CENTAMIN

CENTAMIN PLC

(Incorporated and registered in Jersey with registered number 109180)

MANAGEMENT DISCUSSION, ANALYSIS and BUSINESS REVIEW

31 DECEMBER 2014

MANAGEMENT DISCUSSION, ANALYSIS AND BUSINESS REVIEW

The following Management's Discussion and Analysis of the Financial Condition and Results of Operations ("MD&A") for Centamin plc (the "Company" or "Centamin") should be read in conjunction with the Directors' Report and the audited consolidated financial statements for the year ended 31 December 2014 and related notes thereto, which statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted for use by the European Union, the Companies (Jersey) Law 1991, and IFRS as issued by the IASB, therefore the audited consolidated financial statements comply with Article 4 of the EU IAS Regulation. For more information see 'Basis of preparation' in Note 3 to the audited consolidated financial statements for the year ended 31 December 2014. The effective date of this report is 21 March 2015.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted for use by the European Union, the Companies (Jersey) Law 1991, and IFRS as issued by the IASB, therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

For further information relating to the Company, including information about mineral resources and reserves, reference should be made to its public filings (including its most recently filed AIF) which are available on SEDAR at www.sedar.com. Information is also available on the Company's website at www.centamin.com. All amounts in this MD&A are expressed in United States dollars unless otherwise identified.

Overview

Centamin is a mineral exploration, development and mining company that has been active in Egypt since 1995. The Group's principal asset is the Sukari Gold Mine, which is located in the Eastern Desert approximately 900km from Cairo and 25km from the Red Sea. First gold was poured at Sukari on 26 June 2009, and was followed by five successive years of growth, from approximately 150,000 ounces in 2010 to c.377,000oz in 2014. The doubling of plant throughput to a nameplate rate of 10 million tonnes per annum ("Mtpa") will see another significant step-up as Sukari rapidly ramps up production to an annualised rate of 450-500,000 ounces of gold. Exploration at Sukari Hill and over the rest of the Sukari concession area is continuing, with further significant resource and reserve growth expected, particularly from the high grade underground mine areas.

Centamin's management team and Board of Directors have considerable expertise in the gold mining industry. This ranges from the early stage identification of deposits, project financing, construction and development, to the operating of large mines. Some of the leadership team has been involved with Sukari for almost a decade, taking it from an early stage exploration project to the operating gold mine it is today.

Centamin's operating experience gives it a significant advantage in acquiring and developing other gold projects. In 2014 Centamin acquired Ampella Mining Ltd adding highly prospective licence packages in Burkina Faso.

Accounting for Sukari Gold Mines

The operating company of Sukari, Sukari Gold Mines ("SGM"), is jointly owned by Pharaoh Gold Mines NL ("PGM") a wholly owned Centamin subsidiary, and the Egyptian Mineral Resource Authority ("EMRA") on a 50% equal basis. For accounting purposes SGM is consolidated within the Centamin group of companies reflecting the substance and economic reality of the Concession whereby the Group has considered the relevant activities of SGM and has concluded that PGM has the power over these activities and is exposed to variable returns from its involvement in SGM and has the ability to affect those returns through its power over the relevant activities of SGM. This treatment is consistent with IFRS 10 "Consolidated Financial Statements", discussed in Note 2 to the financial statements, which the Company adopted in 2013. Pursuant to the Concession Agreement, the provisions of which are described more fully below, PGM solely funds SGM's activities. PGM is also entitled to recover the following costs and expenses payable from sales revenue (excluding the royalty payable to the Arab Republic of Egypt ("ARE")) (a) all current operating expenses incurred and paid after the initial commercial production; (b) exploration costs, including those accumulated to the commencement of commercial production (at the rate of 33.3% of total accumulated cost per annum); and (c) exploitation capital costs, including those accumulated prior to the commencement of commercial production (at the rate of 33.3% of total accumulated cost per annum). Legal title of all operating assets of PGM will pass to EMRA when cost recovery is completed. The right of use of all fixed and movable assets remains with PGM and SGM.

Since the commencement of commercial production on 1 April 2010, the cash flows generated by SGM through the sale of gold have been used to fund the on-going operating expenses incurred by SGM in its own right and to fund the cost recovery due to PGM for exploration and exploitation capital costs at a rate of 33.3% of total accumulated cost per annum.

In return, on-going capital expenditure incurred in connection with the Sukari mine is funded solely by PGM out of cash flows received from SGM through the cost recovery process as described above. The expenditure incurred by PGM in relation to Stage 4 is recoverable at the rate of 33.3% of total accumulated cost per annum.

EMRA is entitled to a share of 50% (except for, in accordance with the terms of the Concession Agreement, in the first four years where it shall be 40% for the first two years and 45% for the following two years) of SGM's net production surplus "profit share" (defined as revenue less payment of the 3% production royalty to ARE and recoverable costs). Based on the Company's calculation there was no Net Profit Share due to EMRA as at 31 December 2014, nor is any likely to be due as at 30 June 2015. It is expected that there will be a net production surplus (revenue in excess of production royalty and cost recoveries) available for sharing between EMRA and PGM for the SGM financial year ending 30 June 2017 (SGM's accounting period is 1 July to 30 June) based on current gold prices, production forecasts and operating expenses. Any disruption to operations or reduction in gold price realised will delay this profit sharing. This expected profit sharing takes into account the costs incurred on paying for fuel at international prices. Any recovery of these prepayments, discussed in Note 20 to the financial statements, will result in further amounts to be shared between EMRA and PGM. Any payment made to EMRA (discussed in Note 3 to the financial statements) pursuant to these provisions of the Concession Agreement will be recognised as a variable charge to the income statement (below profit after tax) of Centamin, which will lead to a reduction in the earnings per share.

Separate accounts are prepared in respect of SGM. These are independently audited and certified by Egyptian certified accountants approved by EMRA. Payment made to EMRA pursuant to the provisions of the Concession Agreement is based on the net production surplus available as at 30 June, being SGM's financial year end.

Centamin elected to make advance payments against future profit share during 2013 to the value of US$18.95 million, in order to demonstrate goodwill towards the Egyptian government. These payments will be netted off against any future Profit Share that becomes payable to EMRA. An additional US$4.8 million has been paid during 2014.

Highlights for the year (1) (2) (3)

Centamin delivered solid operational results in 2014, producing 377,261 ounces of gold (2013: 356,943 ounces). However, 2014 was a year where Centamin was impacted by the weaker gold price environment, coupled with lower than expected plant productivity and a reduction in underground development ore grades, resulting in a profit after tax for the year of US$81.6 million (2013: US$184.0 million). Centamin has continued to return strong earnings and cash flow generation despite the weaker gold price environment, owing to the Group's emphasis on maintaining rigorous cost control. Now in its sixth year of production, the Sukari Gold Mine remains highly cash generative, with EBITDA of US$165.4 million (2013: US$234.2 million). Centamin has a robust cash and cash equivalents balance of US$125.7 million (2013: US$106.0 million) as at 31 December 2014.

Against the headwinds there were many positives, which bode well for the potential of the operation to generate significant cash flow over the coming years. Most notably, the Stage 4 project to double nameplate capacity at the Sukari process plant to 10 million tonne per annum (Mtpa) was completed during the first half of 2014 for a total capital expenditure of US$331.2 million. Progressive increases in plant throughput continued during the year as commissioning activities took effect and the plant reached, and exceeded, the 10Mtpa rate from September onwards.

Head grades to the plant improved steadily during the quarter, as access was gained to higher-grade sections of both the open pit and underground mines. The fourth quarter was another record for both open pit and underground mining rates and productivity in both of these areas remains strong. Following government approval in the fourth quarter for the increase in Ammonium Nitrate ("AN") usage, the open pit is now on a secure footing to deliver the scheduled material movements as required for the expanded operation.
The efficiency gains delivered with the production ramp-up are indicated by a material year-on-year decrease in operating costs per tonne, both mined and milled. This is a trend we expect to continue in the coming quarters as the expanded operation continues to be optimised.

The Company progressed its long-term growth strategy during 2014 by completing the acquisition of ASX listed Ampella Mining Limited, with exploration rights over a highly prospective c.2200km^2 region of Burkina Faso ("Batie West") containing a 1.9Moz Indicated and 1.3Moz Inferred Resource at the Konkera Prospect. With the deal, Centamin also acquired three licences in Cote d'Ivoire covering a c.1200km^2 area across the border from Batie West in Burkina Faso.

The Board of Directors initiated a dividend program during 2014 with a maiden interim dividend of 0.87 US cents per share. The Company is now pleased to propose a final dividend of 1.99 US cents per share (US$0.0199) on Centamin plc ordinary shares (totalling approximately US$23 million) for a full year total of 2.86 US cents per share. The final dividend for 2014 will be paid on 29 May 2015, subject to shareholder approval at the AGM to be held in London on 18 May 2015. The dividend will be paid to shareholders on the register on the Record Date of 24 April 2015. The ex-dividend date for shareholders registered on the LSE will be 23 April 2015 and for those registered on the TSX, the ex-dividend date will be 22 April 2015.

Centamin remains in a robust position to continue delivering on its track record of production growth and solid cash flow generation during 2014 and beyond, as shown by the following:

- Basic earnings per share 7.21 cents, down 57% on prior year;
- EBITDA US$165.4 million, down 29% on the prior year;
- Full year production was 377,261 ounces, a 6% increase on 2013;
- Cash costs of production of US$729 per ounce;
- Stage 4 plant expansion expenditure at the year-end was US$331.2 million;
- Nameplate capacity stood at 10Mtpa at the end of June;
- Centamin remains debt-free and unhedged with cash, bullion on hand, gold sales receivable and available-for-sale financial assets of US$162.8 million as at 31 December 2014; and
- The Supreme Administrative Court appeal and Diesel Fuel Court Case are both ongoing. Centamin is aware of the potential for the legal process in Egypt to be lengthy and it anticipates a number of hearings and adjournments in both cases before a decision is reached. Operations continue as normal and any enforcement of the Administrative Court decision has been suspended pending the appeal ruling.

With respect to the DFO case, management recognises the practical difficulties associated with reclaiming funds from the government and, for this reason, has fully provided against the cumulative prepayment of US$165.7 million as an exceptional item (refer to Note 6 to the financial statements). In the meantime the Group is continuing to pay international prices for DFO.

(1) Cash cost of production, EBITDA and cash, bullion on hand and available-for-sale financial assets are non-GAAP measures. For further information and a detailed reconciliation, please see "Non-GAAP Financial Measures" section below.
(2) Basic EPS, EBITDA, Cash costs of production reported includes an exceptional provision against prepayments to reflect the removal of fuel subsidies which occurred in January 2012 (refer to Note 6 to the financial statements for further details). The provision had no further impact on the 2012 results other than previously reported.
(3) The report contains certain forward-looking statements and attention is drawn to the cautionary statement that appears at the front of this document.

Operational review

Production

Sukari Gold Mine production summary:	**Year ended 31 December 2014**	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Year ended 31 December 2013	Q4 2013
Ore mined – open pit							
Ore mined [(1)] ('000t)	**10,936**	4,123	2,693	1,795	2,325	11,664	3,161
Ore grade mined (Au g/t)	**0.80**	1.00	0.74	0.70	0.61	0.81	0.77
Ore grade milled (Au g/t)	**0.97**	1.31	0.82	0.81	0.85	1.25	1.27
Total material mined ('000t)	**44,820**	13,804	11,406	9,861	9,749	41,718	9,642
Strip ratio (waste/ore)	**3.1**	2.4	3.2	4.5	3.2	2.6	2.1
Ore mined – underground							
Development ('000t)	**464**	115	120	127	102	304	87
Stopes ('000t)	**504**	169	128	103	104	283	87
Ore grade mined (Au g/t)	**6.10**	5.43	6.67	5.56	6.95	9.66	8.25
Ore processed ('000t)	**8,428**	2,597	2,388	1,957	1,486	5,684	1,400
Head grade (g/t)	**1.56**	1.71	1.40	1.37	1.69	2.12	2.13
Gold recovery (%)	**87.8**	87.0	88.0	88.1	88.6	88.6	89.9
Gold produced – dump leach (oz)	**15,564**	2,564	3,919	4,968	4,113	12,382	3,804
Gold produced – total (2) (oz)	**377,261**	128,115	93,624	81,281	74,241	356,943	91,546

	Year ended 31 December 2014	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Year ended 31 December 2013	Q4 2013
Cash costs of (3) (4) production (US$/oz)	**729**	655	771	783	744	**663**	711
Open pit mining (US$/oz)	**241**	228	250	248	245	**271**	291
Underground mining (US$/oz)	**59**	48	65	60	69	**44**	50
Processing (US$/oz)	**375**	334	405	413	364	**297**	293
G&A (US$/oz)	**54**	45	51	62	66	**51**	77
Gold sold (oz)	**375,298**	125,416	91,575	79,350	78,957	**363,576**	88,856
Average realised sales price (US$/oz)	**1,257**	1,203	1,267	1,291	1,298	**1,384**	1,249

(1) Ore mined includes 221kt @0.46g/t delivered to the dump leach in Q4 2014 (1132kt @ 0.43g/.t in Q3 2014, 100kt @ 0.44g/t in Q2 2014, 1,092kt @ 0.37g/t in Q1 2014, 1,015kt @ 0.45 g/t in Q4 2013, 1,412kt @ 0.39g/t in Q3 2013, 1,092kt @ 0.37g/t in Q2 2013 and 378kt @ 0.42g/t in Q1 2013). Gold produced is gold poured and does not include gold-in-circuit at period end. Cash operating costs exclude royalties, exploration and corporate administration expenditure.

(2) Gold produced is gold poured and does not include gold-in-circuit at period end.Cash costs exclude royalties, exploration and corporate administration expenditure. Cash cost is a non-GAAP financial performance measure with no standard meaning under GAAP. For further information and a detailed reconciliation, please see ”Non-GAAP Financial Measures” section below.

(3) Cash costs of production reflect an exceptional provision against prepayments to reflect the removal of fuel subsidies which occurred in January 2012 (refer to Notes 3 and 6 respectively to the financial statements for further details).

Although our strong track record of delivery against annual gold production guidance was affected by occasionally lower-than-expected processing rates and underground grades, resulting in revised guidance, Centamin produced 377,261 ounces of gold in 2014, a 6% increase on 356,943 ounces in 2013. The higher year-on-year production was a result of: (a) a 48% increase in tonnes milled (to 8.4Mt) mainly due to the improved plant productivity, and (b) a 65% increase in production from the underground due to increased development and mining rates.

Health and safety

The LTIFR for 2014 was 0.39 per 200,000 man‑hours (2013: 0.36 per 200,000 man‑hours), with a total of 5,620,444 man hours worked during 2014 (2013: 6,702,908). Developing the health and safety culture onsite has resulted in improved reporting of incidents compared to previous years and although there remains further room for improvement. Centamin views its LTI frequency rate as a solid achievement considering Sukari is the first modern gold mine in Egypt.

Open pit

The open pit delivered total material movement of 44,820kt for the year, an increase of 7% on the prior year and related to an increase in mining fleet capacity. Whilst mining rates for the year were below the original forecast, as a result of delays in receipt of government approval for an increase in daily usage of AN (received in October 2014), this did not impact production and rates have increased to the required level to feed the expanded plant. The additional AN has allowed us to review our cut back strategies to ensure a continuous supply of Ore from the open pit to feed the plant

Ore production from the open pit was 10.94Mt at 0.80g/t with an average head grade fed to the plant of 0.97g/t. The ROM ore stockpile balance increased by 0.42kt to 2.17kt by the end of the year. Mining was primarily from the Stage 3A area, which provided access to higher-grade sulphide portions of the ore-body during the second half of the year.

Underground mine

Ore production from the underground mine was a record 968kt, a 65% increase on 2013. The ratio of stoping-to-development ore mined increased, with 52% of stoping ore (504kt) and 48% of development ore (464kt). Ore tonnages from stopes increased by 78% on the previous year.

An average head grade of 6.1 g/t was mined in 2014, with stope production grade of 6.6 g/t and development grade of 5.5 g/t during the year. Grade from development ore was below original expectations and was a decline from 2013, impacted by mining dilution with locally complex geological structures offsetting some areas of high-grade mineralisation. Drill results support continuity of the higher grades into areas planned for further development.

Development in mineralised areas took place between the 875 and 755 levels. A total of 5,701 metres of mineralised development (4,737 metres in Amun, and 961 metres in Ptah) were completed during the year, associated with stoping blocks planned for mining during 2015 to 2017. Total development for the mine was 6,625 metres including Amun and Ptah decline development.

The exhaust ventilation circuit for the Ptah decline was progressed, ensuring sufficient ventilation as the decline extends deeper into the orebody. Ore drive development continued on the Ptah 860 and 875 levels and exploration drill cuddies were also completed on the 875 and 860 levels.

A total of 10,925 metres of grade control diamond drilling were completed during 2014, aimed at short-term stope definition, drive direction optimisation and underground resource development. A further 36,971 metres of HQ and NQ drilling continued to test the depth extensions below the current Amun and Ptah zones.

Processing

The annual throughput of the Sukari plant was 8.4Mt in 2014, a 48% increase on 2013 and reflecting the commencement of ore treatment through the new Stage 4 plant circuit. Whilst slightly behind the start-of-year schedule, commissioning activities proceeded well and supported a ramp-up to the expanded 10Mt per annum nameplate capacity in the third quarter of 2014. The trend towards higher levels of throughput continued in the fourth quarter, with plant productivity of 1,330 tonnes per hour (tph) representing an 87% increase on 2013 annual productivity rates.

Productivity levels have now increased for eight successive quarters. Our objective is for the process plant in due course to run at a throughput rate comparable with the performance of the pre-expansion plant, which operated at 15-20% above nameplate capacity (5Mtpa) throughout 2013.

Metallurgical recoveries were 87.8%, which is a 0.8% decrease on 2013. Work is continuing to optimise the operational controls and improve circuit stability to ensure recoveries return to previous levels above 88% at the increased rate of throughput. The commissioning of the new carbon regeneration kiln was completed in mid 2014 and has seen a positive impact.

The dump leach operation produced 15,411oz in 2014, a 26% increase on 2013.

Capital Expenditure

2014 Capital Expenditure

A breakdown of capital expenditure during 2014 is as follows:

	US$ million
Stage 4 Processing Plant	3.4
Operational fleet expansion	4.5
TOTAL EXPANSION – SUKARI	7.9
Open pit development	20.7
Underground mine development (1)	31.1
Other sustaining capital expenditure	8.6
TOTAL SUSTAINING – SUKARI	60.4
EXPLORATION CAPITALISED(2)	64.2

(1) Includes underground exploration drilling
(2) Includes the Ampella Mining Ltd asset acquisition for a total consideration of US$48.5m (which includes a cash component of US$9.3m and additional assets of US$1.6m), with the balance representing exploration expenditure on other licence areas (excluding Sukari underground drilling).

Capital Expenditure – Stage 4 Expansion

The Stage 4 process plant expansion to double the Sukari process plant throughput was 100% completed during the first half of 2014 for a total capital expenditure of US$331.2 million. Nameplate capacity stood at 10Mtpa at the end of June.

A breakdown of the major cost areas up to 31 December 2014 is as follows:

Stage 4 Capex	**Total Project Expenditure (US$ million)**
Mining equipment	53.7
Processing plant	168.6
Power plant	38.9
Other	70.0
Total	**331.2**

Exploration update

Sukari Hill

Drilling from underground remains a focus of the Sukari exploration programme and metres drilled were progressively increased as new development provided improved access from below surface to test potential high grade extensions of the deposit. The ore body has not yet been closed off to the north, south or at depth and further underground drilling of the Sukari deposit will take place during 2015, predominantly from both the Amun and Ptah declines.

Surface drilling from January to April 2014 continued in the northern portions of the Sukari Hill deposit (through the Ra and Gazelle zones and into the northern Pharaoh Zone).

Centamin has resources (as of 30 June 2013) of 13.4 million ounces Measured and Indicated, and 1.9 million ounces Inferred, and reserves (as of 30 September 2013) of 8.2 million ounces(1). Underground drilling continued during Q3 utilising 4 Longyear LM90 rigs. Two rigs have been located in the Amun area drilling 200m below the current development. A new drill cuddy has been established with a rig relocating within the Amun area in Q4 and another rig also relocating in the Ptah area. One rig drilling in Ptah is completing resource definition drilling and the other rig has been completing step out drilling on existing drill intersections from the 875 level in Ptah.

(1) Proven and Probable mineral reserves are included in mineral resources. The Reserves include ounces produced since September 2013.

The release of the updated reserve and resource statement is expected during the year.

Sukari regional exploration

Seven other prospects besides Sukari Hill have been identified on the 160km^2 Sukari tenement area and exploration is being conducted under the principle that ore from these prospects would be trucked to the existing processing plant.

Reverse circulation (24,441 metres) and diamond drilling (703m) programmes were completed during 2014 on the the Quartz Ridge prospect to the east of the hill. Diamond drilling to the south at the Kurdeman prospect (1,459m) was also completed. Potential resources and further work is being evaluated for 2015.

Burkina Faso

Centamin's tenements in Burkina Faso, collectively known as the Batie West permits, are Danhal, Donko, Dounkou, Gbingbina, Mabera, Tiopolo, Niorka, Bottara, Kaldera, Kpere Batie, Timboura and Kpere.

Subsequent to the Ampella acquisition, Centamin has re-commenced field activities at Batie West, with a systematic programme including RC, diamond and auger drilling, geophysical surveys, geochemical sampling and geological mapping. Drilling has been completed at the Pampouna (2,685m), Konkera South (230m), Tonsu (491m) and Tonior (3,303m) prospects for a total of 9,302m, including 362.8m of diamond drilling. A geophysical survey at the Wadaradoo prospect has identified continuous chargeability and resistivity anomalies which are proving to be useful for defining drill targets. Further work is being undertaken at the Napelepera East prospect.

Ampella's mining licence application in relation to the Tiopolo Permit was passed to the Ministers Council during 2014. The signed ministerial decree was issued in the post-reporting period, on the 5th March 2015 and an application has been made to postpone development and continue exploration, as provided for under the Burkina Faso Mining Code.

Essential components of our health and safety management systems are being integrated into our exploration programme at Batie. This process includes an orientation and induction for employees and contractors to ensure adherence to our strict policies and procedures. The Batie camp site has a well-equipped clinic which includes a full-time paramedic.

Subsequent to the year end, an unfortunate incident occurred on a public road near the Konkera village which resulted in one of our local employees being fatally wounded and another sustained injuries. The wellbeing of our employees is a priority for Centamin and a thorough investigation into this bandit attack, on two of our vehicles, has been carried out. Further additional security measures have been proposed following the incident and these are being implemented. There was no impact on operational activity as a result of the incident.

The strategy for 2015 is to continue to systematically explore the entire 160 km strike length of the belt and drill test the prospectivity of the prospects. It is expected this will lead into further resource development work in late 2015 progressing into 2016.

Cote d'Ivoire

Background

Centamin has three licences in Cote d'Ivoire covering a c.1200km^2 area across the border from Batie West in Burkina Faso. A further four licences are currently under application.

Field work commenced with the technical team completing mapping, rock chip sampling and auger drilling geochemistry. Permits and authorisations for an airborne magnetic and radiometric survey were being prepared.

The objective for 2015 is to geologically assess the three current permits identify prospects and undertake first pass RC drilling on priority targets aimed at path towards resource development in 2016.

The four permits that are under application are expected to be granted in early 2015 and are planned to be covered by regional surface geochemistry aimed at identifying anomalies for first pass aircore drilling in 2016.

Ethiopia

Centamin continued exploration on its tenement in Una Deriem in northern Ethiopia, and in total, 2,547.9 meters were drilled in 2014 totalling 13,783m for the region.

Trench intercepts including 20m at 1.08g/t and 22m at 1.48g/t indicate the presence of significant surface mineralisation. Drilling continued to test continuity of mineralization and positive drill results along strike. Results received for four holes (UDM44-47) indicated patchy mineralisation.

A new permit known as the 'Ondonok Dabus' License, located in the west of Ethiopia close to the regional capital of Asosa, has been awarded. Early-stage regional works are underway, including access tracking and introductions to the local authorities.

In September 2013 Centamin entered into joint venture with AIM-listed Alecto Minerals plc to pursue existing and new opportunities identified by Alecto in Ethiopia. The initial joint venture projects related to two exploration licences Wayu Boda and Aysid Meketel. The Company gave formal notice to Alecto in February 2015 terminating the joint venture. Centamin's rights in the Wayu Boda and Aysid Metekel licences have reverted back to Alecto, such that Alecto will hold 100% of the Licences and will assume responsibility for the ongoing commitments in respect of the Licences.

Selected annual financial information

The following table, which is reflective of an exceptional provision against prepayments recorded in Q4 to reflect the removal of fuel subsidies which occurred in January 2012 (refer to Note 6 to the financial statements), provides a guide to a summary of the financial results of the Group's operation for the years ended 31 December 2014, 2013 and 2012:

Summary of financial performance

		2014(1)	2013(1)	2012(2),(3)	2014 vs 2013	2014 vs 2013	2013 vs 2012	2013 vs 2012
Revenue	US$'000	**472,581**	503,825	426,133	(31,244)	(6%)	77,692	18%
Profit before tax	US$'000	**81,562**	183,969	198,594	(102,407)	(56%)	(14,625)	(7%)
Basic EPS (cps)(4)	Cents	**7.21**	16.87	18.27	(9.66)	(57%)	(1.40)	(8%)
Diluted EPS (cps)(4)	Cents	**7.11**	16.77	18.26	(9.66)	(58%)	(1.49)	(8%)
EBITDA(5)	US$'000	**165,384**	234,167	233,333	(68,783)	(29%)	834	0%
Total assets	US$'000	**1,370,737**	1,298,727	1,084,956	72,010	6%	213,771	20%
Non-current liabilities	US$'000	**3,015**	7,638	5,544	(4,623)	(60%)	2,094	38%
Cash dividend declared	Cents	**0.87**	—	—	0.87	100%	—	—

(1) Results reflect an exceptional provision against prepayments to reflect the removal of fuel subsidies which occurred in January 2012, refer to Note 6 to the financial statements for further details.
(2) Results reflect an exceptional provision against prepayments recorded in Q4 2012 to reflect the removal of fuel subsidies which occurred in January 2012, refer to Note 6 to the financial statements for further details. The provision had no impact on the 2011 results.
(3) The Group changed its accounting policy on production-phase stripping costs with effect from 1 January 2012. As a result, the 2011 results have been restated. Refer to Note 3 of the 2012 financial statements for further details.
(4) Calculated using weighted average number of shares outstanding under the basic method.
(5) EBITDA is a non-GAAP financial performance measure with no standard meaning under IFRS. For further information and a detailed reconciliation, see "Non-GAAP Financial Measures" section below.

Results of operations

The Group recorded net profit before tax for the year ended 31 December 2014 of US$81.6 million (2013: US$184.0 million). The decrease is driven primarily by the lower gold price and higher costs as a result of the increase in production which was partially offset by higher volumes of gold sold.

Consolidated statement of comprehensive income

	Year ended 31 December			
	2014[(1)]	2013[(1)]		
	US$'000	US$'000	US$'000	Change %
Revenue	**472,581**	503,825	(31,244)	(6%)
Cost of sales	**(358,297)**	(277,437)	(80,860)	(29%)
Gross profit	**114,284**	226,388	(112,104)	(50%)
Other operating costs	**(30,368)**	(21,727)	(8,641)	(40%)
Impairment of available-for-sale financial assets	**(436)**	(12,911)	12,475	97%
Impairment of associate	**—**	(1,968)	1,968	100%
Impairment of exploration and evaluation assets	**(2,328)**	(6,503)	4,175	64%
Finance income	**410**	690	(280)	(40%)
Profit before tax	**81,562**	183,969	(102,407)	(56%)
Tax	**—**	(10)	10	100%
Profit for the period attributable to the Company	**81,562**	183,959	(102,397)	(56%)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Losses on available-for-sale financial assets (net of tax)	**(80)**	(6,150)	6,070	99%
Losses on available-for-sale financial assets transferred to profit (net of tax)	**—**	12,911	(12,911)	(100%)
Other comprehensive income for the period	**(80)**	6,761	(6,841)	(101%)
Total comprehensive income attributable to the Company	**81,482**	190,720	(109,238)	(57%)
Earnings per share				
– Basic (cents per share)	**7.208**	16.87		
– Diluted (cents per share)	**7.113**	16.77		

(1) Results reflect an exceptional provision against prepayments recorded to reflect the removal of fuel subsidies which occurred in January 2012, refer to Note 6 to the financial statements for further details.

Revenue reported comprises proceeds from gold sales and silver sales. Revenue has decreased by 6% to US$472.6 million, as a result of a 9% decrease in the average gold price to US$1,257 per ounce offset by a 3% increase in gold sold to 375,300 oz.

Cost of sales represents the cost of mining, processing, refinery, transport, site administration and depreciation and amortisation, as well as preproduction costs incurred prior to commercial production and movement in production inventory. Cost of sales has increased by 29% to US$358.3 million, as a result of:

(a) a 16% increase in mine production costs to US$275.9 million, primarily due to an increase in activity year on year with tonnes moved increasing by 7% and tonnes treated by 48%;
(b) a 66% increase in depreciation and amortisation from US$50.8 million to US$84.2 million, a result of an increase in the underlying and mine development properties due to the commissioning of Stage 4 in addition to the change in accounting estimate of the useful economic life of the Sukari plant and equipment capitalised within plant and equipment; offset by
(c) a US$1.9 million credit for movement in production inventory a result of an increased addition to the ROM ore stockpile.

Finance income reported comprises interest revenue applicable on the Company's available cash and term deposit amounts. The movements in finance income are in line with the movements in the Company's available cash and term deposit amounts.

Other comprehensive income has decreased by US$6.8 million to US$0.1 million as a result of the revaluation of available-for-sale financial assets. The prior increase was a result of the cumulative loss that had been recognised in other comprehensive income being reclassified from equity to profit.

Other operating costs reported comprises expenditure incurred for communications, consultants, directors' fees, stock exchange listing fees, share registry fees, employee entitlements, general office administration expenses, the unwinding of the restoration and rehabilitation provision, foreign exchange movements, the share of profit/loss in Associates and the 3% production royalty payable to the Egyptian government. Other operating costs increased by 40% to US$30.4 million, as a result of:

(a) a US$12.5million increase in net foreign exchange movements from a US$9.5 million gain to a US$2.9 million loss; and
(b) a US$1.1 million donation (loss on disposal of assets) of two Generators to the Marsa Alam Government; offset by
(c) a US$1.6 million decrease in the share of loss of Associate, as a result of having written off the costs associated with the interest held in Sahar during 2013;
(d) a US$0.9 million decrease in royalty paid to the government of the ARE in line with the decrease in gold sales revenue; and
(e) a US$2.3 million decrease in corporate costs.

Impairment charges have been recorded as follows:

(a) a US$2.3 million write off of capitalised exploration costs in relation to the joint venture with Alecto Minerals plc; and
(b) a US$0.4 million impairment loss recognised in relation to the investment in Nyota Minerals Limited.

Selected information from the consolidated statement of financial position and key financial ratios

	31 December 2014 US$'000	31 December 2013 US$'000	US$'000	Change %
Total current assets	**293,379**	269,342	24,037	9%
Total non-current assets	**1,077,358**	1,029,385	47,973	5%
Total assets	**1,370,737**	1,298,727	72,010	6%
Total current liabilities	**34,349**	78,241	43,892	56%
Total non-current liabilities	**3,015**	7,638	4,623	61%
Total liabilities	**37,364**	85,879	48,515	56%
Net assets and total shareholders' equity	**1,333,373**	1,212,848	120,525	10%
Key financial ratios:				
Current ratio (1)	**8.54**	3.44		
Return on equity (2)	**6%**	15%		

(1) Represents current assets divided by current liabilities.
(2) Represents profit for the year attributable to the shareholders of the Company divided by total shareholders' equity.

Current assets have increased by US$24.0 million or 9% to US$293.4 million, as a result of:

(a) Stores inventory has increased by US$3.6 million to US$104.9 million as a result of the commissioning of Stage 4. Mining stockpiles and ore in circuit inventory has increased by US$1.9 million to US$35.8 million as a result of the increase in gold in circuit at period end;
(b) the completion of the stage 4 expansion resulting in an increase in the cash inflows and a US$19.0 million increase in the cash reserves; offset by
(c) a US$0.6 million decrease in gold sale receivables.

Non-current assets have increased by US$48.0 million or 5% to US$1,077.4 million, as a result of:
(a) exploration and evaluation assets have increased by US$64.2 million to US$124.0 million as a result of the drilling programs in Sukari Hill, the Sukari tenement area, Ethiopia, Burkina Faso and Côte d'Ívoire, this increase is inclusive of a US$2.3 million write off of expenditure in relation to the joint venture with Alecto Minerals plc;
(b) a US$4.8m increase in prepayments to EMRA in relation to advance payments against future profit share; and
(c) a US$65.0 million increase in property, plant of equipment, mainly relating to net capitalised work-in-progress costs of US$68.3 million (comprising US$3.4 million for the Stage 4 processing plant, US$4.5 million for the open pit mining fleet expansion, $20.7 million for open pit development, US$31.1 million for underground development and US$8.6 million for other sustaining capital expenditure) and US$4.3 million in relation to the acquisition of Ampella Mining Limited, offset by a US$5.2 million reduction in the rehabilitation asset and disposals of US$2.3 million. Offset further by a depreciation and amortisation charge of US$84.2 million, and
(d) a US$0.6 million decrease in the available-for-sale financial assets to US$0.4 million as a result of:
    (1) a US$1.0 million devaluation (including foreign exchange loss) in the shares held in Nyota together with the sale of 11 million shares for US$0.1 million; offset by
    (2) a US$0.4 million increase as a result of the receipt of the KEFI shares.

Current liabilities have decreased by US$43.9 million to US$34.4 million as a result of the management of creditor days.

Non-current liabilities reported during the period have decreased by US$4.6 million as a result of:

(a) a change in estimate of the future rehabilitation costs as a result of a detailed review having being undertaken as at year end as a result of the commission of stage 4; and
(b) the unwinding of the discount on the provision for rehabilitation.

Issued Capital has increased by US$49.1 million due to the issue of shares in relation to the acquisition of Ampella and vesting of awards offset by US$1.7m of own shares acquired.

Share option reserves reported have decreased by US$1.6 million to US$4.1 million as result of the forfeiture and vesting of awards and the resultant transfer to Accumulated Profits and Issue Capital respectively, offset by the recognition of the share-based payments expense.

Accumulated profits increased by US$73.1 million as a result of the increase in the profit for the year attributable to the shareholders of the Company of US$81.6 million together with a US$0.1 million loss on available-for-sale financial assets in relation to the KEFI shares and a US$1.5 million transfer from the Share Options Reserve as a result of the forfeiture of awards, offset by the US$9.9 million interim dividend payment.

Current ratio is calculated by dividing the current assets by the current liabilities. The increase in the current ratio is a result of the decrease in current liabilities driven by the reduction in supply relating to commissioning of Stage 4 in addition to the increase in cash reserves.

The return on equity ratio is calculated by dividing the profit for the year attributable to the shareholders of the Company for the period by total shareholders' equity and measures the return on ownership. The return on equity ratio showed a decrease from 15% for 2013 to 6% for 2014 as a result of the decrease in the profit for the year together with the increase in shareholders' equity.

Off-balance sheet arrangements

The Company had no off-balance sheet arrangements as of the date of this report.

Outstanding share information

As at 21 March 2015, the Company had 1,152,107,984 fully paid ordinary shares issued and outstanding.

As at 21 March 2015	Number
Shares in issue [1]	1,152,107,984

(1) Includes Deferred Bonus Share Plan. Refer to Note 27 for further information.

Selected information from the consolidated statement of cash flows

	Year ended 31 December			
	2014 US$'000	2013 US$'000	US$'000	Change %
Net cash flows generated by operating activities	**111,602**	245,143	(133,541)	(54%)
Net cash flows used in investing activities	**(78,751)**	(282,825)	204,074	72%
Net cash flows generated used in financing activities	**(11,668)**	—	(11,668)	(100%)
Net movement in cash and cash equivalents	**21,183**	(37,682)	58,865	(156)%
Cash and cash equivalents at the beginning of the financial period	**105,979**	147,133	(41,154)	(28%)
Effects of exchange rate changes	**(1,503)**	(3,472)	1,969	(57%)
Cash and cash equivalents at the end of the financial period	**125,659**	105,979	19,680	18%

Net cash flows generated by operating activities comprise receipts from gold and silver sales and interest revenue, offset by operating and corporate administration costs. Cash flows have decreased by US$133.5 million to US$111.6 million, primarily attributable to:

(a) a decrease in revenue, due to a lower average realised price offset by higher gold sales;
(b) an increase in cash outflows flows in relation to receivables and payables; and
(c) a decrease in gross margins as a result of the decrease in the average realised gold price, offset by;
(d) a decrease in cash outflows in relation to inventories and prepayments, as a result of the commissioning of Stage 4.

Net cash flows used in investing activities comprise exploration expenditure and capital development expenditures at Sukari including the acquisition of financial and mineral assets. Cash outflows have decreased by US$204.1 million to US$78.8 million. The primary use of the funds during the year was for investment in capital work-in-progress in relation to the Stage 4 development, the open pit and underground development, additional mining assets and exploration expenditures incurred, which was offset by US$9.3 million cash acquired through the assets acquired in Ampella Mining Limited.

Net cash flows generated by financing activities comprise the exercising of shares issued under the Company's Loan Funded Share Plans ("LFSPs") and options under the Employee Share Option Plan ("ESOP") respectively in addition to dividends paid. During the year:

(a) 1.7 million of the Company's own shares valued at US$1.7 million were acquired and awarded as part of the Deferred Bonus Share Plan; and
(b) a US$9.9 million interim dividend was paid during the year.

Effects of exchange rate changes have decreased by US$2.0 million as a result of the strong performance of the US$ to the Euro and A$.

Quarterly information

		Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013
Revenue	US$ million	**151.2**	116.1	102.6	102.7	111.2	120.1	134.3	138.2
Profit before tax (1)	US$ million	**33.9**	15.8	11.3	20.6	30.7	29.7	51.7	71.9
Basic EPS (cps) (1)	Cents	**2.96**	1.39	0.99	1.87	2.81	2.72	4.75	6.60
Diluted EPS (cps) (1)	Cents	**2.96**	1.37	0.98	1.86	2.78	2.70	4.73	6.59

(1) Profit before tax and basic and diluted EPS includes an exceptional provision against prepayments recorded in Q4 to reflect the removal of fuel subsidies which occurred in January 2012 (refer to Note 6 to the financial statements for further details).

The Company's results over the past several quarters have been driven primarily by fluctuations in gold price and increases in gold equivalent ounces produced. Additionally, increases in input costs and foreign exchange rates have impacted results.

During the fourth quarter of 2014, revenue increased to US$151.2 million on gold equivalent ounces sold of 125,416 compared with revenue of US$111.2 million on sales of 88,856 gold equivalent ounces during the fourth quarter of 2013. The average realised gold price per ounce in the fourth quarter of 2013 was US$1,249 compared with the average realised gold price during this quarter of US$1,203 per ounce.

Cost of sales increased by 43% to US$103.7 million in the final quarter of 2014 versus US$72.4 million in the prior year, primarily as a result of increased activity quarter on quarter with tonnes moved increasing by 43% and tonnes treated by 86%.

Liquidity and capital resources

At 31 December 2014, the Group had cash and cash equivalents of US$125.7 million compared to US$106.0 million at 31 December 2013. The majority of funds have been invested in international rolling short-term higher interest money market deposits. The increase in cash position is primarily due to the completion of the Stage 4 expansion resulting in an increase in the cash inflows offset with unfavourable gold prices and the inclusion of an exceptional provision against prepayments to reflect the removal of fuel subsidies offset with increased production.

Centamin has a strong and flexible financial position with no debt, no hedging and cash and cash equivalents, bullion on hand, gold sales receivables and available-for-sale financial assets of US$162.8 million at 31 December 2014. Cash and cash equivalents, bullion on hand, gold sales receivables and available-for-sale financial assets is a non-GAAP financial measure.

Liquidity risk is the risk associated with not having access to sufficient funds to meet planned and unplanned cash requirements. Centamin manages its exposure to liquidity risk by ensuring that its operating and strategic liquidity levels are well above minimum company requirements.

Trade and other payables decreased from US$78.1 million to US$34.0 million reflecting the commissioning of Stage 4. In the day-to-day business, the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure surplus funds are invested to maximise returns while ensuring that capital is safeguarded to the maximum extent possible by investing only with financial institutions with a strong credit rating.

The Group's primary source of liquidity is operating cash flow. The principal risk factor affecting operating cash flow is cost, gold prices, timing of gold sales and the legal actions in relation to the Concession Agreement and subsidy for diesel fuel oil.

The Group's financial commitments are limited to planned and discretionary spending on work programmes at the Sukari Gold Mine, planned and discretionary spending on work programmes at the exploration licences owned by Sheba, administration expenditure at the Egyptian, Australian, Jersey, Ethiopian, Burkina Faso and Côte dÍvoire office locations and for general working capital purposes.

Management considers that the Group has adequate current assets and forecast cash flow from operations to manage liquidity risks arising from settlement of current liabilities and non-current liabilities.

We had no debt for both the 2014 and the 2013 period.

The following is a summary of the Group's outstanding commitments as at 31 December 2014:

Payments due

	Total US$'000	Less than one year US$'000	One to five years US$'000	After five years US$'000
Operating lease commitments (Note 19)	258	63	195	-
Capital commitments (Note 19)	-	-	-	-
Total commitments	258	63	195	-

Segment disclosure

The Group is engaged in the business of exploration and production of precious metals only, which is characterised as one business segment only. See Note 8 to the financial statements.

Significant accounting policies, estimates and judgments

In the application of the Group's accounting policies, which are described in Note 3 to the financial statements, management is required to make judgments, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Litigation

The Group exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation, as well as other contingent liabilities (see Note 20 to the financial statements). Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement.

The Group is currently a party to two legal actions both of which could affect its ability to operate the mine at Sukari in the manner in which it is currently operated and adversely affect its profitability. The details of this litigation, which relate to the loss of the Egyptian national subsidy for diesel fuel oil and the ability of the Group to operate outside the area of $3km^2$ determined by the Administrative Court of first instance to be the area of the Sukari exploitation lease, are given in Note 20 to the financial statements and in the most recently filed Annual Information Form ("AIF") which is available on SEDAR at www.sedar.com. Although it is possible to quantify the effects of the loss the national fuel subsidy, it is not currently possible to quantify with sufficient precision the effect of restricting operations to an area of $3km^2$.

Every action is being taken to contest these decisions, including the making of formal legal appeals and, although their resolution may take some time, management remain confident that a satisfactory outcome will ultimately be achieved. In the meantime, however, the Group is continuing to pay international prices for diesel fuel oil. With respect to the Administrative Court ruling, on 20 March 2013 the Supreme Administrative Court upheld the Company's application to suspend this decision until the merits of the Company's appeal are considered and ruled on, thus providing assurance that normal operations would be able to continue during this process.

In the unlikely event that the Group is unsuccessful in either or both of its legal actions, and that the operating activities are restricted to a reduced area, it is management's belief that the Group will be able to continue as going concern.

Recovery of capitalised exploration evaluation and development expenditure

The Group's accounting policy for exploration and evaluation expenditure results in exploration and evaluation expenditure being capitalised for those projects where such expenditure is considered likely to be recoverable through future extraction activity or sale or where the exploration activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether the Group will proceed with development based on existence of reserves or whether an economically viable extraction operation can be established. Such estimates and assumptions may change from period to period as new information becomes available. If, subsequent to the exploration and evaluation expenditure being capitalised, a judgment is made that recovery of the expenditure is unlikely or the project is to be abandoned, the relevant capitalised amount will be written off to the income statement.

As described in Note 13 to the financial statements, in February 2015, the Company gave formal notice to Alecto Minerals plc ("Alecto") terminating the joint venture agreement entered into between the Company and Centamin in September 2013 with regards to the development of Alecto's licences in Ethiopia.

Centamin's rights in the Wayu Boda and Aysid Metekel licences have reverted back to Alecto, such that Alecto will hold 100% of the licences and will assume responsibility for the ongoing commitments in respect of the licences on termination of the Joint Venture and have thus written off all expenditure incurred to date including the acquisition costs in relation to those licences, amounting to U$2,327,778.

Accounting treatment of Sukari Gold Mines ("SGM")

SGM is consolidated within the Centamin Group of companies, reflecting the substance and economic reality of the Concession Agreement (see Note 21 to the financial statements).

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Provision for restoration and rehabilitation costs

The Group is required to decommission, rehabilitate and restore mines and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities. The provision has been calculated taking into account the estimated future obligations including the costs of dismantling and removal of facilities, restoration and monitoring of the affected areas. The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date.

Ore reserve estimates

Estimates of recoverable quantities of reserves include assumptions on commodity prices, exchange rates, discount rates and production costs for future cash flows. It also involves assessment and judgment of complex geological models. The economic, geological and technical factors used to estimate ore reserves may change from period to period. Changes in ore reserves affect the carrying values of mine properties, property, plant and equipment, provision for rehabilitation assets and deferred taxes. Ore reserves are integral to the amount of depreciation and amortisation charged to the Statement of Comprehensive Income and the calculation of inventory.

Production forecasts from the underground mine at Sukari are partly based on estimates regarding future resource and reserve growth. It is the opinion of management and directors that these estimates are both realistic and conservative, based on current information. However, as the mine relies on continued deeper development and exploration drilling for further reserve definition, the life of this part of the mine remains limited and there is a risk that some or all of this growth will not materialise with a consequent negative impact on current production forecasts which affect the unit of production used in depreciation calculations.

Depreciation of capitalised underground mine development costs

Depreciation of capitalised underground mine development costs at the Sukari mine is based on reserve estimates. Management and directors believe that these estimates are both realistic and conservative, based on current information. However, as the mine relies on continued deeper development and exploration drilling for further reserve definition, the estimated reserves may change with a consequent negative impact on the carrying value of capitalised underground mine development.

Accounting policies

On 1 January 2014, the Group adopted IFRS 10, “Consolidated Financial Statements”, IFRS 11, “Joint Arrangements”, IFRS 12 “Disclosure of Interests in Other Entities”, a revised version of IAS 27, “Separate Financial Statements” and a revised version of IAS 28, “Investments in Associates and Joint Ventures” which have been amended for conforming changes based on the issuance of IFRS 10 and IFRS 11. The Group adopted the amendments to the transition guidance for IFRS 10 and IFRS 11 as well as IFRIC 21, “Levies”. Furthermore the Group adopted the amendments to IAS 32 “Financial instruments: Presentation”, IAS 36 “Impairment of assets” and IAS 39 “Financial instruments: Recognition and measurement”. Refer to Note 3 to the financial statements for further details. There have been no further changes to the Group’s accounting policies during the year.

Going concern statement

The Group’s business activities, together with the factors likely to affect its future development, performance and position are set out in this business review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also described in this business review above. In addition, Note 26 to the financial statements includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk.

As highlighted in Note 26 to the financial statements, the Group meets its day-to-day working capital requirements through cash generated by its operations. The current economic conditions create uncertainty particularly over (a) the level of demand of the Group’s products; (b) the price at which its products can be sold; and (c) the price at which its main raw materials can be procured.

The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to continue generating sufficient cash in order to finance its operations and capital expansions.

During 2012 the operation of the mine was affected by two legal actions. The first of these followed from a decision taken by EGPC to charge international, not local (subsidised) prices for the supply of Diesel Fuel Oil, and the second arose as a result of judgment of an Administrative Court of first instance in relation to, amongst other matters, the Company’s 160km^2 exploitation lease. In relation to the first decision, the Company remains confident that in the event that it is required to continue to pay international prices, the mine at Sukari will remain commercially viable. Similarly, the Company remains confident that the appeal it has lodged in relation to the decision of the Administrative Court will ultimately be successful, although final resolution of it may take some time. On 20 March 2013 the Supreme Administrative Court upheld the Company’s application to suspend the decision until the merits of the Company’s appeal are considered and ruled on, thus providing assurance that normal operations would be able to continue during this process. A detailed summary of the litigation is available at Note 20 to the financial statements.

In the unlikely event that the Group is unsuccessful in either or both of its legal actions, and that the operating activities are restricted to a reduced area, it is the directors’ belief that the Group will be able to continue as a going concern.

The directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Non-GAAP financial measures

Three non-GAAP financial measures are used in this report:

(1) EBITDA : “EBITDA” is a non-GAAP financial measure, which excludes the following from profit before tax:

- finance costs;
- finance income; and
- depreciation and amortisation.

Management believes that EBITDA is a valuable indicator of the Group’s ability to generate liquidity by producing operating cash flow to fund working capital needs and fund capital expenditures. EBITDA is also frequently used by investors and analysts for valuation purposes whereby EBITDA is multiplied by a factor or “EBITDA multiple” that is based on an observed or inferred relationship between EBITDA and market values to determine the approximate total enterprise value of a company. EBITDA is intended to provide additional information to investors and analysts and does not have any standardised definition under IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of cash costs and income of financing activities and taxes, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently. The following table provides a reconciliation of EBITDA to profit for the year attributable to the Company.

Reconciliation of profit before tax to EBITDA:

	Year ended 31 December 2014 before exceptional items US$'000	**Year ended 31 December 2014 including exceptional items(1) US$'000**	Year ended 31 December 2013 before exceptional items US$'000	Year ended 31 December 2013 including exceptional items(1) US$'000
Profit before tax	**144,096**	**81,562**	234,973	183,969
Finance income	**(410)**	**(410)**	(690)	(690)
Depreciation and amortisation	**84,232**	**84,232**	50,888	50,888
EBITDA	**227,918**	**165,384**	285,171	234,167

(1) Profit before tax, depreciation and amortisation and EBITDA includes an exceptional provision to reflect the removal of fuel subsidies (refer to Note 6 to the financial statements for further details).

(2) Cash cost per ounce calculation*:* "cash costs per ounce" is a non-GAAP financial measure. Cash cost per ounce is a measure of the average cost of producing an ounce of gold, calculated by dividing the operating costs in a period by the total gold production over the same period. Operating costs represent total operating costs less administrative expenses, royalties, depreciation and amortisation. Management uses this measure internally to better assess performance trends for the Company as a whole. The Company believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use such non-GAAP information to evaluate the Company's performance and ability to generate cash flow. The Company believes that these measures provide an alternative reflection of the Group's performance for the current period and are an alternative indication of its expected performance in future periods. Cash costs is intended to provide additional information, does not have any standardised meaning prescribed by GAAP and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. This measure is not necessarily indicative of operating profit or cash flow from operations as determined under GAAP. Other companies may calculate these measures differently.

Reconciliation of cash cost per ounce:

		Year ended 31 December 2014 before exceptional items(1)	**Year ended 31 December 2014 including exceptional items(1)**	Year ended 31 December 2013 before exceptional items	Year ended 31 December 2013 including exceptional items(1)
Mine production costs (Note 6)	US$'000	**214,370**	**275,934**	184,608	237,738
Less: refinery and transport	US$'000	**(1,063)**	**(1,063)**	(921)	(921)
Cash costs	US$'000	**213,307**	**274,871**	183,687	236,817
Gold produced – total	(oz)	**377,261**	**377,261**	356,943	356,943
Cash cost per ounce	(US$/oz)	**565**	**729**	515	663

(1) Mine production costs, cash costs and cash cost per ounce includes an exceptional provision against prepayments recorded in Q4 2012 and 2013 to reflect the removal of fuel subsidies (refer to Note 6 to the financial statements for further details).

(3) Cash and cash equivalents, bullion on hand, gold sales receivables and available-for-sale financial assets: this is a non-GAAP financial measure any other companies may calculate these measures differently.

Reconciliation to cash and cash equivalents, bullion on hand, gold sales receivables and available-for-sale financial assets:

	Year ended 31 December 2014 US$'000	Year ended 31 December 2013 US$'000
Cash and cash equivalents (Note 25)	**125,659**	105,979
Bullion on hand (valued at the year end spot price)	**12,685**	10,853
Gold sales receivable (Note 9)	**24,057**	24,657
Available-for-sale financial assets (Note 14.1)	**409**	989
Cash and cash equivalents, bullion on hand, gold sales receivables and available-for-sale financial assets	**162,810**	142,478

Internal controls

Financial reporting controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO, CFO and COO, on a timely basis so that appropriate decisions can be made regarding public disclosure. Management, with the participation of the certifying officers, has evaluated the effectiveness of the design and operation, as of 31 December 2014, of the Company's disclosure controls and procedures (as defined by the Canadian Securities Administrators). Based on that evaluation, the certifying officers have concluded that such disclosure controls and procedures are effective and designed to ensure that material information relating to the Company and its subsidiaries is made known to them by others within those entities.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of our financial reporting and compliance with generally accepted accounting principles in our financial statements. Management evaluated at implementation the design of internal controls over financial reporting and has concluded that such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union ("EU IFRS"). In addition, there have been no changes in the Company's internal control over financial reporting during the year ended 31 December 2014 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Financial instruments

At 31 December 2014, the Group has exposure to interest rate risk which is limited to the floating market rate for cash.

The Group does not have foreign currency risk for non‑monetary assets and liabilities of the Egyptian operations as these are deemed to have a functional currency of United States dollars. The Group has no significant monetary foreign currency assets and liabilities apart from Australian dollar cash term deposits.

The Group currently does not engage in any hedging or derivative transactions to manage interest rate or foreign currency risks.

Foreign investment in Egypt

Foreign investments in the petroleum and mining sectors in Egypt are governed by individual production sharing agreements (concession agreements) between foreign companies and the Ministry for Petroleum and Mineral Resources or the Egyptian Mineral Resource Authority ("EMRA") (as the case may be) and are individual Acts of Parliament.

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 and effective from 13 June 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 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.

Whilst the Company is the first foreign company to develop a modern large-scale gold mine in Egypt there is significant foreign investment in the petroleum sector. Several large multinational oil and gas companies operate in Egypt, some of which have long histories in the country and have dedicated significant amounts of capital. The Company believes that the track record of foreign investment established by these companies in the petroleum sector is an important indication of the ability of foreign companies to attract financing and receive development approvals for the construction of major mining projects in Egypt.

Egyptian court litigation

As discussed elsewhere in this document the Company was involved in two separate actions. The first followed from a decision taken by EGPC to charge international, not local (subsidised) prices for the supply of diesel fuel oil, and the second arose as a result of judgment of an Administrative Court of first instance in Cairo in relation to the Company's 160km^2 exploitation lease.

Concession agreement court case

On 30 October 2012, the Administrative Court in Egypt handed down a judgment in relation to a claim brought by, amongst others, an independent member of a previous parliament, in which he argued for the nullification of the agreement that confers on the Group its rights to operate in Egypt. This agreement, the Concession Agreement, was entered into between the Arab Republic of Egypt, the Egyptian Mineral Resources Authority ("EMRA") and Centamin's wholly-owned subsidiary Pharaoh Gold Mines ("PGM"), and was approved by the Egyptian People's Assembly as Law 222 of 1994.

In summary that judgment states that, although the Concession Agreement itself remains valid and in force, insufficient evidence had been submitted to the Court in order to demonstrate that the 160km^2 exploitation lease between PGM and EMRA had received approval from the relevant Minister as required by the terms of the Concession Agreement. Accordingly, the Court found that the exploitation lease in respect of the area of 160km^2 was not valid although it stated that there was in existence such a lease in respect of an area of 3km^2. Centamin, however, is in possession of the executed original lease documentation which clearly shows that the 160km^2 exploitation lease was approved by the Minister of Petroleum and Mineral Resources. It appears that an executed original document was not supplied to the Court.

Upon notification of the judgment the Group took various steps to protect its ability to continue to operate the mine at Sukari. These included lodging a formal appeal before the Supreme Administrative Court on 26 November 2012. In addition, in conjunction with the formal appeal the Group applied to the Supreme Administrative Court to suspend the initial decision until such time as the Court was able to consider and rule on the merits of the appeal. On 20 March 2013 the Court upheld this application thus suspending the initial decision and providing assurance that normal operations are able to continue whilst the appeal process is under way.

EMRA lodged its own appeal in relation to this matter on 27 November 2012, the day after the Company's appeal was lodged.

The Company does not yet know when the appeal will conclude, although it is aware of the potential for the process in Egypt to be lengthy. The Company has taken extensive legal advice on the merits of its appeal from a number of leading Egyptian law firms who have confirmed that the proper steps were followed with regard to the grant of the 160km^2 exploitation lease. The Company therefore remains of the view that the appeal is based on strong legal grounds and will ultimately be successful.

In the event that the appellate court fails to be persuaded of the merits of the case put forward by the Group, the operations at Sukari may be adversely effected to the extent that the Group's operation exceeds the exploitation lease area of 3km^2 referred to in the original court decision.

The Company remains confident that normal operations at Sukari will be maintained whilst the appeal process is under way. Centamin does not currently see the need to take the matter to a court outside of Egypt as Centamin remains of the belief that the Egyptian Court will rule in Centamin's favour.

Further details about this litigation are set out in Note 20 to the financial statements and in the most recently filed Annual Information Form ("AIF") which is available on SEDAR at www.sedar.com.

Diesel fuel court case

In January 2012, the Group received a letter from Chevron to the effect that Chevron would not be able to continue supplying Diesel Fuel Oil ("DFO") to the mine at Sukari at local subsidised prices, thereby adding approximately US$150 per ounce to the cost of production. It is understood that the reason that this letter was issued was that Chevron had received a letter instructing it to do so from the Egyptian General Petroleum Corporation ("EGPC"). Subsequent to this first letter, the Group received a demand from Egyptian General Petroleum Corporation ("EGPC") for LE403 million (US$60 million) being the amount of the subsidy received in respect of the diesel fuel supplied from December 2009 until January 2012.

The Group took detailed legal advice on this matter and, in consequence, in June lodged an appeal against EGPC's decision in the Administrative Court. Again, the Group believes that its grounds for appeal are strong and that there is good prospect of success. However, as a practical matter, and in order to ensure the continuation of supply, the Group has since January advanced funds to its fuel supplier, Chevron, based on the international price for fuel. Further details about this litigation are set out in Note 20 to the financial statements and in the most recently filed AIF which will be available on SEDAR at www.sedar.com.

Overview of Sukari concession agreement

Pharaoh Gold Mines NL ("PGM") a 100% wholly owned subsidiary of the Company, EGSMA (now "EMRA") and the Arab Republic of Egypt ("ARE") entered into the Concession Agreement dated 29 January 1995, granting PGM and EMRA the right to explore, develop, mine and sell gold and associated minerals in specific concession areas located in the Eastern Desert of Egypt identified in the Concession Agreement. The Concession Agreement came into effect under Egyptian law on 13 June 1995.

A summary of the main terms of the Concession Agreement is as follows:

- PGM provides funding to the Operating Company, Sukari Gold Mining Company, (SGM) and is responsible for the day-to-day management of that company.
- PGM is entitled to recover:
  - all current operating expenses incurred and paid after the initial commercial production;
  - exploration costs, including those accumulated to the commencement of commercial production (at the rate of 33.3% per annum); and

  - exploitation capital costs, including those accumulated prior to the commencement of commercial production (at the rate of 33.3% per annum).

- Legal title of all operating assets of PGM will pass to EMRA when cost recovery is completed. The right of use of all fixed and movable assets remains with PGM and SGM.
- The ARE is entitled to a royalty of 3% of net sales revenue from the sale of gold and associated minerals from the Sukari Gold Mine.
- Commencing on the date of commercial production, SGM and PGM are entitled to a 15 year exemption from any taxes imposed by the Egyptian government, with an option to file an application to extend this entitlement for a further 15 years.
- After the deduction of recoverable expenses and the payment of the 3% royalty, the profits are shared equally between PGM and EMRA (with an additional 10% of proceeds paid to PGM in the first 2 years that there are net proceeds and an additional 5% in the following 2 years).
- PGM, EMRA and the Operating Company are exempt from custom taxes and duties with respect to the importation of machinery, equipment and consumable items required for the purpose of exploration and mining activities at Sukari.
- PGM, EMRA, the Operating Company and their respective buyers will be exempt from any duties or taxes on the export of gold and associated minerals produced from the Sukari Gold Mine.

In addition, the Concession Agreement establishes a procedure for the conversion of any exploration lease granted in favour of PGM into an exploitation lease. Upon following the procedure prescribed by the Concession Agreement, the Company was granted such an exploitation lease in respect of $160km^2$ in 2005 and is in possession of the original document granting this lease duly signed by all relevant parties. The validity of this lease is, however, the subject of the litigation referred to above.

For the accounting treatment of the Concession Agreement refer to Note 23 to the financial statements.

Principal risks affecting the Centamin Group

The exploration for and development of metals and mineral resources, together with the construction and development of mining operations is a speculative activity that involves a high degree of risk.

Centamin conducts a variety of risk assessments throughout the year, which are reviewed by the Audit and Risk Committee and the Board in accordance with best practice guidelines and in compliance with the UK Corporate Governance Code and relevant Canadian requirements.

Centamin takes a number of measures to mitigate risks associated with its underlying operational and exploration activity which are monitored and evaluated regularly. Due to the nature of these inherent risks, it is not possible to give absolute assurance that mitigating actions will be wholly effective.

The descriptions below describe the current status of the key risks affecting Centamin and its operational and exploration activities together with the measures to mitigate risk and the preserved risk by management.

Risks identified are rated in two distinct categories, ‘probability of occurrence’ and ‘overall impact on the Company’.

Both categories are rated as high (H), medium (M) or low (L). The first category concerns how likely the risk is to occur and the second is based on the relative impact on the Company if the risk did occur. This is balanced by the mitigation steps in place.

Loss of revenue due to single project dependency (Likelihood: M and Impact: H)
The Sukari Project currently constitutes Centamin’s main mineral resource and sole mineral reserve and near-term production and revenue. The Project itself has two distinct ore sources (open pit and underground), the processing plant has two separate floatation circuits and two separate power stations. Whilst, one project, the nature of the design of the plant provides adequate mitigation and reduces the relative likelihood of dependence compared to a single layer plant design.

However, there is still a risk of any adverse development affecting the progress of the Sukari Project such as, but not limited to restrictions on operating, import and export permissions, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, or any other event leading to a reduction in production or closure of mines or other producing facilities, damage to life or property, environmental damage, hiring suitable personnel and engineering contractors, or securing supply agreements on commercially suitable terms.

Mitigating factors include continued longer term growth and expansion through exploration and acquisition targets both inside and outside of Egypt. The regional exploration of the licence portfolio in Burkina Faso and Côte d'Ivoire continues on the existing 1.92Moz Indicated and 1.33Moz Inferred resource.

Until further production growth beyond Sukari is identified the potential impact remains high, however, safeguarding the project is paramount to the Company and the required systems, policies and practices are in place to identify, assess and reduce these threats.

Sukari Project joint venture risk and relationship with EMRA (Likelihood: M and Impact: M)
SGM is owned jointly by PGM and EMRA, with equal board representation, whilst responsibility for the day-to-day management of SGM rests with the general manager, who is appointed by PGM. The board of SGM operates by way of simple majority. As such, should the board of SGM be unable to reach consensus on a matter requiring board-level approval or in the event of any dispute arising between PGM and EMRA, which PGM is unable to amicably resolve, it may have to participate in arbitration or other proceedings to resolve the dispute, which could have a material and adverse effect on Centamin's business, results of operations, financial performance and prospects.

Any dispute with EMRA may adversely affect Centamin's ability to manage the Sukari Project in the most effective way. Such a dispute could arise under the cost recovery and profit share provisions of the Sukari Concession Agreement.

The successful management of the Sukari Gold Mine is in part dependent on maintaining a good working relationship with EMRA. The Group has regular meetings with officials from EMRA and invests time in liaising with relevant ministry and other governmental representatives. Management and the Board of Directors believe the Group has a positive and constructive working relationship with EMRA. The Group complies with all terms and conditions of the Concession Agreement covering the Sukari Gold Mine. EMRA has equal representation on the Board of Sukari Gold Mines and is involved to that extent in approving and auditing all work programs and expenditures. EMRA inspectors are closely involved in monitoring all aspects of the Sukari operations. Current discussions with EMRA are focused on determining the exact timing and quantum of the first payment of Profit Sharing for Sukari and the interpretation of certain provisions of the Concession Agreement. Centamin has shown its willingness to assist EMRA through prepayments in relation to future profit share made in 2013 and 2014. Whilst the impact of any dispute could have the potential to be problematic, management believes there is a low probability of a material deterioration in relationships with EMRA.

Mitigating factors also include ensuring co-operative and timely correspondence and maintaining good relations with EMRA.

Failure to achieve production estimates (Likelihood: L and Impact: M)
Centamin currently prepares estimates of future gold production for its ongoing development of the Sukari Gold Mine. There can be no assurance that Centamin will achieve its production estimates and such failure could have a material and adverse effect on Centamin's future cash flows, profitability, results of operations and financial condition. The realisation of production estimates are dependent on, amongst other things: the accuracy of mineral reserve and resource estimates; the accuracy of assumptions regarding ore grades and recovery rates; ground conditions (including hydrology); physical characteristics of ores; the presence or absence of particular metallurgical characteristics; the accuracy of estimated rates and costs of mining ore haulage, the availability of suitable machinery and equipment and consumables (including access to and permitting for sufficient quantities of ammonium nitrate and related blasting products), skilled labour and processing capacity and all logistics for consumables and parts. During 2014 due to various factors previously disclosed it was necessary to reduce the guidance for 2014 and this also had an impact on the guidance for 2015.

Whilst there can be no certainties, production to date has provided confidence in management's estimation and mine planning methods and with the expanded processing plant becoming fully operational in 2014, the prospect of improvements in reliable forecasting is increased the risk of failure to meet production estimates has been reduced from high to moderate likely occurrence.

The impact on the Company (and investors) remains moderate, as failure to achieve production estimates can adversely affect the profitability of the Company and its share price.

Reserve and resource estimates (Likelihood: M and Impact: L)
Mineral resource and reserve figures are prepared by Centamin Group personnel, with the assistance of independent geologists. By their nature, mineral resources and reserves are estimates based on a range of assumptions, including geological, metallurgical technical and economic factors. There can be no guarantee that the anticipated tonnages or grades expected by Centamin will be achieved.

Management has implemented processes to continuously monitor and evaluate the current life of the Sukari Gold Mine, mine plans and production targets. The most recent Technical update was completed in the Form 43-101F1 dated 30 January 2014 and is available at www.sedar.com. This took into account the latest drill results, higher cost environment and the timing of the Stage 4 commissioning. Whilst there are no certainties, production to date has provided confidence in management's estimation and mine planning methods.

Currency and gold price risk (Likelihood: M and Impact: H)
A significant portion of Centamin's operating expenses are incurred in US dollars, Australian dollars, Egyptian pounds and Great British pounds, whilst its revenues from gold sales are in US dollars. Furthermore, Centamin does not currently maintain any facilities for hedging its exposure to currencies or the price of gold.

Any appreciation in currencies other than US dollars in which the Group incurs material expenses or adverse fluctuations in the gold spot price, could have a material and adverse effect on Centamin's business, results of operations, financial performance and prospects.

Centamin manages its exposure to gold price fluctuations by retaining a focus on keeping operating costs as low as possible. However, the risks relating to gold price reductions remain high as it is the Group's policy not to hedge its gold price exposure. The Group has not entered into forward foreign exchange contracts. Natural hedges are utilised wherever possible to offset foreign currency liabilities.

Litigation risks (Likelihood: M and Impact: H)
Centamin's finances, and its ability to operate in Egypt, may be severely adversely affected by current and any future litigation proceedings and it is possible that further litigation could be initiated against Centamin at any time. Centamin is currently involved in litigation that relates both to (a) the validity of its exploitation lease at Sukari and (b) the price at which it can purchase Diesel Fuel Oil.

In order to mitigate this risk Centamin has:

a) engaged appropriate legal advice and continues to actively pursue its legal rights with respect to the existing litigation and its legal advisers believe that Centamin will ultimately be successful in both of these cases; and

b) management and the Company's legal advisers monitor both activity in court and local media for signs of any litigation that may threaten its operations, finances or prospects.

The potential for serious impact should be balanced against Centamin's adherence to local laws and agreements, as well as the Egyptian government's support of Centamin's investment and the new law 32 of 2014 that should protect Centamin against litigation of this nature as well the fact that Egypt and Australia have in place a bilateral investment treaty.

Political risk (Likelihood: M and Impact: H)
Centamin's exposure to production and exploration activities are primarily in Egypt, a country which has been subject to civil and military disturbance in the last two years. There is no assurance that future political and economic conditions in Egypt will not result in the government of Egypt adopting different policies respecting foreign development and ownership of mineral resources. Any such change in policy may result in changes in laws affecting ownership of assets, use of explosives, tenure and mineral concessions, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect both Centamin's ability to undertake exploration, development and operational activities in respect of future properties as well as its ability to continue to explore, develop and operate those properties in respect of which it has obtained mineral exploration and exploitation rights to date. Egypt also has limited experience of large scale mining operations and current laws do not necessarily reflect current international practices (for example in relation to 24 hour blasting techniques).

The Concession Agreement with EMRA and the Egyptian Government, was declared into Egyptian Law No. 222 of 1994 which further protects the Company's licence rights. The Law received full parliamentary approval as required by Egyptian law.

In respect to the Company's operations in Egypt, the potential for serious impact should be balanced against the Egyptian government's support of Centamin's investment and contribution to both revenue and development of the mining industry.

In 2014, Centamin acquired ASX-listed Ampella Mining Limited and now operates on exploration licences in Burkina Faso and Cote d'Ivoire. Centamin continues to operate on its existing exploration licences in the North of Ethiopia and also on licences held in the south and west of Ethiopia through the tenements held through the JV with Alecto Minerals plc. In respect to West Africa and Ethiopia, policy has developed over many years to encourage foreign investment and the development of mining operations, which continues to be the focus of governments in these regions.

There is no assurance that future political and economic conditions in these countries will not result in the governments adopting different policies in respect to foreign development and ownership of exploration and exploitation licences.

Centamin actively monitors legal and political developments in Egypt, West Africa and Ethiopia and actively engages in dialogue with relevant government and legal policy makers to discuss all key legal and regulatory developments.

Hazardous operating conditions (Likelihood: L and Impact: M)
The mining operations of Centamin at Sukari are often carried out in extreme temperatures and hazardous operating conditions. Whilst Centamin maintains strict health and safety policies, Centamin remains susceptible to the possibility that liabilities might arise as a result of breaches of these requirements, accidents, fatalities or other workforce-related misfortunes, some of which may be beyond Centamin's control. The occurrence of any accidents or any of these situations could delay production, increase production costs and/or result in material liability for Centamin.

Safety induction and training programs for staff are an essential component of the policies and procedures at Sukari and throughout Centamin. Sukari has a strong safety culture and a good track record with a LTIFR of 0.39 per 200,000 man hours in 2014. The Group manages effectively the risks to health and safety and so the risk is low.

The Company is committed to maintaining and improving its good health and safety record at Sukari and its other exploration and advanced exploration projects.

Operational failures and unscheduled interruptions (Likelihood: M and Impact: L)
The achievement of Centamin's operational targets will be subject to the timely completion of planned operational goals on budget and the effective support of Centamin's personnel, contractors, systems, procedures and controls and suppliers. Any failure in this regard or any instances of unscheduled interruptions in Centamin's operations due to mechanical or other failures or industrial relations related issues, security issues or security breaches or problems or issues with the supply of fuel and other goods or services including spare parts, machinery and explosives, may result in delays in the achievement of operational targets with a consequent material adverse impact on Centamin's business, results of operations, financial performance and prospects to include all logistics for consumables and parts.

Mitigating factors include management's assessment of critical components on the operational infrastructure on a continuous basis and retention of a large inventory of critical spares. In addition management closely monitor progress of both normal operations and expansion projects and have regular dialogue with key project stakeholders and suppliers.

With completion of the commissioning process for the Stage 4 plant expansion the risks associated with operational failures and unscheduled interruptions has been reduced to moderate. Appropriate safeguards in respect to security are in place in Egypt taking account of the site location and the transport and shipment of Gold. Security measures in Ethiopia, Burkina Faso and Cote d'Ivoire are considered based on the size of the operation and location of exploration sites.

The impact on the Company and Investors remains low as management have proven their ability to respond quickly to restore full operational capacity without significantly impacting production.

Capital and operational cost inflation may reduce anticipated returns (Likelihood: L and Impact: L)
The capital costs for future projects and the development of Centamin's portfolio assets may be significantly higher than anticipated due to, amongst other things, unforeseen delays in supplies, labour and material cost inflation, local and international political events, or workforce disruption.

In turn, this may result in Centamin having to make unexpected calls on its treasury reserves or otherwise seek to raise external financing, for which there can be no guarantee of success and which may result in value dilution for current shareholders.

Estimates of operating costs are based upon, amongst other things: anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed; anticipated recovery rates of gold and other metals from the ore; and cash operating costs based on a bottom-up approach utilising historical data. Cash operating costs, production and economic returns, and other estimates contained in previous studies or estimates prepared by or for Centamin may differ from those estimated costs currently anticipated by Centamin.

Whilst there can be no certainties, capital and operational cost control to date has provided confidence in management's budgeting and cost controls implementation. On average, fuel represent 25% of costs at Sukari and therefore the Company has exposure to fluctuations in the cost of diesel oil.

Following the successful completion of the Stage 4 expansion project, management remain confident in the delivery of future projects on time and within budget.

Mine construction and operational risks (Likelihood: M and Impact: L)
Mining projects can suffer delays in start-up and commissioning due to late delivery of components, adverse weather or equipment failures or delays in obtaining, or renewing where applicable, the required permits or consents or gaining access to suitable skilled labour, as well as cost overruns and cost inflation. Furthermore, mine construction raises a range of social and environmental issues, including costs associated with rehabilitation of areas which have been mined or otherwise disturbed, addressing areas of archaeological significance, forestry and water matters, local social, health and community issues upon construction (including compensation for land and crops) and again on closure of operations. Any estimates for such costs made by the Centamin Group may be insufficient and/or further issues and costs may be identified. Any underestimated or unidentified social and environmental costs related to the development and subsequent closure of a mine could potentially reduce earnings and otherwise have a material and adverse effect on Centamin's business, results of operations, financial performance and prospects.

With construction of Stage 4 now complete ongoing construction risk remains low. The prospect of a future mining operation in West Africa, Batie West will require detailed risk assessment, once the resource based has been developed sufficiently.

Reliance on key personnel (Likelihood: M and Impact: L)
The success of Centamin's operations and activities is dependent to a significant extent on the efforts and abilities of the directors and management team, including developing and maintaining or, in the context of the recent political changes in Egypt, renewing important relationships with governmental and regulatory authorities in Egypt. Investors must be willing to rely to a significant extent on Centamin directors and the management team's discretion and judgment. Centamin's ability to continue to retain, motivate and attract qualified and experienced management personnel is vital to the Group's business. Factors critical to retaining Centamin's present staff and attracting and recruiting additionally highly qualified personnel include, amongst other things, Centamin's ability to provide competitive compensation arrangements. Centamin does not hold key person insurance in respect of any members of its management team. There can be no assurance that Centamin will be able to successfully recruit and retain the necessary qualified personnel. The loss or diminution in the services of a member of its management team or an inability to recruit, train and/or retain necessary personnel could have a material and adverse effect on Centamin's business, results of operations, financial performance and prospects.

The Group regularly assess its staff recruitment and retention policies, including its reward structures and incentive plans, to assist with labour stability and maintain appropriate investment in training and development to safeguard the skills of its work force and senior management. The risk of disruptions within the work force and senior management remain elevated but the impacts are assessed as manageable.

Reliance on external contractors (Likelihood: M and Impact: M)
Centamin shareholders must be willing to rely to a significant extent on the expertise and competence of outside contractors or sub-contractors. When the world mining industry is buoyant there is increased competition for the services of suitably qualified and/or experienced sub-contractors, such as drilling contractors, assay laboratories, metallurgical testwork facilities and other providers of engineering, project management and mineral processing services. As a result, Centamin may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced sub-contractors on suitable economic commercial terms. The loss or diminution in the services of suitably qualified and/or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could have a material and adverse effect on Centamin's business, results of operations, financial performance and prospects.

Assessments of arrangements with key contractors are undertaken on a regular basis to ensure that contracted services and support meet business requirements and expectations.

Centamin's strategy involves managing and operating the key areas of its business in which it has the relevant expertise and where it is necessary to source external contractors, the Company ensures adequate systems are in place to identify and monitor, on an ongoing basis, the required external contractors to help the Company deliver its objectives.

Dependency upon good employee relations (Likelihood: M and Impact: L)
Egyptian employment law affords extensive protection to employees. Although management believes its labour relations, with both employees and contractors, are good, there can be no assurance that a work slowdown, a work stoppage or strike will not occur at the Sukari Project or at any of Centamin's possible future development projects or exploration prospects, even where the workforce is not unionised. Work slowdowns, stoppages, disputes with employees or other labour-related developments or disputes could result in a decrease in Centamin's production levels which could have a material and adverse effect on Centamin's business, results of operations, financial performance and prospects.

A workers' representative group has been established for the purpose of facilitating better dialogue with those employed at the Sukari Gold Mine. However, strikes have occurred in the past at Sukari and there can be no assurance that a future work slowdown, a work stoppage or strike will not occur here or at any of Centamin's other projects. The risk of disruption within the work force remain elevated but the impacts are judged to be manageable.

External perceptions of Egypt (Likelihood: M and Impact: M)
External perceptions of Egypt with respect to political and economic instability and civil unrest may have an adverse effect on: The market value of Centamin's shares or the ability of Centamin to attract suppliers, contractors and skilled workers to its operations in Egypt, which could have an adverse impact on capital projects and ongoing operations, which in turn could have a material and adverse effect on Centamin's business, results of operations, financial performance and prospects.

Centamin actively engages with its key shareholders and other stakeholders in order to cultivate a proper understanding of the business and its operating environment and to reduce the occurrence and impact of incorrect external perceptions.

Related party transactions

The following related party transactions have been identified in line with IAS 24 Related Party Disclosures.

(a) Key management personnel equity holdings

Key management personal are persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (executive or otherwise) of the Group.

The details of the movement in key management personnel equity holdings of fully paid ordinary shares in Centamin plc during the financial period are as follows:

	Balance at 1 January 2014	Granted as remuneration (DBSP)	Received on exercise of options	Net other change	**Balance at 31 December 2014**	Balance held nominally
J El-Raghy	71,445,086	—	—	—	71,445,086	—
T Schultz	1,030,000	—	—	(1,000,000)	30,000	—
G Haslam	102,056	—	—	—	102,056	—
M Arnesen	15,000	—	—	—	15,000	—
M Bankes	120,000	—	—	30,000	150,000	—
K Tomlinson	—	—	—	24,400	24,400	—
A Pardey	1,785,000	400,000	—	—	2,185,000	—
P Louw	1,737,500	400,000	—	—	2,137,500	—
H Brown	475,000	75,000	—	—	550,000	—
R Osman	600,000	200,000	—	—	800,000	—
D Le Masurier	—	300,000	—	—	300,000	—
L Gregory	—	300,000	—	—	300,000	—
Y El-Raghy	510,000	170,000	—	(42,586)	637,414	—
T Smith	—	300,000	—	—	300,000	—
L Sobey	300,000	100,000	—	(10,000)	390,000	—
A Davidson	—	450,000	—	—	450,000	—

b) Key management personnel share option holdings

The details of the movement in key management personnel options to acquire ordinary shares in Centamin plc are as follows:

31 December 2014	Balance at 1 January 2014	Granted as remuneration	Exercised	Other changes	**Balance at 31 December 2014**	Balance vested during the financial period	Balance vested and exercisable at 31 December 2014
J El-Raghy	—	—	—	—	—	—	—
T Schultz	—	—	—	—	—	—	—
G Haslam	—	—	—	—	—	—	—
M Arnesen	—	—	—	—	—	—	—
M Bankes	—	—	—	—	—	—	—
K Tomlinson	—	—	—	—	—	—	—
P Louw	—	—	—	—	—	—	—
A Pardey	—	—	—	—	—	—	—
H Brown	—	—	—	—	—	—	—
R Osman	—	—	—	—	—	—	—
D Le Masurier	—	—	—	—	—	—	—
L Gregory	—	—	—	—	—	—	—
Y El-Raghy	—	—	—	—	—	—	—
D Le Masurier	—	—	—	—	—	—	—
T Smith	—	—	—	—	—	—	—
L Sobey	—	—	—	—	—	—	—
A Davidson	—	—	—	—	—	—	—

Save for service agreements, and apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company or the economic entity since the end of the previous financial year and there were no material contracts involving key management personnel interests at year end.

c) Other transactions with key management personnel

The related party transactions for the year ended 31 December 2014 are summarised below:

Josef El‑Raghy is a director and shareholder of El-Raghy Kriewaldt Pty Ltd ("El-Raghy Kriewaldt"). El-Raghy Kriewaldt provides office premises to the Company. All dealings with El-Raghy Kriewaldt are in the ordinary course of business and on normal terms and conditions. Rent and office outgoings paid to El-Raghy Kriewaldt during the period were A$57,898 or US$51,920 (31 December 2013: A$48,278 or US$45,600).

d) Transactions with other related parties

Other related parties include the parent entity, subsidiaries, and other related parties.

During the prior financial period, the Company recognised tax payable in respect of the tax liabilities of its wholly-owned subsidiaries. Payments to/from the Company are made in accordance with terms of the tax funding arrangement.

During the financial period the Company provided funds to and received funding from subsidiaries.

All amounts advanced to related parties are unsecured. No expense has been recognised in the period for bad or doubtful debts in respect of amounts owed by related parties.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

Subsequent events

For further information, see Note 31 to the financial statements.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This document contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of Centamin plc ('Centamin' or 'the Company'), its subsidiaries (together 'the Group'), affiliated companies, its projects, the future price of gold, the estimation of mineral reserves and mineral resources, the realization of mineral reserve and resource estimates, the timing and amount of estimated future production, revenues, margins, costs of production, estimates of initial capital, sustaining capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, foreign exchange risks, governmental regulation of mining operations and exploration operations, timing and receipt of approvals, consents and permits under applicable mineral legislation, environmental risks, title disputes or claims, limitations of insurance coverage and regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative variations) of such words and phrases, or may be identified by statements to the effect that certain actions, events or results "may", "could", "would", "should", "might" or "will" be taken, occur or be achieved.

Forward-looking statements involve known and unknown risks, uncertainties and a variety of material factors, many of which are beyond the Company's control which may cause the actual results, performance or achievements of Centamin, its subsidiaries and affiliated companies to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Readers are cautioned that forward-looking statements may not be appropriate for other purposes than outlined in this document. Such factors include, among others, future price of gold; general business, economic, competitive, political and social uncertainties; the actual results of current exploration and development activities; conclusions of economic evaluations and studies; fluctuations in the value of the U.S. dollar relative to the local currencies in the jurisdictions of the Company's key projects; changes in project parameters as plans continue to be refined; possible variations of ore grade or projected recovery rates; accidents, labour disputes or slow-downs and other risks of the mining industry; climatic conditions; political instability, insurrection or war, civil unrest or armed assault; labour force availability and turnover; delays in obtaining financing or governmental approvals or in the completion of exploration and development activities; as well as those factors referred to in the section entitled "Risks and Uncertainties" section of the Management discussion & analysis. The reader is also cautioned that the foregoing list of factors is not exhausted of the factors that may affect the Company's forward-looking statements.

Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this document and, except as required by applicable law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. 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 statements. Accordingly, readers should not place undue reliance on forward-looking statements.

QUALIFIED PERSON AND QUALITY CONTROL

Information of a scientific or technical nature in this document was prepared under the supervision of Andrew Pardey, BSc. Geology, Chief Operating Officer of Centamin plc and a qualified person under the Canadian National Instrument 43-101.

Refer to the technical report entitled "Mineral Resource and Reserve Estimate for the Sukari Gold Project, Egypt" dated 30 January 2014 and filed on SEDAR at www.sedar.com, for further discussion of the extent to which the estimate of mineral resources/reserves may be materially affected by any known environmental, permitting, legal, title, taxation, socio-political, or other relevant issues.