



PRESS RELEASE

2019 ANNUAL RESULTS

- **Higher turnover driven by actions to increase production**
- **Net income impacted by asset impairments and non-recurring charges**
- **Significant steps in development of precious metal projects in line with Managem's strategy to build mining operations of world class standing**

The Board of Directors of Managem met on 20th March 2020, and presided by Mr Imad TOUMI approved the financial statements for the year ended 31/12/2019.

CONSOLIDATED IFRS ACCOUNTS IN M MAD

Key figures	2019	2018	In M MAD	%
Turnover	4 553	4 357	197	5%
EBITDA	1 123	1 323	-200	-15%
Operating income	-345	669	-1 014	n.s
Financial result	-112	-230	118	51%
Net income, Group share	-427	370	-797	n.s

Statutory accounts	2019	2018	In M MAD	%
Turnover	199.5	185.5	14	8%
Net income	-778.6	103.4	-882	n.s

Turnover +5% to 4 553 M MAD

Managem delivered a 5% increase in turnover in spite of the sharp fall in prices for Cobalt down 49%, Zinc down 9% and Copper down 7%. This performance was driven by :

- 33% increase in cobalt production following the extension in capacity of the hydro-metallurgical units;
- 3 fold increase in gold production with the ramp up in the operations in Sudan
- 23% growth in silver production.

Operating income declined due to the impact of non recurring items and lower metal prices

EBITDA stood at 1 123 M MAD for 2019, a decline of 15% on 2018. Actions to reduce cash costs together with the increase in production volumes generated a positive impact of 300 M MAD. This significantly offset the negative impact of the decline in metal prices estimated at 600 M MAD.

The continued downward pressure on international metals prices coupled with operational difficulties at certain mining assets has led to impairment charges in compliance with IAS36. In addition, the positive one off impact from the consolidation of the Tri-K project in Guinea in 2018 increased the impact of the decline in operating income which amounted to a loss of 345 M MAD in 2019.

Net income, Group share amounted to a loss of 427 M MAD, of which non recurring items totalled 350 M MAD.

KEY ACHIEVEMENTS IN 2019

In 2019, the Group invested a total CAPEX of 1.8 billion M MAD, and accomplished major progress in its strategic projects :

Gold activity

In Sudan

- Start up of the new plant taking annual production to 65,000 ounces of gold p.a. (treatment capacity expansion of 2 400T/p.d)

In Guinea

- Acquisition of an additional 30% in the Tri-K project from the JV partner Avocet Mining and completion of the project financing together with the related due diligence. This was followed the launch of construction representing an investment of 180 M USD

Silver activity

In Morocco

- Start up in July 2019 of the dyke treatment plant at Imiter following completion of construction and testing in the first half.

Cobalt and Copper activities

In Morocco

- Increase in hydro-metallurgical unit capacity to 2 800 MT of Cobalt p.a.
- Launch of the Tizert copper project feasibility study with completion expected in H2 2020.

DIVIDEND

In the context of the Group's development strategy, the Board of Directors recommends to the AGM that no dividend be distributed for the 2019 financial year.

OUTLOOK

Managem will continue to pursue its African growth strategy focusing on major projects with a momentum of investments that will bring a new dimension to the Group. Notable progress is expected on a number of high potential projects for the Group :

- A new capacity expansion at Gabgaba mine in Sudan with the goal of increasing medium term gold production to 3 tonnes p.a ;
- Completion of construction of the Tri-K gold project with production start-up in 2021 and a nominal output objective of 3.5 tonnes p.a ;
- Completion of the Tizert copper project feasibility project for which reserves are expected to reach more than 650 000 MT ;
- Start up of production at the large Cobalt-Copper Pumpi project in DRC realized in partnership with Wanbao mining with a total investment of 560 M USD.

In the context of the current health crisis, Managem is totally mobilised and using all means available to protect the health and safety of the Group's employees and to limit the spread of the Covid-19 pandemic, both in Morocco and around its operating sites.