEA") for the Doropo Project to be completed by the end of H2 2019.
- Completion of 40MW (AC) solar power plant feasibility study at Sukari during H2 2019, with the scope to significantly reduce power costs and reliance on fossil fuels.
- Delivering on the Board succession programme to identify and appoint three Non-Executive Directors with one migrating to Non-Executive Chair.
- The Company will release 3-year outlook, including 2020 and 2021 guidance, in Q2 2019.

Andrew Pardey, CEO, commented:

"We have made a solid start, delivering Q1 ahead of expectations. Despite being the weakest quarter forecasted for 2019, it is encouraging to see the systems and process upgrades across all sections of the mine positively impacting performance. The Company is on track to deliver annual production and cost guidance for 2019. The focus remains firmly on delivering continued operational progress through tight compliance to plan.

A stronger second half for the year is forecast, delivering approximately 55% of the annual production guidance during H2 2019. This will be driven by increasing quarter on quarter open pit ounce contribution, as the grade profile improves with depth, and further optimisation of our underground operations.

We are delighted to have welcomed so many top-tier technical individuals to the Company, including Dr Sally Eyre as a Non-Executive Director and Jeremy Langford as Chief Operating Officer. Their experience will be instrumental in maximising the value of the Company's asset base.

Centamin's clear corporate strategy, technical expertise, highly prospective asset base and robust balance sheet provide the solid foundation to generate sustainable cash flow, drive organic growth and maximise shareholder returns."

Table 1. Q1 2019 Group Production Summary

	units	Quarter on quarter comparative			Year on year comparative	
		Q1 2019	Q4 2018	% change	Q1 2018	% change
Open pit						
Total material mined	kt	20,987	21,075	(0.4%)	18,496	15%
Ore mined	kt	3,126	4,990	(37%)	6,047	(48%)
Ore grade mined	g/t Au	0.72	0.75	(4%)	0.50	44%
Strip ratio	waste/ore	5.71	3.22	77%	2.06	178%
Underground						
Ore mined	kt	270	314	(14%)	312	(14%)
Ore grade mined	g/t Au	6.34	6.21	2%	6.69	(5%)
Processing						
Ore processed	kt	3,248	3,198	2%	3,068	6%
Feed grade						

g/t Au

(11%)

(2%)

Gold recovery	%	88.8	89.1	(0.3%)	89.6	(0.9%)
Total gold production	oz	116,183	137,600	(16%)	124,296	(7%)
Gold sold	oz	111,365	148,851	(25%)	131,045	(15%)
Cash costs of production (1,2)	US\$'000 produced	71,892	82,579	(13%)	71,312	1%
Cash costs of production (1,2)	US\$'000 sold	71,471	96,743	(26%)	78,126	(9%)
All-in sustaining costs ("AISC")(1,2)	US\$'000 sold	98,041	118,911	(18%)	106,939	(8%)
Unit cash costs(1,2)	US\$/oz produced	631	609	4%	581	9%
Unit cash costs(1,2)	US\$/oz sold	655	658	(1%)	603	9%
Unit AISC(1,2)	US\$/oz sold	898	809	11%	825	9%
Average realised sales price	US\$/oz	1,303	1,235	5%	1,328	(2%)

(1) Cash cost of production, AISC, and cash, bullion on hand, gold sales receivables, and free cash flow are non-GAAP measures, based on unaudited accounts.

(2) Cash cost of production and AISC reflect a provision against prepayments to reflect the removal of fuel subsidies which occurred in January 2012. Further details can be found in the Company 2018 Annual Report - refer to note 2.7 of the financial information for further details).

(3) Profitshare commenced during the third quarter of 2016. The first two years was a 60:40 split of net production surplus to PGM and EMRA respectively. From 1 July 2018 this changed to a 55:45 split for the next two-year period until 30 June 2020, after which all net production surpluses will be split 50:50.

(4) Cash and cash equivalents, bullion on hand, gold sales receivables and financial assets at fair value through other comprehensive income.

(5) Full details on the Company's dividend policy, including the 2018 Final Dividend timetable, can be found on the website at <https://www.centamin.com/investors/shareholder-services/dividend-information>

Conference call and Webcast

The Company will be hosting a conference call and webcast today, Wednesday, 24 April at 08.30 BST (UK time) to discuss the results with investors and analysts.

Please find below the required participation details for the call:

Conference call

Participant access code: 412140

Dial-in telephone number: +44 203 936 2999

Webcast

Please follow this link to join the webcast:<https://www.investis-live.com/centamin/5cb6f8231983a11000690ad9/idhs>

A replay of the webcast will be made available on the Company website by the close of business today.

Enquiries

For further information, please visit the website www.centamin.com or contact:

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Operational Review

SUKARI GOLD MINE, EGYPT

Production

Gold production was 116,183 ounces for the quarter, a 7% reduction compared to the corresponding quarter in 2018 ("YoY"). The open pit operation performed broadly in line with plan and the underground operation performed better than plan, with improvements to underground operational efficiencies delivering higher grades.

The dump leach operations contributed 2,332 ounces, an 8% increase YoY. As mining progresses with Stage 5 stripping, some low-grade oxide and transitional material will be delivered to the dump leach throughout the year.

Cleopatra decline development in mineralisation resulted in 2,189 ounces produced, a 49% increase YoY, due to ramp up in development.

Costs^(1,2)

Strong cost control with absolute cash costs of production of US\$71.9 million, flat YoY and a 13% improvement QoQ. Less than budgeted fuel and processing reagents were consumed in the quarter, partially offsetting increased year-on-year costs of the consumables. Higher-grade underground tonnes were prioritised for processing ahead of open pit tonnes, resulting in increased open pit stockpiles, positively impacting costs during the quarter.

Absolute AISC of gold sold was US\$98.0 million, an improvement of 8% YoY and 18% QoQ, as a result of

lower sustaining capital costs incurred for the quarter, in line with the capital expenditure profile for 2019.

Unit cash costs of production of US\$631 per ounce produced, a 9% increase YoY and 4% increase QoQ, and unit AISC of US\$898 per ounce sold, a 9% increase YoY and 11% increase QoQ - as a result of comparatively fewer gold ounces produced and sold in the respective quarter.

Open pit mining

The open pit delivered a steady start to 2019. Ongoing performance initiatives, in particular the centralisation of open pit scheduling (through the integration of mine planning, optimisation programmes, maintenance and rebuild programmes) have resulted in improved compliance with the mine plan.

Total material mined of 21.0Mt, a 13% increase YoY, driven by improvements to the mining sequence and routine workplace training. Total ore mined of 3.1Mt at an average grade of 0.72g/t, a 48% reduction in tonnes YoY and a 44% increase in grade YoY. Mining principally focussed on lowering Stage 4 West to the reduced level ("RL") of Stage 4 North, requiring increased waste stripping balanced with higher grade ore tonnes, as the grade profile increases with depth.

The strip ratio increased to 5.71:1, in line with the annual guidance of 5.85:1. The orebody tightens with depth and Stage 5 stripping has commenced in parallel to ensure a smooth transition from Stage 4 sulphide material to Stage 5 sulphide material in 2021.

The open pit delivered 2.9Mt at an average milled grade of 0.83g/t to the plant and 88kt at an average grade of 0.35g/t to the dump leach pads. The ROM stockpiles increased from 12.2Mt at 0.47g/t to 12.3Mt at 0.45g/t over the quarter.

Underground mining

All sections of the underground performed well against the mine plan in Q1. Technological improvements and new processes and controls have been valuable drivers in performance.

Total ore mined of 270kt, a 14% decrease YoY, due to increased waste material movement of 69kt, a 243% increase YoY, as decline development focuses on preparing new near-term stoping areas and accessing medium-term production levels. Blended underground ore grade averaged 6.34 g/t, a 5% decrease YoY.

Ore mined from stoping of 168kt at 8.20g/t, a 5% increase in tonnes YoY and 13% improvement in grade YoY, driven by increased grade control drilling and improved dilution controls, resulting in improved operational efficiencies.

Approximately 2,000 metres of development was completed within the Amun/Ptah underground, including decline, ore drive and cross cut development, resulting in ore mined from development of 102kt at an average grade of 3.27g/t, a 33% decrease in tonnes YoY and 46% decrease in grade YoY.

Cleopatra decline development progressed 834 metres. Development in mineralisation resulted in 53,349 ore tonnes at an average grade of 1.44g/t.

Good underground equipment availability and utilisation throughout the quarter, including two operational long-hole drill rigs ("LHDR").

Processing

The plant processed a record 3.25Mt of ore, a 6% increase YoY, with plant utilisation exceeding 95%.

Feed grade to the processing plant averaged 1.28g/t, down 2% YoY, but exceeding expectations, due to an

increase in high-grade underground feed.

Metallurgical recovery averaged 88.8%, down 1% YoY. Work is ongoing to optimise the flotation stability, including the installation of Visiofroth cameras to Plant 1.

Exploration Review

SUKARI GOLD MINE, EGYPT

Successful exploration inside the Sukari complex has yielded outstanding results, unlocking more reserve and resource growth potential, including the continuation of high-grade structures within the porphyry.

A total of 15,206 metres of diamond drilling was completed at Sukari in Q1.

Amun / Ptah Production Decline

A total of 4,167 metres were drilled from the Amun, targeting reserve and resource extensions within the Osiris Flats structure, testing resource extensions within the Top of Horus and drilling deeper holes into the underexplored Horus Deeps.

Proximal to the current decline development drives and outside the existing reserve and resource, results confirmed high-grade continuity of mineralisation along the Osiris thrust southern and western extensions. Top of Horus results demonstrated the orebody remains open to the south, with higher-grades located along the contact zone, presenting significant reserve and resource growth potential.

Exploration drilling into the Horus Deeps returned some promising results, geologically analogous to results historically seen in the upper Amun. Results indicated potential for significant medium-grade (with a subsection of higher-grade intersections) resource expansion below and along strike to the current defined Sukari gold deposit. Follow up drilling has been prioritised throughout 2019 to better understand and define these deeper mineralised structures.

Table2. Q1 Significant Drill Intercepts - Amun

Tenement ID	Prospect ID	Hole ID	Level (mRL)	Interval (m)	Grade (Au g/t)
Sukari Gold Mine	AMUN	UGRSD0856	559.6	3	13.6
Sukari Gold Mine	AMUN	UGRSD0856	576.6	4	8.6
Sukari Gold Mine	AMUN	UGRSD0856	650.7	0.3	60.4
Sukari Gold Mine	AMUN	UGRSD0857	580.7	0.9	21.2
Sukari Gold Mine	AMUN	UGRSD0857	584.5	1	14.9
Sukari Gold Mine	AMUN	UGRSD0859	545.3	0.2	53.7
Sukari Gold Mine	AMUN	UGRSD0862	557.4	3	6.7
Sukari Gold Mine	AMUN	UGRSD0892	630.6	2	40.1
Sukari Gold Mine	HORUS DEEPS	UGRSD0893	97.6	2	9.6
Sukari Gold Mine	HORUS DEEPS	UGRSD0893	302.1	1	14.6

Sukari Gold Mine	HORUS DEEPS	UGRSD0893	86.4	2	10.3
Sukari Gold Mine	AMUN	UGRSD0894	636.5	2	25.9
Sukari Gold Mine	HORUS DEEPS	UGRSD0900	364.9	29	6.3
Sukari Gold Mine	HORUS DEEPS	INCLUDE	372.5	11	7.9
Sukari Gold Mine	HORUS DEEPS	INCLUDE	356.8	15	6.2
Sukari Gold Mine	HORUS DEEPS	UGRSD0900	341.2	1	68.4
Sukari Gold Mine	AMUN	UGRSD1202	645.4	1	289.0
Sukari Gold Mine	AMUN	UGRSD1202	644.4	2	22.8

Ptah is a key growth driver for the underground mine. In Q1, 7,700m were drilled, including infill drilling of the eastern Ptah stockwork situated ahead of near-term scheduled ore drive development. Drilling from the 660mRL and 735mRL focussed on medium term underground development designs along the Ptah eastern contact of porphyry.

Results confirmed continuity of grade with high-grades concentrated along strike on the eastern contact where stockwork zones form internally within the porphyry.

Table 3. Q1 Significant Drill Intercepts - Ptah

Tenement ID	Prospect ID	Hole ID	Level (mRL)	Interval (m)	Grade (Au g/t)
Sukari Gold Mine	PTAH	UGRSD0936	627	1	12.8
Sukari Gold Mine	PTAH	UGRSD0936	588	1	8.6
Sukari Gold Mine	PTAH	UGRSD0941	576	0.3	59.9
Sukari Gold Mine	PTAH	UGRSD0941	584	1	7.3
Sukari Gold Mine	PTAH	UGRSD0944	625	2	7.5
Sukari Gold Mine	PTAH	UGRSD0944	620	1	10.0
Sukari Gold Mine	PTAH	UGRSD0947	630	4	450.7
Sukari Gold Mine	PTAH	UGRSD0947	638	7	6.8
Sukari Gold Mine	PTAH	UGRSD0947	638	2	6.9
Sukari Gold Mine	PTAH	UGRSD0969	627	7	198.1
Sukari Gold Mine	PTAH	UGRSD0969	606	1	14.4
Sukari Gold Mine	PTAH	UGRSD0970	639	1	8.8
Sukari Gold Mine	PTAH	UGRSD0989	641	3	11.2
Sukari Gold Mine	PTAH	UGRSD0989	645	0.3	16.7
Sukari Gold Mine	PTAH	UGRSD0989	628	0.3	14.0
Sukari Gold Mine	PTAH	UGRSD0991	682	3	44.8

Sukari Gold Mine	PTAH	UGRSD0991	681	1	118.0
Sukari Gold Mine	PTAH	UGRSD0991	734	2	7.7
Sukari Gold Mine	PTAH	UGRSD0992	669	1	55.1
Sukari Gold Mine	PTAH	UGRSD0993	689	1	8.0
Sukari Gold Mine	PTAH	UGRSD0994	671	1	23.1
Sukari Gold Mine	PTAH	UGRSD1014	659	1	14.2
Sukari Gold Mine	PTAH	UGRSD1015A	700	17	7.9
Sukari Gold Mine	PTAH	UGRSD1015A	698	7	13.7
Sukari Gold Mine	PTAH	UGRSD1015A	642	1	14.3

Cleopatra Exploration and Development Decline

Exploration and development focussed on the upper Cleopatra zone, with the aim of increasing the geological understanding and near-term growth potential through systematically drilling the structures. New drill platforms were established as decline development progressed lower into the porphyry.

In Q1, a total of 3,327 metres were drilled from two drill sites. Drilling from the 1150mRL targeted the northern extension of the Porphyry-Keel/Ptah Deeps. Late in Q1, the rig was moved to 1090mRL, targeting reserve and resource growth collating data on the Stage 7 open pit-underground interface with an infill programme along the Antoni structure

Decline development advanced ahead of schedule towards the Antoni structure, completing 834 metres.

Table4. Q1 Significant Drill Intercepts - Cleo

Tenement ID	Prospect ID	Hole ID	Level (mRL)	Interval (m)	Grade (Au g/t)
Sukari Gold Mine	CLEO	CRSD127_W1	491.9	0.3	17.8
Sukari Gold Mine	CLEO	CRSD127_W1	481.9	2	9.4
Sukari Gold Mine	CLEO	CRSD130	1132.5	1	8.5
Sukari Gold Mine	CLEO	CRSD129_W1	842.8	1	7.4
Sukari Gold Mine	CLEO	CRSD127_W1	525	1	6.7
Sukari Gold Mine	CLEO	CRSD134	948.1	1	6.5
Sukari Gold Mine	CLEO	CRSD128	444.7	1	6.1
Sukari Gold Mine	CLEO	CRSD129_W1	565.8	1	5.7
Sukari Gold Mine	CLEO	CRSD129	1130.9	1	5.1
Sukari Gold Mine	CLEO	CRSD128	462	12	4.9

DOROPO PROJECT, COTE D'IVOIRE

The updated mineral resource estimate declared at Doropo of 50Mt at 1.31g/t for 2.13Moz Indicated and

19Mt at 1.3g/t for 0.8Moz Inferred sits within a 6km radius area ("Resource Area").

A total of 55,000 metres of drilling have been budgeted for 2019, targeting near-term resource growth, maiden reserve and increased target generation outside the Resource Area.

Resource Area

In Q1, 16,885 metre of aircore drilling was completed, testing for structural extensions and geochemical anomalies. Results were excellent, identifying multiple new mineralised structures and confirmation of mineralised extensions to the current resource structures, demonstrating further resource growth potential within the existing Resource Area.

Drill testing the Han deposit extensions commenced towards the end of the quarter, with 1,703 m of RC drilling completed.

Follow up RC drilling on numerous priority targets for resource expansion and structural extensions at Han, Enioda, Souwa and Chegue in Q2.

The PEA work continues to progress, with completion expected in H2. Drilling has been prioritised within the Resource Area to ensure updated results are included in the PEA studies.

Further metallurgical sampling, including 557m of drilling at Enioda, Chegue, Kekeda and Souwa deposits was also undertaken.

Table 5. Q1 Significant Drill Intercepts - Doropo Resource Area

Tenement ID	Prospect ID	Hole ID	Level (mRL)		Interval (m)	Grade (Au g/t)
			From	To		
Doropo Resource Area	Chegue	DPAC6746	36	40	4	5.1
Doropo Resource Area	Hinda	DPAC6555	10	14	4	9.6
Doropo Resource Area	Hinda	DPAC6569	32	39	7	2.7
Doropo Resource Area	Hinda	DPAC6579	12	22	10	2.1
Doropo Resource Area	Hinda	DPAC6581	20	33	13	0.9
Doropo Resource Area	Hinda	DPAC6583	30	33	3	2.2
Doropo Resource Area	Tiguilegoun	DPAC6697	8	11	3	3.7

Doropo Regional

Located 30 km southwest of the Doropo 7km resource area is the new discovery, Kilosegui. Kilosegui is a shallow south dipping shear zone, between 22 ° to 28 °, hosted in granodiorite that displays average widths of 6 to 15 metres with a pervasive silica-sericite-pyrite alteration. Soil sampling and auger gold anomalism from work completed in 2018 corresponded with magnetic imagery, indicating Kilosegui is a major structural feature, extending greater than 8km.

In Q1, seven shallow RC drill sections were completed (2,687 metres). Within the quarter, results were received on five of the drill sections, all confirming significant mineralisation. Further RC drilling will be completed during 2019, systematically testing the structure. In Q2, a GAIP survey will be done over the Kilosegui area, to improve the understanding of the subparallel and crosscutting structures, in addition to drill

target generation of the mineralised shoots.

On the Kalamon, Varale and Tehini 3 permits, 3,538 soil samples were collected, mostly on infill grids. An RC rig began reconnaissance drilling on the Gogo permit at the end of Q1.

Table 6. Q1 Significant Drill Intercepts - Kilosequi, Doropo Regional

Tenement ID	Prospect ID	Hole ID	Level (mRL)		Interval Grade (m)	Grade (Au g/t)
			From	To		
Doropo Permit	Kilosequi	DPRC5001	9	21	12	1.3
Doropo Permit	Kilosequi	DPRC5002	35	44	9	2.4
Doropo Permit	Kilosequi	DPRC5003	84	100	16	1.9
Doropo Permit	Kilosequi	DPRC5005	11	17	6	1.6
Doropo Permit	Kilosequi	DPRC5006	30	38	8	1.2
Doropo Permit	Kilosequi	DPRC5007	45	59	14	1.2
Doropo Permit	Kilosequi	DPRC5012	34	40	6	1.9
Doropo Permit	Kilosequi	DPRC5013	75	85	10	3.3
Doropo Permit	Kilosequi	DPRC5014	15	21	6	1.9
Doropo Permit	Kilosequi	DPRC5015	38	50	12	1.2

ABC PROJECT, COTE D'IVOIRE

Maiden mineral resource estimate declared at Kona South of 19.6Mt at 1.03 g/t, 0.65Moz gold in the Indicated category and 16Mt at 0.9 g/t, 0.45Moz gold in the Inferred category. The scope of the ABC maiden resource, after only two years exploration following discovery, highlights the potential scale and quality of the Lolloso Gold Corridor ("LGC") and the regional generative potential of the ABC landholding.

A 34,000 metres drill programme is budgeted for 2019 focussing on resource development at Kona Central and Kona South, while testing the resource extension potential between the two prospects, and drill testing high priority targets along the LGC in addition to airborne magnetic/radiometric surveying and geochemical sampling.

In Q1, the Kona permit surface geochemical programme was completed along the 23km LGC strike, including, on a 100m x 50m grid, 2,529 metres of auger drilling, resulting in 370 samples collected. Results highlighted several coherent and continuous gold anomalies, including a significant 1km long anomaly in the north of the permit. During Q2, a systematic RC drill programme will be completed, testing the surface geochemical anomalies.

Within the Kona permit, 7,862 metres of RC drilling completed, testing for the auger anomalies and structural concepts along the 23km strike of LGC structure. Initial results, along the Kona South resource extensions, confirmed new anomalies with continuous and coherent (low grade) gold mineralisation. Most the results to be returned in Q2 as RC drilling continues drill testing resource extensions and down-dip from the declared resource. Infill drilling scheduled for Kona Central, a near term source of resource growth potential.

Commenced early stage field exploration on the adjacent permit to Kona, FarakoNafana, including 231 soil samples collected. This will continue into Q2 with permit-wide geological mapping, interpretation and target generation.

In 2019, a regional magnetic-radiometric airborne survey will be completed across the full ABC license.

Table 7. Q1 SignificantDrill Intercepts - Kona Central, ABC Project

Tenement ID	Prospect ID	Hole ID	Level (mRL)		Interval (m)	Grade (Au g/t)
			From	To		
ABC Project	Kona Central	KNRC0153	66	78	12	0.7
ABC Project	Kona Central	KNRC0153	158	174	16	0.6
ABC Project	Kona Central	KNRC0176	39	56	17	0.6
ABC Project	Kona Central	KNRC0177	127	145	18	0.5
ABC Project	Kona Central	KNRC0179	55	68	13	0.8
ABC Project	Kona Central	KNRC0179	74	89	15	0.6
ABC Project	Kona Central	KNRC0180	125	150	25	0.5
ABC Project	Kona Central	KNRC0185	119	122	3	2.4
ABC Project	Kona Central	KNRC0196	3	6	3	2.9
ABC Project	Kona Central	KNRC0196	149	169	20	0.5
ABC Project	Kona Central	KNRC0199	77	86	9	1.2

Environmental, Social and Governance

Health and safety

Health and safety are core priorities and at the forefront of our decision making. As previously reported, a drilling contractor in Cote d'Ivoire was fatally attacked by a swarm of killer bees while working at one of our Ivorian projects. We are continually reviewing and developing our health and safety procedures to mitigate any future risk of repeat incidents and ensure a safe workplace and protect the wellbeing of our people.

During Q1, we had five Lost Time Injuries reported, two at Sukari and three in Cote d'Ivoire (related to the fatality incident) bringing the Group LTIFR to 0.60 per 200,000 workplace hours for Q1.

Our aim is to create an environment such that every person, employee and contractors, return home safely at the end of their shift. We learn from every incident and look to apply ways of improving our work environment.

Solar feasibility update

The Company is assessing the viability of using solar as a partial source of power at Sukari. This would significantly reduce the reliance on fossil fuels and have the potential to materially reduce power costs.

The pricing proposals for critical construction items and long-lead items for the conceptual 40MW (AC) solar design are expected by the close of Q2. Final project feasibility study to be submitted to the Board in H2 for capital approval.

Water management

We are committed to improving operational water efficiency, targeting a 50:50 balance between sea water draw and closed-circuit water recycling for 2019. Significant progress was made in Q1, delivering 81% water recycled for the quarter.

Board and Management

Good progress was made in Q1 on succession planning and recruitment initiatives with the appointment of a number of top-tier individuals, as detailed below:

Dr Sally Eyre joined the Board as a Non-Executive Director, effective 10 April 2019. Dr Eyre is a mining finance professional with extensive experience in global resource capital markets and mining operations. As a geologist, with a PhD in Economic Geology, significant Board and Executive mining experience, Dr Eyre brings strong technical and commercial balance to the existing Board composition.

Jeremy Langford has joined the Company as Chief Operating Officer ("COO"). Jeremy is an engineer with an impressive career of developing and building mines. Most recently Jeremy was COO at Endeavour Mining and prior to that Ampella Mining. His wealth of operational and development expertise in West African gold, makes Jeremy a valued addition to the Management team and will be instrumental in steering future growth prospects, as the Company continues to unlock value from its asset portfolio.

From the 6 May 2019, outgoing COO, Mark Morcombe, will no longer be with the Group, and all related remuneration related to long term incentive plans will lapse.

SukariGold Mine

Following a full assessment of the operational organisation structure in 2018, management identified key areas of appointment for the company to deliver an improved performance in 2019.

In Q1, the Company has successfully attracted high calibre individuals with extensive experience into key operational roles such as: Operations Director, Underground Manager, Technical Services and Planning Manager, and Supply Chain Manager.

All these individuals are based at Sukari, where they will report to the General Manager of Operations who was appointed in 2018.

Legal

There is no material change or development to report in relation to the Concession Agreement appeal or the Diesel Fuel Oil case.

Financial position

Centamin remains committed to its policy of being 100% exposed to the gold price through its unhedged position. The Company is in a solid financial position with cash and liquid assets⁽⁴⁾ of US\$331.6 million, as at 31 March 2019, and no debt.

The Company's strong balance sheet provides the financial flexibility and agility to drive organic growth through our highly prospective exploration pipeline and are well positioned to take advantage of any market opportunities suitable for the business and growth strategy.

Final Dividend

The Company has a sustainable dividend policy in place, delivering five consecutive years of shareholder

returns. The Board regularly reviews opportunities to compete for capital and maximise shareholder returns.

The final dividend of 3.0 US cents per share was approved by shareholders at Annual General Meeting ("AGM") on 8 April 2019, equating to US\$34.6 million to be returned shareholders on 13 May 2019, resulting in a full year dividend, including interim, of 5.5 US cents for the 2018 financial year, equating to US\$63.5 million returned to shareholders.

FreeCash Flow⁽¹⁾

Group free cash flow generation of US\$13.9 million in Q1, after profit share distribution to the non-controlling interest ("NCI") in Sukari Gold Mine ("SGM") and Group investing activities.

ForeignDirect Investment ("FDI")⁽⁴⁾

The Egyptian state has benefited during Q1, directly from dividends paid, by way of profit share, to the NCI, of US\$20.5 million in addition to US\$4.3 million in royalty payments.

Group CapitalExpenditure

Total capital expenditure for 2019 is budgeted to be US\$120 million, including exploration expenditure in West Africa, regional Sukari seismic exploration programme, Sukari underground exploration and development, solar feasibility study completion, underground cemented hydraulic backfill plant, second tailings storage facility engineer studies, and ongoing fleet rebuild programme.

In Q1, sustaining capital expenditure was US\$22.6 million with key investment attributed to underground exploration and development and scheduled fleet rebuild programme. Non-sustaining exploration activities of US\$4.5 million were expensed in the quarter.

Table8. Q1 Group capitalised expenditure breakdown

	Q1 2019	Q1 2018
	US\$'000	US\$'000
Underground exploration	1,612	1,588
Underground mine development	9,004	8,920
Other sustaining capital expenditure	12,025	8,312
Total sustaining capital expenditure	22,641	18,820
Non-sustaining exploration capitalised ⁽⁶⁾	2,585	2,271

(6) Only includes US\$1.6 million of the Sukari expenditure relating to Cleopatra in non-sustaining capital expenditure before the offset of net pre-production gold sales.

Exploration expenditure

Table9. Q1 Group exploration expenditure breakdown

	Q1 2019	Q1 2018
	US\$'000	US\$'000

Arab Republic of Egypt ^(7,8)	4,197	3,859
Burkina Faso	1,230	1,084
Côte d'Ivoire	3,325	3,419
Total exploration expenditure ^(7,8)	8,752	8,362

(7) Including Cleopatraexpenditure before the offset of net pre-production gold sales.

(8) Includes US\$2.58 million of non-sustaining capital expenditure on for Sukari exploration and development which is capitalised under the terms of the Concession Agreement

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