

Centamin plc

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

QUARTERLY REPORT

for the three months ended 31 December 2020

MARTIN HORGAN, CEO, commented: "Today's Q4 and subsequent full year 2020 results were delivered in-line with the revised guidance we issued in October. This follows the capital markets event we hosted in December, where we presented the conclusions of the Phase 1 Life of Asset review and three-year outlook, detailing clear cost-saving, exploration and productivity initiatives, forming part of our plans to unlock Sukari's potential."

HIGHLIGHTS¹

Q4 and FY results delivered in line with guidance

- Gold production from the Sukari Gold Mine ("Sukari") for the fourth quarter ("Q4"), was 67,996 ounces ("oz"), which is in-line with the quarterly guidance range of 60,000 to 70,000 oz; Gold production for 2020 ("FY") was 452,320 oz and in-line with annual production guidance of 445,000 to 455,000 oz
- Q4 revenue of US\$150 million, generated from gold sales of 79,535 oz at an average realised gold price of US\$1,887/oz sold; FY revenue of US\$829 million, generated from gold sales of 468,681 oz at an average realised gold price of US\$1,766/oz
- Q4 cash costs of US\$1,080/oz produced, outside of the quarterly guidance of US\$950-1,050/oz produced, and all-in sustaining costs ("AISC") of US\$1,613/oz sold, in-line with quarterly guidance range of US\$1,450-1,650/oz sold; FY cash costs of US\$719/oz produced, delivered below the annual guidance of US\$740-790/oz produced, and AISC of US\$1,036/oz, which was in-line with annual guidance range of US\$950-1,050/oz sold
- Q4 adjusted Group free cash flow of US\$3 million, after US\$48 million of capital expenditure and US\$21 million distributed to the Egyptian government in profit share payments and royalties²; FY adjusted Group free cash flow of US\$142 million, after US\$138 million of capital expenditure and US\$199 million was distributed to the Egyptian government in profit share payments and royalties
- In December 2020, the Company contracted Capital Ltd ("Capital") to complete a 120Mt waste-stripping programme over four years. Capital are well progressed with the mobilisation of their fleet and team on site and are on track to commence material movement in H1 2021
- Strong balance sheet with no debt, no hedging and cash and liquid assets³ of US\$310 million, as at 31 December 2020.

	QoQ comparative			YoY comparative		YoY comparative		
	Q4 2020	Q3 2020	%	Q4 2019	%	FY 2020	FY 2019	%
Open pit								
Total material mined (kt)	21,324	17,682	21%	17,385	23%	79,774	78,391	2%
Ore mined (kt)	3,553	3,805	(7%)	4,006	(11%)	15,656	14,372	9%
Ore grade mined (g/t Au)	0.74	1.01	(27%)	0.98	(24%)	0.97	0.8	21%
Underground								
Ore mined (kt)	165	139	19%	232	(29%)	625	1,087	(43%)
Ore grade mined (g/t Au)	3.66	5.38	(32%)	6.45	(43%)	4.99	5.32	(6%)
Processing								
Ore processed (kt)	2,911	2,931	(1%)	3,044	(4%)	11,913	12,859	(7%)
Feed grade (g/t Au)	0.86	1.48	(42%)	1.6	(46%)	1.35	1.28	5%
Gold recovery (%)	88.6	87.4	1%	89.5	(2%)	87.8	88.1	0%
Gold production (oz)	67,996	128,240	(47%)	148,387	(54%)	452,320	480,528	(6%)
Gold sold (oz)	79,535	118,617	(33%)	137,065	(42%)	468,681	470,020	0%
Cash costs (US\$/oz produced)	1,080	682	58%	605	79%	719	699	3%
AISC (US\$/oz sold)	1,613	961	68%	792	104%	1,036	943	10%
Avg gold price (US\$/oz)	1,887	1,933	(2%)	1,487	27%	1,766	1,399	26%

¹ Cash costs of production, AISC, cash and liquid assets and adjusted free cash flow are Non-GAAP Financial Measures as defined in the Annual Report

² Royalties are paid every six months in arrears

³ Cash and cash equivalents, bullion on hand, gold sales receivables and financial assets at fair value through profit or loss.

OUTLOOK⁴

Investing for operating reliability and consistency

Guidance unchanged:

- 2021 gold production of 400,000 to 430,000 oz, at cash costs of US\$800-900/oz produced and AISC of US\$1,150-1,250/oz sold
- 2021 capital expenditure (“capex”) is estimated at US\$225 million, including investment to improve mining flexibility (increased open pit stripping programme and increased underground development) and identified growth projects
- Sukari Life of Asset review (“LOA”) Phase 2 is underway and will result in an updated life of mine plan in Q4 2021
- The West African portfolio review will be completed in H1 2021, including updated mineral resource estimates.

CONFERENCE CALL

The Company will host a conference call today, Tuesday, 19 January at 08.30 GMT (UK time) to discuss the results with investors and analysts, followed by an opportunity to ask questions. Please find below the required participation details for the call. A replay will be made available on the Company website.

Dial-in telephone numbers:

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Participation access code: 732502

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⁴ The Company actively monitors the developments of the COVID-19 pandemic and guidance may be impacted if the workforce or operation are disrupted

HEALTH & SAFETY

Centamin's priority is to create a safe work environment which supports a healthy and productive workforce. In Q4, there were two lost time injuries ("LTI") (FY 2020: seven LTIs) resulting in a lost time injury frequency rate ("LTIFR") of 0.89 (FY 2020:0.84) per one million site-based hours worked. Total recordable injury frequency rate ("TRIFR") was 7.56 for Q4 (FY 2020: 5.16) per one million site-based hours worked. Despite the annualised safety records demonstrating improvement compared to 2019, and beat the Company's performance targets, there remains a continuous focus on instilling a strong safety culture with the ultimate objective to create a zero-harm workplace.

SUKARI GOLD MINE, EGYPT (Q4 2020 VS Q4 2019)

Production & Sales

Gold production for the quarter was 67,996 oz, a 54% decrease compared to the corresponding quarter in 2019 ("YoY"), due to mining lower grade material.

Gold sales for the quarter were 79,535 oz, a 42% decrease YoY. A stronger gold price resulted in a 27% increase YoY in the average realised price of gold to US\$1,887/oz. Revenue for the quarter was US\$150 million, a 26% decrease YoY, due to reduced volume sold but improved gold price.

Costs

Absolute cash costs of production were US\$73 million for the quarter, an 18% reduction YoY due to the movement in inventory⁵ including increase in run of mine ("ROM") stockpiled material. Unit cash costs of production were US\$1,080/oz produced, outside of the quarterly guidance and a 78% increase YoY due to lower scheduled production volumes.

Absolute all-in sustaining costs ("AISC") were US\$128 million for the quarter, an 18% increase YoY, mainly due to increased capital expenditure programme, which was back-end weighted due to COVID-19 rescheduling. Unit AISC of US\$1,613/oz sold, in-line with quarterly guidance and a 104% increase YoY, reflecting lower scheduled production volumes and higher capital expenditure due to deferrals as a result of COVID-19 precautions.

Open Pit Mining

Open pit ore mining in Q4 focussed primarily on the low to medium grade Stage 5 North area due to lack of available production areas. Total open pit ore mined for the quarter was 3.6Mt, an 11% decrease YoY, at an average mined grade of 0.74 grams of gold per tonne ("g/t Au"), a 25% decrease YoY.

The strip ratio for the quarter was 5:1 (waste:ore). Total open pit waste material mined for the quarter was 17.8Mt, a 33% increase YoY. Waste mining focussed on:

- Stage 5 West wall pushback and Stage 4 West remediation of the detected area of excessive material movement to allow ore mining to recommence in 2021
- Eastern area preparation works ahead of commencement of the contractor waste-stripping programme
- Continued pioneering works on the Sukari hill in preparation for the commencement of open pit mining of the Cleopatra zone.

An accelerated stripping programme commenced during the quarter utilising the Company's owner-operator fleet. In December, the Company contracted Capital Ltd ("Capital") to complete a 120Mt waste-stripping programme in the Eastern section of the open pit over the next four years. Capital are well progressed with the mobilisation of their fleet and team on site and are on track to commence material movement in H1 2021. The programme has been designed to introduce greater flexibility into the open pit mining operations which will support increased confidence in meeting our stated production targets in the future.

Underground Mining

Underground mining in the quarter focussed on the Ptah zone. Total ore mined was 165kt at an average total grade of 3.66g/t Au. This represented a 29% decrease in tonnes YoY and a 43% decrease in grade YoY, reflecting the focus on infrastructure development over the period.

The underground ore split was:

- 122kt of ore mined from stopes, at an average grade of 4.13g/t Au
- 43kt of ore mined from development, at an average grade of 2.31g/t Au.

⁵ 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

Total underground waste mined was 123kt, a 211% increase YoY, reflecting the focus on accelerating development and improving mining flexibility. In Q4, stage 1 of the ventilation upgrades were completed and stage 2 has commenced, preparing for mining to continue at depth across the underground operations.

Processing

The plant processed 2.9Mt of ore, a 4% decrease YoY, at an average feed grade of 0.86g/t, a 46% decrease YoY. The metallurgical gold recovery rate was 88.6% for the quarter, a 1% decrease YoY. During the quarter the low-grade stockpiles increased from 16.7Mt at 0.46g/t Au to 17.4Mt at an average grade of 0.47g/t Au.

In the quarter, routine plant maintenance was successfully executed, including the replacement of mill liners and changing the primary crusher mantles. Plant upgrades progressed well throughout the quarter, with a strong focus on improving productivities and efficiencies, notably around reagent and consumable use.

Capital Projects

Total capital expenditure ("capex") in Q4 was US\$48 million, an 83% increase YoY, reflecting the 2020 second-half weighted capital spend profile:

- Construction of the second downstream tailings storage facility ("TSF2") was completed ahead of schedule and under budget. Preparation work for TSF1 closure and rehabilitation is scheduled to commence in 2021
- Progress on the Sukari Solar project focussed on front-end engineering and design ("FEED") work, ahead of construction commencing in late 2021, and the high-voltage switchgear upgrade is 38% complete

The new camp infrastructure and workforce facility upgrades continued throughout the quarter and are now c.60% complete.

FINANCIAL POSITION⁶

Free Cash Flow

Under the terms of the Sukari Concession Agreement, the Egyptian government earned US\$4.5 million in royalty payments and received US\$16.5 million in profit share payments⁷ during the quarter. After Sukari profit share distribution and Group investing activities, Group adjusted free cash flow for the quarter was US\$3.5 million, ahead of expectations and a 90% reduction YoY, reflecting the scheduled reduced production volumes.

Balance Sheet

The Company is in a strong financial position, building net cash and liquid assets to US\$310 million, as at 31 December 2020. The Company remains unhedged and debt-free.

CORPORATE

Egyptian Bid Round Awards

The Company's government partners, EMRA, launched an exploration bid round process for a series of blocks⁸ covering the Eastern Desert in Egypt. Centamin submitted bids for several prospective blocks in September. On 19 November 2020, the Minister of Petroleum & Mineral Resources, Tarek El-Molla gave a press conference, naming Centamin, along with a number of other international and Egyptian mining groups, as being successful in the bid round. Centamin awaits the written details of the conditional awards and looks forward to working with government to agree mutually acceptable terms⁹ for exploration and exploitation, and thereafter, commence exploration work.

The Arabian Nubian Shield is one of the few remaining underexplored geological terranes which we believe has excellent potential for further discoveries to be made. As the only commercial producer of gold in Egypt, Centamin is uniquely placed to leverage its existing knowledge base, infrastructure, operating experience and robust financial position to assess and develop the geological potential of Egypt and bring any discoveries to account quickly and in a cost-effective manner.

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

⁶ Financial data points included within this report are unaudited

⁷ Under the terms of the Concession Agreement with Centamin's Egyptian partners, EMRA, on 1 July 2020, the profit share mechanism changed to 50:50, from 55:45 in favour of Centamin, and will remain at this level for the remainder of the tenure

⁸ All ground in the 2020 bid round will come under the new Egyptian mining code following a tax, rent, royalty framework

⁹ Any agreed terms on new ground would be independent, and therefore not impact, the Sukari Gold Mine Concession Agreement (Egyptian Law 222 of 1994).

with respect to future financial or operating performance. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "expected", "budgeted", "forecasts" and "anticipates". 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; 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. 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. 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.