

# Centamin PLC Announces Sukari Underground Transitions to Owner Mining

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Sukari Underground Reserve Growth Supports Transition to Owner Mining, Delivering Cost Savings and Increased Flexibility

PERTH, February 8, 2022 - Centamin announces that, following an independently managed contractor tender process, the underground operations at its Sukari Gold Mine ("Sukari") will transition from contractor-mining to owner-operator mining with immediate effect. This change will deliver significant cost savings and improve operational control and mining flexibility, whilst also enabling the company to upskill the local workforce.

The decision to move to owner mining, following the expiry of the current five-year contract, has been based on the following:

- Reserve growth - the 200% increase in Sukari underground Proven and Probable Reserves, as announced in December 2021, underpins an eight-year underground life of mine, with identified near-term growth targets to extend beyond a ten-year life of mine
- Leadership team - the operational leadership at Sukari has been significantly strengthened, with experienced underground expertise and increased investment in the development of the national workforce
- Operational benefits - an owner-operator model including risk-based analysis against the submitted contractor-mining tender proposals identified significant operating synergies for the broader Sukari operations
- Cost savings - the transition to owner-operator mining is expected to generate long-term cost savings of an average US\$19 million<sup>1</sup> per annum from 2023 onwards compared to the 2021 cost base, and
- Mine life extension and upside - 90,000 metres of underground drilling is budgeted for 2022, including identified near-term growth targets to extend the underground beyond a ten-year life of mine and helping to support the underground expansion study which is due for completion in H2 2022.

## UNDERGROUND MINING

A detailed transition plan to owner-operator mining is in place with implementation underway, including utilising a third-party underground mining specialist to assist with workforce training. The Company has also executed its contractual right to purchase the current underground mining fleet from the incumbent contractor for a total capital cost of US\$10.5 million to be paid this quarter, Q1 2022.

## UNDERGROUND DRILLING

Following the completion of an independent tender process, the Company has awarded [Geodrill Ltd.](#) ("Geodrill") a five-year contract to provide underground drilling services, including a minimum of 90,000 metres of drilling per annum and introducing reverse circulation ("RC") drilling to the underground which is faster and enables larger samples to be taken. The contract is to commence this quarter, Q1 2022.

## 2022 GUIDANCE

There is no change to the 2022 annual production and cost guidance. As a result of purchasing the incumbent contractor underground mining fleet, the annual capital expenditure guidance for 2022 is increased by US\$10.5 million to US\$225.5 million.

MARTIN HORGAN, CEO, COMMENTED: "The decision to transition the underground to owner mining

reflects extensive planning and evaluation to determine the most effective operating model as we continue to grow and maximise the value of the Sukari orebody. Following a 200% increase in underground reserves with further identified growth opportunities and an underground expansion study underway, we believe this move best places us to extract the maximum value safely, efficiently and cost-effectively from the expanding underground operations. In addition, we welcome Geodrill to Sukari and look forward to working with the team as a key partner and contractor as we continue to explore and develop the full potential of the underground operations."

## ABOUT CENTAMIN

Centamin is an established gold producer, with premium listings on both the London Stock Exchange and Toronto Stock Exchange. The Company's flagship asset is the Sukari Gold Mine ("Sukari"), Egypt's largest and first modern gold mine, as well as one of the world's largest producing mines. Since production began in 2009 Sukari has produced circa 5 million ounces of gold, and today has a projected mine life of 12 years.

Through its large portfolio of exploration assets in Egypt and West Africa, Centamin is advancing an active pipeline of future growth prospects, including the Doropo project in Côte d'Ivoire, and over 3,000km<sup>2</sup> of highly prospective exploration ground in Egypt's Arabian Nubian Shield.

Centamin practices responsible mining activities, recognising its responsibility to not only deliver operational and financial performance but to create lasting mutual benefit for all stakeholders through good corporate citizenship.

FOR MORE INFORMATION please visit the website [www.centamin.com](http://www.centamin.com) or contact:

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## ENDNOTES

### Cost savings

Cost savings were calculated relative to the incumbent underground contractor contract terms, all things being equal, and include the initial equipment purchase required to maintain current production levels and future capital cost estimates related to any near-term fleet replacement.

### Guidance

The Company actively monitors the developments of the COVID-19 pandemic and guidance may be impacted if the workforce or operation are disrupted.

## FORWARD-LOOKING STATEMENTS

This announcement (including information incorporated by reference) contains "forward-looking statements" and "forward-looking information" under applicable securities laws (collectively, "forward-looking statements"), including statements with respect to future financial or operating performance. Such statements include "future-oriented financial information" or "financial outlook" with respect to prospective financial performance, financial position, EBITDA, cash flows and other financial metrics that are based on

assumptions about future economic conditions and courses of action. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "expected", "budgeted", "forecasts" and "anticipates". and include production outlook, operating schedules, production profiles, expansion and expansion plans, efficiency gains, production and cost guidance, capital expenditure outlook, exploration spend and other mine plans. Although Centamin believes that the expectations reflected in such forward-looking statements are reasonable, Centamin can give no assurance that such expectations will prove to be correct. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Centamin about future events and are therefore subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. In addition, there are a number of factors that could cause actual results, performance, achievements or developments to differ materially from those expressed or implied by such forward-looking statements; the risks and uncertainties associated with the ongoing impacts of COVID-19 or other pandemic, general business, economic, competitive, political and social uncertainties; the results of exploration activities and feasibility studies; assumptions in economic evaluations which prove to be inaccurate; currency fluctuations; changes in project parameters; future prices of gold and other metals; possible variations of ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; climatic conditions; political instability; decisions and regulatory changes enacted by governmental authorities; delays in obtaining approvals or financing or completing development or construction activities; and discovery of archaeological ruins. Financial outlook and future-ordinated financial information contained in this news release is based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available. Readers are cautioned that any such financial outlook or future-ordinated financial information contained or referenced herein may not be appropriate and should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgments at the date hereof, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Forward-looking statements contained herein are made as of the date of this announcement and the Company disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Accordingly, readers should not place undue reliance on forward-looking statements.

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