

Centamin plc

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

QUARTERLY REPORT

for the three months ended 30 September 2022

MARTIN HORGAN, CEO, commented: *"The third quarter results reflect continued strong delivery across the Group and we remain firmly on track to meet full year guidance. Several key milestones were achieved in the quarter, including a new record safety performance and commissioning of the Sukari solar plant which marked a material step in reducing our GHG emissions and cost base. In the quarter, Sukari produced its five millionth ounce of gold, and with visibility on at least the next five million ounces of production, it is a strong reminder of the exceptional quality of this asset."*

HIGHLIGHTS

Milestones and records achieved

- **New Group safety record:** the Company recorded no Lost Time Injuries ("LTI") in the third quarter ("Q3") and Sukari has achieved a site record of greater than five million hours LTI free
- **Gold production of 127,512 ounces ("oz")**, driven by planned higher grades from the open pit and underground, and bringing gold production for the nine months of the year ("YTD") to 331,410 oz and on track for the middle of 2022 guidance
- **Revenue of US\$218.1 million** (YTD: US\$599.9m), generated from gold sales of 126,610 oz (YTD: 330.2koz) at an average realised gold price of US\$1,720/oz sold
- **Cash costs of US\$811/oz produced** (YTD: US\$885/oz) and on track for lower end of 2022 guidance
- **All-in sustaining costs ("AISC") of US\$1,289/oz sold** (YTD: US\$1,386/oz) and on track for upper end of 2022 guidance
- **Sukari solar plant is delivering lower costs and reduced greenhouse gas ("GHG") emissions:** whilst in the final stages of commissioning, since September the solar plant has consistently delivered nameplate capacity, displacing up to 70,000 litres of diesel fuel per day (Link to announcement: [Sukari Power Update](#))
- **Capital projects progressing as scheduled:** this includes the underground paste-fill plant, underground infrastructure and equipment upgrades, and plant optimisation, as part of the reinvestment programme in the long term optimisation of the mine
- **Five millionth ounce milestone:** in Q3, Sukari produced its five millionth ounce of gold, demonstrating the quality of the asset, which has 5.8 million ounces in Proven & Probable Reserves as at 30 June 2021 and identified growth upside potential
- **Robust balance sheet:** cash and liquid assets of US\$153.6 million, as at 30 September 2022, and after US\$29 million distributed in interim dividends.

OUTLOOK

On track to meet full year 2022 guidance

- Gold production guidance maintained at 430,000 to 460,000 oz for the year, targeting the middle of the range
- Cost guidance maintained at cash costs of US\$900-1,000/oz produced and AISC of US\$1,275-1,425/oz sold, targeting the lower end of cash cost range and the upper end of the AISC range
- Adjusted capital expenditure guidance is maintained at US\$225.5 million
- Results driven exploration expenditure expected to be approximately US\$30 million.

Q4 2022 NEWS FLOW

- Underground expansion study
- Capital structure review
- Doropo Project (Cote d'Ivoire) pre-feasibility study update
- Sukari Resources & Reserve update.

WEBCAST AND CONFERENCE CALL

The Company will host a webcast and conference call today, Thursday, 20 October at 09.00 BST to discuss the results, followed by an opportunity to ask questions.

Webcast link: <https://www.investis-live.com/centamin/633d53edab77041200512904/pkqq>

Conference call dial-in telephone numbers:

United Kingdom (and all other locations) +44 (0) 203 936 2999
 United States +1 646 664 1960
 Participation access code: 310084

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

RESULTS SUMMARY

	Year on year (“YoY”) comparative			QoQ comparative		YTD 2022
	Q3 2022	Q3 2021	% Δ	Q2 2022	% Δ	
SAFETY						
Group LTIFR (1m hours)	0	0	0%	0.32	100%	0.11
OPEN PIT						
Total material mined (kt)	35,647	31,656	13%	33,371	7%	100,020
Ore mined (kt)	2,814	2,915	(3%)	2,767	2%	8,550
Ore grade mined (g/t Au)	1.04	1.02	1%	1.07	(3%)	1.01
UNDERGROUND						
Ore mined (kt)	210	201	5%	231	(9%)	595
Ore grade mined (g/t Au)	6.2	4.47	39%	4.74	31%	4.95
PROCESSING						
Ore processed (kt)	3,230	2,885	12%	2,884	12%	9,069
Feed grade (g/t Au)	1.37	1.29	6%	1.36	1%	1.27
Gold recovery (%)	87.9	88.7	(1%)	88.3	(1%)	88.1
Gold production (oz)	127,512	103,546	23%	110,788	15%	331,410
COST & SALES						
Gold sold (oz)	126,610	103,514	22%	111,027	14%	330,197
Cash costs (US\$/oz produced)	811	846	(4%)	868	(7%)	885
AISC (US\$/oz sold)	1,289	1,266	2%	1,357	(5%)	1,386
Realised gold price (US\$/oz)	1,720	1,764	(3%)	1,863	(8%)	1,813
Revenue (US\$m)	218.1	182.9	19%	207.2	5%	599.9
Capex (US\$m)	74.9	67.6	11%	67.3	11%	213.6

HEALTH AND SAFETY

Operational safety continues to be a key focus across the Group with no LTIs being reported in the quarter (YTD: 1) and Sukari achieved a site record of greater than five million hours LTI free.

The Q3 lost time injury frequency rate (“LTIFR”) was 0.00 per 1,000,000 site-based hours worked (YTD: 0.11), comparable to the corresponding zero LTIFR for the third quarter of 2021. The total recordable injury frequency rate (“TRIFR”) for Q3 was 1.69 per 1,000,000 site-based hours worked, down 21% quarter on quarter (“QoQ”), and down 50% year on year (“YoY”). TRIFR YTD was 2.50, which is below our 2022 target of 3.99.

SUKARI GOLD MINE, EGYPT

(Q3 2022 vs Q3 2021)

Production

Sukari Gold Mine (“Sukari”) production for Q3 totalled 127,512 oz (YTD: 331,410 oz), a 23% increase YoY and 15% increase on Q2 (“QoQ”). The production increase was attributable to higher grades from both the underground and open pit alongside ongoing productivity improvements such as the installation of lightweight high-capacity truck trays in the open pit.

Open Pit Mining

Total material moved (waste and ore) increased by 13% YoY to 35.6Mt (YTD: 100.0Mt) a new record for total material moved during a quarter, resulting from improved operating efficiencies and productivity and increased waste moved as part of the accelerated waste stripping programme.

Total open pit waste material mined (owner and contractor) for the quarter was 32.8Mt (YTD: 91.5Mt), a 14% increase YoY, driven largely by the ongoing contractor waste-stripping programme (12.0Mt), designed to improve the long-term mining flexibility within the open pit. The strip ratio for the quarter was 11.7:1 (waste:ore) (YTD: 10.7:1).

Open pit ore mining activity continued to focus primarily on the Stage 5 North during Q3, with ore contributions from Stage 4. Total open pit ore mined for the quarter was 2.8Mt (YTD: 8.6Mt), a 3% reduction YoY, at an average mined grade of 1.04 grams of gold per tonne ("g/t Au") (YTD: 1.01g/t Au), a 1% increase YoY.

During the quarter, the low-grade stockpiles remained broadly unchanged at 18.7Mt at a grade of 0.46g/t Au.

Underground Mining

In Q3, mining activities progressed into higher grade areas. Mining rates were impacted by underground equipment availability resulting in lower than planned material mined. Improvements in underground performance are expected in Q4 as the new underground equipment starts to be delivered to site and commissioned.

Total material mined (waste and ore) was 268kt (YTD: 777kt), a 11% reduction YoY. Total ore mined was 210kt (YTD: 595kt) at an average combined (stopping and development) grade of 6.20g/t Au (YTD: 4.95g/t Au). This represented a 5% increase in ore tonnes YoY and a 39% increase in grade YoY.

The underground ore mined consisted of 121kt of ore mined from stopes at an average grade of 8.37g/t Au, and 89kt of ore mined from development, at an average grade of 3.25g/t Au.

Processing

During Q3, the plant processed 3.2Mt of ore (YTD: 9.1Mt), a 12% increase YoY, at an average feed grade of 1.37 g/t Au (YTD: 1.27g/t Au), a 6% increase YoY reflecting the higher open pit and underground grades mined and delivered to the plant over the period.

The metallurgical gold recovery rate was 87.9% for the quarter (YTD: 88.1%), in line with budget but a 1% reduction YoY. As part of the ongoing gravity recoverable gold trial, material from Bast was processed, which has potentially reduced recoveries in the short term, given higher clay content.

EXPLORATION PROJECTS

A comprehensive exploration update was published on 7 July 2022. (Link to full announcement: [Group Exploration Update Confirming Growth Potential Across the Portfolio](#)).

Sukari Concession Exploration

Work is focussed on the development of potential resources within the concession area that can be converted to reserves and incorporated into the mine plan in the shortest timeframe. Highlights during the quarter include:

- Evaluation of the 2022 field work programmes to prioritise the targets for follow up work;
- Design of a 50,000m RC and diamond drilling programme for the selected targets to support resource estimation and associated metallurgical and geotechnical assessments; and
- Design and start of access development works to facilitate the commencement of drilling in Q4.

Brownfield exploration across the 160km² Sukari Concession amounted to US\$4.9 million (YTD: US\$8.6 million) in the quarter and is capitalised and included within the 2022 capex guidance.

Group Exploration

- **Eastern Desert Exploration ("EDX") (Egypt):** systematic fieldwork continued aimed at identifying and prioritising commercial scale opportunities. This consisted of regional screening via BLEG sampling and identification of mineralised corridors via soil sampling. BLEG sampling was completed at the Um Rus area and work has returned to focus on detailed follow up at high priority targets within the Nugrus block including closer spaced geological sampling and mapping, ahead of drill testing at the earliest opportunity;
- **Doropo Project (Côte d'Ivoire):** pre-feasibility study ("PFS") is well progressed, including development of an updated Mineral Resource Estimate based on the results of the 2022 field programme. Metallurgical test work has continued in parallel with mine planning and baseline ESIA studies; and
- **Batie West Project (Burkina Faso):** given the prevailing political and security concerns the decision has been taken to relinquish the remaining licenses, which has no carrying value on the balance sheet, as per the 2021 Annual Report and Accounts.

The total greenfield exploration expensed for the quarter was US\$4.0 million (YTD: US\$21.5 million).

SALES AND COSTS

Gold sales for the quarter were 126,610 oz (YTD: 330,197oz), a 22% increase YoY. The average realised gold price for the quarter was US\$1,720/oz (YTD: US\$1,813/oz), down 3% YoY. Revenues generated were US\$218.1 million (YTD: US\$599.9m), an increase of 19% YoY, driven by higher gold sales countering a slightly lower gold price.

Cash costs of production were US\$103.4 million for the quarter (YTD: US\$293.3m), a 18% increase YoY, predominantly driven by increased material moved and processed in the period. Inflationary cost pressures around fuel and consumables have largely been offset by cost-savings initiatives including the transition to underground owner mining and the initial impact of the solar power plant. Open pit costs have decreased during the quarter due to the increase in the stripping ratio resulting in certain waste mining costs being capitalised to the balance sheet. Unit cash costs of production were US\$811/oz produced (YTD: US\$885/oz), a 4% decrease YoY.

Total all-in sustaining costs (“AISC”) were US\$163.2 million for the quarter (YTD: US\$457.6m), a 24% increase YoY, resulting from inventory movements and global inflationary cost pressures. The AISC of US\$1,289/oz sold (YTD: US\$1,386/oz) increased 2% YoY, reflecting gold sales during the quarter.

Irrespective of the ongoing inflationary environment, we remain firmly focussed on stringent cost control and improving productivity at Sukari. We continue to make good progress with our US\$150 million stretch cost savings programme and continue to identify new potential cost savings opportunities. Notably in Q3, the commissioning of the solar plant, creating the potential to save up to US\$20 million per annum at current fuel prices; and the final installation of the high production truck trays.

CAPITAL EXPENDITURE

As part of the reinvestment programme in the long-term sustainability of Sukari, key capital projects progressed as scheduled during Q3, including the underground paste-fill plant, underground infrastructure and equipment upgrades, tailings storage facility, plant optimisation and the accelerated waste-stripping programme.

From 2021, the Company implemented a more granular methodology to the accounting and classification of waste-stripping costs. As such, there is a 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.

The table below illustrates the impact of the waste-stripping which is capitalised as sustaining and non-sustaining capital and therefore reclassified out of operating expenditure (“opex”). Total capex in Q3 was US\$74.9 million (YTD: US\$213.6m), which was an 11% increase YoY. After removing the impact of this waste mining accounting treatment, adjusted capex was US\$50.1 million (YTD: US\$167.2m) which reconciles with 2022 guidance.

	Q3 2022 (US\$m)	YTD 2022 (US\$m)
Underground exploration	4.1	5.8
Underground mine development	7.0	24.0
Rebuilds, underground transition and other sustaining capex	12.1	50.0
Sustaining segment of waste stripping capitalised <i>(reclassified from opex)</i>	24.7	46.4
Sustaining expenditure capitalised	47.9	126.1
Solar plant & paste plant	2.5	16.7
Contract waste stripping capitalised	23.2	64.4
Other non-sustaining capex	1.2	6.4
Non-sustaining expenditure capitalised	26.9	87.4
Total expenditure capitalised	74.9	213.6
Less:		
Sustaining element of waste stripping capitalised <i>(reclassified from opex)</i>	(24.7)	(46.4)
ADJUSTED CAPEX <i>(after reclassification)</i>	50.2	167.2

FINANCIAL POSITION

Free Cash Flow

Under the terms of the Sukari Concession Agreement, the Egyptian government earned US\$6.5 million in royalty payments (YTD: US\$18.2m) and received US\$7.0 million in profit share payments during the quarter (YTD: US\$28.5m). After Sukari profit share distribution, Group exploration expenditure and corporate investing activities, Group free cash flow for the quarter was US\$11 million (YTD: negative US\$14.3m), negative YTD due to 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.

Balance Sheet

Centamin is in a strong financial position, with net cash and liquid assets to US\$153.6 million as at 30 September 2022, and after the distribution of US\$29 million in interim dividends. The Company remains unhedged and debt-free.

CORPORATE

Capital Structure Review

The Company committed to undergoing a capital structure review in 2022 to increase financial flexibility, in particular assessing the balance sheet structure and opportunity to introduce an appropriate level of debt and how this fits within the Group capital allocation framework. The review is well advanced with active engagement with several banks on available debt instruments, with the intention to provide an update later in 2022.

EDX Exploitation Terms

Centamin continues its ongoing constructive engagement with the Egyptian government to finalise the details of the exploitation terms applicable on the exploration blocks awarded in 2021. It should be noted that any terms agreed do not impact the Sukari Concession Agreement, which was awarded under Egyptian law 222 of 1994.

ABOUT CENTAMIN

Centamin is an established gold producer, with a premium listing 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 approximately 3,000km² 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 or contact:

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ENDNOTES

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 www.centamin.com/investors/results-reports/.

Adjusted capital expenditure

Excludes the sustaining capital element of the waste-stripping.

Exploration expenditure

Exploration expensed covers all exploration activities excluding the Sukari Concession Agreement and are expensed in the period they are incurred.

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.



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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