

Centamin PLC Announces Quarterly Report

20.04.2022 | [ACCESS Newswire](#)

QUARTERLY REPORT

For the three months ended 31 March 2022

PERTH, April 20, 2022 - MARTIN HORGAN, CEO, commented: "As planned, Q1 2022 production reflected the successful transition to owner mining in the underground, which is now complete, enabling us to unlock the full potential of the underground operations. Significant investment resulted in progress being made across all our major project work streams including the solar power station and the paste fill plant.

Our exploration team made good progress with initial drill results from surface exploration within the Sukari concession indicating the potential to define satellite resources, with several follow-up targets already identified. In parallel we are delighted that the airborne survey of the Sukari concession is now underway and we look forward to updating you on the progress of these promising growth projects and the continued expansion of the underground resource base, including the high grade bonanza zones, during Q2.

Centamin reiterates its 2022 full-year guidance and we look forward to delivering against our optimisation targets outlined at the capital markets event on 8 December 2021."

Q1 2022 HIGHLIGHTS

Quarterly operational performance in line with guidance

- Ongoing safety performance: The Company recorded zero lost time injuries during Q1 2022
- Transition to owner-operator in the Sukari underground completed: This exercise involved detailed advanced planning, including the contractor demobilising; servicing the purchased mobile equipment; purchase of associated spares and consumables; and transferring the requisite contractor employees to become Centamin employees
- Production on track for 2022 guidance : Due principally to the underground transition, Q1 2022 production was planned to be lower than the remaining quarters of the year. Gold production of 93,109 ounces ("oz") for the three months to 31 March 2022 ("Q1") reflected this transition and we remain on track for 2022 guidance
- Strong revenue generation: Revenue of US\$174.6 million, generated from gold sales of 92,559 oz at an average realised gold price of US\$1,883/oz sold
- Costs: Cash costs of US\$1,006/oz produced and all-in sustaining costs ("AISC") of US\$1,558/oz sold reflect the planned reduction in production for the quarter
- Progressing capital projects: Capital expenditure ("capex") of US\$71.4 million represents the peak quarterly investment in 2022, which included significant investment in the paste fill plant, solar power station and underground transition
- Robust balance sheet: Cash and liquid assets of US\$217.3 million, as at 31 March 2022
- Progressing systematic exploration: The airborne geophysical survey commenced flights during the quarter,

marking a first for Sukari and more broadly the mining sector in Egypt.

FULL YEAR 2022 OUTLOOK UNCHANGED

Investing for operational consistency and growth

- Gold production of 430,000 to 460,000 oz for the year
- Cash costs of US\$900-1,000/oz produced
- AISC of US\$1,275-1,425/oz sold. Given the current inflationary operating environment we continue to monitor consumables pricing and review opportunities to offset price increases with cost savings initiatives
- Capex budget of US\$225.5 million remains unchanged
- Exploration expenditure for the year is expected to be US\$25 million, predominantly focused on the Doropo Pre-Feasibility Study (scheduled for completion in H2 2022); ABC fieldwork and drill testing; airborne geophysics survey of the Sukari Mining Concession and commencing exploration on the highly prospective Egyptian Eastern Desert 3,000km² landholding

RESULTS SUMMARY

	YoY comparative			QoQ comparative	
	Q1 2022	Q1 2021	% Δ	Q4 2021	% Δ
SAFETY					
LTIFR (1m hours)	0.00	0.42	(100%)	0.31	(100%)
OPEN PIT				?	
Total material mined (kt)	31,001	22,583	37%	30,397	2%
Ore mined (kt)	2,970	3,763	(21%)	2,683	11%
Ore grade mined (g/t Au)	0.92	0.77	19%	0.93	(1%)
UNDERGROUND					
Ore mined (kt)	154	170	(9%)	145	6%
Ore grade mined (g/t Au)	3.55	5.84	(39%)	4.97	(28%)
PROCESSING					
Ore processed (kt)	2,954	3,018	(2%)	3,210	(8%)
Feed grade (g/t Au)	1.07	1.16	(8%)	1.11	(4%)
Gold recovery (%)	88.1	88.6	(1%)	87.0	1%
Gold production (oz)	93,109	104,047	(11%)	107,549	(13%)

COST & SALES

?

Gold sold (oz)	92,559	106,573	(13%)	99,936	(7%)
Cash costs (US\$/oz produced)	1,006	733	37%	1,000	1%
AISC (US\$/oz sold)	1,558	1,091	43%	1,349	16%
Realised gold price (US\$/oz)	1,883	1,778	6%	1,828	3%
Revenue (US\$m)	174.6	189.9	(8%)	183.0	(5%)
CAPEX (US\$m)	71.4	37.8	89%	129.2	(45%)

WEBCAST AND CONFERENCE CALL

The Company will host a webcast and conference call today, Wednesday, 20 April at 09.30 BST to discuss the results, followed by an opportunity to ask questions.

Webcast link : <https://www.investis-live.com/centamin/624ee7282c01e00c00606dfa/asdf>

Dial-in telephone numbers :

United Kingdom (and all other locations) +44 (0) 203 936 2999

United States +1 646 664 1960

Participation access code: 403731

HEALTH AND SAFETY

Operational safety has been a key focus across the Group. Prioritised management oversight and empowering employees to be safety leaders has resulted in an improved safety performance. In Q1, there were no lost time injuries ("LTI") therefore resulting in a lost time injury frequency rate ("LTIFR") of 0.0 per 1,000,000 site-based hours worked, compared to the corresponding 0.42 in the first quarter in 2021 ("YoY"). The total recordable injury frequency rate ("TRIFR") for Q1 was 3.23 per one million site-based hours worked, below our 2022 target of 3.99 but an increase from 1.67 YoY.

SUKARI GOLD MINE, EGYPT

(Q1 2022 vs Q1 2021)

Production

Sukari gold production for the quarter was 93,109 oz, an 11% decrease YoY, due to scheduled reduced production during the transition to owner mining in the Sukari underground.

Open Pit Mining

Total material moved (waste and ore) of 31.0Mt, a 37% increase YoY, driven by improved operating efficiencies and productivity plus the accelerated waste stripping programme.

Total open pit waste material mined for the quarter was 28.0Mt, a 49% increase YoY, driven by the ongoing

execution of the accelerated waste-stripping programme (9.2Mt), aimed at improving the long-term flexibility of the open pit. The strip ratio for the quarter was 9.4:1 (waste:ore).

Open pit ore mining in Q1 continued to focus on the Stage 5 North and Stage 4 East. Total open pit ore mined for the quarter was 3.0Mt, a 21% reduction YoY, at an average mined grade of 0.92 grams of gold per tonne ("g/t Au"), a 19% improvement YoY, driven by improved grades from the primary mining area of Stage 5 North.

During the quarter, the low-grade stockpiles increased from 18.6Mt to 18.7Mt at 0.46g/t Au.

Underground Mining

As planned, mined tonnage was lower due to the transition to owner mining, with the contractor fully demobilising from site, servicing of all purchased equipment and the transition of selected staff from contractor to owner. Volumes and grades are planned to increase through the remainder of the year given full autonomy over the underground and progression of activities to higher grade areas. In parallel, the underground drilling contractor was also replaced during the quarter and similarly operations are planned to ramp up over the balance of the year.

Total material mined (waste and ore) was 214kt, a 17% reduction YoY. Total ore mined was 154kt at an average combined (stopping and development) grade of 3.55g/t Au. This represented a 9% reduction in ore tonnes YoY and a 39% decrease in grade YoY.

The underground ore was made up of 100kt of ore mined from stopes, at an average grade of 3.46g/t Au, and 54kt of ore mined from development, at an average grade of 3.73g/t Au.

Processing

The plant processed 3.0Mt of ore, a 2% decrease YoY, at an average feed grade of 1.07 g/t Au, an 8% decrease YoY reflecting the mined material over the period delivered to the plant.

The metallurgical gold recovery rate was 88.1% for the quarter, a 1% reduction YoY, reflecting the lower contribution from underground ore and the grade-recovery relationship.

During the period, a series of optimisation studies were commenced with the aim of improving overall plant performance and included the assessment of gravity gold recovery, alternate reagent supply and tails detoxification processes.

Capital Projects

Total Capex in Q1 was US\$71.4 million, which was an 89% increase YoY. Significant investment was made in key capital projects during the quarter. The solar power project, tailing storage facility 2 lift and pump upgrades, underground equipment purchase, underground development and the waste stripping programme were all progressed. Development and construction of the solar power project and paste fill plant are scheduled for commissioning in Q3 2022 and Q1 2023, respectively. Solar power project activities completed in the quarter included civil works for the battery storage facility, drilling and installation of tracker posts as well as installation of solar modules. The paste fill plant earthworks and site preparation neared completion with civil and steelworks advancing well.

SUKARI EXPLORATION

Good progress continued to be made in respect of the exploration of the Sukari orebody with a particular focus on the underground growth targets including the higher grade zones of the Bast section. These remain a priority focus for resource definition drilling during 2022 with the aim of fast tracking them into the

production schedule at the earliest opportunity.

Surface exploration on the 160km² Sukari Mining Concession continued with the completion of the 10,000m drilling programme, targeting potential satellite deposits for the Sukari processing facility. Initial assay results have been received with promising results, supporting our strategy of generating additional Sukari mill feed through systematic exploration. The remaining results are expected during Q2 2022.

Pending the receipt of the full assay results, follow-up programmes will be designed with the aim of further testing prospective targets with the aim of developing resources and ultimately reserves.

The airborne geophysical survey commenced flights during the quarter marking a first for Sukari and more broadly the mining sector in Egypt. The programme is scheduled for completion during Q2 and has been designed to identify potential exploration targets within the concession and further provide insights that could be used as we explore our highly prospective exploration ground secured in the Eastern Desert.

A full exploration update on all our growth projects is planned to be made during Q2 2022.

SALES AND COSTS

Gold sales for the quarter were 92,559 oz, a 13% decrease YoY. The average realised gold price for the quarter was US\$1,883/oz, up 6% YoY. Revenues generated of US\$174.6 million, decreased by 8% YoY, driven by lower gold sales, marginally offset by a higher realised gold price.

Cash costs of production were US\$93.6 million for the quarter, a 23% increase YoY, with lower underground costs partially offsetting higher fuel prices and increased open pit costs as a result of the increase in material moved. Unit cash costs of production were US\$1,006/oz produced, a 37% increase YoY.

Total all-in sustaining costs ("AISC") were US\$144.2 million for the quarter, a 23% increase YoY, resulting from inventory movements and capitalising of waste above the life of mine strip ratio. Unit AISC of US\$1,558/oz sold, a 43% increase in YoY costs, reflecting the lower gold sales.

EXPLORATION PROJECTS

The total exploration spend for the quarter was \$11.9m, of which US\$9.3m was expensed, a 210% increase YoY. In Côte d'Ivoire the Doropo PFS is progressing as planned, and at ABC trenching continued. We look forward to providing a comprehensive update later this year.

FINANCIAL POSITION

Free Cash Flow

Under the terms of the Sukari Concession Agreement, the Egyptian government earned US\$5.5 million in royalty payments and received US\$8.5 million in profit share payments during the quarter. After Sukari profit share distribution, Group exploration expenditure and corporate investing activities, Group free cash flow for the quarter was negative US\$21.4 million, as a result of the US\$25m of deferred growth capex from Q4 2021 and the continued investment in waste stripping and other capital projects. Capital expenditure continues in key areas that will improve the long-term profitability and operability of Sukari, such as the solar plant, waste stripping programme, paste fill plant and underground equipment purchase.

Balance Sheet

Centamin is in a strong financial position, with net cash and liquid assets to US\$217.3 million as at 31 March 2022. The Company remains unhedged and debt-free.

GOVERNANCE

- The Company will be publishing its 2021 Sustainability Report on 27 April 2022
- As announced on 5 April 2022, the Company's AGM will be held on 10 May 2022
- As announced on 16 March 2022, the Board of Directors recommended a final dividend of 5 US cents per share, subject to shareholder approval at the 2022 AGM.

ABOUT CENTAMIN

Centamin is an established gold producer, with premium listings on 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 3,000km² of highly prospective exploration ground in the 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 or contact:

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ENDNOTES

Guidance

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

Financials

Financial data points included within this report are unaudited.

Non-GAAP measures

This statement includes certain financial performance measures which are non-GAAP measures. These include Cash costs of production, AISC, Cash and liquid assets, and Free cash flow. Management believes these measures provide valuable additional information for users of the financial statements to understand the underlying trading performance. Definitions and explanation of the measures used along with reconciliation to the nearest IFRS measures are detailed in the Company's 2021 Annual Report <https://www.centamin.com/investors/results-reports/>.

Exploration expenditure

Exploration expensed covers all exploration activities excluding the Sukari Concession Agreement.

Royalties

Royalties are accrued and paid six months in arrears.

Cash and liquid assets

Cash and liquid assets include cash, bullion on hand and gold sales receivables.

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.

Qualified Person

Information of a scientific or technical nature in this document was prepared under the supervision of Craig Barker, an employee of the Company and a Qualified Person, as such term is defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects of the Canadian Securities Administrators.

The Qualified Person has verified the data disclosed, including sampling, analytical, and test data underlying the information or opinions contained in this announcement in accordance with standards appropriate to their qualifications.

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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