

Centamin plc

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

QUARTERLY REPORT

for the three months ended 30 June 2021

MARTIN HORGAN, CEO, COMMENTED: "Centamin has delivered another solid operational performance and we remain on track to meet full year cost and production guidance. During the quarter, excellent progress was made with the Sukari waste-stripping programme which has significantly outperformed budget and resulted in record material mined. This is testament to our team at Sukari delivering improvements in operating efficiencies and further supported by the quick mobilisation and ramp up of the waste-stripping contractor. We look forward to announcing our detailed half-year financials and declaring the interim dividend on Thursday 5th August."

HIGHLIGHTS

Solid operational performance

- Gold production for the second quarter ("Q2"), was 100,228 ounces ("oz"), bringing production for the first half of the year ("H1") to 204,275 oz, and the Company remains on track to achieve 2021 guidance
- Revenue generated of US\$177.5 million from gold sales of 97,229 oz at an average realised gold price of US\$1,822/oz sold
- Cash costs of US\$883/oz produced and all-in sustaining costs ("AISC") of US\$1,290/oz sold
- Open pit operational performance delivered ahead of schedule, resulting in record quarterly total material moved of 25.6Mt (H1: 48.2Mt)
- Better than budgeted Group free cash flow of US\$6.9 million reflected stronger gold price and lower capital expenditure ("capex"), offset by accelerated open waste-stripping programme and increased exploration activities
- Completed the West African portfolio strategic review, confirming positive growth potential at the Doropo Project, and commenced the pre-feasibility study ("PFS"), scheduled for completion in H1 2022
- Awarded the engineering, procurement and construction contracts for the Sukari 36MW solar farm and 7.5 MW battery-energy storage system, scheduled for completion in H1 2022
- Strong balance sheet with no debt, no hedging and cash and liquid assets of US\$312.1 million, as at 30 June 2021, after US\$34.5 million dividend distribution on 15 June 2021.

OUTLOOK

On track to meet full year guidance

- 2021 gold production and cost guidance maintained: 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 capex guidance maintained: US\$225 million, with a 65% spend in H2 (previously 55%) due to timing adjustments to the payment schedule
- 2021 exploration expenditure increased to US\$17 million (previously US\$5 million), including progressing to PFS at Doropo, following positive strategic review of the Company's West African portfolio
- Recently agreed exploration license terms for a total 3,164km² land package in Egypt's Arabian Nubian Shield subject to final legal formalities expected to be completed in Q3
- Sukari Life of Asset (Phase 2) optimisation work programme is scheduled for completion in Q4 2021.

WEBCAST AND CONFERENCE CALL

The Company will host a webcast and conference call today, Thursday, 22 July at 08.30 BST to discuss the results, followed by an opportunity to ask questions. A replay will be made available on the Company website.

Webcast link: <https://www.investis-live.com/centamin/60ded6b391c5c31000284e14/nfmd>

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RESULTS SUMMARY

		QoQ comparative			YoY comparative		YTD
		Q2 2021	Q1 2021	%	Q2 2020	%	H1 2021
Open pit							
Total material mined	kt	25,585	22,583	13%	20,266	26%	41,375
Ore mined	kt	3,031	3,763	(19%)	4,122	(26%)	6,794
Ore grade mined	g/t Au	0.76	0.77	(1%)	0.98	(22%)	0.77
Ore grade milled	g/t Au	0.87	0.9	(3%)	0.98	(11%)	0.88
Underground							
Ore mined	kt	223	170	31%	168	33%	393
Ore grade mined	g/t Au	4.67	5.84	(20%)	5.99	(22%)	5.98
Processing							
Ore processed	kt	2,804	3,018	(7%)	2,994	(6%)	5,821
Feed grade	g/t Au	1.19	1.16	3%	1.52	(22%)	1.18
Gold recovery	%	89.3	88.6	1%	88.0	1%	88.8%
Gold production	oz	100,228	104,047	(4%)	130,994	(23%)	204,275
Cost & Sales							
Gold sold	oz	97,229	106,573	(9%)	130,745	(26%)	203,802
Cash costs	US\$/oz produced	883	733	20%	625	41%	807
AISC	US\$/oz sold	1,290	1,091	18%	896	44%	1,186
Realised gold price	US\$/oz	1,822	1,778	2%	1,731	5%	1,799
Revenue	US\$m	177.5	189.9	(7%)	226.6	(22%)	367.4
CAPEX	US\$m	41.3	37	12%	29.8	39%	78.3
Free Cash Flow	US\$m	6.9	9.4	(27%)	56.3	(88%)	16.3

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

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HEALTH & SAFETY

Operational safety remains a strict focus throughout the Group in creating a safe work environment which supports a healthy and productive workforce. In Q2, there were three lost time injuries (“LTI”) (H1: four) resulting in a lost time injury frequency rate (“LTIFR”) of 1.19 per one million site-based hours worked (H1: 0.81). The total recordable injury frequency rate (“TRIFR”) for Q2 was 5.15 per one million site-based hours worked (H1: 3.45). Both lagging indicators are better than the target for the year.

In Q2, Centamin experienced no material production, sales or supply chain disruptions due to COVID-19 at Sukari or the exploration projects in West Africa. Full COVID-19 protocols remain in place. The Company has implemented strict test, track, isolate and safety measures for the long-term, acknowledging the duration of the pandemic and the lasting impacts remain uncertain. Consequently, the Company has increased its staffing levels as appropriate.

PRODUCTION

(Q2 2021 vs Q1 2021)

Delivered as planned, Sukari gold production for the quarter was 100,228 oz. Gold production for H1 was 204,275 oz which is in line with budget and on track to meet 2021 guidance.

Open Pit Mining

Record quarterly total material moved of 25.6Mt (H1: 48.2Mt), a 13% increase QoQ, driven by improved operating efficiencies and productivities.

Open pit ore mining in Q2 continued to focus on the low to medium grade Stage 5 North area. More low grade ore tonnes continued to be mined than scheduled, driven by ongoing conversion of waste to ore from pre-production drilling. Total open pit ore mined for the quarter was 3.0Mt (H1: 6.8Mt), a 19% reduction QoQ, at an average mined grade of 0.76 grams of gold per tonne (“g/t Au”) (H1: 0.77 g/t Au), unchanged QoQ.

Record total open pit waste material mined for the quarter was 22.6Mt (H1: 41.4Mt), a 20% increase QoQ, driven by operational outperformance in the open pit waste-stripping programme, which has ramped up ahead of schedule. The strip ratio for the quarter was 7.4:1 (waste:ore) (H1: 6.1:1).

During the period the open pit interacted with a known underground void with no material impact on operations or production, highlighting the effective progress of the Void Management Plan to ensure the safety of our team and equipment, and delivery against the open pit mine plan.

Underground Mining

Total ore mined was 223kt (H1: 393kt) at an average combined (stopping and development) grade of 4.67g/t Au (H1: 5.18 g/t). This represented a 31% increase in tonnes QoQ and a 20% reduction in grade QoQ and was in line with the planned stopping sequence for 2021.

The underground ore split was 134kt of ore mined from stopes, at an average grade of 5.23g/t Au, and 89kt of ore mined from development, at an average grade of 3.84g/t Au.

Improved underground staffing levels were achieved during the quarter, and the Company continues to work closely with the underground contractors to mitigate the impacts of reduced staffing levels due to COVID-19 to ensure the delivery of operating targets.

Processing

During Q2 there was a planned maintenance shutdown to replace the girth gear on one of the two SAG mills. This was originally scheduled for Q3, but availability of staff, equipment and supplies allowed the work to be brought forward to Q2.

The plant processed 2.8Mt of ore (H1: 5.8Mt), a 7% reduction QoQ, at an average feed grade of 1.19g/t Au (H1: 1.17 g/t), a 3% improvement QoQ. The metallurgical gold recovery rate was 89.3% for the quarter (H1:88.8%), an improvement of 1% QoQ. During the quarter, the low grade stockpiles increased from 18.3Mt to 18.8Mt at 0.46g/t Au.

MINERAL RESOURCE MANAGEMENT

During the quarter, 66,858 metres of grade control and resource definition drilling was completed at Sukari (41,718 metres in the open pit and 25,140 metres in the underground). The geological relogging programme, which commenced in Q1, progressed well, completing 29 sections of the total 107 sections with the full programme scheduled to be completed by H2 2022. An updated structural model was completed in Q2 and will be integrated into the full geological model in Q3. An updated Sukari Mineral Resource Estimate, which will underpin the Life of Asset (Phase 2) review, will be completed by the end of 2021.

CAPITAL PROJECTS

Total capex in Q2 was US\$41.3 million (H1: US\$78.3m), which was an 11% increase QoQ and below budget for Q2 as certain payments have been rescheduled to Q3. Sukari capital projects progressed well including the second tailings storage facility ("TSF2") Stage 3 lift, final stages of the camp upgrades and commissioning, ongoing development of the paste-fill plant and reagents handling area at the process facility.

In Q2, the Company awarded the 36MW solar farm and 7.5MW battery-energy storage system engineering, procurement and construction contracts. The project is scheduled to be commissioned by the end of H1 2022. The solar plant will provide partial power source to the processing plant during daylight hours, reducing diesel fuel consumption by an estimated 22 million litres per annum, saving up to US\$13 million in costs and lowering carbon emissions by an estimated 60,000 tonnes CO₂-e per annum. Project spend in the quarter was US\$4.4 million, with US\$30.8 million budgeted for H2 2021.

SALES & COSTS

Gold sales for the quarter were in line with budget at 97,229oz (H1: 203,802 oz), a 9% decrease QoQ. The average realised gold price for the quarter was US\$1,822/oz (H1: US\$1,799/oz), up 2% QoQ. Revenues generated of US\$177.5 million (H1: US\$367.4m), were down 7% QoQ, driven by scheduled lower gold sales and offset by a higher realised gold price.

Total cash costs of production were in line with budget at US\$88.5 million for the quarter (H1: US\$164.8m), a 16% increase QoQ, driven by scheduled higher mine production costs as a result of more tonnes mined than scheduled and partially offset by movements in inventory on ounces produced, due to the increase in low grade stockpiles. Unit cash costs of production were US\$883/oz produced (H1: US\$807/oz), a 20% increase QoQ and as scheduled.

Total all-in sustaining costs ("AISC") were better than budget at US\$125.4 million for the quarter (H1: US\$241.7m), due to certain non-critical sustaining capital items moving from Q2 to Q3. This marked an 8% increase QoQ. Unit AISC of US\$1,290/oz sold (H1: US\$1,186/oz), an 18% increase QoQ, reflecting the increased tonnes mined and lower gold sales.

FINANCIAL POSITION

Free Cash Flow

Under the terms of the Sukari Concession Agreement, the Egyptian government earned US\$5.3 million in royalty payments (H1: US\$11.0m) and received US\$24.0 million in profit share payments during the quarter (H1: US\$45.7m). After Sukari profit share distribution, Group exploration expenditure and corporate investing activities, Group free cash flow for the quarter was US\$6.7 million (H1: US\$16.3m) and ahead of budget, driven by stronger realised gold price.

Balance Sheet

The Company is in a strong financial position, building net cash and liquid assets to US\$312.1 million as at 30 June 2021, and after distribution of the 2020 final dividend totalling US\$34.5 million. The Company remains unhedged and debt-free.

CORPORATE

West Africa Exploration Programme

A strategic assessment of the Company's West African exploration portfolio was completed in Q2 to evaluate the potential development prospects of the portfolio, to rank each project and to define the pathway to realising value.

- The Doropo Project (Côte d'Ivoire) showed strong development potential with the completion of a positive preliminary economic assessment ("PEA"), following which the Board approved the commencement of a pre-feasibility study ("PFS"), scheduled for completion by H2 2022.
- The ABC Project (Côte d'Ivoire) continues to deliver greenfield targets along the 60km Lolosso Gold Corridor ("LGC") and the Board has approved an exploration programme for the Kona and FarakoNafana permits for the period to June 2022.
- The Batie West Project (Burkina Faso) PEA demonstrated a viable project, and the Board has approved the assessment of third-party development options as the project does not currently meet Centamin's investment criteria.

Egyptian Bid Round

The Company's government partners, the Ministry of Petroleum & Natural Resources and the Egyptian Mineral Resource Authority ("EMRA") launched an international bid round process in February 2020 for the exploration of gold in a series of blocks covering the Eastern Desert in Egypt ("Bid Round").

Centamin submitted bids for several prospective exploration blocks in September 2020. In July 2021, Centamin agreed exploration terms over three blocks (incorporating 19 licenses) covering 3,164 km², subject to final legal formalities which are expected to be completed in Q3. All ground in the Bid Round comes under the new Egyptian mining code following a tax, rent, royalty framework. New licenses are independent from, and therefore do not impact, the Sukari Gold Mine Concession Agreement (Egyptian Law 222 of 1994).

ENDNOTES

Guidance

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

Financials

Financial data points included within this report are unaudited.

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 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 2020 Annual Report <https://www.centamin.com/investors/results-reports/>.

Royalties

Royalties are accrued and paid six months in arrears.

Cash and liquid assets

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

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.

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. 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; 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. 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.

LEI: 213800PDI9G7OUKLPV84

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