

# Centamin PLC Announces Q2 2019 Report

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PERTH, July 18, 2019 - [Centamin Plc](#) ("Centamin" or "the Company") (LSE: CEY, TSX: CEE)

Quarterly Report  
for the three months ended 30 June 2019

## Highlights

- Group Lost Time Injury Frequency Rate ("LTIFR") in the second quarter ("Q2") of 0.23 per 200,000 workplace hours;
- Sukari Gold Mine ("Sukari") produced 117,913 ounces of gold in Q2, bringing production for the first half of the year ("H1") to 234,096 ounces and in line with the Company's 45:55 production weighted guidance split for the year; The stronger second half ("H2") is driven by higher grades from the open pit as Stage 4 mining progresses down through the Hapi Zone, as the open pit is scheduled to contribute approximately two thirds of the total H2 ounces;
- Centamin maintains annual guidance for 2019: gold production of 490,000 - 520,000 ounces, at cash costs(1) of US\$675-725 per ounce produced and an AISC(1) of US\$890-950 per ounce sold; The Company expects costs to trend downwards in line with the scheduled increased production profile in H2;
- Processing plant throughput of 3.4Mt of ore at an increased 96.1% utilisation rate;
- Excellent Horus Deeps exploration results, delineating multiple meaningful high-grade structures 400 metres below current 43-101 defined Sukari underground Reserve and Resource; intercept highlights: 29m @ 6.3g/t, including 11m @ 7.9g/t and 15m @ 6.2g/t; 1m @ 68.4g/t;
- Strong and flexible balance sheet with no debt, no hedging and cash and liquid assets(2) of US\$326.6 million, as at 30 June 2019, after payment of US\$34.6 million final dividend;
- Detailed Interim Results, including interim dividend, for the six months ended 30 June 2019, will be published on Wednesday 31 July 2019; and
- The Company will publish baseline near-term outlook for 2020 and 2021 on 31 July 2019.

Andrew Pardey, CEO, commented:

"The outlook for the business continues to improve. We remain focused on delivery against our promises and our corporate strategy. Stronger production in the second half will be driven by mining open pit grades above 1g/t, as the Stage 4 pit progresses down into the Hapi Zone.

With continued improvement in the business, the Company is growing its core technical competencies, through recruitment and ongoing development of its people.

We have a portfolio of attractive organic opportunities within Sukari and continue to deliver successful results from our Cote d'Ivoire exploration programmes. Our balance sheet is strong with no debt, no hedging and cash and liquid assets of US\$327 million. We are confident in our plans to maximise shareholder value and returns."

Table 1. Group Production Summary

units	QoQ comparative			YoY comparative			
	Q2 2019	Q1 2019	%	Q2 2018	%	H1 2019	H1 2018

Open pit								
Total material mined	kt	20,255	20,987	-3%	18,415	10%	41,243	36,911
Ore mined	kt	3,615	3,126	16%	5,532	-35%	6,741	11,579
Ore grade mined	g/t Au	0.70	0.72	-3%	0.51	38%	0.71	0.50
Ore grade milled	g/t Au	0.76	0.83	-8%	0.59	30%	0.79	0.64
Strip ratio	waste/ore	4.60	5.71	-19%	2.33	98%	5.12	2.19
Underground								
Ore mined	kt	310	270	15%	289	8%	580	601
Ore grade mined	g/t Au	4.83	6.34	-24%	4.62	4%	5.53	5.70
Processing								
Ore processed	kt	3,359	3,248	3%	3,172	6%	6,607	6,240
Feed grade	g/t Au	1.16	1.28	-10%	0.99	17%	1.22	1.15
Gold recovery	%	88.0	88.8	-1%	87.3	1%	88.4	88.6
Gold Production	oz	117,913	116,183	1%	92,803	27%	234,096	217,098
Gold sold	oz	112,764	111,365	1%	97,628	16%	224,129	228,672
Avg realised gold price	US\$/oz	1,307	1,303	0%	1,298	1%	1,305	1,316

(1) Cash cost of production, AISC, and cash, bullion on hand, gold sales receivables, and free cash flow are non-GAAP measures, referenced on 2018 Audited Annual Report and Accounts.

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

#### Conference Call

The Company will be hosting a conference call today, Thursday, 18 July at 08.30 BST (UK time) to discuss the results with investors and analysts, followed by a Q&A.

Please find below the required participation details for the call:

#### Conference call

Dial-in telephone number: +44 20 3936 2999  
Participation access code: 672395

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

For more information, please visit the website [www.centamin.com](http://www.centamin.com) or contact:

[Centamin Plc](#)

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## Operational Review

### SUKARI GOLD MINE, EGYPT

#### Production

Gold production was 117,913 ounces for the quarter, a 27% increase compared to the corresponding quarter in 2018 ("YoY").

Gold sold of 112,764 ounces, was 5% below gold produced due to timing of the closing weekly gold shipment.

In Q2, dump leach operations contributed 1,615 ounces, a 47% decrease YoY, in line with increased mining in higher grade sulphide material.

Cleopatra decline development in mineralisation yielded 1,432 ounces, down 39% YoY, due to increased ramp development in waste material.

#### Open pit mining

Total material mined of 20.3 Mt, a 10% increase YoY. Total ore mined of 3.6Mt, at an average grade of 0.70g/t is a 35% reduction in tonnes YoY, and a 38% increase in grade YoY. Mining principally focused on Stage 4 West and stripping Stage 5. The strip ratio increased YoY to 4.6:1 due to low grade mining from Stage 5.

The open pit delivered to the plant 3.0Mt at an average milled grade of 0.76g/t and 451kt at an average grade of 0.37g/t to the dump leach pads.

Over the quarter, the ROM stockpiles increased from 12.33Mt to 12.36Mt at an average grade of 0.45g/t.

#### Underground mining

Total ore mined of 310kt, an 8% increase YoY, at an average grade of 4.83g/t is a 4% improvement YoY. Ore mined from stoping was 152kt at 7.22g/t, a 16% decrease in tonnes YoY and a 57% improvement in grade YoY, driven by increased grade control drilling and better dilution controls.

Despite operational improvements, a localised geotechnical issue within a secondary access drive has impacted four stopes in the upper Amun. This was due to a localised change in the geology creating a change of ground conditions in the hanging wall. Precaution is being taken to secure the area and normal operations are expected to resume by August.

Grade was lower than planned partly due to the fact that approximately half of the scheduled underground waste development material mined during the quarter was mineralised above 2g/t and therefore reclassified as ore and processed through the mill. This positively impacted ore tonnes whilst driving down the average grade.

Mining development exceeded plan, as preparation for near term stoping areas and accessing medium term production levels progressed well. Approximately 2,270 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 159kt at an average grade of 2.53g/t, a 46% increase in tonnes YoY, and a 45% decrease in grade YoY (decrease in grade partly driven by the inclusion of planned waste material as ore).

#### Processing

The plant processed 3.4Mt of ore, a 6% increase YoY, with increased plant utilisation of 96.1%.

Feed grade to the processing plant averaged 1.16g/t, a 17% increase YoY.

Metallurgical recovery averaged 88.0%, a 0.9% improvement YoY.

Further optimisation work is underway, including commissioning of the PSA oxygen plant and ashing plant, scheduled for early H1 2020, results of which are aimed at further reducing cash costs and improving gold recoveries.

#### Exploration Review

##### SUKARI GOLD MINE, EGYPT

During the quarter there was a strong focus on growing the existing underground resource. The majority of the exploration drilling was close to existing development and infrastructure thereby expanding the structural understanding of the orebody and in turn, supporting increased mine life potential.

All four LM90 rigs were utilised drilling 13,661 metres in Q2. Outstanding results were delivered throughout the quarter, unlocking more resource and reserve growth potential from underground high-grade structures within the porphyry. Also, of significance was the drilling into the Horus Deeps that is currently 400 metres below the existing reported resources. These results continue to expand on the resource potential at depth.

A total of 1,615 metres were budgeted for longer term exploratory drilling into the Horus Deeps. A further 2,000 metres of deep drilling is budgeted for Horus Deeps in Q3.

Table 2. Q2 Significant Underground Drill Intercepts

Tenement ID	Prospect ID	Hole ID	Level (mRL)	Interval (m)	Grade (Au g/t)
Sukari Gold Mine	AMUN	UGRSD0899	639	2.7	207
Sukari Gold Mine	AMUN	UGRSD2003	516.9	1	39.9
Sukari Gold Mine	AMUN	UGRSD0899	647.8	1.8	20
Sukari Gold Mine	AMUN	UGRSD2008	535	0.7	49.8
Sukari Gold Mine	AMUN	UGRSD2011	581	3	11
Sukari Gold Mine	AMUN	UGRSD2008	602.7	4	7.7
Sukari Gold Mine	HORUS DEEPS				

UGRSD2008\_W1      297      2      43.6

Sukari Gold Mine	HORUS DEEPS	UGRSD2008_W1	244.1	5.5	5.3
Sukari Gold Mine	HORUS DEEPS	UGRSD2008	338	0.4	69.5
Sukari Gold Mine	PTAH	UGRSD1028	598.4	9	14.3
Sukari Gold Mine	PTAH	UGRSD1043	620.7	3	39.4
Sukari Gold Mine	PTAH	UGRSD1036	581.8	1	58.2
Sukari Gold Mine	PTAH	UGRSD1047	602	7	8
Sukari Gold Mine	PTAH	UGRSD1033	597.8	0.3	135
Sukari Gold Mine	PTAH	UGRSD1060	703.2	1	45.6
Sukari Gold Mine	PTAH	UGRSD1047	632.1	4	9.2
Sukari Gold Mine	PTAH	UGRSD1058	571.1	2	17.5
Sukari Gold Mine	PTAH	UGRSD1035	520.8	1	34.4
Sukari Gold Mine	PTAH	UGRSD1058	580.5	8	4.3
Sukari Gold Mine	PTAH	UGRSD1038	579.7	0.6	43

The Company has successfully replaced underground reserves year-on-year and this remains Centamin's underground performance target.

In 2018, the Company began a multi-staged geo-seismic programme to create a 2D and 3D architecture of the Sukari license up to a 1.5km depth, with the objective of identifying additional porphyries and resource potential. A 2D seismic survey and Full Wave Sonic bore hole log was run across the main Sukari structures.

Throughout Q2, three 10km 2D seismic lines were set out in an east-west and north-south orientation, with final ground preparation to be completed in early Q3, ahead of the full seismic acquisition.

Late in Q2 two surface drill rigs arrived on site to commence multiple work programmes, including supporting the seismic drill programme; geotechnical drilling for the new tailings storage facility site; and drilling priority regional greenfield exploration targets.

#### Cleopatra Development Decline

Exploration and development at Cleopatra progressed on schedule, returning encouraging results. Exploration will remain ongoing to increase the geological understanding and near-term growth potential through systematically drilling the structures, specifically the interaction between the Cleopatra, Julius and Antoni zones and the eastern porphyry contact.

During Q2, the Cleopatra decline development advanced 474m, including 18,141 tonnes of mineralised development ore at an average mined grade of 2.47g/t. The decline advanced to provide access for future drilling platforms and level development for the Cleopatra, Antoni and Julius structures.

A total of 4,038 metres were drilled from 1090mRL drill platform, targeting resource and reserve growth.

Table 3. Q2 Significant Cleopatra Drill Intercepts

Tenement ID	Prospect ID	Hole ID	Level (mRL)	Interval (m)	Grade (Au g/t)
Sukari Gold Mine	CLEO	CRSD140	1021.2	7.4	6.6
Sukari Gold Mine	CLEO	CRSD149	915.4	9.5	3.8
Sukari Gold Mine	CLEO	CRSD148	996.8	4	3.9
Sukari Gold Mine	CLEO	CRSD140	1009.8	2.8	5.5
Sukari Gold Mine	CLEO	CRSD139	1029.9	2.2	5.1
Sukari Gold Mine	CLEO	CRSD138	1027.8	2	4.6
Sukari Gold Mine	CLEO	CRSD149	910.3	1	6.9
Sukari Gold Mine	CLEO	CUD180	1119.4	1	6.8
Sukari Gold Mine	CLEO	CRSD151	948.3	1.1	6.0
Sukari Gold Mine	CLEO	CRSD151	791.1	1	4.5
Sukari Gold Mine	CLEO	CRSD149	921.1	1	4.4

#### DOROPO PROJECT, CÔTE D'IVOIRE

Doropo is the most advanced exploration project in the Company's portfolio outside Egypt. The results returned in Q2 illustrate the untapped upside potential within the Resource Area. Further resource drilling is prioritised for Q3, alongside the PEA work, targeting a project update later in H2.

During Q2, more than 19,000 metres of RC drilling was completed within the existing Resource Area, testing structural extensions and priority targets previously identified with aircore drilling. An additional 4,000 metres of aircore drilling was completed testing new structures and geochemical anomalies within the Resource Area. Along the main Kalamon, Danoa, Tehini 1 and Tehini 3 permits, extensive infill soil samples were collected and sent for testing.

Interpretation of the results received during Q2 suggest:

- The Han mineralisation is continuous along a 1.6km strike, extending approximately 700m from the 2018 Block Model;
- RC drilling completed from the end of Q1 has defined that a new mineralisation (unnamed) starts from the surface, with follow up drilling underway in Q3;
- The Tchouahinin structure has been extended 32%, now extending along a 2.9km strike;
- Nokpa South, the juncture between Nokpa is technically "a gap" in drilling in the structures that link the Nokpa deposit and the Souwa deposit. Drilling completed in Q2 has returned significant intercepts that define a new mineralised shoot, however of narrower width than the master deposits around.
- The Hinda area is under drilling at the end of Q2, testing complex structures that previously returned significant results - the context was not well understood until the tests were completed by the recent aircore drilling. Full results will be available in Q3.

Table 4. Q2 Significant Doropo Drill Intercepts

Tenement ID	Prospect ID	Hole ID	Level (mRL)		Interval (m)	Grade (Au g/t)
			From	To		

DOROPO	Han	DPRC2460	28	36	8	25.7
DOROPO	Han	DPRC2439	15	30	15	6.3
DOROPO	Han	DPRC2465	28	36	8	9.2
DOROPO	Han	DPRC2486	20	25	5	8.9
DOROPO	Han	DPRC2480	49	51	2	13.7
DOROPO	Han	DPRC2471	36	41	5	5.3
DOROPO	Han	DPRC2472	19	26	7	3.7
DOROPO	Han	DPRC2453	54	57	3	8.2
DOROPO	Han	DPRC2444	14	20	6	4.0
DOROPO	Han	DPRC2445	24	28	4	6.0
DOROPO	Han	DPRC2468	48	54	6	3.6
DOROPO	Han	DPRC2440	72	77	5	3.7
DOROPO	Han	DPRC2443	30	33	3	5.8
DOROPO	Han	DPRC2474	33	36	3	5.4
DOROPO	Han	DPRC2461	11	14	3	4.6
DOROPO	Hinda	DPRC2525	101	110	9	3.8
DOROPO	New target (unnamed)	DPRC2515	10	13	3	5.2
DOROPO	Nokpa	DPRC2553	178	185	7	4.9
DOROPO	Nokpa	DPRC2543	124	130	6	3.5
DOROPO	Nokpa	DPRC2542	82	88	6	3.3
DOROPO	Nokpa	DPRC2553	201	204	3	5.1
DOROPO	Tchouahinin	DPRC2607	79	83	4	4.5

#### ABC PROJECT, CÃ&rdquo;TE D'IVOIRE

Greenfield exploration focused on testing auger anomalies along the Lolosso Gold Corridor ("LGC") and commencing some infill drilling on the Kona South and Kona Central discoveries, targeting a resource update later in the year.

#### Environmental, Social and Governance Review

#### Health and Safety

Health and safety are core priorities are at the forefront of our decision making. We are continually reviewing and developing our health and safety procedures to mitigate potential risks which is evidence by Q2

recording a 100% increase on Q1 in identifying and reporting hazards before they materialise into incidents.

During Q2, there were two Lost Time Injuries reported at Sukari, one being the underground drilling contractor who fractured a finger and the other an employee who fractured his ankle. The Group LTIFR for Q2 is 0.23 per 200,000 workplace hours which is an improvement on the 0.60 per 200,000 workplace hours for Q1.

Our aim is to create an environment such that every person, employee and contractor, returns home safely at the end of their shift. We learn from every hazard, near-miss report and actual incident and look to apply ways of improving our work environment.

#### Voice Of Sukari

Centamin believes stakeholder engagement begins with the workforce. The Voice of Sukari is a committee of employees, created as a forum for workplace discussion and idea sharing. The committee is a representation of employees from all departments, thereby representing the culture and values of Sukari, promoting workplace community, involvement and entrepreneurship.

The Board has planned annual bilateral engagement with the Voice of Sukari via the Chair of the HSES Committee.

#### Water Management

We are committed to improving water management. In Q2, the Company delivered continued QoQ and YoY improvements in operational water efficiency and is on track to exceed the annual target of a 50:50 balance between sea water draw and use of closed-circuit recycled water for 2019. In Q2 recycled water usage equated to 98%, bringing H1 to 89% recycled water usage, a 119% improvement YoY.

Tailings storage facility water management is a key area of focus, for full disclosure please refer to our website: [www.centamin.com/production/sukari/tailings-storage-facility](http://www.centamin.com/production/sukari/tailings-storage-facility).

#### Board and Senior Management

Centamin has appointed John Singleton as Head of Corporate Development. The Company continues to review value opportunities and strategic acquisitions that would support the core competencies and business objectives.

As part of the Board succession programme, the Nomination Committee is running multiple processes to identify and interview suitable candidates for non-executive director positions.

#### Community Relations

In Egypt, the Sukari Project, promoting health and wellbeing, has established a fully equipped gym in the Youth Centre of Marsa Alam. The gym is available to men and women at different times. There are flyers displayed on health education, that promote fitness routines.

In CÔte d'Ivoire, the Company has partnered with the globally recognised development corporation, GIZ (German International Cooperation Agency). The objective of the partnership is to empower a bottom-up economic support system through basic agricultural development and education within the local communities in which we operate.

Thus far, seeds, fertilisers and farming skills have been initially provided to help develop 10,800 cashew-nut producers and market gardeners throughout the Doropo region, successfully through the microcredit

program with Care International. In H2, eight water bore holes are under construction with a further eight to be drilled.

## Legal

There are no reportable changes to the status of the Concession Agreement appeal or the Diesel Fuel Oil case during Q2. All documentation has been submitted by the Company to the courts, in respect of both cases.

## Financial Position (Unaudited)

Centamin remains committed to its policy of being 100% exposed to the gold price through its unhedged position. The Company is in a strong financial position with cash and liquid assets of US\$326.6 million, as at 30 June 2019, with 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 the Company is well positioned to take advantage of market opportunities suitable for the business and corporate strategy.

## Disclaimers and forward-looking statements

This announcement 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.

This announcement contains "forward-looking information" (or "forward-looking statements") which may include, but are not limited to, statements with respect to the future financial or operating performance of the Company, its subsidiaries and its projects (including the Sukari Gold Mine), the future price of gold, the estimation of mineral reserves and resources, the realisation of mineral reserve estimates, the timing and amount of estimated future production, revenues, margins, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of construction, costs and timing of future exploration, the timing for delivery of plant and equipment, requirements for additional capital, foreign exchange risk, government regulation of mining and exploration operations, environmental risks, reclamation expenses, title disputes or claims, insurance coverage and the timing and possible outcome of pending litigation and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "hopes", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information involves and is subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and feasibility studies; assumptions in economic evaluations which prove to be inaccurate; fluctuations in the value of the United States dollar and the Canadian dollar relative to each other, to the Australian dollar and to other local currencies in the jurisdictions in which the Company operates; changes in project parameters as plans continue to be refined; future prices of gold and other metals; possible variations of ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes or slowdowns and other risks of the mining industry; climatic conditions; political instability, insurrection or war; arbitrary decisions by governmental authorities; delays in obtaining governmental approvals or financing or in the completion of development or construction activities. Discovery of archaeological ruins of historical value could lead to uncertain delays in the development of the mine at Sukari.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors

that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this announcement and the Company disclaims any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking information or statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. Accordingly, readers should not place undue reliance on forward-looking statements.

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