

MIRA INFORM REPORT

Report No. :	534140
Report Date :	11.10.2018

IDENTIFICATION DETAILS

Name :	SUKARI GOLD MINES SAE
Registered Office :	361 El Horreya Road, Sidi Gaber, PO Box: 408, Alexandria 21321
Country :	Egypt
Date of Incorporation :	29.01.1994
Com. Reg. No.:	983
Legal Form :	Egyptian Joint Stock Company
Line of Business :	Subject is engaged as miners for gold
No. of Employees :	1,300

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.



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SUMMARY

Company Name	: SUKARI GOLD MINES SAE
Country of Origin	: Egypt
Legal Form	: Egyptian Joint Stock Company
Registration Date	: 29th January 1994
Commercial Registration Number	: 983, Alexandria
Tax Card Number	: 347-810-454
Issued Capital	: £E 5,000,000
Paid up Capital	: £E 5,000,000
Total Workforce	: 1,300
Activities	: Miners of gold
Financial Condition	: Undetermined
Payments	: No complaints

COMPANY NAME

SUKARI GOLD MINES SAE

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Street : 361 El Horreya Road
Area : Sidi Gaber
PO Box : 408
Town : Alexandria 21321
Country : Egypt
Telephone : (20-3) 5411259
Facsimile : (20-3) 5226350
Mobile : (20-128) 276261 / 276260
Email : pgm@centamin.com

Premises

Subject operates from a medium sized suite of offices that are rented and located in the Central Business Area of Alexandria.

Branch Office (s)

<u>Location</u>	<u>Description</u>
• Marsa Allam	Mine

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Youssef El Raghy	General Manager
• Ahmed Maher	Financial Controller

LEGAL FORM & OWNERS

Date of Establishment : 29th January 1994

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Legal Form : Egyptian Joint Stock Company

Commercial Reg. No. : 983, Alexandria

Tax Card No. : 347-810-454

Issued Capital : £E 5,000,000

Paid up Capital : £E 5,000,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Egyptian Mineral Resources Authority (EMRA)	50%
• Pharaoh Gold Mines (PGM)	50%

Notes to the legal Form

A Joint Stock Company (SAE) can be both a public or private company the capital of which is divided into shares of equal value; the liability of the shareholder is confined to the value of the shares to which he subscribes, and he is not liable for the debts of the company except within the limit of those shares. A JSC may be 100% owned by foreign investors and there should be at least three shareholders. The minimum capital of JSC companies is EGP 250,000 or EGP 500,000 if it is a public company.

OPERATIONS

Activities: Engaged as miners for gold.

Subject has a concession with the Egyptian Government which includes:

- PGM solely funds Sukari
- PGM is entitled to recover costs and expenses from sales revenue
- PGM pays a 3% NSR royalty
- The net operating revenue surplus, after royalty and cost recovery is split 50:50 between PGM and EMRA.
- An additional 10% of proceeds is paid to PGM in the first 2 years of Profit Share and an additional 5% in the following 2 years.

Title, exploitation and development rights to the Sukari Gold Mine are granted under the terms of the Concession Agreement promulgated as Law No. 222 of 1994, signed on 29 January 1995. The Concession Agreement was issued by way of Presidential Decree after the approval of the People's Assembly in accordance with the Egyptian Constitution and Law No. 61 of 1958. The Concession Agreement was issued in accordance with the Egyptian

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Mines and Quarries Law No. 86 of 1956 which allows for the Ministry to grant the right to parties to explore and mine for minerals in Egypt.

Sukari Gold Mine, began production in 2009 and is the first large scale modern gold mine in Egypt. Base case production is c. 500,000 ounces per annum, with the potential to exceed this level as optimisation of the mining and processing operations continues. The total Measured and Indicated resource, at 30 June 2015, was 13 million ounces (Moz) gold.

Subject has a workforce of approximately 1,300 employees.

FINANCIAL DATA

Companies registered in Egypt are not legally required to make their accounts public and no financial information was released by the company or submitted by outside sources.

BANKERS

- Bank of Alexandria
19 Salah Salem Street
El Gomrok, Mansheya
Alexandria
Tel: (20-3) 4827995

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

GENERAL COMMENTS

During the course of this investigation the following sources were consulted:

- Internal database
- Journals, directories, media & web searches
- Local Registry office

The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

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During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the company is considered to be a fair trade risk.

COUNTRY OUTLOOK

Economic growth doubled (to 4.2 %) in FY15, after four years of slow growth. Yet challenges remain, and were aggravated by the recent foreign exchange crunch. Growth in FY15 (July 2014/June 2015) was attributed to the restoration of stability and improved confidence, resilient private consumption, and the government's public investments that started to crowd in private investments. The first quarter of FY16 witnessed subdued growth (of 3 %, from 5.6 % a year earlier), mainly due to foreign exchange shortages that stifled production. The inadequacy of foreign exchange along with an overvalued Pound hampered Egypt's competitiveness; lowering the volume of exports by 26 % in Q1-FY16. Unemployment inched downwards (to 12.8 % in the H1-FY15 versus 13.3 % a year earlier), albeit partially reflecting dropouts from the labour force. The labour force participation rate dropped to 46 % of the adult population (those above 15 years old) versus 50 % at end-2010. Headline inflation eased slowly in early-2016, reaching 9 % in February 2016, from an average of 11 % in the previous three months. The Central Bank of Egypt (CBE) has recently started tightening monetary policy to curb inflation, especially in light of the recent exchange rate depreciation.

The CBE allowed the official exchange rate to weaken in mid-March as pressures on external accounts intensified. Net international reserves (NIR) dropped in FY16, due to large debt repayments, the unfavourable external environment, the recent crash of the Russian airplane over Sinai, as well as the CBE's ongoing injection of foreign exchange to meet import needs and to clear forex backlogs. Thus, NIR declined to just below \$16.5 billion in October 2015, and has stabilized at this level through end-February 2016. The CBE left the official exchange rate to weaken by 14.3 % on March 14, 2016, after the parallel market premium had surged to 18 % above the official rate. The CBE held a later auction at a slightly stronger exchange rate, but still signalled a move towards more flexibility.

The fiscal stance improved in FY15 due to key consolidation measures, but the reform momentum has faded in FY16. The budget deficit reached 11.5 % of GDP in FY15 (compared to 12.2 % of GDP in FY14, and 13 % of GDP in FY13), thanks to the partial streamlining of energy subsidies, revenue-enhancement measures, and the drop in international oil prices. This was achieved whilst the government raised allocations to health, education, and infrastructure, in line with the constitutional mandate. Yet, the reform pace has slowed down in FY16, as the energy subsidy reform program was only partially implemented, and the ratification of the VAT and the mining laws have been delayed.

The outlook is for GDP growth to slow down to 3.3 % in FY16, before rebounding thereafter. A combination of unfavourable domestic and external factors is undermining growth in FY16. Important sectors have been underperforming, notably, the extractives which continue to suffer from liquidity issues (accumulated arrears were recorded at \$3 billion in end-2015); and tourism, affected by the Russian plane crash last October. Externally, the sluggish recovery of the Euro zone is expected to weigh on Egypt's growth, while the lower oil prices and slowdown in Gulf countries might negatively impact Egyptians' remittances; hence private consumption. The deficit is expected to decline to 11.3 % of GDP in FY16, and decline further in the medium term, with continued fiscal consolidation effort. Egypt's external accounts are likely to worsen in FY16 before recovering afterwards, provided that monetary authorities continue to ease restrictions on foreign exchange and re-align the exchange rate.

Key Economic Indicators	2014	2015	2016*	2017*
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Real GDP Growth (%)	2.2	4.2	3.3	4.2
Inflation Rate (%)	10.1	10.9	9.8	9.5
Fiscal Balance (% of GDP)	-12.2	-11.5	-11.3	-9.8
Current Account Balance (% of GDP)	-0.9	-3.7	-4.6	-4.6

* forecast

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 74.13
UK Pound	1	INR 97.63
Euro	1	INR 85.26
EGP	1	INR 4.14

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)