

13 July 2020

## Centamin plc

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

### QUARTERLY REPORT

for the three months ended 30 June 2020<sup>1,4</sup>

#### HIGHLIGHTS<sup>2</sup>

- Group lost time injury frequency rate ("LTIFR") for the second quarter ("Q2") of 0.21 per 200,000 workplace hours
- To date the operations, supply chain and gold shipments have not been materially impacted by COVID-19. Safeguarding the health and wellbeing of our workforce is the top priority, and the Company has implemented a preventative internal COVID-19 screening programme for all personnel at the Sukari Gold Mine ("Sukari"), utilising the track, trace, isolate approach
- Gold production<sup>3</sup> for Q2 of 130,994 ounces from Sukari was above forecast primarily due to higher mill feed grades and, as a precautionary measure due to COVID-19, the deferral of plant maintenance shutdowns to Q3 and therefore reducing the volume of third-party on-site access. This brings production for the first six months of the year ("H1") to 256,084 ounces
- Cash costs for Q2 of US\$625 per ounce produced (H1: US\$642/oz) and all-in sustaining costs ("AISC") of US\$900 per ounce sold (H1: US\$901/oz), ahead of schedule and reflecting increased production volumes
- On track to meet 2020 full year guidance<sup>4</sup>. Full year production range narrowed to between 510,000–525,000 ounces of gold; cost guidance is unchanged with cash costs forecasted between US\$630-680 per ounce produced and AISC forecasted between US\$870-920 per ounce sold
- Key projects progress as planned, including the underground infrastructure upgrades and construction of the second tailings storage facility ("TSF2")
- Adjusted free cash flow of US\$56 million generated for Q2 (H1: US\$102m)
- The Company has a strong balance sheet with cash and liquid assets<sup>5</sup> of US\$367 million, as at 30 June 2020, after payment of the first interim dividend of \$69million on 15 May 2020
- Half-year financial results, including the second interim dividend declaration, for the six months ended 30 June 2020, will be published on Tuesday 4 August 2020

#### MARTIN HORGAN, CEO, COMMENTED:

"Today's results reflect a good first half performance for 2020. Despite the considerable challenges presented by COVID-19, the operating team at Sukari have been fast-acting and agile in their response to protect the health, safety and wellbeing of our workforce, inclusive of contractors, while maintaining the continuity of our operations through extended staff rosters, supply chain micro-management and operational planning. I would like to thank them for their commitment which has enabled us to deliver this positive performance.

Whilst we continue to actively manage the potential future impacts of COVID-19, we remain confident we are on track to meet guidance and have narrowed the production range to 510,000 to 525,000 ounces and kept cost guidance unchanged.

Finally, I wish to thank our Sukari stakeholders, inclusive of the Egyptian government, our partners EMRA and the local community of Marsa Alam - their support has enabled us to operate safely and responsibly and the strength of our partnership will be a key aspect of our continued joint success."

<sup>1</sup> Accounts included within this report are unaudited

<sup>2</sup> Cash costs of production, AISC, adjusted EBITDA, Cash, bullion on hand, gold and silver sales debtor, financial assets at fair value through profit and loss (also known as cash and liquid assets) and adjusted free cash flow are Non-GAAP Financial Measures as defined in the 2019 Annual Report

<sup>3</sup> Gold produced is gold poured and does not include gold-in-circuit at period end

<sup>4</sup> The Company is actively monitoring the developments of the COVID-19 pandemic and guidance may be impacted if the workforce or operation are disrupted

<sup>5</sup> Cash, bullion on hand, gold and silver sales debtor, financial assets at fair value through profit and loss (also known as cash and liquid assets)

## GROUP PRODUCTION SUMMARY<sup>1,2,3</sup>

	units	Quarter on quarter comparative			Year on year comparative	
		Q2 2020	Q1 2020	%	Q2 2019	%
<b>Open pit</b>						
Total material mined	kt	<b>20,266</b>	20,501	(1%)	20,255	1%
Ore mined	kt	<b>4,122</b>	4,176	(1%)	3,615	14%
Ore grade mined	g/t Au	<b>0.98</b>	1.11	(12%)	0.70	40%
Ore grade milled	g/t Au	<b>1.27</b>	1.32	(4%)	0.76	66%
<b>Underground</b>						
Ore mined	kt	<b>168</b>	154	9%	310	(46%)
Ore grade mined	g/t Au	<b>5.99</b>	4.98	20%	4.83	24%
<b>Processing</b>						
Ore processed	kt	<b>2,994</b>	3,077	(3%)	3,359	(11%)
Feed grade	g/t Au	<b>1.52</b>	1.5	1%	1.16	31%
Gold recovery	%	<b>88</b>	87.5	0.5%	88	0%
Gold production	oz	<b>130,994</b>	125,090	5%	117,913	11%
Gold sold	oz	<b>130,745</b>	139,784	(6%)	112,764	16%
Cash costs	US\$'000 produced	<b>81,868</b>	82,417	(1%)	87,553	(6%)
AISC	US\$'000 sold	<b>117,685</b>	126,089	(7%)	109,319	8%
Unit cash costs	US\$/oz produced	<b>625</b>	659	(5%)	752	(17%)
Unit AISC	US\$/oz sold	<b>900</b>	902	0%	982	(8%)
Avg realised sales price	US\$/oz	<b>1,731</b>	1,587	9%	1,307	32%

## CONFERENCE CALL

The Company will be hosting a conference call today, Monday, 13 July at 12.30 BST (UK time) to discuss the results with investors and analysts, followed by an opportunity to ask questions.

Please find below the required participation details for the call:

Dial-in telephone numbers:

United Kingdom	+44 (0) 203 936 2999
United States	+1 646 664 1960
South Africa	+27 (0)87 550 8441
All other locations	+44 (0) 203 936 2999

Participation access code: 178368

A replay will be made available on the Company website by the close of business today.

**FOR MORE INFORMATION** please visit the website [www.centamin.com](http://www.centamin.com) or contact:

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## OPERATIONAL REVIEW

### SUKARI GOLD MINE, EGYPT

Q2 2020 vs Q2 2019

#### Production

Gold production was 130,994 ounces for the quarter, a 11% improvement compared to the corresponding quarter in 2019 ("YoY"). The outperformance in the quarter is as a result of an increase in mill feed head grade and the deferral of planned maintenance programmes from Q2 to H2, resulting in more tonnes processed and greater production volumes. The deferred maintenance was a precautionary measure due to COVID-19, to reduce non-essential third-party traffic on site, and will be carried out in H2.

#### Open Pit Mining

Total open pit ore mined was 4.1Mt at an average grade of 0.98g/t, a 14% increase in tonnes YoY and a 40% improvement in grade YoY, predominantly driven by mining in the higher-grade Stage 4 North and West areas of the open pit.

Total open pit waste material mined of 16.1Mt, was 3% less YoY, and excluded 890kt scheduled as waste material but was reclassified as low-grade ore and stockpiled, increasing ore tonnes and reducing both the mined grade and strip ratio. The adjusted strip ratio for the quarter was 3.9:1.

The open pit delivered 2.8Mt of ore to the mill, at an average milled grade of 1.27g/t, and 265kt to the dump leach pads, at an average grade of 0.41g/t. In Q2, stockpiles increased from 14.8Mt at 0.48g/t to 15.8Mt at an average grade of 0.47g/t.

#### Underground Mining

Underground mining in the quarter focussed in Ptah. Total ore mined was 168kt at an average total grade of 5.99g/t. This represented a 46% decrease in tonnes YoY and a 24% improvement in grade YoY. The underground ore split was:

- Ore mined from stoping was 100kt at 7.3g/t, and
- Ore mined from development was 68kt at an average grade of 4.0g/t.

The underground production benefited from improvements in mine planning and operations that realised better dilution control which in turn reduced tonnes mined while improving the grade delivered to the run-of-mine pad. A number of planned stoping areas were deferred until H2 and commensurately a number of higher grade stopes brought forward into Q2 as a result of operating considerations to optimise the mining sequence. This has meant that the underground production has been more weighted to H1 than originally planned.

In addition to ore development and production, underground operations focussed on infrastructure upgrades and waste development with progress made on both the ventilation system upgrades and access decline development.

#### Processing

The plant processed 3.0Mt of ore, a 11% decrease YoY, at a higher average feed grade of 1.52g/t, a 31% improvement YoY. A number of routine plant maintenance activities were deferred from Q2 to H2 as a response to COVID-19 planning that resulted in a longer processing run-time and contributed in part to the higher than guided production for the quarter. Metallurgical recovery rates were consistent YoY at 88.0%. Dump leach operations contributed 2,562 ounces.

## FINANCIAL POSITION *(Unaudited)*

#### Balance Sheet

Centamin is committed to its policy of being 100% exposed to the gold price through an unhedged position and no debt. The Company is in a strong financial position, building cash and liquid assets to US\$367 million, as at 30 June 2020, after the first interim dividend distribution of US\$69 million on 15 May 2020.

#### Gold Sales

Gold sold of 130,745 ounces, a 16% improvement YoY, in line with higher production. Stronger gold price resulted in a 32% increase YoY in the average realised price of gold to US\$1,731 per ounce. Gross revenue for the quarter was US\$227 million, a 54% improvement YoY.

#### Free Cash Flow

Net cash generated from operating activities was US\$144 million, a 151% improvement YoY. After Sukari profit share distribution and Group investing activities, Group adjusted free cash flow was US\$56 million, a 196% improvement YoY, driven by increased gold sales and increased gold price.

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

## ENVIRONMENTAL AND SOCIAL REVIEW

### Health and Safety

The health and safety of our people remains our highest priority, which is reinforced by a committed and visible leadership group who are continuously engaging with the workforce while reviewing work areas and tasks to ensure that all policies and procedures are complied with and remain relevant.

The Group lost time injury frequency rate ("LTIFR") for Q2 is 0.21 per 200,000 workplace hours (Q1: 0.31) as a result of two lost time injuries at Sukari. The focus remains on reducing the number of injuries and incidents with the objective of zero harm.

#### *COVID-19 update*

Centamin has been proactive in how it manages and mitigates the impacts within its control and Sukari operations continue uninterrupted, with no material disruption to our gold production or shipments.

At the centre of our decision-making process is the health, safety and wellbeing of our employees and the communities we work in. We have stringent safety protocols across all sites, including clear operating standards on workplace conduct. In response to COVID-19, early action was taken at Sukari, in line with our Sukari COVID-19 Emergency Response Plan and in accordance with the advice of governments and health authorities. For further detail please refer to the 2019 Annual Report and 2019 Sustainability Report, published on the Company's website: [www.centamin.com](http://www.centamin.com).

During Q2, the Company moved from Phase 1 (Prevent and Maintain) to Phase 2 (Protect and Transition) of the Sukari COVID-19 Emergency Response Plan. We have implemented an internal pre-screening programme, supported by a 'test, track, trace and isolate' approach, with mandatory testing of employees and contractors at and before entering site, as we prepare for the likely global co-existence with the COVID-19 virus for a prolonged period of time.

To date the Company's protocols have been successful in managing the process without any material impact on operations or production, by isolating suspected personnel, monitoring their conditions, tracking and tracing their contacts.

Our COVID-19 Executive Committee continues to provide oversight during the pandemic, supported by multifunctional teams and a framework led by Risk and Operations. At a minimum, the Board are updated weekly, the Executive Committee meets three times a week and the support team provide daily workforce updates and supply chain assessment.

### Environmental

#### *Tailings Storage Facility ("TSF")*

Centamin is committed to the highest standards of tailings management. The Company's current downstream TSF ("TSF1") is regularly reviewed according to regulatory and internal requirements, including routine monitoring of wells and boreholes for seepage. Construction of a second downstream TSF ("TSF2") is underway and progresses on schedule for Q4 commissioning. Based on current production rates, this will extend tailings deposition beyond 2030.

### Social and Economic Contribution

Centamin's mining operations, including exploration projects, generate economic benefit for the countries and communities where we operate through payments to government, employee and contractor wages, payments to suppliers and contractors, vocational training, community investment and academic investment.

#### *Foreign Direct Investment*

In Q2, as per the terms of the Concession Agreement<sup>6</sup>, the Egyptian government earned US\$6.8million<sup>7</sup> in royalty payments and Sukari's operational performance resulted in profit share payments of US\$58.5 million to our partners, the Egyptian Mineral Resource Authority ("EMRA").

#### *Community Project*

The local community to Sukari is Marsa Alam. During Q2, the Company installed a computer lab at the city library, donating computers and associated equipment for community use.

Local to our projects in Burkina Faso and Côte d'Ivoire in West Africa, while non-critical community programmes were reduced, projects completed included constructing and commissioning water bore holes and constructing a new roof for the local school to the Batie West Project. In Côte d'Ivoire, in partnership with GIZ (German International Cooperation Agency) fertiliser, equipment and supplies need for the rice season were provided.

Centamin is working with its stakeholders to identify the immediate needs to mitigate the impact of the COVID-19 pandemic and providing financial and logistical support to help our local communities. Activities during Q2 include:

- Working with the local health authorities in Marsa Alam to assess the ability to provide enhanced health care testing and facilities in the region;
- Assistance in the local community through the provision of PPE for local health authorities, emergency services and City of Marsa Alam plus support to families economically disadvantaged by the pandemic;

<sup>6</sup> The royalty due to the Government under Article III (1) shall not be recoverable and shall be paid in cash by Operating Company to a bank designated by EGSM within thirty (30) days after the end of each calendar half, or at such earlier time as may be agreed upon, (2) an amount equal to three percent, and (3) of Sale Revenue during such calendar half

<sup>7</sup> Accrued royalties are paid every six months in arrears

- Provided sanitary materials and medical supplies, including masks, disinfectants, thermometers and sterilizers, to assist in managing the COVID 19 pandemic centrally in Abidjan and for our local communities in Doropo and ABC in Côte d'Ivoire; and
- Provided sanitary materials and medical supplies to three government selected medical facilities in Ouagadougou and the local medical centre for Batie in Burkina Faso.

## GOVERNANCE REVIEW

### Board of Directors

The annual general meeting ("AGM") was held on 29 June 2020, where all resolutions were passed. At the AGM three directors retired from the Board: Josef El-Raghy, Gordon Edward Haslam and Mark Arnesen. The new Technical Committee and Sustainability Committee have been established.

During the quarter it was announced that Hendrik "Hennie" Faul would join the Board as an independent non-executive director on 1 July. Hennie is an engineer and brings extensive technical and corporate experience from his impressive 30-year career.

The Board currently comprises the Chairman, two executive directors and six non-executive directors and is compliant with the 2018 UK Corporate Governance Code.

### Senior Management

John "Howard" Bills joined the Company in Q2 as Group Exploration Manager. As an exploration geologist, Howard has over 40 years' experience working in predominantly sub-Saharan African gold projects. Most recently as the co-founder of gold producer, Toro Gold, where he discovered and was part of the team that developed the Mako mine in Senegal.

## EXPLORATION REVIEW

### Sukari Gold Mine, Egypt

During Q2 systematic underground drilling continued at Sukari, targeting a combination of infill drilling, strike and depth extensions to the Sukari orebody.

A total of 9,936 metres of underground diamond drilling was completed in Q2, with drilling was focused on grade control to support mine planning, resource conversion and step-out exploration drilling.

### Egyptian Exploration Licensing round

EMRA launched an exploration bid round process at the end of Q1 this year for a series of blocks covering the Eastern Desert in Egypt. This process was initially scheduled to close in mid-July but due to circumstances around COVID-19, EMRA extended the first round submission deadline to 15 September 2020. This is the first bid round under the proposed new tax, rent, royalty framework that will be applied to new applications in the country. It is important to note that the terms of the Concession Agreement on our 160km<sup>2</sup> Sukari tenement remains unchanged.

Centamin, with the only commercial gold mine in Egypt, believes there is significant untapped gold resources within the Arabian Nubian Shield, and is currently evaluating the opportunities presented by the current bid round. We look forward to updating our stakeholders in due course.

### West Africa Exploration

During Q2 the Company has continued to focus exploration evaluation work on its two principal projects in Côte d'Ivoire – the Doropo Project, located in the northeast and the Archaean-Birimian Contact ("ABC") Project located in the west.

At Doropo, in H1, approximately 28,000 metres of step-out and infill RC drilling had been completed on several of the Doropo prospects including over 15,000 metres along the 10km long Kilosegui structure. The main drilling works planned for 2020 will be completed during Q3 with the objective of carrying out a Mineral Resource Estimation update by year end.

At the ABC Project is located within the Sassandra Shear Corridor and comprises of two exploration permits, FarakoNafana and Kona. In H1 approximately 2,300 metres of core drilling has been completed on the southern zone along the Lolosso corridor. Drilling data from the last 18 months of exploration at ABC will be incorporated into a Mineral Resource Estimation update scheduled for completion by year end.

## FORWARD-LOOKING STATEMENTS

This announcement (including information incorporated by reference) contains "forward-looking statements" and "forward-looking information" under applicable securities laws (collectively, "**forward-looking statements**"), including statements with respect to future financial or operating performance. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "expected", "budgeted", "forecasts" and "anticipates". Although Centamin believes that the expectations reflected in such forward-looking statements are reasonable, Centamin can give no assurance that such expectations will prove to be correct. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Centamin about future events and are therefore subject to known and unknown risks and uncertainties which could cause

actual results to differ materially from the future results expressed or implied by the forward-looking statements. In addition, there are a number of factors that could cause actual results, performance, achievements or developments to differ materially from those expressed or implied by such forward-looking statements; general business, economic, competitive, political and social uncertainties; the results of exploration activities and feasibility studies; assumptions in economic evaluations which prove to be inaccurate; currency fluctuations; changes in project parameters; future prices of gold and other metals; possible variations of ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; climatic conditions; political instability; decisions and regulatory changes enacted by governmental authorities; delays in obtaining approvals or financing or completing development or construction activities; and discovery of archaeological ruins. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements. Forward-looking statements contained herein are made as of the date of this announcement and the Company disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Accordingly, readers should not place undue reliance on forward-looking statements.