

Centamin plc

("Centamin", "Group" or "the Company")
LSE: CEY / TSX: CEE

QUARTERLY REPORT

for the three months ended 31 March 2023

MARTIN HORGAN, CEO, commented: *"These results reflect a good start to the year, with the Sukari team delivering another consistent performance in line with our operational plan, as well as making great progress on our key capital projects. Our mining operations continue to benefit from both increased flexibility in the open pit, as a result of the accelerated waste-mining strategy and operational productivity gains, as well as improved productivity and performance from the underground mine, following the transition to owner mining in 2022.*

We reiterate our 2023 guidance and look forward to reporting later in the year on several additional projects which will deliver growth and underpin returns. These include connecting Sukari to the grid which will reduce carbon emissions and save costs, publishing an optimised Sukari life of mine plan, commencing drill testing on our Egyptian Eastern Desert blocks and completing the PFS at our advanced Doropo Project in Côte d'Ivoire."

HIGHLIGHTS

Operational performance delivered in line with the mine plan

- The lost time injury frequency rate ("LTIFR") for the three months to 31 March 2023 ("Q1") was 0.31 per one million hours worked, reflecting one lost time injury. The total recordable injury frequency rate ("TRIFR") was 2.77 per one million hours worked
- Q1 gold production from the Sukari Gold Mine ("Sukari") was 105,875 ounces ("oz")
- Q1 revenue of US\$205 million, an 18% increase from Q1 2022, generated from gold sales of 107,661 oz at an average realised gold price of US\$1,902/oz sold
- Q1 cash costs of US\$937/oz produced and all-in sustaining costs ("AISC") of US\$1,348/oz sold
- Q1 capital expenditure of US\$54 million including the final stages of the underground paste-fill plant construction ahead of commissioning in Q2, and
- Robust balance sheet with cash and liquid assets of US\$155 million, as at 31 March 2023 and US\$150 million undrawn revolving credit facility.

2023 OUTLOOK

Guidance unchanged and on track

- Gold production guidance range of 450,000 to 480,000 oz per annum weighted towards H2 (45:55)
- Cash cost guidance range of US\$840-990/oz produced and AISC guidance range of US\$1,250-1,400/oz sold
- Adjusted capex guidance is US\$225 million, weighted towards H1 (55:45), which excludes US\$48 million of sustaining deferred stripping reclassified from operating costs, and
- Exploration spend is budgeted at US\$30 million, including US\$23 million for the pre-development study work on the Doropo Project.

KEY MILESTONES

- 25 April 2023: Publication of the 2022 Sustainability Report
- June 2023: Doropo Project (Côte d'Ivoire) complete pre-feasibility study
- H2 2023: Sukari Gold Mine (Egypt) update Life of Mine Plan (NI 43-101), including underground expansion

WEBCAST AND CONFERENCE CALL

The Company will host a webcast and conference call today, Thursday, 20 April 2023 at 08.30 BST to discuss the results, followed by an opportunity to ask questions.

Webcast link: <https://www.investis-live.com/centamin/642e8f6bccbbd1120079c6fa/wtee>

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RESULTS SUMMARY

	YoY comparative			QoQ comparative	
	Q1 2023	Q1 2022	% Δ	Q4 2022	% Δ
SAFETY					
LTIFR (1m hours)	0.31	0.00	100%	0.00	100%
TRIFR (1m hours)	2.77	3.23	(14%)	2.95	(6%)
OPEN PIT					
Total material mined (kt)	32,998	31,001	6%	36,401	(9%)
Ore mined (kt)	3,273	2,970	10%	3,146	4%
Ore grade mined (g/t Au)	0.87	0.92	(6%)	0.93	(6%)
UNDERGROUND					
Ore mined (kt)	236	154	53%	233	1%
Ore grade mined (g/t Au)	4.02	3.55	13%	4.25	(5%)
PROCESSING					
Ore processed (kt)	3,006	2,954	2%	3,045	(1%)
Feed grade (g/t Au)	1.20	1.07	12%	1.23	(3%)
Gold recovery (%)	88.8	88.1	1%	88.6	0%
Gold production (oz)	105,875	93,109	14%	109,564	(3%)
COST & SALES					
Gold sold (oz)	107,661	92,559	16%	108,441	(1%)
Cash costs (US\$/oz produced)	937	1,006	(7%)	997	(6%)
AISC (US\$/oz sold)	1,348	1,558	(13%)	1,445	(7%)
Realised gold price (US\$/oz)	1,902	1,883	1%	1,735	10%
Revenue (US\$m)	205.2	174.6	18%	188.5	9%
Adj CAPEX (US\$m)	49.0	59.4	(18%)	64.8	(24%)
Free cash flow (US\$m)	8.1	(21.4)	138%	(2.9)	379%

HEALTH AND SAFETY

Operational safety remains a key focus across the Group. In Q1, there was one lost time injury (“LTI”) resulting in an LTIFR of 0.31 per 1,000,000 site-based hours worked, compared to the corresponding 0.00 in the first quarter in 2022 (“YoY”). The TRIFR for Q1 was 2.77 per one million site-based hours worked, down from 3.23 YoY. Both lagging safety indicators are tracking better than the Company’s annual targets.

SUKARI GOLD MINE, EGYPT

(Q1 2023 vs Q1 2022)

Production

Sukari gold production for the quarter was 105,875 oz, a 14% increase YoY, and in line with the mine plan. The higher production volumes YoY were driven by increased underground productivity as mining rates ramped up following the transition to owner mining in the Sukari underground during H1 2022.

Open Pit Mining

Total material moved (waste and ore) of 33.0Mt, a 6% increase YoY, driven by ongoing improvements in operating efficiencies and productivity within the owner-operated fleet.

Total open pit waste material mined for the quarter was 29.7Mt, at 6% increase YoY. This includes 10.9Mt of contracted waste-stripping as part of the accelerated stripping programme, delivering improved mining flexibility within the open pit. The strip ratio for the quarter was 9.1:1 (waste:ore).

During Q1, open pit ore was mined from multiple working areas, with contributions from Stage 5 North, East, West and Stage 7. As per the mine plan, total open pit ore mined for the quarter was 3.3Mt, a 10% increase YoY, at an average mined grade of 0.87 grams of gold per tonne (“g/t Au”), a 6% decrease YoY, driven by greater contributions from lower grade areas of the pit. Grades are expected to improve moderately throughout the year averaging approximately 0.9g/t for 2023.

During the quarter, the low-grade stockpiles increased from 18.7Mt to 18.9Mt at 0.46g/t Au.



Underground Mining

Total material mined (waste and ore) was 345kt, a 61% increase YoY, reflecting the ramp in mining rates following the transition to owner-mining in H1 2022. Total ore mined was 236kt at an average combined (stopping and development) grade of 4.02g/t Au. This represented a 53% increase in ore tonnes YoY and a 13% increase in grade YoY.

The underground ore was made up of 144kt of ore mined from stopes, at an average grade of 4.86g/t Au, and 92kt of ore mined from development, at an average grade of 2.69g/t Au.

Underground performance continued to improve as equipment was delivered and commissioned.

Processing

The plant processed 3.0Mt of ore, a 2% increase YoY, at an average feed grade of 1.20 g/t Au, a 12% increase YoY reflecting a greater contribution of underground ore delivered to the plant.

The metallurgical gold recovery rate was 88.8% for the quarter, a 1% increase YoY.

There were several key maintenance projects scheduled for the quarter, including mill relining and work on the mill motors. All plant maintenance was completed successfully with no unplanned disruption to throughput.

Sukari Mining Concession (“SMC”) Exploration

Brownfield exploration across the 160km² Sukari Concession amounted to US\$3.8 million in the quarter. This is capitalised and captured within the 2023 capex guidance.

Work focused on the development of additional Mineral Resources within the SMC that can be converted to Mineral Reserves and incorporated into the mine plan in the shortest timeframe. The focus is on re-evaluation of old prospects and new targets which have been developed over the last two years through systematic soil sampling and geological mapping programmes.

Highlights during the quarter include:

- 1,613 metres of second phase exploration drilling at the new V-Shear East prospect
- 2,842 metres follow-up drilling on Wadi Alam targets initially identified in 2021
- Re-logging and modelling of the updated Quartz Ridge prospect continued during the quarter, additional drilling is planned to commence in Q2, and
- Continued soil and geochemical sampling of newly identified drill targets (ARC, SE Corner and Sami South) to prepare them for drilling. Approximately 7,000 metres of drilling has been planned to test the newly defined drill targets.

CAPITAL EXPENDITURE

As part of the reinvestment programme at Sukari, key capital projects progressed as scheduled during Q1, including the underground paste-fill plant, underground infrastructure and equipment upgrades, plant optimisation and the contracted waste-stripping programme. The underground paste-fill plant progressed well with wet commissioning starting during the quarter; the first paste is expected in Q2. The trial stopes have been identified in historically mined areas as to not impact current mining production. The current underground backfilling system of cemented rock fill (“CRF”) and waste rock fill will continue in parallel to the paste-plant commissioning, ensuring a smooth transition.

Earthworks on the north dump leach commenced with leach pad preparation underway.

The gross capex in Q1 was US\$53.8 million and after removing the impact of the waste mining accounting treatment, adjusted capex was US\$48.9 million. The Q1 capex was lower than budgeted due to delayed timing of actual cash spend, which are likely to be incurred in Q2. The capex guidance for the year remains unchanged.

	Q1 2023 (US\$m)
Underground exploration	3
Underground mine development	8
Rebuilds, underground transition and other sustaining capex	10
Sustaining element of waste stripping capitalised ¹	5
Sustaining expenditure capitalised	26
North dump leach, tailings storage facility 2 & underground paste fill plant	4
Contract waste stripping capitalised	21

¹ Reclassified from operating expenditure, from 2021, the Company implemented a more granular methodology to the accounting and classification of waste-stripping costs, in line with IFRS accounting standards. As such, there is an accounting reclassification of open pit waste mining costs, resulting in a reduction in total cash costs with a corresponding equal increase in the sustaining expenditure and therefore AISC, with no impact on net cash flow.

Other non-sustaining capex	3
Non-sustaining expenditure capitalised	28
Total expenditure capitalised	54
Less:	
Sustaining element of waste stripping capitalised ¹	(5)
Capitalised Right of Use Assets	-
ADJUSTED CAPEX (after reclassification)	49

SALES AND COSTS

Gold sales for the quarter were 107,661 oz, a 16% increase YoY. The average realised gold price for the quarter was US\$1,902/oz, up 1% YoY. Revenues generated of US\$205.2 million, increased by 18% YoY, driven by higher production volumes and subsequent sales.

Cash costs of production were US\$99.2 million for the quarter, a 6% increase YoY, due to higher input costs such as fuel and consumables. Unit cash costs of production were US\$937/oz produced, a 7% decrease YoY, reflecting higher production volumes.

Total all-in sustaining costs ("AISC") were US\$145.2 million for the quarter, a 1% increase YoY. Unit AISC of US\$1,348/oz sold, a 13% decrease in YoY costs, reflecting the higher gold sales.

EXPLORATION PROJECTS

The total greenfield exploration spend for the quarter was US\$10.8 million.

Doropo Project, Cote d'Ivoire

The update provided in November 2022 highlighted the opportunity to simplify the processing flowsheet, which had included a full flotation and regrind circuit as part of the 2021 preliminary economic assessment. The work completed over Q1 focussed on finalising the comminution and metallurgical test work comparing whole ore leach versus flotation.

The PFS is expected to be completed in June 2023.

Eastern Desert Exploration ("EDX") (Egypt)

Systematic fieldwork continued during Q1 aimed at identifying potential commercial scale targets for drill testing alongside preparation work for identified drill targets. Fieldwork consisted of regional-scale screening using bulk leach extractable gold ("BLEG") sampling and identification of mineralised corridors with soil sampling and chip channel sampling.

Five drill targets have been identified in the Nugrus block following closer spaced geological soil sampling and mapping. In the quarter, drone surveys were flown over two of the targets to collect detailed topographic data as part of the drill programme design and planning. The aim is to commence drill testing the targets later in Q2, with initial assay results expected from Q4.

FINANCIAL POSITION

Free Cash Flow

Under the terms of the Sukari Concession Agreement, the Egyptian government earned US\$6.1 million in royalty payments and received US\$13.5 million in profit share payments during the quarter reflecting higher gold price. After Sukari profit share distribution, Group exploration expenditure and corporate investing activities, the free cash flow for the quarter was US\$8.1 million.

Balance Sheet

Centamin is in a strong financial position, with cash and liquid assets to US\$155 million as at 31 March 2023. The Company has a US\$150 million senior secured sustainability-linked revolving credit facility ("RCF") which is available and undrawn.

	31 March 2023 (US\$m)
Cash on hand	115
Liquid assets, including bullion on hand and gold sales receivables	40
Total cash and liquid assets	155
Sustainability-linked revolving credit facility	150
TOTAL BALANCE SHEET LIQUIDITY	305

CORPORATE

During the quarter, the Company issued several corporate announcements:



- **Legal Update: Favourable Egyptian Constitutional Court Ruling** upholding Egyptian Law No. 32 of 2014 as constitutional giving Centamin the right to request the Supreme Administrative Court ("SAC") to rule that the 2011 challenge to the Concession Agreement is now legally inadmissible on the basis that the original complainant had no capacity to bring the claim as he was not a party to the Concession Agreement ([full announcement](#))
- **Final Dividend proposal of 2.5 US cents per share (US\$29m)**, which is subject to shareholder approval at the AGM ([Dividend Declaration announcement](#))
- **Centamin decarbonisation roadmap to 2030** targeting a 30% reduction in operational Scope 1 and 2 greenhouse gas emissions and excluding several further abatement opportunities which remain under review ([full announcement](#))
- **2022 Annual Report and Accounts** ([2022 Annual Report homepage](#)), and
- **Published the Notice of Annual General Meeting**, to be held on 23 May 2023 at Dukes Hotel in London ([for more details](#)).

PRINT-FRIENDLY VERSION of the quarterly results: www.centamin.com/investors/results-reports/

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 over 5 million ounces of gold, and today has 6.0Moz in gold Mineral Reserves. Through its large portfolio of exploration assets in Egypt and Côte d'Ivoire, Centamin is advancing an active pipeline of future growth prospects, including the Doropo project in Côte d'Ivoire, and has over 3,000km² of highly prospective exploration ground in Egypt's Nubian Shield.

Centamin recognises its responsibility to deliver operational and financial performance and create lasting mutual benefit for all stakeholders through good corporate citizenship, including but not limited to in 2022, achieving new safety, commissioning of the largest hybrid solar farm for a gold mine, sustaining a +95% Egyptian workforce and a +60% Egyptian supply chain at Sukari.

FOR MORE INFORMATION please visit the website www.centamin.com or contact:

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ENDNOTES

Guidance

The Company actively monitors the global geopolitical uncertainties and macroeconomics, such as global inflation, and guidance may be impacted if the supply chain, workforce or operation are disrupted.

Financials

Full year financial data points included within this report are audited.

Non-GAAP measures

This statement includes certain financial performance measures which are not GAAP measures as defined under International Financial Reporting Standards (IFRS). These include EBITDA and adjusted EBITDA, Cash costs of production, AISC, Cash and liquid assets, Free cash flow and adjusted Free cash flow. Management believes these measures provide valuable additional information for users of the financial statements to understand the underlying trading performance. An explanation of the measures used along with reconciliation to the nearest IFRS measures is provided in the Financial Review.

Profit after tax attributable to the parent

Centamin profit after the profit share split with the Arab Republic of Egypt.

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.

Movements in inventory

Movement in inventory on ounces produced is the movement in mining stockpiles and ore in circuit while the movement in inventory on ounces sold is the net movement in mining stockpiles, ore in circuit and gold in safe inventory.

Gold produced

Gold produced is gold poured and does not include gold-in-circuit at period end.

Dividend

All dividends are subject to final Board approval and final dividends are subject to shareholder approval at the Company's annual general meeting.

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 direct or indirect 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, the risks and uncertainties associated with the direct and indirect impacts 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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