

22 March 2021

Centamin plc

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

HIGHER GOLD PRICE AND COST SAVINGS DRIVE 54% INCREASE IN EBITDA

full year results for the twelve months ended 31 December 2020

MARTIN HORGAN, CEO, COMMENTED: "Centamin delivered another solid financial performance in 2020, driven primarily by improved commodity pricing, our comprehensive response to COVID-19 and an improvement in operating efficiencies and productivity. I would like to thank our workforce for how they responded to the operating environment in 2020, continuing to deliver results. Centamin generated record revenue of US\$829 million, a 54% increase in EBITDA to US\$439 million with an EBITDA margin of 53%. Ultimately, the Group generated significant free cash flow, of US\$142 million, a 91% increase, making it possible to propose and pay dividends attributable to 2020 of US\$104 million further demonstrating Centamin's commitment to delivering returns to our shareholders. We continue to maintain a strong and flexible balance sheet, finishing the year with US\$310 million in cash and liquid assets at 31 December 2020."

FINANCIAL HIGHLIGHTS

- Record revenue generated of US\$829 million from gold sales of 468,681 ounces at an average realised gold price of US\$1,766 per ounce sold
- EBITDA of US\$439 million, at a 53% EBITDA margin
- Profit before tax of US\$315 million
- Basic earnings per share ("EPS") of 13.5 US cents per share
- Group free cash flow of US\$142 million, after a record of US\$199 million was distributed in profit share and royalties to our partner, the Egyptian state
- US\$44 million of gross costs removed, as part of the ongoing US\$100 million cost-saving target by 2024
- Strong balance sheet with no debt or hedging, and cash and liquid assets of US\$310 million, as at 31 December 2020
- The Board has proposed a final dividend of 3 US cents per share, equating to US\$34.7 million to be distributed to shareholders, subject to shareholder approval at the annual general meeting on 11 May 2021

OUTLOOK UNCHANGED

- 2021 gold production of 400,000 to 430,000 oz, at cash costs of US\$800-900/oz produced and AISC of US\$1,150-1,250/oz sold
- The Board reiterates its intention to recommend a minimum 2021 dividend of US\$105 million (interim and final)

GROUP FINANCIAL SUMMARY

	Units	FY20	FY19	%	H2 20	H1 20
Gold produced	Oz	452,320	480,528	-6%	196,236	256,084
Gold sold	Oz	468,681	470,020	0%	198,152	270,529
Cash cost	US\$'000	325,188	333,037	-2%	160,902	164,286
Unit cash cost	US\$/oz produced	719	699	3%	820	642
AISC	US\$'000	485,478	439,317	11%	242,255	243,225
Unit AISC	US\$/oz sold	1,036	943	10%	1,223	899
Avg realised gold price	US\$/oz	1,766	1,399	26%	1,918	1,657
Revenue	US\$'000	828,737	652,344	27%	379,983	448,754
EBITDA	US\$'000	438,515	283,968	54%	182,784	255,731
Profit before tax	US\$'000	314,999	173,029	82%	123,851	191,148
Profit after tax attrib to the parent	US\$'000	155,979	87,463	78%	81,163	74,816

Basic EPS	US cents	13.53	7.59	78%	7.04	6.49
Capital expenditure	US\$'000	138,396	97,580	42%	86,665	51,731
Operating cash flow	US\$'000	453,305	249,004	82%	198,630	254,675
Adjusted free cash flow	US\$'000	141,768	74,341	91%	39,813	101,955

CONFERENCE CALL AND WEBCAST

The Company will host a conference call and webcast presentation on the same day, at 13.30 GMT / 09.30 EDT, to discuss the results with investors and analysts, followed by an opportunity to ask questions. Please find below the required participation details. A replay will be made available on the Company website.

WEBCAST PRESENTATION

To join the webcast: <https://www.investis-live.com/centamin/6038c403dd22a11400517bf5/wown>

Please allow a few minutes to register.

CONFERENCE 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: 289978

A copy of the results presentation can be found on the homepage of the website: www.centamin.com

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

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ENDNOTES

Non-GAAP measures

This statement includes certain financial performance measures which are not GAAP measures as defined under International Financial Reporting Standards (IFRS). These include EBITDA and adjusted EBITDA, Cash costs of production, AISC, Cash and liquid assets, and Free cash flow. Management believes these measures provide valuable additional information for users of the financial statements to understand the underlying trading performance. An explanation of the measures used along with reconciliation to the nearest IFRS measures is provided in the Financial Review.

FORWARD-LOOKING STATEMENTS

This announcement (including information incorporated by reference) contains "forward-looking statements" and "forward-looking information" under applicable securities laws (collectively, "forward-looking statements"), including statements with respect to future financial or operating performance. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "expects", "expected", "budgeted", "forecasts" and "anticipates". Although Centamin believes that the expectations reflected in such forward-looking statements are reasonable, Centamin can give no assurance that such expectations will prove to be correct. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Centamin about future events and are therefore subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. In addition, there are a number of factors that could cause actual results, performance, achievements or developments to differ materially from those expressed or implied by such forward-looking statements; the risks and uncertainties associated with the ongoing impacts of COVID-19 or other pandemic, general business, economic, competitive, political and social uncertainties; the results of exploration activities and feasibility studies; assumptions in economic evaluations which prove to be inaccurate; currency fluctuations; changes in project parameters; future prices of gold and other metals; possible variations of ore grade or recovery rates; accidents, labour disputes and other risks of the mining industry; climatic conditions; political instability; decisions and regulatory changes enacted by governmental authorities; delays in obtaining

approvals or financing or completing development or construction activities; and discovery of archaeological ruins. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information or statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Forward-looking statements contained herein are made as of the date of this announcement and the Company disclaims any obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Accordingly, readers should not place undue reliance on forward-looking statements.

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Company No: 109180

CEO STATEMENT

Martin Horgan
Chief Executive Officer

It is a pleasure to be providing my first CEO Statement since joining Centamin in April 2020. It has been a year that has presented numerous challenges as we faced the global health and economic crisis from the COVID-19 pandemic. I am immensely proud of the resilience and dedication of our workforce whose commitment and proactive response has enabled the Company to successfully navigate this period. Consequently, many of our workforce have been separated from their families and loved ones for extended periods and in some cases facing substantial periods in isolation, with limited physical exercise due to travel protocols. The mental and physical health of our people is a vital consideration and in 2020 we implemented several initiatives to help address this situation which included improved rest accommodation, robust fatigue management protocols, increased our health education and exercise programmes, upgraded our workforce health insurance, and introduced a third-party mental health and advice platform for our team.

The year also saw the commencement of a comprehensive review of the Company with the intention of building on the successes of the last 10 years to map out a strategy for the next decade and beyond which will deliver an optimised Sukari and the realisation of the value in our West African portfolio of exploration assets. I look forward to updating you in due course as we start to deliver into this strategy over 2021 and beyond.

COVID-19

Our priority remains the health and safety of our people and local communities. Testament to our proactive response to the virus outbreak, combined with our emergency preparedness framework, Centamin experienced no material disruptions at Sukari or our exploration projects in West Africa. Recognising that the duration of the pandemic and the lasting impacts remain uncertain, we have adapted our operating practices to enable the Company to co-exist with COVID-19 for the longer term, including, but limited to, mandatory employee screening before entering and exiting site, with associated test, trace and isolation protocols in place and increasing our workforce headcount and the integration of appropriate health, safety, and wellbeing measures into our daily operations which allows us to focus on longer horizon planning (rosters, supplies, capital growth projects) with more confidence.

The pandemic has also created opportunities for us, accelerating the adoption and implementation of technologies. In 2020, we established and transitioned the entire workforce onto a bespoke cloud-based business environment. With more people working remotely, this became critical, and has allowed for more efficient dissemination of information, collaborative discussion, and more productive working, irrespective of our physical location.

Our local communities are an extension of our workforce and we have a clear responsibility to provide support and assistance tackling the vulnerabilities they face. In 2020, we provided financial and logistical support towards our host country's COVID-19 response efforts to combat the pandemic. This included donating to a Marsa Alam (Egypt) hospital, two state of the art medical machines capable of testing for several life-threatening communicable diseases, including COVID-19.

2020 PERFORMANCE

Operational safety remains a primary focus for management, and this year's safety record is evidence of the continued progress with a 41% improvement in LTIFR to 0.84, and a TRIFR of 5.16, per one million site-based hours worked. While this was an improvement on previous performance this is an area of ongoing focus and work.

Our strong operating performance in many areas at Sukari was overshadowed by the safety-related decision in Q4 to temporarily suspend mining in a section of the open pit. Given a lack of operational flexibility in the open pit operations there was limited ability to revise the mining sequence and maintain production. The necessity to mine in the lower-grade Stage 5 North area of the pit therefore unfortunately impacted our guidance for 2020.

Improving mine planning to increase confidence in forecasting while increasing operational flexibility is a key focus for the Company, beginning with the commencement of an accelerated waste-stripping programme utilising an independent contractor and our own fleet, to position Sukari for stable long-term production.

While the open pit issue dominated the year's headlines given the impact on production, it should not be allowed to overshadow the performance of the team at site who performed excellently - even more so when considering the COVID-19 environment they operated in: a record amount of material was moved in the open pit, the underground continued its operational improvement across production and implemented key upgrade projects and the projects team delivered the critical TSF2 construction ahead of schedule and under budget, while simultaneously delivering multiple other projects.

Despite lower production output, we delivered another strong financial performance in 2020, benefiting from improved commodity pricing, our rapid response to COVID-19 and continuous dedication to improve operating efficiencies and productivity. Centamin reported a 54% increase in EBITDA to US\$439 million with an EBITDA margin of 53%. Profit after tax increased 82% to US\$315 million. Ultimately, the Group generated significant free cash flow, of US\$142 million, a 91% increase, making it possible to pay dividends attributable to 2020 of US\$104 million. We continue to maintain a strong and flexible balance sheet, and finished the year with US\$310 million in cash and liquid assets at 31 December 2020.

RIGHT PEOPLE, RIGHT PROCESSES

Further to completing the Board succession programme in 2020, and with a clear focus on positioning Centamin for long term success, we completed a 'root and branch' review of our management and operating teams. This confirmed what we already knew, Centamin has some great people and the focus has been on upskilling and strengthening the leadership team in a limited number of key areas with the appointments of a Head of Risk, Head of ESG, Group Exploration Manager, Group Mineral Resource Manager and Group Projects Manager. I believe that the addition of these new team members working alongside the existing high-quality team will enable us to deliver into our long-term vision of growing Centamin into a top tier multi-asset gold producer.

Recognising talent and ability and providing an environment for individuals to grow and develop is a key in motivating and retaining the best people who will deliver this vision. We have allocated US\$6 million to workplace development programmes at Sukari in 2021, providing the training and tools needed to perform to the best of their ability, with several additional workforce initiatives and apprenticeship programmes being developed.

SUSTAINABILITY

Centamin's mining operations and 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. Managed correctly, the mining sector can be a significant engine of local growth and development providing substantial benefits to the societies in which we operate.

In 2020, strides were made in establishing a stronger environmental, social and governance framework, starting with the establishment of the board-level Sustainability Committee and the appointment of Paul Cannon as Group ESG Manager. Centamin is a significant employer and financial economic contributor to both the government and local communities. Over 95% of our total workforce is employed locally and over 60% of our supplies procured within Egypt at Sukari and 94% of our supplies procured locally to our exploration projects in West Africa. In 2020, our employee development training nearly doubled and further progress was made developing talented local employees into positions of management.

Our local communities are an extension of our workforce and where many of our contracted workforce live. As we look to 2021 and beyond, we are developing integrated programmes that meet the needs of our local communities and focus on our target areas of training and education, healthcare, gender equality and local economic participation. I look forward to updating you more on these initiatives in the future.

PURSUING GROWTH

As a team we spent 2020 reviewing the growth potential of Centamin and I am excited by the number of opportunities already in our portfolio before we even consider looking externally for new opportunities. Our operations are hosted in two of the worlds' great geological terranes, the under-explored Arabian-Nubian Shield in Egypt and the Birimian terrane of West Africa. Our defined resources at Sukari sit along a 2km surface signature within our 160km² licence. The Sukari orebody remains open at depth and along strike and I believe there is great potential to further develop the resource base at Sukari. The full potential of the wider Sukari concession area remains untested and there is potential for further discovery within the existing tenement. With a new geological leadership team and a significant budget allocation active exploration programmes are underway to unlock that potential. Furthermore, Centamin is looking to expand its footprint along the Arabian Nubian Shield, and participated in Egypt's exploration bid round, launched in March. Commercial terms are being negotiated, with the goal to increase the Company's footprint in Egypt by way of operations, employment and further opportunities. Our exploration portfolio in West Africa made good progress in 2020, and despite initial disruptions caused by COVID-19, all budgeted exploration and drilling programmes were completed. Strategic reviews for each of the projects commenced earlier this year and I look forward to communicating the outcomes of those studies, and a route to value realisation next quarter.

OUTLOOK

After a challenging 2020, Centamin has emerged with a renewed focus on delivering the full potential of the Company. Centamin is an established Company – ten-year operating track record, seven-year dividend stream, premium dual-listed, FTSE 250 constituent, fully distributed capital structure with a robust balance sheet. This is an excellent platform from which the Centamin team can build from. In December, we presented the conclusions of the Phase 1 Life of Asset review ("LOA") and three-year outlook, detailing clear cost-saving, exploration, and productivity initiatives, targeting 450-500,000 ounces production at less than US\$900/oz all-in sustaining costs from 2024. This was the first step on the journey of our plans to unlock Sukari's full potential. Phase 2 of the LOA is ongoing to assess and identify further opportunities for exploration, productivity, and efficiency improvements, giving us a fully optimised life of mine plan for Sukari. We look forward to communicating our future progress throughout the year and beyond.

Centamin is a company of many strengths with significant opportunities ahead. Combining the business' asset quality, financial flexibility and active growth pipeline, and quality people to drive long-term value creation, we look forward to generating sustainable returns for our shareholders and broader stakeholders alike.

We believe we are in a strong position to navigate future challenges within our control, presented by the continuation of COVID-19. We continue to work closely with our government partners, monitoring the developments and adapt our processes accordingly, to ensure the safety of our people and local communities, and minimise disruption to our operation.

Let me end by thanking the leadership team and all our colleagues, contractors and partners for their steadfast support and excellent work. And to the Board for your advice and stewardship.

CFO STATEMENT

Ross Jerrard

Chief Financial Officer

Centamin is a financially robust, highly cash generative business, committed to responsible mining and balanced stakeholder returns. Our financial strategy remains consistent and while it was tested this past year with the challenges faced from the COVID-19 pandemic, it demonstrated the strength and resilience of our business.

ANOTHER SOLID FINANCIAL PERFORMANCE

Revenues increased by 27% to US\$829 million, from annual gold sales of 468,681 ounces, down 0.3%, at an average realised price of US\$1,766 per ounce, up 26% year-on-year. A total of 3,039 ounces of unsold gold bullion was held on site at year end, due to timing of gold shipments.

As a Group, underlying EBITDA improved by 54% to US\$439 million, at a 53% EBITDA margin¹, principally driven by higher gold prices and lower fuel costs.

Profit after tax increased by 82% to US\$315 million, due to the below, with basic earnings per share (“EPS”) increasing by 78% to 14 US cents.

- a 27% increase in revenue
- a 19% increase in other income, offset by
- a 2% increase in cost of sales
- a 46% increase in other operating costs, mainly due to a 26% increase in royalties
- a 75% decrease in gains on financial assets at fair value through profit or loss, and
- a 3% increase in exploration and evaluation expenditure.

Centamin's cash flows and earnings showed further growth in 2020. Operational cash flow improved by 82% to US\$453 million, after gross capital expenditure of US\$138 million predominantly invested in the long-term sustainability of the business. Adjusted Group free cash flow² improved by 91% to US\$142 million, after profit share distribution of US\$174 million to our partner, the Egyptian state.

STRONG BALANCE SHEET

Centamin continues to maintain a robust financial strategy, with cash and liquid assets⁴ of US\$310 million as at 31 December 2020. Unique amongst our peers, Centamin has never had debt, hedging nor streaming in place, thereby maximising the strength and flexibility of the balance sheet today and offering shareholders gold exposure throughout the cycle. This strong financial discipline provides the flexibility to drive self-funded long-term organic growth and pursue strategic opportunities that meet our corporate strategy and investment criteria.

STRINGENT COST MANAGEMENT

A key change in 2020, is the way we make decisions. Historically, we have been influenced by the headline ounce production profile but now and going forward, we will always look to prioritise value over production volume, as a means to maximise free cash flow generation. We are optimising our business to deliver the best value – with outcomes based on combination of revenues, operating costs and capital invested.

Annual costs were within the stated annual guidance published on 2 October 2020, and whilst the average realised gold price on sales improved 26% year-on-year, our AISC margin improved 60% to US\$730 per ounce sold. Cash costs of production³ ⁴ was US\$719 per ounce produced, up 3%, reflecting a 2% increase in mined tonnes offset by a 7% decrease in processed tonnes and a 6% decrease in gold ounces produced (excluding Cleopatra from 2019 ounces). AISC⁴ was US\$1,036 per ounce sold, up 10%, mainly due to a 26% increase in royalty costs, 29% increase in sustaining corporate costs, 14% increase in sustaining underground development costs and a 30% increase in sustaining capital costs complimented by a 0.3% decrease in gold ounces sold, which were anticipated.

Excellent progress was made throughout the year against our cost-savings programme, with US\$44 million of gross savings delivered, before unscheduled costs of US\$14 million due to COVID-19. In our 2021-2023 baseline estimates, a

¹ EBITDA margin is EBITDA as a percentage of gross revenue.

² Adjustments made to free cash flow, for example acquisitions or disposals of financial assets at fair value through profit or loss, which are completed through or add to specific allocated available cash reserves.

³ Basic EPS, Adjusted EBITDA, cash costs of production and AISC reflect a provision against prepayments following the removal of fuel subsidies in January 2012 (refer to note 2.8 of the financial statements for further details).

⁴ Cash costs of production, AISC, Adjusted EBITDA, Cash, bullion on hand, gold and silver sales debtor, financial assets at fair value through profit or loss (also known as Cash and liquid assets) and Adjusted free cash flow are Non-GAAP Financial Measures as defined at the end of the Financial Review section.

further US\$16 million cost savings have been budgeted and as part of the Phase 2 of the Life of Asset review, we are evaluating opportunities to extract a further US\$30-40 million, in addition to the forecasts.

INVESTING IN THE FUTURE

Capital allocation continues to be disciplined and closely qualified against value creation. The Company continues to exercise a balanced approach to responsibly maximising operating cash flow generation, reinvesting for future growth and prioritising sustainable shareholder returns. The Company liquidity and strength of the balance sheet is fundamental to the longevity of the business and seriously considered when assessing capital allocation. Centamin has an active growth pipeline through results-driven exploration. These self-funded projects are ranked based on results against our development criteria and prospective returns before capital is allocated.

In 2020, as a precautionary move to protect the health and wellbeing of the workforce, non-essential capital expenditure was deferred, including the construction of the Sukari solar plant and purchase and delivery of new mobile equipment. This resulted in total capital expenditure of US\$138 million, down from US\$190 million guided prior to the COVID-19 outbreak. In 2020 the focus was on improving operational efficiencies to achieve consistent operational performance, with a split of US\$103 million in sustainable capital and US\$35 million in non-sustaining capital expenditure. Significant capital projects included the construction of TSF 2, camp upgrades, with early works commencing on the solar plant and continuous process plant optimisation.

In addition to capital deferral, we substantially strengthened our project expertise – planning, execution, and leadership. Combined with teamwork and innovation, resulted in significant capital savings from project optimisation, taking some of the challenges faced by COVID-19 from restricted third-party site access, and yielding a positive outcome by utilising our skilled workforce and equipment more efficiently on projects such as the underground ventilation upgrades and plant maintenance.

Construction of our second tailings storage facility, which will extend our tailings capacity to 2030, was our largest capital project in the year, which we delivered on time and slightly ahead of budget. Commissioning is currently underway. Preparatory works ahead of the solar project construction, progressed well throughout the year, with site earthworks 60% complete and the civil engineering works for the high-voltage switchgear station nearly complete. Our ongoing focus of creating a positive work environment for our employees saw significant upgrades to the Sukari camp, including new accommodation. The build is 60% complete and remains on track for completion in Q2.

On 2 December we announced our three-year capital outlook to put Sukari back on the front foot by improving the long-term sustainability of the operations through increased stripping and underground development to increase mining flexibility. Investment in technology, people and training are additional critical areas as the Company continues to invest to further improve operational performance. For the years 2021 and 2022, there is a stronger focus on growth capital investment in the business, in particular at Sukari. Growth projects include construction of the hybrid solar plant, reducing the reliance on fossil fuels and improving operating costs.

LEGAL

We maintain close contact with our Egyptian legal team, keeping us informed of all legal and political developments which may impact on our current and future operations in-country. In addition, we consult regularly with the legal team advising on the current litigation. We are therefore in a position to take swift and decisive action to protect our interests in Egypt, should the need arise.

RELIABLE SHAREHOLDER RETURNS

We have a seven-year track record of returning surplus cash to shareholders, based on our policy linked to free cash flow generation. Maintaining a sustainable dividend policy is central to our strategy. Our dividend policy makes firm commitments on capital allocation, meaning shareholder interests are always at the centre of what we do:

1. The first 30% of free cash flow is ringfenced for dividends
2. After assessing growth capital requirements, any surplus cash is returned to shareholders

Consistent with the Company's commitment to returning surplus cash to shareholders, and in line with the Company's dividend policy, the Board propose a 2020 final dividend, for the year ended 31 December 2020, of 3 US cents per share (c.US\$35 million), bringing the proposed total dividend for 2020 to 15 US cents per share (c.US\$173 million), of which US\$69 million relates to the 2019 final proposed dividend that was changed to a first interim dividend announced in Q1 2020:

- First Interim 2020 dividend: 6 US cents per share, attributable to financial year 2019
- Second Interim 2020 dividend: 6 US cents per share, attributable to financial year 2020
- (Proposed) Final 2020 dividend: 3 US cents per share, attributable to financial year 2020

The final 2020 dividend is subject to shareholder approval at the 2021 AGM on 11 May.

For the current year, 2021, the Board reiterates its intention to recommend a minimum dividend of US\$105 million, subject to final Board and shareholder approvals, which will be paid as an interim and final dividend. This reflects our confidence in the outlook for the Company during this year of investment and the strength of the Company's financial position. The long-term dividend policy of paying out a minimum of 30% of free cash flow remains unchanged.

OUTLOOK

Our focus on cost control and productivity improvements continues with rigour. As part of the 2021-2023 baseline guidance, US\$16 million was identified for removal from the cost base through specific initiatives ranging from training and equipment optimisation, improvements in the supply chain and contractor management.

Since the outbreak of COVID-19 the priority is the safety of the workforce and security of the operations. The Company has budgeted US\$25 million for ongoing COVID-19 costs and increased working capital through a build-up in critical supplies. The Company has undertaken risk analysis scenarios and has put in place contingency plans for the business and believes it has taken prudent steps to continue to navigate these difficult times. Centamin is closely monitoring the situation, with an active response framework in place to manage and mitigate future impacts within its control.

In 2021, Centamin will undertake a structured assessment of the Financial Stability Board's Task Force on Climate-related Financial Disclosures ("TCFD") with the aim to put in place a long-term climate change strategy which will identify the risks associated with climate change and the mitigations required to reduce the risks; Understand our contribution to climate change and identify areas where this can be reduced; Establish targets to address the transition to net zero emissions with specific targets and actions; and be a step change in improving our disclosure on climate change.

I am confident in our long-term strategy and our ability to respond quickly in this difficult environment. We continue to operate diligently and invest prudently, and I believe Centamin is both well equipped to navigate these challenges and remains well positioned for the future.

FINANCIAL REVIEW

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Revenue	828,737	652,344

Revenue from gold and silver sales for the year increased by 27% YoY to US\$829 million (2019: US\$652 million), with a 26% increase in the average realised gold sales price to US\$1,766 per ounce (2019: US\$1,399 per ounce) and a 1% increase in gold sold to 468,681 ounces (2019: 465,687 ounces net of Cleopatra) with no ounces attributable to Cleopatra in 2020.

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Cost of sales	(449,441)	(439,285)

Cost of sales represents the cost of mining, processing, refining, transport, site administration, depreciation, amortisation and movement in production inventories. Cost of sales is up 2% YoY to US\$449 million, mainly as a result of:

- 4% decrease in total mine production costs from US\$352 million to US\$339 million (-ve), due to:
 - a 1% decrease in open pit mining costs (-ve);
 - a 10% decrease in underground mining costs (-ve);
 - a 14% decrease in processing costs (-ve);
 - offset by a 64% increase in finance and administration costs (+ve) related to increased payroll and consumables and catering costs mainly due to CV-19; and
 - a 64% increase in refinery and transport costs (+ve).
- 7% increase in depreciation and amortisation charges YoY from US\$116 million to US\$124 million (+ve) due to:
 - US\$134 million in additions to property, plant and equipment (excl. capital work in progress) due to increased capital expenditure which increased the associated depreciation and amortisation charges;
 - slightly offset by lower production.
- A positive movement in inventory adjustment of US\$14 million compared to positive movement in inventory adjustment of US\$28 million in 2019 reflecting the movement in mining inventory over the year (+ve).

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000

Exploration and evaluation expenditure	(17,391)	(16,883)
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Exploration and evaluation expenditure comprise expenditure incurred for exploration activities in Côte d'Ivoire and Burkina Faso. Exploration and evaluation costs increased by US\$0.5 million or 3%.

Adjusted EBITDA was US\$438million, an increase of 56% YoY, mostly driven by the 27% increase in revenue, offset by an increase in cash costs per ounce sold in the year. The EBITDA margin increased by 23%, to 53%. Profit after tax was US\$315 million, up 82% YoY. Basic earnings per share was 14 US cents, an increase of 78% YoY.

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Other operating costs	(56,392)	(38,709)

Other operating costs comprise expenditure incurred for communications, consultants, directors' fees, stock exchange listing fees, share registry fees, employee entitlements, general office administration expenses, foreign exchange losses and the 3% production royalty payable to the Arabic Republic of Egypt ("ARE"). Other operating costs increased by US\$18 million or 46% from US\$39 million in 2019 to US\$56 million in 2020, mainly as a result of:

- US\$1 million increase in loss on disposal of assets (+ve);
- US\$5 million increase in royalty paid to the government of the ARE (in line with the increase in gold sales revenue) (+ve);
- US\$10 million increase in the provision for settlement of cost recovery items (+ve);
- US\$3 million increase in the provision for stock obsolescence and inventory written off (+ve); offset by
- US\$1 million decrease in corporate costs mainly due to the decrease in advisory costs.

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Dividend paid – non-controlling interest in SGM (being EMRA)	(174,275)	(87,075)

Dividends paid to the non-controlling interest in SGM being EMRA, pursuant to the provisions of the Concession Agreement, are recognised as a non-controlling interest attributable to SGM at the base of the income statement of Centamin. EMRA does not own shares in Centamin, therefore Group earnings per share is calculated on the profit attributable to the owners of the parent.

The profit share payments during the year are reconciled against SGM's audited financial statements. Any variation between payments made during the year (which are based on the Company's estimates) and the audited financial statements, may result in a balance due and payable to EMRA or advances to be offset against future distributions. SGM's June 2020 financial statements are currently being audited.

	Year ended 31 December 2020 US cents per share	Year ended 31 December 2019 US cents per share
Earnings per share attributable to owners of the parent:		
Basic (US cents per share)	13.531	7.588

Basic earnings per share attributable to owners of the parent of 14 US cents for 2020 increased when compared with 2019 of 8 US cents. The increase was driven by the factors outlined above.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Centamin has a strong and flexible balance sheet with no debt, no hedging and cash and liquid assets of US\$310 million at 31 December 2020 (31 December 2019: US\$349 million).

	31 December 2020 US\$'000	31 December 2019 US\$'000
Cash and cash equivalents (note 2.16(a))	291,281	278,229
Bullion on hand (valued at the year-end spot price)	5,747	29,562
Gold and silver sales debtor (note 2.7)	12,492	34,695
Financial assets at fair value through profit or loss (note 2.6)	—	6,454
Cash and cash equivalents, bullion on hand, gold and silver sales debtor and financial assets at fair value through profit or loss	309,520	348,940

The majority of funds have been invested in international rolling short-term interest money market deposits.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Current assets		
Inventories – mining stockpiles and consumables	118,705	108,957
Financial assets at fair value through profit or loss	—	6,454
Trade and other receivables	18,424	47,061
Prepayments	8,908	6,132
Cash and cash equivalents	291,281	278,229
Total current assets	437,318	446,833

Current assets have decreased by US\$10 million or 2% as a result of:

- US\$10 million increase (+ve) in inventory driven by:
 - US\$9 million increase in stores inventory (+ve);
 - US\$2 million increase in mining stockpiles (+ve); and
 - US\$1 million increase in the provision for obsolete stores inventory (-ve).
- US\$6 million decrease in the financial assets at fair value through profit or loss which relates to an equity interest in a listed public company that has been fully disposed of (-ve);
- US\$29 million decrease in trade and other receivables (including gold and silver sales debtor) (-ve);
- US\$3 million increase in prepayments (+ve); and
- US\$13 million increase in net cash (net of foreign exchange movements) (+ve) driven by the profit for the year less the payment of the 2020 Q1 and Q2 interim dividends of US\$69 million each and a US\$174 million payment to EMRA as distributions to the NCI.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current assets		
Property, plant and equipment	829,884	804,717
Exploration and evaluation asset	63,701	68,138
Inventories – mining stockpiles	64,870	52,658
Other receivables	103	93
Total non-current assets	958,558	925,606

Non-current assets have increased by US\$33 million or 4% as a result of:

- US\$148 million increase in the cost of property, plant and equipment, this included significant capital projects namely the construction of TSF 2, camp upgrades, work commencing on the solar plant and continuous process plant optimisation (+ve);

- US\$125 million charge for depreciation and amortisation (-ve);
- US\$4 million decrease in exploration and evaluation assets, as a result of the drilling programmes in Sukari Hill offset by transfers to property, plant and equipment(-ve); and
- US\$12 million increase in inventory related to mine Run of Mine ("ROM") stockpiles (+ve).

	31 December 2020 US\$'000	31 December 2019 US\$'000
Current liabilities		
Trade and other payables	64,488	57,411
Tax liabilities	267	227
Provisions	7,480	8,589
Total current liabilities	72,235	66,227

Current liabilities have increased by US\$6 million or 9% as a result of:

- US\$4 million increase in trade payables (+ve);
- US\$3 million increase in accruals (-ve); offset by
- US\$1 million decrease in current provisions (-ve).

	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current liabilities		
Provisions	32,752	14,575
Other payables	1,437	—
Total non-current liabilities	34,189	14,575

Non-current liabilities have increased by US\$19 million from US\$15 million at 31 December 2019 to US\$34 million at 31 December 2020, mainly as a result of an increase in the rehabilitation provision and the provision for the settlement of cost recovery items. The increase in the rehabilitation provision is driven by an increase in the mining area over the year mainly due to the construction of TSF2 resulting in a greater affected area requiring rehabilitation.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Equity		
Issued capital	668,807	672,105
Share option reserve	3,343	4,179
Accumulated profits	617,302	615,353
Total equity	1,289,452	1,291,637

Accumulated profits increased by US\$2 million as a result of:

- US\$315 million profit for the year after tax (+ve); offset by
- US\$174 million profit share paid to EMRA in the year (-ve); and
- US\$139 million interim dividends paid (-ve).

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2020 US\$'000	31 December 2019 US\$'000
Cash flows from operating activities		

Cash generated from operating activities	453,315	249,048
Income tax refund received	—	170
Income tax paid	(10)	(214)
Net cash generated by operating activities	453,305	249,004

Net cash flows generated by operating activities comprise receipts from gold and silver sales and interest income, offset by operating and corporate administration costs.

Group cash costs of production were US\$719 per ounce produced, up 3% YoY, predominantly due to a 6% decrease in gold ounces produced. Group All In Sustaining Costs (“AISC”) were US\$1,036 per ounce sold, up 10% YoY due to increased costs and increased sustaining capital expenditure offset by increased gold ounces sold. Both cash cost of production and AISC are within our amended guidance range of US\$740-790 per ounce produced and US\$950-1,050 per ounce sold for 2020.

A stronger gold price combined with cost and capital allocation management has almost doubled net cash generated by operating activities YoY (82%) to US\$453 million. Group capital expenditure, including sustaining and non-sustaining capital, was US\$138 million. This was lower than budgeted due to short term deferral of non-essential capital projects, in response to COVID-19.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	—	(9,364)
Disposal of financial assets at fair value through profit or loss	7,414	6,799
Acquisition of property, plant and equipment	(127,099)	(81,207)
Brownfield exploration and evaluation expenditure	(11,717)	(12,198)
Finance income	1,554	5,817
Net cash used in investing activities	(129,848)	(90,153)

Net cash flows used in investing activities comprise exploration expenditure and capital development expenditure including the acquisition of financial assets. The primary use of the funds in the year was for purchase of property, plant and equipment and investment in underground development at the Sukari site in Egypt offset by the disposal of an equity interest in a listed public company.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Cash flows from financing activities		
Own shares acquired	(3,298)	—
Dividend paid – non-controlling interest in SGM	(174,275)	(87,075)
Dividend paid – owners of the parent	(138,725)	(81,029)
Net cash used in financing activities	(316,298)	(168,104)

After distribution of profit share payments to Company’s partner, the Egyptian government⁵, the Group generated adjusted free cash flow⁴ of US\$142 million, up 91% YoY. Profit share payments of US\$174 million and royalty payments of US\$25 million were made in the year. 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.

⁵ All profit share payments are made to Egyptian Mineral Resources Authority (“EMRA”), a department of the Ministry of Petroleum.

CAPITAL EXPENDITURE

The following table provides a breakdown of the total capital expenditure of the Group:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Underground exploration	11,599	7,769
Underground mine development	39,197	36,852
Other sustaining capital expenditure	52,433	40,471
Total sustaining capital expenditure	103,229	85,092
Non-sustaining exploration expenditure ⁽¹⁾	118	8,709
Other non-sustaining capital expenditure ⁽²⁾	35,049	3,779
Total gross capital expenditure	138,396	97,580

(1) Includes Sukari expenditure relating to Cleopatra in non-sustaining capital expenditure before the offset of net pre-production gold sales.

(2) Non-sustaining capital expenditure included the construction of TSF 2, camp upgrades and work commencing on the solar plant.

Cumulative exploration expenditure capitalised for Cleopatra at Sukari is US\$23.0 million (project to date) offset by pre-production net revenues of US\$17.8 million (refer to notes 2.2 and 2.3 to the financial statements for further details) resulting in US\$5.2 million remaining on the statement of financial position at 31 December 2020.

EXPLORATION EXPENDITURE

The following table provides a breakdown of the total exploration expenditure of the Group:

	Year ended 31 December 2020 US\$'000	Year ended 31 December 2019 US\$'000
Greenfield exploration		
Burkina Faso	2,803	2,715
Côte d'Ivoire	14,588	14,168
Total greenfield exploration expenditure	17,391	16,883
Brownfield exploration		
Sukari Tenement	11,709	8,685
Cleopatra ⁽¹⁾	8	7,793
Total brownfield exploration expenditure	11,717	16,478
Total exploration expenditure	29,108	33,361

(1) Cleopatra expenditure before the offset of net pre-production gold sales.

Exploration and evaluation assets – impairment considerations

In consideration of the requirements of the International Financial Reporting Standards ("IFRS") 6 an impairment trigger assessment has been performed. On review, no impairment triggers were identified.

SUBSEQUENT EVENTS

As referred to in note 5.2, subsequent to the year end, the Board proposed a final dividend for 2020 of 3 US cents per share. Subject to shareholder approval at the annual general meeting on 11 May 2021, the final dividend will be paid on 15 June 2021 to shareholders on record date of 21 May 2021.

As referred to in note 1.3.5, the Group Mineral Reserve and Resource statement for SGM has been published with an effective date of 31 December 2020. The changes from the previous statement published with an effective date of 30 June 2019 will have a prospective effect on the amortisation of the rehabilitation asset and mine development properties. Please refer to ore reserves, note 3.1.1(i) where these sensitivities to the change has been disclosed.

There were no other significant events occurring after the reporting date requiring disclosure in the financial statements.

NON-GAAP FINANCIAL MEASURES

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

1) EBITDA and adjusted EBITDA

EBITDA is a non-GAAP financial measure, which excludes the following from profit before tax:

- Finance costs
- Finance income
- Depreciation and amortisation

Management considers EBITDA 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 cost of production 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 before tax.

Adjusted EBITDA removes the effect of transactions that are not core to the Group's main operations.

Reconciliation of profit before tax to EBITDA and adjusted EBITDA:

	31 December 2020 ⁽¹⁾ US\$'000	31 December 2019 ⁽¹⁾ US\$'000
Profit for the year before tax	314,999	173,029
Finance income	(1,554)	(5,817)
Interest expense	558	569
Depreciation and amortisation	124,512	116,187
EBITDA	438,515	283,968
Add back/less: ⁽²⁾		
Profit on financial assets at fair value through profit or loss	(960)	(3,889)
Impairments of non-current assets	-	-
Adjusted EBITDA	437,555	280,079

(1) Profit before tax, depreciation and amortisation and EBITDA includes a charge to reflect the removal of fuel subsidies (refer to note 2.8 to the financial statements for further details).

(2) Adjustments made to normalise earnings, for example profit on financial assets at fair value through profit or loss, impairments of property, plant and equipment, non-current mining stockpiles and exploration and evaluation assets.

2) Cash cost of production per ounce produced and sold and all-in sustaining costs ("AISC") per ounce sold calculation

Cash cost of production and AISC are non-GAAP financial measures. Cash cost of production 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 sustaining administrative expenses, royalties, depreciation and amortisation. Management uses this measure internally to better assess performance trends for the Company as a whole. Management considers 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. Management considers that these measures provide an alternative reflection of the Group's performance for the current year and are an alternative indication of its expected performance in future periods. Cash cost

of production 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.

During June 2013 the World Gold Council (“WGC”), an industry body, published a Guidance Note on the ‘all in sustaining costs’ metric, which gold mining companies can use to supplement their overall non-GAAP disclosure. AISC is an extension of the existing ‘cash cost’ metric and incorporates all costs related to sustaining production and in particular recognising the sustaining capital expenditure associated with developing and maintaining gold mines. In addition, this metric includes the cost associated with developing and maintaining gold mines. This metric also includes the cost associated with corporate office structures that support these operations, the community and rehabilitation costs attendant with responsible mining and any exploration and evaluation costs associated with sustaining current operations. AISC US\$/oz is arrived at by dividing the dollar value of the sum of these cost metrics, by the ounces of gold sold (as compared to using ounces produced which is used in the cash cost of production calculation).

On 14 November 2018 the World Gold Council published an updated Guidance Note on ‘all-in sustaining costs’ and ‘all-in costs’ metrics. Per their press release it was expected that companies have chosen to use the updated guidance from 1 January 2019 or on commencement of their financial year if later. The Group have applied the updated guidance from 1 January 2019 with no impact on our results or comparatives.

Reconciliation of cash cost of production per ounce produced:

		31 December 2020 ⁽¹⁾	31 December 2019 ⁽¹⁾
Mine production costs (note 2.3)	US\$'000	339,012	351,745
Less: Refinery and transport	US\$'000	(2,322)	(1,415)
Movement of inventory ⁽²⁾	US\$'000	(11,502)	(17,293)
Cash cost of production – gold produced	US\$'000	325,188	333,037
Gold produced – total (oz.) (excluding Cleopatra)	oz	452,320	476,195
Cash cost of production per ounce produced	US\$/oz	719	699

(1) Mine production costs, cash cost of production, cash cost of production per ounce, AISC and AISC per ounce sold includes prepayments recorded since Q4 2012 to reflect the removal of fuel subsidies (refer to note 2.8 to the financial statements for further details).

(2) The movement in inventory on ounces produced is only the movement in mining stockpiles and ore in circuit while the movement in ounces sold is the net movement in mining stockpiles, ore in circuit and gold in safe inventory.

A reconciliation has been included below to show the cash cost of production metric should gold sold ounces be used as a denominator.

Reconciliation of cash cost of production per ounce sold:

		31 December 2020 ⁽¹⁾	31 December 2019 ⁽¹⁾
Mine production costs (note 2.3)	US\$'000	339,012	351,745
Royalties	US\$'000	24,792	19,701
Movement of inventory ⁽²⁾	US\$'000	4,181	(28,254)
Cash cost of production – gold sold	US\$'000	367,985	343,192
Gold sold – total (oz.) (excluding Cleopatra)	oz	468,681	465,687
Cash cost of production per ounce sold	US\$/oz	785	737

(1) Mine production costs, cash cost of production, cash cost of production per ounce, AISC and AISC per ounce sold includes prepayments recorded since Q4 2012 to reflect the removal of fuel subsidies (refer to note 2.8 to the financial statements for further details).

(2) The movement in inventory on ounces produced is only the movement in mining stockpiles and ore in circuit while the movement in ounces sold is the net movement in mining stockpiles, ore in circuit and gold in safe inventory.

		31 December 2020 ⁽¹⁾	31 December 2019 ⁽¹⁾
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Movement in inventory			
Movement in inventory - cash (above)	US\$'000	4,181	(28,254)
Effect of depreciation and amortisation – non-cash	US\$'000	9,523	—
Movement in inventory – cash & non-cash (note 2.3)	US\$'000	13,704	(28,254)

(1) In 2020 the movement of inventory on cash costs of production per ounce produced and sold has been amended to exclude the effect of amortisation and depreciation (non-cash items) on those movements. This change is only being applied prospectively from 2020 onwards.

Reconciliation of AISC per ounce sold:

		31 December 2020⁽¹⁾	31 December 2019⁽¹⁾
Mine production costs (note 2.3)	US\$'000	339,012	351,745
Movement in inventory	US\$'000	4,181	(28,254)
Royalties	US\$'000	24,792	19,701
Sustaining corporate administration costs	US\$'000	15,029	11,610
Rehabilitation costs	US\$'000	350	410
Sustaining underground development and exploration	US\$'000	50,796	44,621
Other sustaining capital expenditure	US\$'000	52,433	40,471
By-product credit	US\$'000	(1,115)	(987)
All-in sustaining costs⁽²⁾	US\$'000	485,478	439,317
Gold sold – total (oz.) (excluding Cleopatra)	oz	468,681	465,687
AISC per ounce sold	US\$/oz	1,036	943

(1) Mine production costs, cash cost of production, cash cost of production per ounce, AISC and AISC per ounce sold includes prepayments recorded since Q4 2012 to reflect the removal of fuel subsidies (refer to note 2.8 to the financial statements for further details).

(2) Includes refinery and transport.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Corporate costs		
Sustaining corporate costs	15,029	11,610
Non-sustaining corporate costs ⁽¹⁾	2,550	7,318
Corporate costs (sub-total) (note 2.3)	17,579	18,928

(1) Non-sustaining corporate costs relate to expenses and/or accruals recognised for work performed by the Group's advisors on the successful defence of the third party all-share acquisition attempt of Centamin plc. This is not a normal cost incurred in the day to day operations of running the Group and as such has been excluded from our Non-GAAP reporting measures.

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

Cash and cash equivalents, bullion on hand, gold and silver sales debtor and financial assets at fair value through profit or loss is a non-GAAP financial measure and is a measure of the available cash and liquid assets at a point in time. Management uses this measure internally to better assess performance trends for the Company as a whole. Management considers 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 and the measure 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 cash and cash equivalents as determined under GAAP and other companies may calculate this measure differently.

Reconciliation to cash and cash equivalents, bullion on hand, gold and silver sales debtor and financial assets at fair value through profit or loss:

	31 December 2020 US\$'000	31 December 2019 US\$'000
Cash and cash equivalents (note 2.16(a))	291,281	278,229
Bullion on hand (valued at the year-end spot price)	5,747	29,562
Gold and silver sales debtor (note 2.7)	12,492	34,695
Financial assets at fair value through profit or loss (note 2.6)	–	6,454
Cash and cash equivalents, bullion on hand, gold and silver sales debtor and financial assets at fair value through profit or loss	309,520	348,940

4) Free cash flow and adjusted free cash flow

Free cash flow is a non-GAAP financial measure. Free cash flow is a measure of the available cash after distributions to the Non-Controlling Interest ("NCI") in SGM, being EMRA, that the Group has at its disposal to use for capital reinvestment and to distribute to shareholders of the parent. Free cash flow 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 and other companies may calculate this measure differently.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Net cash generated by operating activities	453,305	249,004
Less:		
Net cash used in investing activities	(129,848)	(90,153)
Dividend paid – non-controlling interest in SGM	(174,275)	(87,075)
Free cash flow	149,182	71,776
Add back:		
Net (disposals)/acquisitions of financial assets at fair value through profit or loss ⁽¹⁾	(7,414)	2,565
Adjusted free cash flow	141,768	74,341

(1) Adjustments made to free cash flow, for example acquisitions and disposals of financial assets at fair value through profit or loss, which are completed through specific allocated available cash reserves.

CORPORATE GOVERNANCE Effective corporate governance begins with a strong Board, led by the Chairman, with the appropriate skills and experience to challenge and support the Executive team in delivering the corporate strategy. The Board transformation throughout 2020 reflects the Company's ongoing commitment to achieving the highest standards of corporate governance.

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting ("2021 AGM") will be held at 11.00 AM BST on Tuesday, 11 May 2021 at 2 Mulcaster Street, St. Helier, Jersey, JE2 3NJ.

The Centamin Board of Directors will be assessing UK and Jersey Government public health guidance on COVID-19 to determine whether physical attendance at the 2021 AGM will be possible. Shareholders will be able to complete and submit their votes online and to submit any questions to the registrar in advance of the 2021 AGM.

BOARD OF DIRECTORS

At the 2020 AGM three directors retired from the Board: Josef El-Raghy, Gordon Edward Haslam and Mark Arnesen.

- On 1 January, James "Jim" Rutherford joined the Board as an independent non-executive director and deputy chair. On 29 June Jim was appointed Non-Executive Chair.
- On 6 April, Martin Horgan joined the Company as Chief Executive Officer.
- On 1 July, Hendrik "Hennie" Faul joined the Board as an independent non-executive director. Hennie is chair of the new Technical Committee and a member of the Audit and Risk and Sustainability Committee.

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

COMMITTEE RESTRUCTURING

As part of the Company's Board transformation, a full effectiveness review and refreshment was conducted across the Board committee mandates and composition. The material changes are outlined below:

Health, Safety, Environmental and Social Committee ("HSES") replaced by the Sustainability Committee

- The new Sustainability Committee focuses across the health and safety, environmental, social (including employee engagement) and governance. Aspects of risk associated with the Company's licence to operate are considered by this committee. A review was undertaken of the charters to ensure interaction with the Board, Audit and Risk and other committees, including the new Technical Committee.

Technical Committee established as a new committee

- The new Technical Committee supports and advises the Board in reviewing technical and operational matters. The committee helps in monitoring decisions and processes designed to ensure the integrity of the Group's reserve and resource estimations. The committee is also responsible for technical reporting, internal quality control and assurance over the Group's mining assets and exploration, including oversight of the life of asset, production and exploration.

Compliance and Corporate Governance Committee was discontinued in its current form

- The Compliance and Corporate Governance Committee responsibilities have been reassigned to the Sustainability Committee, the Audit and Risk Committee and the Board.
- The Disclosure Committee will continue in accordance with the Company's Continuous Disclosure policy and will report directly to the Audit and Risk Committee and, where necessary, to the Board.

COMMITTEE ROTATION

The Board understands the benefits of refreshing its composition, committee structures as well as planning for future succession. The changes to the committee structures illustrate the Company's commitment to continue to evolve and strengthen our governance model in line with the rapidly changing global environment with which we operate. Please see the below refreshed Board committee membership (*Dr Ibrahim Fawzy's appointment to the Remuneration committee is effective 31 March 2021):

		Audit & Risk	Remuneration	Nomination	Sustainability	Technical
James Rutherford	NEC		Member	Chair		
Dr Sally Eyre	SID		Chair	Member		Member
Mark Bankes	NED			Member		Member
Marna Cloete	NED	Chair	Member		Member	
Dr Catharine Farrow	NED	Member			Chair	Member
Dr Ibrahim Fawzy	NED		Member*	Member	Member	
Hendrik Faul	NED	Member			Member	Chair

PRINCIPAL RISKS AND UNCERTAINTIES

MANAGING RISK

Centamin recognises that nothing is without risk. A successful and sustainable business needs an effective risk management framework as its foundation, which outlines the Company approach and process for management of risk and opportunity. The framework should be supported by a strong culture of risk awareness, that encourages openness and integrity, alongside a clearly defined appetite for risk. This enables the Board to consider risks and opportunities to improve our decision-making process, deliver on our objectives and improve our performance as a responsible mining company.

Ultimate accountability for risk management lies with the Board, supported by the Audit and Risk Committee. We continuously monitor and refine our risk management and wider internal controls to meet the changing requirements of the business. They incorporate international good practice, reflect the UK 2018 Code and ISO 31000 Risk Management Guidelines. The framework adopts a top-down and bottom-up approach, enabling thorough identification, assessment, mitigation and monitoring of risks throughout the business. There are three lines of defence to provide review and oversight whilst ensuring the information that flows from the reporting lines is relevant, timely and can genuinely support the Board's strategic decisions.

The framework allows for the review of existing and emerging risks in the context of both opportunities and potential threats that informs the principal risks and uncertainties. These risks are considered when challenging the strategic pillars of the Company that underpin the strategy and inform the assessment of the future prospects and long-term viability of the Group. Since the 2019 Annual Report there have been several updates in the principal risks driven by the changes in our governance structure and senior management, the revised strategy for the business and external factors such as COVID-19. Any 'new' principal risks have been elevated from the emerging risks disclosed in the 2019 Annual Report or the 2020 Interims. The remaining principal risks which have been refreshed, not removed, to reflect the broader considerations of the business moving forward and the emerging risks have also been refreshed. These changes are shown in the 2020 Annual Report.

Centamin takes several 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 Directors confirm they have completed a robust assessment of the principal and emerging risks facing the Company, including those which would negatively impact its business model, future performance, operations, solvency or liquidity. We recognise the unique scenarios which the COVID-19 pandemic has brought as highlighted in the earlier commentary throughout the report.

PRINCIPAL RISKS

The principal risks and uncertainties facing the Group are set out in detail within the Strategic Report under the Risk Review of the 2020 Annual Report. The principal risks are listed below:

Principal Risk	Nature of Risk	Mitigation Measures	Ongoing Strategy	Risk Appetite
EXTERNAL RISKS				
Political	<p>Future political, social or economic changes in the countries in which we operate may impact on the Group.</p> <p>The future investment framework and business conditions in our operating locations could change with governments adopting different laws, regulations and policies that may impact on the ownership, development and operation of our Mineral Resources projects.</p>	<p>Government policies have developed over the past years in host countries to incentivise foreign direct investment and the development of local mining industries. Centamin deploys a proactive government and stakeholder liaison policy and actively monitors – on an ongoing basis – legal, fiscal, regulatory and political developments in its host countries.</p> <p>The terms of the Sukari Concession Agreement, (including the applicable tax regime and rights of tenure), were issued and ratified under special Law No. 222 of 1994 and can, therefore, only be amended by the passing of a further law.</p>	<p>To maintain a detailed and up to date understanding of the investment framework and climate in which we operate as well as a constructive relationship with our host governments and local partners, such as EMRA.</p> <p>The Company undertakes to abide by the spirit and letter of the Concession Agreement as well as local laws/regulations in Egypt and our other host countries.</p>	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However, we understand that inherently we have limited control over a number of external risk factors.</p>
Legal and Regulatory Compliance	<p>The Groups structure includes operational activity in Egypt and West Africa held through companies in Australia and the United Kingdom. This means we are subject to various legal and regulatory requirements across all jurisdictions, relating to issues such as cross jurisdictional taxation, related party transactions, anti-bribery and corruption</p> <p>Ongoing legal, fiscal and regulatory changes may impact project permitting, tenure, taxation, exchange rates, environmental protection, labour relations, and the ability to repatriate income and capital. These measures may also impact the ability to import key</p>	<p>Centamin deploys a proactive government and stakeholder liaison policy and actively monitors – on an ongoing basis – legal, fiscal, regulatory and political developments in its host countries.</p> <p>In Egypt we have the Sukari Concession Agreement which can only be changed by means of another law, so we have the right to export gold, repatriation of funds, existing tax exemption and further considerations.</p> <p>In addition, the Group engages with the relevant regulatory authorities and seeks appropriate advice to ensure compliance with all relevant regulation and legislation. An example would be the global tax strategy in place which ensures all taxes are paid at an operational level and further tax requirements are met through the holding structure.</p> <p>Appropriate monitoring procedures are in place and we ensure that we manage legal and regulatory compliance.</p>	<p>The Company aims to comply with all relevant regulation and legislation including its environmental and operational commitments set out in the relevant permits/authorisations and local laws/regulations.</p>	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However, we understand that inherently we have limited control over a number of external risk factors.</p>

	supplies, export gold production and repatriate revenues.			
Litigation	<p>Centamin's ability to operate and conduct business in host countries, may be adversely affected by current and any future dispute resolution and/or litigation proceedings. The Group is currently party to two significant legal actions in Egypt. These could affect its ability to operate the mine at Sukari in the manner in which it is currently operated (in the case of the challenge to the Concession Agreement under which Sukari operates) and adversely affect its profitability.</p> <p>The details of this litigation, which relates to the loss of the Egyptian national subsidy for Diesel Fuel Oil and the Concession Agreement, are given in note 5.1 of the financial statements.</p>	<p>In order to mitigate this risk Centamin has (a) taken appropriate legal advice from reputable legal advisers and continues actively to pursue its legal rights with respect to its existing cases; and (b) maintains regular contact with its Egyptian legal advisers and actively monitors developments in both court and local media for signs of any legislative or similar developments that relate to its ongoing litigation or which may otherwise threaten its operations, finances or prospects.</p> <p>The potential for serious impact can be further mitigated by Centamin's strict adherence to local laws and agreements; the Egyptian government's continuing opposition to the legal challenge to Law no. 32 of 2014, which restricts the ability of third parties to challenge contractual agreements between the Egyptian government and investors such as Centamin; the investment protections and dispute resolution provisions set out in the Sukari Concession Agreement and the bilateral investment treaty between Australia (PGM's place of incorporation) and the Arab Republic of Egypt</p>	To minimise exposure to litigation and reduce the impact of actions by complying with all relevant laws and regulations and to defend and/or bring any actions necessary to protect the Company's assets, rights and reputation.	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However, we understand that inherently we have limited control over a number of external risk factors.</p>
Infectious Disease Outbreak <i>New Principal Risk</i>	<p>In 2020, COVID-19 significantly impacted the world, presenting an unprecedented medical, economic and social challenge.</p> <p>Centamin has been proactive in how it manages and mitigates the impacts within its control. We have experienced no material disruption to operations, supply chain or gold shipments.</p> <p>The Company has, however, put in place contingency plans to deal with various possible disruptions. Furthermore, we recognise the macro-economic uncertainty this has created including volatility in the markets. The scale and duration remain uncertain but we recognise this could impact our financial condition which we continue to monitor and are prepared to manage accordingly.</p>	<p>Safely managing the health and wellbeing of our workforce, in line with government and public health advice we have introduced covid-secure working conditions which have been paramount in mitigating the risk. Ensuring a local and global proactive approach to our response during the pandemic has been key.</p> <p>Whilst the impact and potential duration remains uncertain, the Company has carried out scenario risk analysis on the Group and believes it is well positioned to continue to manage through these difficult times. As the pandemic progresses we will continue to monitor the global situation, adapting our policies, procedures and controls to minimise the impacts within our control.</p> <p>A COVID-19 Executive Committee provide oversight during the pandemic, supported by multifunctional teams within a framework led by risk and operations.</p> <p>Further information is shown in the Operational Review in the 2020 Annual Report under Co-Existing with COVID-19.</p>	We recognise the global pandemic of COVID-19 as a threat bringing potential risks to our people and business. Management completed a risk assessment of the potential risks, their impacts to our people and business and have taken steps to develop a dynamic action plan at a corporate and site level supported by resources focusing on our response day to day.	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However, we understand that inherently we have limited control over a number of external risk factors.</p>
Gold Price	<p>The extent of the Company's financial performance is due in part to the price of gold, over which the Company has no influence. Revenues from gold sales are in US dollars and Centamin has exposure to costs in other currencies including Egyptian pounds, Australian dollars and sterling.</p> <p>Centamin manages its exposure to gold price by keeping operating costs as low as possible and continues to consider other options where these would be viewed as beneficial by the Board.</p>	<p>The Group is 100% exposed to the gold price; however, the cash costs of the Sukari Gold Mine remain within our budget and we were able to benefit from the increase in the gold price through 2020.</p>	<p>The Company does not currently hedge against the price of gold or exposure to currencies.</p> <p>We will continue to allow for financial flexibility when budgeting and forecasting using a measured approach to the potential fluctuations in gold price.</p>	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However, we understand that inherently we have limited control over a number of external risk factors.</p>
STRATEGIC RISKS				
Single Project Dependency	<p>The Sukari Gold Mine is Centamin's operating asset accounting for all the Group's reserves. Whilst the resource base in West Africa is growing, the regional exploration is at the scoping study and feasibility stage to assess viability of a potential development project.</p> <p>We recognise the COVID-19 pandemic may impact this risk but have provided an update on the impact to date and our position moving forward as shown in the Operational Review in the 2020 Annual Report under Co-Existing with COVID-19.</p> <p>Until further production growth beyond Sukari is identified, the potential impact remains high and safeguarding the project is paramount to the Company.</p>	<p>The project at Sukari has two distinct ore sources (open pit and underground), the processing plant has two separate flotation circuits and two separate power stations.</p> <p>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. The second circuit of the process plant has been fully operational for over six years, which shows the resilience of the project. In addition, the plant is fed by both the open pit and underground operation, providing higher and lower-grade ore to the processing plant. Operational activity and production are expected to continue at above nameplate capacity. Other mitigating factors, outside the single project at Sukari, include the continued focus on longer term growth and expansion through exploration and acquisition targets both inside and outside of Egypt as highlighted in the Exploration Review in the 2020 Annual Report.</p>	<p>At Sukari, the process plant has been designed with sufficient resilience and redundancies within the operating cycle.</p> <p>The exploration projects across the business provide a well-balanced project pipeline, with potential to add incremental shareholder value by increasing production across the Group as highlighted in the Approach to Geology within the Business Model section of the 2020 Annual Report.</p> <p>The Company could potentially be awarded additional exploration areas, under the recent Egyptian bid round, subject to agreement of mutually acceptable terms with the government. Further detail is shown in the Exploration Review of the 2020 Annual Report.</p>	<p>Level: Informed</p> <p>We will have an approach that could deliver reasonable rewards, economic or otherwise, by managing risk in an informed way.</p>
Concession Governance and Management	<p>SGM, is 50:50 jointly owned by PGM (the Company's wholly owned subsidiary) and EMRA, with equal board representation from both parties. The board of</p>	<p>It is of key importance for Centamin to maintain a solid and transparent working relationship with its 50% partner, EMRA, through a strict adherence to the Sukari Concession Agreement. With the onset of profit sharing in 2019, the proper application of the cost recovery and net profit share payment provisions</p>	<p>A key objective of the Company is to maintain its licence to operate in its host countries. In Egypt, this is achieved through active and ongoing co-operation, regular meetings and correspondence</p>	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However,</p>

	<p>SGM operates by way of simple majority.</p> <p>Should a dispute arise or decision-making become deadlocked and cannot otherwise be amicably resolved by way of commercial negotiations or mediation then time-consuming and costly arbitration or other dispute resolution proceedings may need to be initiated.</p> <p>Should a dispute arise or decision-making become deadlocked and cannot otherwise be amicably resolved by way of commercial negotiations or mediation then time-consuming and costly arbitration or other dispute resolution proceedings may need to be initiated.</p>	<p>under the Concession Agreement, have become a key priority.</p> <p>To ensure successful management of the Sukari Gold Mine maintaining a good working relationship with EMRA, other relevant ministries and wider government is a key focus. The Group has regular meetings with officials from EMRA and invests time in liaising with relevant ministry and other governmental representatives.</p>	<p>with EMRA, as well as making sure that the terms and conditions of the Concession Agreement and applicable laws are fully complied with. Ongoing monitoring and review of this is key and is an activity which we will continue to give the required focus to. As we develop our West African portfolio we need to consider how we manage the requirements of the permitting and licensing considerations.</p>	<p>we understand that inherently we have limited control over a number of external risk factors.</p>
<p>Licence to Operate</p> <p><i>New Principal Risk</i></p>	<p>Centamin are committed to building and operating, our mines in a safe and responsible manner. To do this, we seek to build trust-based partnerships with host governments and local communities to drive shared long-term value while working to minimise the social and environmental impacts of our activities. True consideration needs to be given to the investment in sustainable projects, whilst delivering on our stated ESG objectives.</p>	<p>Host governments and local communities expect our involvement to bring benefits socially and economically whilst eventually leaving them better off than when we arrived.</p> <p>Centamin aims to bring enduring socio-economic prosperity within our area of influence and to protect the bio-physical environment.</p> <p>The Company aims to meet its ESG commitments set out in our corporate governance framework, the permits/grants/licences and local laws/regulations in our jurisdictions.</p>	<p>Acting in an ethical, responsible and transparent manner is fundamental to realising the significant business benefits gained from building trusted and constructive relationships with all our business stakeholders, and to maintaining our socio-political licence to operate. Strengthen our sustainability governance and management framework at all levels of the organisation, including reinforcement of our performance standards to support growth.</p>	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However, we understand that inherently we have limited control over a number of external risk factors.</p>
<p>Future of our Workforce</p> <p><i>New Principal Risk</i></p>	<p>The way we work is changing. Embedding a clear approach to the development of nationals supported by an understanding of the required cultural values is pivotal to the strategy.</p> <p>Failure to do this increases the risk of churn and the loss of key personnel and knowledge so retention is critical.</p> <p>We also need to consider where possible the ability to attract adequately experienced personnel to meet the future growth aspirations of the business.</p>	<p>We aim to foster a high performance, inclusive culture, through an organisational structure that is fit for purpose, resourcing this structure with the right capabilities and empowering leadership to deliver the desired outcomes.</p> <p>Initiatives which have been introduced include the introduction of an employee professional development pathway, supervisory development programme ex-pat reduction scheme alongside ongoing training needs analysis, an annual performance review process and succession planning.</p>	<p>To deliver on our strategy, we rely on a capable and engaged workforce that behaves ethically and responsibly, consistent with Centamin's values and Code of Conduct; these are also essential for us to maintain our licence to operate.</p>	<p>Level: Balanced</p> <p>We will not take any unnecessary risk within our control - However, we understand that inherently we have limited control over a number of external risk factors.</p>
<p>Evolving Environmental Expectations</p> <p><i>New Principal Risk</i></p>	<p>Past environmental incidents in the extractive industry highlight the hazards (e.g. water management, tailings storage facilities, cyanide management) and the potential consequences to the environment, community, safety and health.</p> <p>Due to the location in particular of the Sukari mine in a desert, we are aware of the importance of water management alongside our reliance on fossil fuel.</p> <p>We recognise that climate-related risk is likely to have an increasing impact on our operations as identified by a specific emerging risk.</p>	<p>Our ability to maintain compliance with regulatory obligations and alignment with emerging industry standards in order to protect the environment and our host communities alike remains one of our top priorities. We are in the process of strengthening our governance and management controls and assurance processes to meet the requirements of new industry standards, including the Responsible Gold Mining Principles, Global Industry Standard Tailings Management and Taskforce on Climate-related Financial Disclosures.</p> <p>We are committed to resource efficiency and pollution control. Preparatory works have commenced on a solar plant that will reduce our GHG emissions by approximately 14% at Sukari and further investment is committed to optimise fuel efficiency are ongoing to fit of light-weight trays to our haul fleet and dynamic gas blending.</p>	<p>Not only comply with regulatory obligations but anticipate broader societal expectations as it relates to responsible environmental management, on aspects including resource efficiency and pollution control, the monitoring and management of tailings storage facilities and management of water consumption and discharge, biodiversity conservation and natural resource management legal compliance, but broader societal expectations.</p> <p>Understanding the effects of climate-related risk on our business is important as we strive to optimise opportunities associated with the transition to a low-carbon future, further information will be provided in the 2021 Sustainability Report.</p>	<p>Level: Controlled</p> <p>Controlled considers potential breaches in our policies and controls to meeting our environmental expectations. The Board invests heavily in a programme of continuous improvement in relevant practices and has an expectation to meet the highest standards.</p>
<p>OPERATIONAL RISKS</p>				
<p>Safety, Health and Wellbeing</p> <p><i>New Principal Risk</i></p>	<p>It is an inherent risk in our industry that incidents due to unsafe acts or conditions could lead to injuries or fatalities. This has been heightened by the ongoing COVID-19 pandemic which highlights the importance of workforce wellbeing.</p> <p>Our workforce faces risks such as travel/transport, fire, explosion, and electrocution, as well as risks specific to the mine site and development project. These include potential slope failures or collapse in the underground, heavy or light equipment collisions involving machinery or personnel</p>	<p>Protecting the safety, health and wellbeing of employees, contractors, local communities and other stakeholders is a fundamental responsibility for Centamin. We seek continuous improvement of our safety and health risk management procedures, with particular focus on the early identification of risks and the prevention of incidents.</p> <p>Examples of key mitigations initiatives in 2020 and beyond include critical risk and control standards supported by visible safety leadership reinforced at our operations, proactive Covid-19 management and enhanced employee medical benefits to recognise the health and wellbeing of our people and delivery of our new Tailings Storage Facility ("TSF2") extending our tailings capacity to 2030.</p> <p>We continuously seek to incorporate technology and innovation to reduce workers' exposure to safety and</p>	<p>Ensuring the safety, health and wellbeing of our workforce is a moral imperative and our priority value of protect. This requires a focus on zero harm whilst constituting a direct investment in the productivity of the business and the physical integrity of our operations.</p> <p>A safe and healthy workforce translates into an engaged, motivated and productive workforce that mitigates operational stoppages, and reduces potential incidents or harm.</p>	<p>Level: Controlled</p> <p>Controlled considers potential breaches in our policies and controls to safety, health and wellbeing. The Board invests heavily in a programme of continuous improvement in relevant practices and has an expectation to</p>

	<p>or environmental incidents such as cyanide contamination.</p> <p>Across the industry there is increased focus on the risks associated with mining companies' tailings facilities. We continue to monitor this risk, completing regular internal and external technical reviews.</p>	<p>health risks alongside introducing a variety of initiatives to improve their wellbeing.</p>		<p>meet the highest standards.</p>
Exploration	<p>Exploration activities by their very nature are highly speculative with an inherent degree of risk. Centamin strives to make new discoveries, growth and value-creation opportunities through our exploration programme.</p> <p>Whilst Egypt continues to represent a significant opportunity, we also recognise our potential organic growth projects in West Africa as covered further in the Exploration Review in the 2020 Annual Report.</p>	<p>Before undertaking any exploration activities, a risk-based approach is undertaken to filter projects considering a number of factors.</p> <p>This approach has been further enhanced in 2020, and beyond, by with an overhaul of the geological leadership team and a restructured approach. This will be supported by independent advice and an investment in technology.</p> <p>During 2020 we invested a total of US\$17m in exploration activities, with an initial US\$5m budgeted for exploration expenditure in West Africa in 2021.</p> <p>See the Exploration Review in the 2020 Annual Report for more on our exploration programme within Egypt.</p>	<p>Ensuring we have an effective and efficient exploration programme to meet our strategic targets, long-term production and reserves goals.</p> <p>Further information will be provided through 2021 in updates on the exploration activities.</p>	<p>Level: Opportunistic</p> <p>We will consider opportunities with higher levels of risk in exchange for potentially greater reward, as long as they do not conflict with our core values.</p>
Geological Understanding	<p>Geological uncertainty is an inherent risk which any mining company faces.</p> <p>Understanding of the ore body can be influenced by a number of factors which can impact on the ability to estimate the location of the ore and the potential grade expected by the mining operations.</p> <p>As these estimations are used to inform the approach to our operations and the wider business strategy we need to ensure that we can make this process as accurate as possible.</p>	<p>The overhaul of the geological leadership team in 2020 and a restructured approach has led to a number of changes to the stewardship of the orebody.</p> <p>Upgrades to the resource management processes and the development of more robust resource models have driven a review of the existing data alongside future analysis.</p> <p>These changes will contribute to an integrated approach to the mining methods which are applied and inform the mine-to-mill planning.</p> <p>An increased geotechnical engineering programme with a focus on improving operating confidence has also been introduced.</p> <p>Further information on the improvements which have been made are shown in our Approach to Geology in the 2020 Annual Report.</p>	<p>To achieve an accurate estimation based on geology, that informs improved mine planning and operations to deliver results.</p> <p>Further information will be provided in the optimised Life of Mine Plan in 2021 for Sukari, which will be released in Q4 2021.</p>	<p>Level: Informed</p> <p>We will have an approach that could deliver reasonable rewards, economic or otherwise, by managing risk in an informed way.</p>
Operational Performance and Planning	<p>By their nature, Mineral Resources and reserves are estimates based on a range of assumptions, including geological, metallurgical, technical and economic factors. Other variables include expected costs, inflation rates, gold price, grade downgrades and production outputs.</p> <p>Unplanned operational stoppages can impact our production. An inability to shift the volumes of waste required, drops in our operational capacity in mining, contractor management, supply chain disruption or ground stability are examples of potential risks.</p> <p>Accurate and complete planning is pivotal to informing production estimates, grade quality and provide greater clarity to corporate/operational decision-making. We then need to deliver supported by informed data analysis.</p> <p>Further, we recognise the potential impact of COVID-19 which we have summarised throughout the 2020 Annual Report. As of the time of publishing there were no additional concerns.</p>	<p>The business is refreshing the life of mine plan for Sukari. The plan should provide clarity as to the strategic direction of the mine and the desired production levels for the short, medium and long-term to give focus to the operational elements of the mine and allow for operational flexibility.</p> <p>Alongside the overhauled geological leadership team and restructured approach to geology and orebody stewardship we are developing a comprehensive mining engineering model, increasing our mining flexibility and have identified multiple initiatives to improve operating efficiency and productivity.</p> <p>An example is a dedicated contract-mining solution on the east of the open pit and the owner-operator fleet utilised for ore and waste mining on the north and west.</p>	<p>To achieve reliable and consistent production, whilst optimising the potential of the operation as highlighted in the Operational Review of the 2020 Annual Report. The Company provides timely and accurate information to the market on production levels and forecasts.</p> <p>The mining sector continues to face operating cost inflation, including labour costs, energy costs and the natural impact of ore-grade deterioration over time. In order to deliver our disciplined growth strategy and to maintain and improve our competitive position, the Group must deliver its financial improvement targets and minimise the number of unplanned operational stoppages.</p> <p>Further information will be provided in the optimised life of mine plan for Sukari which will be released in Q4 2021.</p>	<p>Level: Informed</p> <p>We will have an approach that could deliver reasonable rewards, economic or otherwise, by managing risk in an informed way.</p>

EMERGING RISKS

The Audit & Risk Committee and Board regularly review the principal risks as well as the wider operational, corporate and general business risks including a discussion on emerging risks.

Emerging risks are defined as circumstances or trends that could significantly impact the Company's financial strength, competitive position or reputation within the next three years or over a longer term. Emerging risks may prove difficult to quantify as they are often influenced by external factors and difficult to predict. Below we have outlined a list of emerging risks assessed during the year, which are set out within the Risk Review section of the 2020 Annual Report:

- Climate related risk
- Financial
- Cyber security
- Corporate development
- Security – West Africa
- Capital allocation and project execution

DIRECTORS' RESPONSIBILITIES

in respect of the Annual Report and financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Companies (Jersey) Law 1991, as amended (the "Company Law") requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with IFRS as adopted by the European Union. Under Company Law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgments and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Company Law.

The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom and Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors have undertaken a robust assessment of the principal risks impacting the Company. The assessment identified strategic and operational risks at a corporate level and principal risks impacting our operations in Egypt and West Africa. Details of the risk assessment can be found in the Audit and Risk Committee Report and the risk management and principal risks section of the Strategic Report.

The Board receives written assurances from the CEO and CFO that to the best of their knowledge and belief, the Group's financial position presents a true and fair view and that the financial statements are founded on a sound system of risk management, internal compliance and control. Further, they confirm that the Group's risk management and internal compliance is operating efficiently and effectively. The Board recognises that internal control assurances from the CEO and CFO can only be reasonable rather than absolute, and therefore they are not and cannot be designed to detect all weaknesses in control procedures.

The financial statements have been audited by PricewaterhouseCoopers LLP, independent auditor, who was given unrestricted access to all financial records and related information, including minutes of all shareholder, Board and committee meetings.

The financial statements were authorised by the Board of Directors for issue and signed on their behalf by Martin Horgan (CEO) and Ross Jerrard (CFO) on 22 March 2021.

Each of the Directors, whose names and functions are listed in the Governance Report, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group
- the Strategic and Governance Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces
- In the case of each Director in office at the date the Governance Report is approved
- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the Board:

Martin Horgan
Chief Executive Officer
Director

22 March 2021

Ross Jerrard
Chief Financial Officer
Director

22 March 2021

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	31 December 2020 US\$'000	31 December 2019 US\$'000
Revenue	2.2	828,737	652,344
Cost of sales	2.3	(449,441)	(439,285)
Gross profit		379,296	213,059
Exploration and evaluation expenditure	2.1	(17,391)	(16,883)
Other operating costs	2.3	(56,392)	(38,709)
Other income	2.3	6,972	5,856
Profit on financial assets at fair value through profit or loss	2.6	960	3,889
Finance income	2.3	1,554	5,817
Profit for the year before tax		314,999	173,029
Tax	2.5	(50)	(112)
Profit for the year after tax		314,949	172,917
Profit for the year after tax attributable to:			
– the owners of the parent		155,979	87,463
– non-controlling interest in SGM	2.4	158,970	85,454
Total comprehensive income for the year		314,949	172,917
Total comprehensive income for the year attributable to:			
– the owners of the parent		155,979	87,463
– non-controlling interest in SGM	2.4	158,970	85,454
Earnings per share attributable to owners of the parent:			
Basic (US cents per share)	6.4	13.531	7.588
Diluted (US cents per share)	6.4	13.453	7.535

The above audited consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current assets			
Property, plant and equipment	2.9	829,884	804,717
Exploration and evaluation asset	2.10	63,701	68,138
Inventories – mining stockpiles	2.11	64,870	52,658
Other receivables	2.7	103	93
Total non-current assets		958,558	925,606
Current assets			
Inventories – mining stockpiles and consumables	2.11	118,705	108,957
Financial assets at fair value through profit or loss	2.6	–	6,454
Trade and other receivables	2.7	18,424	47,061
Prepayments	2.8	8,908	6,132
Cash and cash equivalents	2.16(a)	291,281	278,229
Total current assets		437,318	446,833
Total assets		1,395,876	1,372,439
Non-current liabilities			
Provisions	2.13	32,752	14,575
Other payables	2.12	1,437	–
Total non-current liabilities		34,189	14,575
Current liabilities			
Trade and other payables	2.12	64,488	57,411
Tax liabilities	2.5	267	227
Provisions	2.13	7,480	8,589
Total current liabilities		72,235	66,227
Total liabilities		106,424	80,802
Net assets		1,289,452	1,291,637
Equity			
Issued capital	2.14	668,807	672,105
Share option reserve	2.15	3,343	4,179
Accumulated profits		617,302	615,353
Total equity attributable to:			
– owners of the parent		1,306,648	1,293,528
– non-controlling interest in SGM	2.4	(17,196)	(1,891)
Total equity		1,289,452	1,291,637

The above audited consolidated statement of financial position should be read in conjunction with the accompanying notes.

The audited consolidated financial statements were authorised by the Board of Directors for issue on 22 March 2021 and signed on its behalf by:

Martin Horgan
Chief Executive Officer
Director

22 March 2021

Ross Jerrard
Chief Financial Officer
Director

22 March 2021

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Note	Issued capital US\$'000	Share option reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2020		672,105	4,179	617,244	1,293,528	(1,891)	1,291,637
Profit for the year after tax		–	–	155,979	155,979	158,970	314,949
Total comprehensive income for the year		–	–	155,979	155,979	158,970	314,949
Own shares acquired		(3,298)	–	–	(3,298)	–	(3,298)
Net reversal of share-based payments		–	(836)	–	(836)	–	(836)
Dividend paid – non-controlling interest in SGM	2.4	–	–	–	–	(174,275)	(174,275)
Dividend paid – owners of the parent		–	–	(138,725)	(138,725)	–	(138,725)
Balance as at 31 December 2020		668,807	3,343	634,498	1,306,648	(17,196)	1,289,452

	Note	Issued capital US\$'000	Share option reserve US\$'000	Accumulated profits US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 January 2019		670,589	5,688	610,810	1,287,087	(270)	1,286,817
Profit for the year after tax		–	–	87,463	87,463	85,454	172,917
Total comprehensive income for the year		–	–	87,463	87,463	85,454	172,917
Recognition of share-based payments		–	7	–	7	–	7
Transfer of share-based payments		1,516	(1,516)	–	–	–	–
Dividend paid – non-controlling interest in SGM	2.4	–	–	–	–	(87,075)	(87,075)
Dividend paid – owners of the parent		–	–	(81,029)	(81,029)	–	(81,029)
Balance as at 31 December 2019		672,105	4,179	617,244	1,293,528	(1,891)	1,291,637

The above audited consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	31 December 2020 US\$'000	31 December 2019 US\$'000
Cash flows from operating activities			
Cash generated from operating activities	2.16(b)	453,315	249,048
Income tax refund received		–	170
Income tax paid		(10)	(214)
Net cash generated by operating activities		453,305	249,004
Cash flows from investing activities			
Acquisition of financial assets at fair value through profit or loss		–	(9,364)
Disposal of financial assets at fair value through profit or loss		7,414	6,799
Acquisition of property, plant and equipment		(127,099)	(81,207)
Brownfield exploration and evaluation expenditure		(11,717)	(12,198)
Finance income	2.3	1,554	5,817
Net cash used in investing activities		(129,848)	(90,153)
Cash flows from financing activities			
Own shares acquired		(3,298)	–
Dividend paid – non-controlling interest in SGM	2.4	(174,275)	(87,075)
Dividend paid – owners of the parent		(138,725)	(81,029)
Net cash used in financing activities		(316,298)	(168,104)
Net increase/(decrease) in cash and cash equivalents		7,159	(9,253)
Cash and cash equivalents at the beginning of the year		278,229	282,627
Effect of foreign exchange rate changes		5,893	4,855
Cash and cash equivalents at the end of the year	2.16(a)	291,281	278,229

The above audited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

Basis of preparation

These financial statements are denominated in US dollars (“US\$”), which is the presentational currency of Centamin plc. All companies in the Group use the US\$ as their functional currency. All financial statements presented in US\$ have been rounded to the nearest thousand dollars, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted for use by the European Union (“EU”) and interpretations issued from time to time by the IFRS Interpretations Committee (“IFRS IC”) both as adopted by the EU and which are mandatory for EU reporting as at 31 December 2020 and the Companies (Jersey) Law 1991. The Group has not early adopted any other amendments, standards or interpretations that have been issued but are not yet mandatory.

The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by financial assets and financial liabilities (including derivative) instruments at fair value through profit or loss.

The consolidated financial statements for the year ended 31 December 2020 were authorised by the Board of Directors of the Company for issue on 22 March 2020.

Accounting policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial statements satisfy the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. CURRENT REPORTING PERIOD AMENDMENTS

1.1 CHANGES IN CRITICAL JUDGMENTS AND ESTIMATES

There were no material updates and/or changes to critical accounting judgments and estimates that management have made in the year in applying the Group’s accounting policies, that have the most significant effect on the amounts recognised and the disclosure of such amounts in the financial statements.

1.2 CHANGES IN POLICIES AND ESTIMATES

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – Amendments to IAS 1 and IAS 8;

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

For a detailed discussion about the Group’s performance and financial position, please refer to the financial review.

1.3 CRITICAL JUDGMENTS AND ESTIMATES IN APPLYING THE ENTITY’S ACCOUNTING POLICIES

The following are the critical judgments and estimates that management have 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.

Management has discussed its critical accounting judgments and estimates and associated disclosures with the Company’s Audit and Risk Committee.

The critical accounting judgments are as follows:

1.3.1 JUDGMENT: CONTROL

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control, as defined in IFRS 10 ‘Consolidated financial statements’. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary and controlled entity from the date on which the Company obtains control and until such time as the Company ceases to control such entity. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity, are eliminated in full.

1.3.1.1 Judgment: Accounting treatment of the Sukari Gold Mining Company (“SGM”)

Pharaoh Gold Mines NL (the holder of an Egyptian branch) (“PGM”) and EMRA are 50:50 partners in SGM. However, SGM is fully consolidated within the Group as if it were a subsidiary due to it being a controlled entity, reflecting the substance and economic reality of the Concession Agreement (“CA”) (see note 4.1 and note 4.2 to the financial statements).

IFRS 10 ‘Consolidated financial statements’ defines control as encompassing three distinct principles, which, if present, identify the existence of control by an investor over an investee, hence forming a parent-subsidary relationship. The principles are:

1. power over the investee;
2. exposure, or rights, to variable returns from its involvement with the investee; and
3. the ability to use its power over the investee to affect the amount of the investor’s returns.

An investor has power over an investee when the investor has existing rights that give it the current ability to direct the relevant activities (i.e. the activities that significantly affect the investee’s returns).

The Company’s control, through PGM, of SGM

PGM is a 100% owned subsidiary of the Company. The Company, through PGM, has the right to appoint or remove the managing director of SGM under the terms of the CA and in doing so controls the activities in relation to the operation of SGM that most significantly affect the returns of SGM. These are all illustrated in the sections that follow:

a) *The duties of PGM*

- PGM controls the appointment of the General Manager (“GM”) at the Sukari Gold Mine;
 - By controlling the appointment of the GM and directing their activities, the GM will make all day-to-day decisions to allow the mine to operate in a manner that aligns with the Company’s objectives which involve:
 - preparing SGM’s work programmes through determination of the daily and longer-term mine plans, the budgets covering the operations to be carried out throughout the life of the mine (“LOM”) and approval of the same;
 - managing capital expenditure, procurement, cost control and treasury;
 - conducting exploration, development, production and marketing operations;
 - co-ordinating SGM operations and activities, including its dealings with all contractors and subcontractors;
 - bearing ultimate responsibility for all costs and expenses required in carrying out any and all operations under the CA;
 - funding the operations of SGM and recovering costs and expenses throughout the LOM (i.e. exploration, development and production phases);
 - funding additional exploration and expansion programmes within the mine during the production phase;
 - taking custody of SGM’s stock and management of its funds;
 - selling and shipping of all gold and associated metals produced; and
 - entering into and managing gold sales or hedging contracts and forward sale agreements.

b) *The duties of EMRA*

- EMRA must, under the terms of the CA, provide the required approvals to allow the mine to operate.

c) *The duties, role, and function of the board of SGM:*

- The board of SGM has six board members:
 - three of which are appointed by the Company, through PGM; and
 - three of which are appointed by EMRA:
 - the executive chairman, as one of the three EMRA appointed board members, is a representative of EMRA and is appointed by the Egyptian Ministry of Finance.
- The board of SGM convenes at least twice a year to:
 - facilitate a forum for sharing information between the owners of SGM;
 - provide a mechanism to scrutinise the timing and amounts of expenses; rather than as a decision-making body over SGM’s most significant relevant activities;

- consider, review, and approve all the following in relation to SGM:
 - the budget;
 - the annual financial statements;
 - the cost recovery position; and
 - other compliance matters.
- The board of SGM is not allowed to unreasonably withhold approval of any of the above.
- If there is a disputed matter or deadlock position at an SGM board level, it is resolved as follows:
 - through open discussion at board level;
 - the executive chairman does not have a veto or casting vote;
 - where matters cannot be agreed upon, an ad-hoc committee is appointed with each party having equal representation. This committee will then recommend an appropriate course of action to the board with the best interest of all shareholders in mind; and
 - should the board still not agree on a course of action, there is a provision for arbitration and ultimately matters can be presented to the International Court of Arbitration at The Hague;
- the board of SGM cannot appoint or remove the GM, this right belongs solely to the Company, through PGM, under the terms of the CA;

EMRA and/or the Egyptian government have no downside risk in their share of SGM. If SGM were to become loss making or insolvent, these costs are absorbed in its entirety by the Company, through PGM, in accordance with the CA.

The Company, through PGM, is therefore exposed to the variable returns of SGM, has the ability to affect the amount of those returns, has power over SGM through its ability to direct its relevant activities and therefore meets all the criteria of control to consolidate SGM's results within the Group to reflect the substance and economic reality of the CA.

As the Company, through PGM, is determined to be the controlling party, it should consolidate SGM, and should apply consolidation procedures, combining balance sheet and profit and loss items line by line as well as applying the rest of the consolidation procedures set out in IFRS 10 App B para B86. The Group therefore prepares consolidated financial statements on this basis.

1.3.1.2 Judgment: Treatment and disclosure of EMRA profit share

EMRA holds 50% of the shares in the Group controlled entity, SGM, which are not attributable to the Company, and it is entitled to receive net proceeds from the operations of SGM on a residual basis in accordance with their specified shareholding per the CA (this distribution is in accordance with the profit share mechanism and not as a consequence of accumulated profits as defined by accounting standards). Therefore, the Group recognises a Non-Controlling Interest ("NCI") in SGM to represent EMRA's participation.

In terms of the CA, the NCI's rights to any profit share payments (dividend distributions) is only triggered after the cost recovery of all amounts invested (or spent during operations) during the exploration, construction and development stages have been repaid to PGM. The profit share mechanism was only triggered in November 2016 (after all amounts due to be cost recovered were complete). Until that time the NCI had no rights to claim any distribution of accumulated profits or profit share.

It is important to note that the availability of cash in SGM for distribution to its shareholders as profit share is under the control of the Company, through PGM, by the decisions made on SGM's strategic direction and day-to-day operational requirements of running the mine. This is regarded as discretionary and exposes the Company to variable returns.

Distributions to shareholders in SGM:

- once all expenditure requirements, including current cost recovery payments due, have been met, excess cash reserves, if any, are distributed to both SGM shareholders:
 - distributions are always made simultaneously to both shareholders;
 - the split of the distribution is in accordance with the ratchet mechanism (i.e. the standard profit share ratios of 60/40 (first two years from 1 July 2016), 55/45 (second two years from 1 July 2018) and 50/50 (from 1 July 2020) to PGM and EMRA respectively through time) as governed by the CA; but:
 - distributions are not mandatory, entirely discretionary and there are only distributions if there are excess funds;
 - distributions are paid in advance on a weekly or fortnightly basis by mutual agreement between shareholders;
- at end of the SGM reporting period, final profits are determined, externally audited and then approved by the board of SGM:



- final profit distributions become payable within 60 days of the financial year end, SGM is unable to avoid payment at this point and the amount payable is recorded as equity attributable to the NCI until paid;
- the CA is merely a shareholder agreement specifying how and when profits from SGM will be distributed to shareholders and is typical of a minority shareholder protection mechanism.

The Group should attribute the profit or loss for the year after tax and each component of other comprehensive income for the year to the owners of the parent and to the NCI in SGM. The entity shall also attribute total comprehensive income for the year to the owners of the parent and to NCI even if this results in the NCI having a deficit balance (IFRS 10 App B para B94). The CA only contemplates the distribution of profit to shareholders. The NCI would only have a deficit balance where advance distributions paid during the year have exceeded final distributions payable after year-end financial statements have been prepared and audited. This deficit would be entirely funded by the Company, through PGM, and would first be redeemed from future excess cash before regular distributions to both parties resume. SGM has no claw back provision for advance profits paid to the NCI. We note that annual dividend payments, after approval of audited financial statements, is a standard feature of transactions with an NCI and that such payments are not normally treated as non-discretionary payments triggering a liability in the consolidated statement of financial position of the parent.

Any losses generated by SGM will be entirely funded by the Company, through PGM, but attributed to both shareholders. These losses will first be recovered before further profit share distributions commence.

In the Group statement of financial position, all the accumulated profits of SGM are attributable to the Company as EMRA have already received their share through the advance profit distribution payments made, therefore NCI is usually disclosed in the financial statements as nil unless there is an outstanding distribution payable to or deficit from EMRA due to timing differences of the cash sweep. Please refer to note 2.4 for further information.

1.3.2 Judgment: Impairment trigger assessment

IFRS requires management to test for impairment if events or changes in circumstances indicate that the carrying amount of a finite life asset may not be recoverable.

Considering the requirements of IAS36 an impairment trigger assessment has been performed.

Group operating assets

As part of the impairment trigger assessment, management have also considered movements in the key assumptions which have historically been used in impairment assessments and are satisfied that there have not been any changes that would constitute an impairment trigger. These include changes to:

- forecast gold prices;
- discount rates;
- production volumes;
- reserves and resources report; and
- costs, taking into consideration the impact of the solar plant on those costs and emissions targets; and
- recovery rates.

On review, no impairment triggers were identified.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure results in brownfield exploration and evaluation expenditure being capitalised to the balance sheet 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 judgements 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 judgements and assumptions may change from period to period as new information becomes available. If, subsequent to the brownfield exploration and evaluation expenditure being capitalised, a judgement is made that recovery of the expenditure is unlikely or the project is to be abandoned, this would constitute an impairment trigger which requires an impairment assessment to be performed. The result of that impairment assessment could be that the relevant capitalised amount will be written off to the income statement.

- On review, no impairment triggers were identified.

1.3.3 Judgment: 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 5.1 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 any financial settlement.



The Group is currently a party to two significant legal actions in Egypt, both of which could adversely affect its profitability and, in the case of one of them, may affect its ability to operate the mine at Sukari in the manner in which it is currently operated. The details of this litigation, which relate to the loss of the Egyptian national subsidy for Diesel Fuel Oil and the Concession Agreement under which Sukari operates, are given in note 5.1 to the financial statements. Although it is possible to quantify the effects of the loss of the national fuel subsidy, it is not currently possible to quantify with sufficient precision the impact of any restrictions placed on the terms of the Group's operations under the Concession Agreement.

Every action is being taken to contest these decisions, including the making of formal legal appeals and, although their resolution may still take some time, management remains confident that a satisfactory outcome will ultimately be achieved. In the meantime, however, the Group continued to pay international prices for Diesel Fuel Oil until 2020, when the domestic subsidy on Diesel Fuel Oil was withdrawn. Consequently, there is no longer a distinction between domestic and international prices for Diesel Fuel Oil, and the Group is liable to pay the price announced quarterly by the Egyptian Ministry of Petroleum which is generally applicable.

With respect to the Administrative Court ruling in the Concession Agreement case (discussed in note 5.1 below), 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 will be able to continue during this process. In 2016, the Company's appeal was indefinitely stayed by the Supreme Administrative Court, pending judgment in a case currently before the Supreme Constitutional Court, the outcome of which may affect the Concession Agreement case. Further details are provided in note 5.1 below.

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. The Group is in regular contact with its Egyptian lawyers, who are monitoring developments in the litigation cases on a day-to-day basis and is therefore in a position to react swiftly if and when action is required.

The changes to critical accounting estimates and assumptions are disclosed in notes 1.2 and 1.3 above. The other critical estimates and assumptions are as follows:

1.3.4 Estimate: Mineral Reserve and Mineral Resource statement impact on ore reserves

The Group Mineral Reserve and Resource statement for SGM with an effective date of 31 December 2020 has been published on the same day as this report, 22 March 2021. The Mineral Reserve estimation has used an assumed gold price of US\$1,450 per ounce as a basis of preparation. The information on the Mineral Resources and Reserves was prepared by Qualified Persons as defined by the National Instrument 43-101 of the Canadian Securities Administrators.

There are numerous uncertainties inherent in estimating Mineral Resources and Mineral Reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available.

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 consolidated statement of comprehensive income and the calculation in the valuation of inventory.

Production forecasts from the underground mine at Sukari are partly based on estimates regarding future resource and reserve growth. It should be specifically noted that the potential quantity and grade from the Sukari underground mine is conceptual in nature and that it is uncertain if exploration will result in further targets being delineated as a Mineral Resource. Please refer to the Mineral Reserve and Resource statement impact on ore reserves sensitivity note 3.1.1(i).

1.3.5 Estimate: Going concern

Under guidelines set out by the FRC, the Directors of UK listed companies are required to consider whether the going concern basis is the appropriate basis of preparation of financial statements.

COVID-19

The FRC has released updated guidelines regarding disclosure of "material uncertainties" related to going concern in current circumstances. Material uncertainties refers to uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. In other words, if boards identify possible events or scenarios (other than those with a remote possibility of occurring) that could lead to corporate failure, then these should be disclosed. When assessing whether material uncertainties exist, boards should consider both the uncertainty and the likely success of any realistically possible response to mitigate this uncertainty.

The economic impact of the COVID-19 pandemic has and will continue to have its effect, but currently there are no material financial implications to our operations, Sukari continues to operate with confirmed cases on site, gold sales are still commencing on a weekly basis. Weekly cash flow forecasts continue to be performed and distributions to EMRA and PGM are continuing at the moment, however these can be halted should cash be required locally. To date there has been no significant impact to critical stock on site and additional stock has been purchased where required, this is continuously being assessed and further backup plans are in place. Due to the current travel restrictions, the expatriates and Egyptian nationals on site are working longer shifts and are being compensated accordingly when this occurs, however everything possible is being done to assist them to meet their rotation schedules.



Management have performed detailed analyses and forecasts to assess the economic impact of COVID-19 from a going concern and viability perspective. The Group continues to benefit from a strong balance sheet with large cash balances and no debt. At 31 December 2020 the Group had cash and cash equivalents of US\$291 million and therefore it is very likely that liquidity security for the Group is given for at least 12 months after the date of approval of these financial statements. As part of assessing the Group's ability to continue as a going concern, management performed various stress testing scenarios on the Group's balance sheet and the 2021 budget to assess the potential downturn this pandemic could have on its business, the scenarios addressed were:

- Open pit 30% reduction in ore and waste;
- Underground 30% reduction in stoping and development;
- Processing 20% reduction in ore processed;
- Processing 50% reduction in ore processed; and
- A combination of the first three reduction scenarios above.

The sensitivities applied were informed by internal and external data sources, including a review of the Group's most recent production levels with reductions in production levels to various stages of slowdown and suspension. Consultations have also been had both with our critical suppliers and refiners. The Group doesn't engage in any hedging activities and as such all gold sales are exposed to movements in market prices.

In each scenario, sufficient liquidity was demonstrated, and we have no information that a combination of the first three reduction scenarios above is likely to occur. In the event of such further deterioration of market conditions as a result of the COVID-19 outbreak, and implementation of the mitigating actions identified by the Board, the Group will have sufficient liquidity to meet obligations when they fall due for a period of at least 12 months after 22 March 2021.

In order to secure the health and safety of our employees and the production capabilities of Sukari, the Group established a CV-19 Executive Committee and support team which meets and provides daily updates on CV-19 globally to site, production, supply chain and HSE activities. Sukari is operating a very strict three-point check for all people movements to prevent the spread of the disease, all corporate offices are currently open with strict CV-19 protocols for the employees that choose to work from there, however most employees are still working from home. The Group is continuously evaluating further potential actions to mitigate risk due to the COVID-19 crisis. As a result, and even though globally everyone is confronted with a high level of uncertainty, it is not expected that the coronavirus COVID-19 will have a material negative impact on the ability of the Group to operate as going concern.

Based on a detailed cash flow forecast prepared by management, in which it included any reasonably possible change in the key assumptions on which the cash flow forecast is based and assessed various scenarios related to COVID-19, the Directors have a reasonable expectation that the Group will have adequate resources to continue in operational existence for twelve months from 22 March 2021 and that at this point in time there are no material uncertainties regarding going concern. Key assumptions underpinning this forecast include:

- available cash balances;
- favourable litigation outcomes, for current litigation refer to note 5.1 to the financial statements;
- gold price of US\$1,450/oz.; and
- production volumes in line with 2021 guidance.

These financial statements for the year ended 31 December 2020 have therefore been prepared on a going concern basis, which contemplate the realisation of assets and liquidation of liabilities during the normal course of operations, in preparing these financial statements.

1.3.6 Estimate: Long-term gold price used in the non-current stockpiles NRV assessment

All inventories are stated at the lower of cost and net realisable value. Management and Directors believe that the estimates used regarding long-term gold prices in the non-current stockpiles NRV assessment are critical estimates and are realistic based on current information. Please refer to inventories, note 2.11.

1.3.7 Estimate: Restoration and rehabilitation provision unit rates

Key management estimates are the unit costs used in calculating the nominal provision amount, for various activities, namely ripping and grading, hauling and application, regrading slopes, construction of bunds and demolition of buildings, as well as certain fixed costs, including labour and dismantling of equipment. Unit costs range between \$0.33/m² to \$6.62/m². A 10% change in these unit and fixed costs would have a US\$1.8 million impact on the provision and corresponding asset amounts, with a highly insignificant effect on the consolidated statement of comprehensive income. Please refer to note 2.13.

2. HOW NUMBERS ARE CALCULATED

2.1 SEGMENT REPORTING



The Group is engaged in the business of exploration for and mining of precious metals, which represents three operating segments, two in the business of exploration and one in mining of precious metals. The Board is the Group's chief operating decision-maker within the meaning of IFRS 8 'Operating segments'. Management has determined the operating segments based on the information reviewed by the Board for the purposes of allocating resources and assessing performance.

The Board considers the business from a geographic perspective and a mining of precious metals versus exploration for precious metals perspective. Geographically, management considers separately the performance in Egypt, Burkina Faso, Côte d'Ivoire and Corporate (which includes Jersey, United Kingdom and Australia). From a mining of precious metals versus exploration for precious metals perspective, management separately considers the Egyptian mining of precious metals from the West African exploration for precious metals in these geographies. The Egyptian mining operations derive its revenue from the sale of gold while the West African entities are currently only engaged in precious metal exploration and do not produce any revenue.

The Board assesses the performance of the operating segments based on profits and expenditure incurred as well as exploration expenditure in each region. Egypt is the only operating segment mining precious metals and therefore has revenue and cost of sales whilst the remaining operating segments do not. All operating segments are reviewed by the Board as presented and are key to the monitoring of ongoing performance and assessing plans of the Company.

Non-current assets other than financial instruments by country:

	31 December 2020 US\$'000	31 December 2019 US\$'000
Egypt	921,427	888,681
Burkina Faso	35,766	35,845
Côte d'Ivoire	467	524
Corporate	898	556
	958,558	925,606

Additions to non-current assets mainly relate to Egypt and are disclosed in note 2.9.

Statement of financial position by operating segment:

31 December 2020	Total US\$'000	Egypt US\$'000	Burkina Faso US\$'000	Côte d'Ivoire US\$'000	Corporate US\$'000
Statement of financial position					
Total assets	1,395,876	1,077,949	37,001	1,087	279,839
Total liabilities	(106,424)	(101,096)	(635)	(390)	(4,303)
Net assets/total equity	1,289,452	976,853	36,366	697	275,536

31 December 2019	Total US\$'000	Egypt US\$'000	Burkina Faso US\$'000	Côte d'Ivoire US\$'000	Corporate US\$'000
Statement of financial position					
Total assets	1,372,439	1,048,764	36,904	1,282	285,489
Total liabilities	(80,802)	(69,002)	(426)	(704)	(10,670)
Net assets/total equity	1,291,637	979,762	36,478	578	274,819

Statement of comprehensive income by operating segment:

For the year ended 31 December 2020	Total US\$'000	Egypt US\$'000	Burkina Faso US\$'000	Côte d'Ivoire US\$'000	Corporate US\$'000
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Statement of comprehensive income

Revenue	828,737	828,737	-	-	-
Cost of sales	(449,441)	(449,441)	-	-	-
Gross profit	379,296	379,296	-	-	-
Exploration and evaluation costs	(17,391)	-	(2,803)	(14,588)	-
Other operating (costs)/income	(56,392)	(30,760)	307	(197)	(25,742)
Other income	6,972	4,820	54	35	2,063
Profit on financial assets at fair value through profit or loss	960	-	-	-	960
Finance income	1,554	77	-	-	1,477
Profit/(loss) for the year before tax	314,999	353,433	(2,442)	(14,750)	(21,242)
Tax	(50)	(50)	-	-	-
Profit/(loss) for the year after tax	314,949	353,383	(2,442)	(14,750)	(21,242)
Profit/(loss) for the year after tax attributable to:					
- the owners of the parent ⁽¹⁾	155,979	194,413	(2,442)	(14,750)	(21,242)
- non-controlling interest in SGM ⁽¹⁾	158,970	158,970	-	-	-

(1) Please note that the cost recovery model on which profit share is based under the Concession Agreement is different to the accounting results presented above due to various adjustments and as such the share of profit disclosed above is not reflective of the 55%:45% split that was in place from 1 July 2018 to 30 June 2020 and 50%:50% split from 1 July 2020 onwards that occurs in practice, refer to the statement of cash flows by operating segment below for further information.

For the year ended 31 December 2019	Total US\$'000	Egypt US\$'000	Burkina Faso US\$'000	Côte d'Ivoire US\$'000	Corporate US\$'000
Statement of comprehensive income					
Revenue	652,344	652,344	-	-	-
Cost of sales	(439,285)	(439,285)	-	-	-
Gross profit	213,059	213,059	-	-	-
Exploration and evaluation costs	(16,883)	-	(2,715)	(14,168)	-
Other operating costs	(38,709)	(18,492)	(159)	(205)	(19,852)
Other income	5,856	6,105	(55)	(299)	105
Profit on financial assets at fair value through profit or loss	3,889	-	-	-	3,889
Finance income	5,817	42	-	-	5,775
Profit/(loss) for the year before tax	173,029	200,714	(2,929)	(14,672)	(10,083)
Tax	(112)	(282)	-	-	170
Profit/(loss) for the year after tax	172,917	200,432	(2,929)	(14,672)	(9,913)
Profit/(loss) for the year after tax attributable to:					
- the owners of the parent ⁽¹⁾	87,463	114,978	(2,929)	(14,672)	(9,913)
- non-controlling interest in SGM ⁽¹⁾	85,454	85,454	-	-	-

(1) Please note that the cost recovery model on which profit share is based under the Concession Agreement is different to the accounting results presented above due to various adjustments and as such the share of profit disclosed above is not reflective of the 55%:45% split that was in place from 1 July 2018 to 30 June 2020 and 50%:50% split from 1 July 2020 onwards that occurs in practice, refer to the statement of cash flows by operating segment below for further information.

Statement of cash flows by operating segment:

For the year ended 31 December 2020	Total US\$'000	Egypt US\$'000	Burkina Faso US\$'000	Côte d'Ivoire US\$'000	Corporate US\$'000
Statement of cash flows					
Net cash generated by/(used in) operating activities⁽¹⁾	453,305	517,341	343	(41)	(64,338)



Net cash (used in)/generated by investing activities	(129,848)	(138,722)	(3)	(65)	8,942
Net cash (used in)/generated by financing activities					
Own shares acquired	(3,298)	–	–	–	(3,298)
Dividend paid – non-controlling interest in SGM	(174,275)	(174,275)	–	–	–
Dividend paid – controlling interest in SGM	–	(196,725)	–	–	196,725
Dividend paid – owners of the parent	(138,725)	–	–	–	(138,725)
Net increase/(decrease) in cash and cash equivalents	7,159	7,619	340	(106)	(694)
Cash and cash equivalents at the beginning of the year	278,229	5,882	16	562	271,769
Effect of foreign exchange rate changes	5,893	(3,608)	(351)	–	9,852
Cash and cash equivalents at the end of the year	291,281	9,893	5	456	280,927

(1) Please note that the cash generated by operating activities for Burkina Faso and Côte d'Ivoire are affected by the movements in working capital, specifically intercompany loans, with its direct parent entity Centamin West Africa Holdings Limited which is included within the corporate segment.

For the year ended 31 December 2019	Total US\$'000	Egypt US\$'000	Burkina Faso US\$'000	Côte d'Ivoire US\$'000	Corporate US\$'000
Statement of cash flows					
Net cash generated by/(used in) operating activities⁽¹⁾	249,004	285,534	(282)	777	(37,025)
Net cash (used in)/generated by investing activities	(90,153)	(92,571)	(4)	(160)	2,582
Net cash (used in)/generated by financing activities					
Dividend paid – non-controlling interest in SGM	(87,075)	(87,075)	–	–	–
Dividend (paid)/received – controlling interest in SGM	–	(106,425)	–	–	106,425
Dividend paid – owners of the parent	(81,029)	–	–	–	(81,029)
Net (decrease)/increase in cash and cash equivalents	(9,253)	(537)	(286)	617	(9,047)
Cash and cash equivalents at the beginning of the year	282,627	3,714	28	241	278,644
Effect of foreign exchange rate changes	4,855	2,704	274	(296)	2,173
Cash and cash equivalents at the end of the year	278,229	5,881	16	562	271,770

(1) Please note that the cash generated by operating activities for Burkina Faso and Côte d'Ivoire are affected by the movements in working capital, specifically intercompany loans, with its direct parent entity Centamin West Africa Holdings Limited which is included within the corporate segment.

Exploration expenditure by operating segment:

The following table provides a breakdown of the total exploration expenditure of the Group by operating segment:

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Burkina Faso	2,803	2,715
Côte d'Ivoire	14,588	14,168
Egypt (Sukari tenement including Cleopatra excluding pre-production gold sales adjustment)	11,717	16,478
Total exploration expenditure	29,108	33,361



ACCOUNTING POLICY: SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

2.2 REVENUE

An analysis of the Group's revenue for the year, from continuing operations, is as follows:

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Gold sales (Including pre-production gold sales related to Cleopatra)	827,622	657,124
Less: Pre-production gold sales related to Cleopatra – transferred to exploration and evaluation asset	–	(5,767)
Gold sales (Excluding pre-production gold sales related to Cleopatra)	827,622	651,357
Silver sales	1,115	987
	828,737	652,344

All gold and silver sales during the year were made to a single customer in North America, Asahi Refining Canada Ltd.

ACCOUNTING POLICY: REVENUE

Revenue is measured at the fair value of the consideration received or receivable for goods in the normal course of business.

Sale of goods

Under IFRS 15, revenue from the sale of mineral production is recognised when the Group has passed control of the mineral production to the buyer, it is probable that economic benefits associated with the transaction will flow to the Group, the sales price can be measured reliably, and the Group has no significant continuing involvement and the costs incurred or to be incurred in respect of the transaction can be measured reliably. This is when insurance risk has passed to the buyer and the goods have been collected at the agreed location.

The performance obligation is satisfied when the doré bars are packaged and delivered to the approved carrier with the appropriate required documentation at the gold room and the approved carrier accepts control of the shipment by signature. 98% of the payable gold and silver content of the refined gold bars will be priced and paid within one working day after receipt of the shipment at the refinery with the balance being priced and paid five working days after receipt. There are no significant judgments applied to the determination of revenue.

Where the terms of the executed sales agreement allow for an adjustment to the sales price based on a survey of the mineral production by the buyer (for instance an assay for gold content), recognition of the revenue from the sale of mineral production is based on the most recently determined estimate of product specifications.

Pre-production revenues

Income derived by the entity prior to the date of commercial production is offset against the expenditure capitalised and carried in the consolidated statement of financial position. All revenues recognised after commencement of commercial production are recognised in accordance with the revenue policy stated above. The commencement date of commercial production is determined when stable and sustained production capacity has been achieved.

Royalty

The Arab Republic of Egypt ("ARE") is entitled to a royalty of 3% of net sales revenue (revenue net of freight and refining costs) as defined from the sale of gold and associated minerals from SGM. This royalty is calculated and recognised on receipt of the final certificate of analysis document received from the refinery. Due to its nature, this royalty is not recognised in cost of sales but rather in other operating costs.

2.3 PROFIT BEFORE TAX

Profit for the year before tax has been arrived at after crediting/(charging) the following gains/(losses) and income/(expenses):

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Other income		



Net foreign exchange gains	6,922	5,806
Other income	50	50
	6,972	5,856
Finance income		
Interest received	1,554	5,817
Expenses		
Cost of sales		
Mine production costs (Including costs related to gold produced from Cleopatra)	(339,012)	(353,232)
Mine production costs related to gold produced from Cleopatra		
– transferred to exploration and evaluation asset	–	1,487
Mine production costs	(339,012)	(351,745)
Movement in inventory	13,704	28,254
Depreciation and amortisation	(124,133)	(115,794)
	(449,441)	(439,285)

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Other operating costs		
Corporate compliance	(3,049)	(3,158)
Fees payable to the external auditors	(924)	(847)
Corporate consultants	(4,033)	(7,380)
Communications and IT	(430)	(295)
Salaries and wages	(7,262)	(5,004)
Travel, accommodation, and entertainment	(397)	(726)
Short term leases	(146)	(99)
Other administration expenses	(1,270)	(933)
Insurances	(897)	(630)
Other taxes	(7)	151
Employee equity settled share-based payments	836	(7)
Corporate costs (sub-total)	(17,579)	(18,928)
Other provisions	(10,309)	–
Net movement on provision for stock obsolescence	(958)	1,500
Inventory written off	(29)	(594)
Prepayments written off	(986)	–
Office related depreciation	(379)	(393)
Royalty – attributable to the ARE government	(24,792)	(19,701)
Bank charges	(179)	(161)
Finance charges	(558)	(569)

(Loss)/gain on disposal of asset	(623)	137
	(56,392)	(38,709)

ACCOUNTING POLICY: OTHER INCOME AND FOREIGN CURRENCIES

Finance income

Finance income is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

The individual financial statements of each Group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in US dollars, which is the functional currency of all companies in the Group and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

2.4 NON-CONTROLLING INTEREST IN SGM

EMRA is a 50% shareholder in SGM and is entitled to a share of 50% of SGM's net production surplus which can be defined as 'revenue less payment of the fixed royalty to the ARE and recoverable costs'.

Earnings attributable to the non-controlling interest in SGM (i.e. EMRA) are pursuant to the provisions of the CA and are recognised as profit attributable to the non-controlling interest in SGM in the attribution of profit section of the statement of comprehensive income of the Group. The profit share payments during the year will be reconciled against SGM's audited financial statements. The SGM financial statements for the year ended 30 June 2020 have not been signed off at the date of this report and are in the process of being audited.

Certain terms of the CA and amounts in the cost recovery model may also vary depending on interpretation and management and the Board making various judgments and estimates that can affect the amounts recognised in the financial statements.

(a) Statement of comprehensive income and statement of financial position impact

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Statement of comprehensive income		
Profit for the year after tax attributable to the non-controlling interest in SGM ⁽¹⁾	158,970	85,454
Statement of financial position		
Total equity attributable to non-controlling interest in SGM ⁽¹⁾ (opening)	(1,891)	(270)
Profit for the year after tax attributable to the non-controlling interest in SGM ⁽¹⁾	158,970	85,454
Dividend paid – non-controlling interest in SGM	(174,275)	(87,075)
Total equity attributable to non-controlling interest in SGM⁽¹⁾ (closing)	(17,196)	(1,891)

(1) Profit share commenced during the third quarter of 2016. The first two years was a 60:40 split of net production surplus to PGM and EMRA respectively. From 1 July 2018 this changed to a 55:45 split for the next two-year period until 30 June 2020, after which all net production surpluses have been split 50:50.

Any variation between payments made during the year (which are based on the Company's estimates) and the SGM audited financial statements, may result in a balance due and payable to EMRA or advances to be offset against future distributions. This will be reflected as an amount attributable to the non-controlling interest in SGM on the statement of financial position and statement of changes in equity.

(b) Statement of cash flows impact

	For the year ended	For the year ended
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Statement of cash flows

Dividend paid – non-controlling interest in SGM ⁽¹⁾	(174,275)	(87,075)
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(1) Profit share commenced during the third quarter of 2016. The first two years was a 60:40 split of net production surplus to PGM and EMRA respectively. From 1 July 2018 this changed to a 55:45 split for the next two-year period until 30 June 2020, after which all net production surpluses will be split 50:50.

EMRA and PGM benefit from advance distributions of profit share which are made on a weekly or fortnightly basis and proportionately in accordance with the terms of the CA. Future distributions will take into account ongoing cash flows, historical costs that are still to be recovered and any future capital expenditure. All profit share payments will be reconciled against SGM's audited June financial statements for current and future periods.

2.5 TAX

The Group operates in several countries and, accordingly, it is subject to the various tax regimes in the countries in which it operates. From time to time the Group is subject to a review of its related tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Group's business conducted within the country involved. If the Group is unable to resolve any of these matters favourably, there may be an adverse impact on the Group's financial performance, cash flows or results of operations. If management's estimate of the future resolution of these matters' changes, the Group will recognise the effects of the changes in its consolidated financial statements in the period that such changes occur.

In Egypt, Pharaoh Gold Mines NL ("PGM") has entered into a Concession Agreement ("CA") that provides that the income generated by SGM's activities is granted a long-term tax exemption from all taxes imposed in Egypt, other than the fixed royalty attributable to the Egyptian government, rental income on property and interest income on cash and cash equivalents.

The CA grants certain tax exemptions, including the following:

- from 1 April 2010, being the date of commercial production, SGM is entitled to a 15-year exemption from any taxes imposed by the Egyptian government on the revenues generated from SGM. PGM and EMRA intend that SGM will in due course file an application to extend the tax-free period for a further 15 years. The extension of the tax-free period requires that there have been no tax problems or disputes in the initial period and that certain activities in new remote areas have been planned and agreed by all parties;
- PGM and SGM 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 SGM. The exemption shall only apply if there is no local substitution with the same or similar quality to the imported machinery, equipment or consumables. Such exemption will also be granted if the local substitution is more than 10% more expensive than the imported machinery, equipment or consumables after the addition of the insurance and transportation costs;
- PGM, EMRA and SGM and their respective buyers will be exempt from any duties or taxes on the export of gold and associated minerals produced from SGM;
- PGM at all times is free to transfer in US\$ or other freely convertible foreign currency any cash of PGM representing its share of net proceeds and recovery of costs, without any Egyptian government limitation, tax or duty;
- PGM's contractors and subcontractors are entitled to import machinery, equipment and consumable items under the "Temporary Release System" which provided exemption from Egyptian customs duty; and
- 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.

Relevance of tax consolidation to the consolidated entity

In Australia, Centamin Egypt Limited and Pharaoh Gold Mines NL, both wholly owned Australian resident entities within the Group, have elected to form a tax-consolidated group from 1 July 2003 and therefore are treated as a single entity for Australian income tax purposes. The head entity within the tax-consolidated group is Centamin Egypt Limited. Pharaoh Gold Mines NL, which has a registered Egyptian branch, benefits from the 'branch profits exemption' whereby foreign branch income will generally not be subject to Australian income tax. Ampella Mining Limited is a single entity for Australian income tax purposes.

Nature of tax funding arrangements and tax-sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax-funding agreement, Centamin Egypt Limited and each of the entities in the tax-consolidated group have agreed to pay a tax-equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.



The tax-sharing agreement entered between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax-sharing agreement is considered remote.

Tax recognised in profit is summarised as follows:

Tax expense

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Current tax		
Current tax expense in respect of the current year	(50)	(112)
Deferred tax	–	–
Total tax expense	(50)	(112)

The tax expense for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Profit for the year before tax	314,999	173,029
Tax expense calculated at 0% ⁽¹⁾ (2019: 0%) ⁽¹⁾ of profit for the year before tax	–	–
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Effect of different tax rates of subsidiaries operating in other jurisdictions	(50)	(112)
Tax	(50)	(112)

(1) The tax rate used in the above reconciliation is the corporate tax rate of 0% payable by Jersey corporate entities under the Jersey tax law (2019: 0%). There has been no change in the underlying corporate tax rates when compared with the previous financial period.

Tax recognised in the balance sheet is summarised as follows:

	31 December 2020 US\$'000	31 December 2019 US\$'000
Current tax liabilities	267	227
Non-current tax liabilities	–	–

ACCOUNTING POLICY: TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2.6 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2020 US\$'000	31 December 2019 US\$'000
Balance at the beginning of the year	6,454	–
Additions at cost	–	9,364
Disposals at market value	(7,414)	(6,799)
Unrealised gain on fair value of investment – profit or loss	960	4,041
Unrealised loss on foreign exchange movement	–	(152)
	–	6,454

The financial assets at fair value through profit or loss at 31 December 2020 relates to an equity interest in a listed public company which has been disposed of in full.

ACCOUNTING POLICY: FINANCIAL INSTRUMENTS

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement as defined below. Financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

FINANCIAL ASSETS

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at Fair Value through other Comprehensive Income ("FVOCI").

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.



Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at Fair Value through Profit or Loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the Company's financial statements. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of financial assets at fair value through other comprehensive income equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of FVOCI equity instruments, any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

2.7 TRADE AND OTHER RECEIVABLES

	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current		
Other receivables – deposits	103	93
	103	93

	31 December 2020 US\$'000	31 December 2019 US\$'000
Current		



Gold and silver sales debtors	12,492	34,695
Other receivables	5,932	12,366
	18,424	47,061

Trade and other receivables are classified as financial assets subsequently measured at amortised cost.

All gold and silver sales during the year were made to a single customer in North America, Asahi Refining Canada Ltd, and are neither past due nor impaired.

The average age of the receivables is eight days (2019: nine days) and expected credit losses are highly immaterial. No interest is charged on the receivables. There are no trade receivables past due and impaired at the reporting date, and thus no allowance for doubtful debts has been recognised. Of the trade receivables balance, the gold and silver sales debtor is all a receivable from Asahi Refining Canada Ltd. The amount due has been received in full subsequent to year end. Other receivables represent GST and VAT owing from the various jurisdictions that the Group operates in and amounts receivable from the sale of shares in a listed public company.

The Directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value, therefore no expected credit loss is recognised within this note, see note 3.1.1 for the risk assessment related to trade receivables.

2.8 PREPAYMENTS

	31 December 2020 US\$'000	31 December 2019 US\$'000
Current		
Prepayments	8,908	4,776
Fuel prepayments	–	1,356
	8,908	6,132

Diesel Fuel Oil (“DFO”) dispute

As more fully described in note 5.1, the Group is currently involved in court action concerning the price at which it is supplied with DFO. Since January 2012, the Group has had to pay for DFO at the international price rather than the subsidised price which it believes it is entitled to. It is seeking recovery of the funds advanced since 2012 through court action. However, management recognises the practical difficulties associated with reclaiming funds from the Egyptian government and for this reason has fully provided against the prepayment of US\$367.2 million to 31 December 2020, of which US\$4.3 million relates to and was provided for during 2020. All fuel subsidies provided by the Egyptian Government were removed in 2020.

In order to allow a better understanding of the financial statements presented within the consolidated financial statements, and specifically the Group’s underlying business performance, the effect of the DFO dispute is shown below.

Movement in fuel prepayments

	31 December 2020 US\$'000	31 December 2019 US\$'000
Balance at the beginning of the year	1,356	1,547
Fuel prepayment recognised	4,342	35,922
Less: Provision charged to:		
Mine production costs	(2,126)	(31,058)
Property, plant and equipment	(4,231)	(5,712)
Inventories	659	657
Balance at the end of the year	–	1,356

Cumulative fuel prepayment and provision recognised

	31 December 2020	31 December 2019
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	US\$'000	US\$'000
Fuel prepayment recognised	367,228	362,885
Less: provision charged to:		
Mine production costs	(335,231)	(333,104)
Property, plant and equipment	(31,997)	(27,766)
Inventories	–	(659)

This has resulted in a net charge of US\$11 million in the profit and loss for the year.

	For the year ended 31 December 2020			For the year ended 31 December 2019		
	Before adjustment US\$'000	Adjustment US\$'000	Total US\$'000	Before adjustment US\$'000	Adjustment US\$'000	Total US\$'000
Expenses						
Cost of sales						
Mine production costs	(336,886)	(2,126)	(339,012)	(320,687)	(31,058)	(351,745)
Movement in inventory	22,397	(8,693)	13,704	25,159	3,095	28,254
Depreciation and amortisation	(124,133)	–	(124,133)	(115,794)	–	(115,794)
	(438,622)	(10,819)	(449,441)	(411,322)	(27,963)	(439,285)

2.9 PROPERTY, PLANT AND EQUIPMENT (“PPE”)

	Office equipment US\$'000	Buildings US\$'000	Plant and equipment US\$'000	Mining equipment US\$'000	Mine development properties US\$'000	Capital work in progress US\$'000	Total US\$'000
Year ended 31 December 2020 Cost							
Balance at 1 January 2020	7,789	3,533	613,792	334,119	561,780	28,584	1,549,597
Additions	73	203	141	153	–	126,529	127,099
Additions: IFRS16 right of use assets	–	1,604	–	47	–	–	1,651
Increase in rehabilitation asset	–	–	–	–	5,574	–	5,574
Transfers from capital work in progress	930	480	3,784	25,787	78,988	(109,969)	–
Transfers from exploration and evaluation asset	–	–	–	–	16,154	–	16,154
Disposals	–	–	(110)	(1,097)	–	(590)	(1,797)
Disposals: IFRS16 right of use assets	–	(130)	(142)	–	–	–	(272)
Balance at 31 December 2020	8,792	5,690	617,465	359,009	662,496	44,554	1,698,006

Accumulated depreciation and amortisation							
Balance at 1 January 2020	(6,974)	(1,097)	(213,681)	(250,519)	(272,609)	–	(744,880)
Depreciation and amortisation	(568)	(609)	(29,303)	(49,127)	(44,905)	–	(124,512)
Disposals	–	65	131	1,074	–	–	1,270
Balance at 31 December 2020	(7,542)	(1,641)	(242,853)	(298,572)	(317,514)	–	(868,122)
Year ended 31 December 2019 Cost							
Balance at 1 January 2019	7,307	2,347	604,158	309,788	517,629	23,482	1,464,711
Additions	73	–	59	10,069	689	68,695	79,586
Additions: IFRS16 right of use assets	–	1,229	298	95	–	–	1,622
Increase in rehabilitation asset	–	–	–	–	570	–	570
Transfers from capital work in progress	409	25	9,292	14,189	39,678	(63,593)	–
Transfers from exploration and evaluation asset	–	–	–	–	3,214	–	3,214
Disposals	–	–	(15)	(22)	–	–	(37)
Disposals: IFRS16 right of use assets	–	(68)	–	–	–	–	(68)
Balance at 31 December 2019	7,789	3,533	613,792	334,119	561,780	28,584	1,549,597
Accumulated depreciation and amortisation							
Balance at 1 January 2019	(6,384)	(695)	(185,075)	(205,103)	(231,467)	–	(628,724)
Depreciation and amortisation	(590)	(403)	(28,613)	(45,438)	(41,142)	–	(116,186)
Disposals	–	1	7	22	–	–	30
Balance at 31 December 2019	(6,974)	(1,097)	(213,681)	(250,519)	(272,609)	–	(744,880)
Net book value							
As at 31 December 2020	1,250	4,049	374,612	60,437	344,982	44,554	829,884
As at 31 December 2019	815	2,436	400,111	83,600	289,171	28,584	804,717

Included within the depreciation charge is US\$0.5 million within the buildings asset class and US\$0.1 million related to plant and equipment in relation to depreciation of ROU assets (2019: US\$0.4 million buildings and plant and equipment).

An impairment trigger assessment was performed in 2020 on the Sukari Cash Generating Unit (“CGU”), refer to note 1.3.2 above, however no impairment triggers were identified in the assessment.

Assets that have been cost recovered under the terms of the Concession Agreement (“CA”) in Egypt are included on the statement of financial position under property, plant and equipment due to the Company having right of use of these assets. These rights will expire together with the CA.



ACCOUNTING POLICY: PROPERTY, PLANT AND EQUIPMENT (“PPE”)

PPE is stated at cost less accumulated depreciation and impairment. PPE will include capitalised development expenditure. Cost includes expenditure that is directly attributable to the acquisition of the item as well as the estimated cost of abandonment. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of PPE includes the estimated restoration costs associated with the asset.

Depreciation is provided on PPE, except for capital work in progress. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. Depreciation on capital work in progress commences on commissioning of the asset and transfer to the relevant PPE category.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual financial period, with the effect of any changes recognised on a prospective basis.

Freehold land is not depreciated.

The following estimated useful lives are used in the calculation of depreciation:

Plant and equipment	2–20 years
Office equipment	3–7 years
Mining equipment	2–13 years
Buildings	4–20 years

The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income or operating expenses.

Mine development properties

Where mining of a Mineral Resource has commenced, the accumulated costs are transferred from exploration and evaluation assets to mine development properties, net of any pre-production revenues.

Amortisation is first charged to new mine development ventures from the date of first commercial production. Amortisation of mine properties is on a unit of production basis resulting in an amortisation charge proportional to the depletion of the proved and probable ore reserves. The unit of production can be on a tonne or an ounce depleted basis.

Capitalised underground development costs incurred to enable access to specific ore blocks or areas of the underground mine, and which only provide an economic benefit over the period of mining that ore block or area, are depreciated on a unit of production basis, whereby the denominator is estimated ounces of gold in proven and probable reserves within that ore block or area where it is considered probable that those resources will be extracted economically.

Impairment of assets (other than exploration and evaluation and financial assets)

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). For the purposes of assessing impairment, assets are grouped at the lowest levels for which they potentially generate largely independent cash inflows (cash generating units).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future flows have not been adjusted.

If the recoverable amount of a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the cash generating unit is reduced to its recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the cash generating unit is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the cash generating unit in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of an impairment loss is treated as a revaluation increase.

2.10 EXPLORATION AND EVALUATION ASSET

	31 December 2020 US\$'000	31 December 2019 US\$'000
Balance at the beginning of the year	68,138	59,154



Expenditure for the year	11,717	16,478
Pre-production gold sales net of costs related to Cleopatra	–	(4,280)
Transfer to property, plant and equipment	(16,154)	(3,214)
Balance at the end of the year	63,701	68,138

The exploration and evaluation asset relates to the drilling, geological exploration and sampling of potential ore reserves and can be attributed to Egypt (US\$28.5 million) and Burkina Faso (US\$35.2 million relating to the acquisition of Ampella Mining Limited).

In accordance with the requirements of IAS 36 'Impairment of assets' and IFRS 6 'Exploration for and evaluation of Mineral Resources' exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in IFRS 6 'Exploration for and evaluation of Mineral Resources') suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

An impairment trigger assessment was performed in 2020 on the Exploration and Evaluation asset ("CGU"), refer to note 1.3.2 of above, however no impairment triggers were identified in the assessment.

ACCOUNTING POLICY: EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Exploration and evaluation expenditures in relation to each separate area of interest are differentiated between greenfield and brownfield exploration activities in the year in which they are incurred.

The greenfield and brownfield terms are generally used in the minerals sector and have been adopted to differentiate high risk remote exploration activity from near-mine exploration activity:

(a) greenfield exploration refers to territory, where mineral deposits are not already developed and has the goal of establishing a new mine requiring new infrastructure, regardless of it being in an established mining field or in a remote location. Greenfield exploration projects can be subdivided into grassroots and advanced projects embracing prospecting, geoscientific surveys, drilling, sample collection and testing, but excludes work of brownfields nature, pit and shaft sinking and bulk sampling; and

(b) brownfield exploration, also known as near-mine exploration, refers to areas where mineral deposits were previously developed. In brownfield exploration, geologists look for deposits near or adjacent to an already operating mine with the objective of extending its operating life and taking advantage of the established infrastructure.

Greenfield exploration costs will be expensed as incurred and will not be capitalised to the balance sheet until a decision is made to pursue a commercially viable project. Brownfield exploration costs will continue to be capitalised to the statement of financial position.

Brownfield exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploration drilling, trenching and sampling and associated activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances (as defined in IFRS 6 'Exploration for and evaluation of Mineral Resources') suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets (or the cash generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest based on the commercial and technical feasibility, the relevant exploration and evaluation asset is tested for impairment, reclassified to mine



development properties, and then amortised over the life of the reserves associated with the area of interest once mining operations have commenced.

Mine development expenditure is recognised at cost less accumulated amortisation and any impairment losses. When commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units of production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit of production calculations are dealt with on a prospective basis.

Income derived by the entity prior to the date of commercial production is offset against the expenditure capitalised and carried in the consolidated statement of financial position. All revenues recognised after commencement of commercial production are recognised in accordance with the Revenue Policy stated in note 2.2. The commencement date of commercial production is determined when stable and sustained production capacity has been achieved.

2.11 INVENTORIES

The treatment and classification of mining stockpiles within inventory is split between current and non-current assets. Stockpiles which will not be consumed within the next twelve months based on mining and processing forecasts have been reclassified to non-current assets. The reason for the classification split is the manner in which the mining stockpiles will be utilised or drawn upon in the future within the life of mine, with priority being placed on the higher-grade ore. The volume of ore extracted from the open pit in the year far exceeded the volume that could be processed, which has caused a large increase in the volume and value of the mining stockpiles.

The carrying value of the non-current asset portion is assessed at the lower of cost or net realisable value. The cost of the mining stockpiles was assessed through comparing the current costs and discounting the future processing costs at a US\$ applicable rate of 1.35% over the expected life of the asset to a future expected selling price, this was assessed using two different future expected selling prices:

- US\$1,891 per ounce which was the year end spot price. This resulted in headroom of US\$78 million above the cost; and
- US\$1,450 per ounce which was the three-year internal budgeted gold price used in the going concern and viability assessments. This resulted in headroom of US\$10 million above the cost.

US\$1,386 per ounce which was calculated as the breakeven selling price. The net realisable value was the higher than the cost in of all of the above scenarios and as such it is valued at cost.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current		
Mining stockpiles	64,870	52,658
	64,870	52,658

	31 December 2020 US\$'000	31 December 2019 US\$'000
Current		
Mining stockpiles, ore in circuit, doré supplies	40,112	38,620
Stores inventory	81,383	72,169
Provision for obsolete stores inventory	(2,790)	(1,832)
	118,705	108,957

Stores inventories written off in the year total US\$0.03 million as per note 2.3 (2019: US\$0.6 million).

ACCOUNTING POLICY: INVENTORIES

Inventories include mining stockpiles, gold in circuit, doré supplies and stores and materials. All inventories are stated at the lower of cost and net realisable value. The cost of mining stockpiles and gold produced is determined principally by the weighted average cost method using related production costs.

Cost of mining stockpiles include costs incurred up to the point of stockpiling, such as mining and grade control costs, but exclude future costs of production. Ore extracted is allocated to stockpiles based on estimated grade, with grades below



defined cut-off levels treated as waste and expensed. While held in physically separate stockpiles, the Group blends the ore from each stockpile when feeding the processing plant to achieve the resultant gold content. In such circumstances, lower and higher-grade ore stockpiles each represent a raw material, used in conjunction with each other, to deliver overall gold production, as supported by the relevant feed plan.

The processing of ore in stockpiles occurs in accordance with the LOM processing plan and is currently being optimised based on the known Mineral Reserves, current plant capacity and mine design. Ore tonnes contained in the stockpiles which exceed the annual tonnes to be milled as per the mine plan in the following year, are classified as non-current in the statement of financial position. Currently at Sukari, low grade low (0.4 to 0.5g/t) open pit stockpile material above the cut-off grade of 0.4g/t has been reclassified to non-current assets as these ore tonnes are not planned to be processed within the next twelve months.

The net realisable value of mining stockpiles is determined with reference to estimated contained gold and market gold prices applicable. Mining stockpiles which are blended together with future ore mined when fed to the plant are assessed as an input to the gold production process to ensure the combined stockpiles are carried at the lower of cost and net realisable value. Mining stockpiles which are not blended in production are assessed separately to ensure they are carried at the lower of cost and net realisable value, although no such stockpiles are currently held.

Costs of gold inventories include all costs incurred up until production of an ounce of gold such as milling costs, mining costs and directly attributable mine general and administration costs but exclude transport costs, refining costs and royalties. Net realisable value is determined with reference to estimated contained gold and market gold prices.

Stores and materials consist of consumable stores and are valued at weighted average cost after appropriate impairment of redundant and slow moving items. Consumable stock for which the Group has substantially all the risks and rewards of ownership are brought onto the statement of financial position as current assets.

2.12 TRADE AND OTHER PAYABLES

	31 December 2020 US\$'000	31 December 2019 US\$'000
Non-current		
Other creditors	1,437	–
	31 December 2020 US\$'000	31 December 2019 US\$'000
Current		
Trade payables	31,483	27,249
Other creditors and accruals	33,005	30,162
	64,488	57,411

Trade payables principally comprise the amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 26 days (2019: 23 days). Trade payables are interest free for periods ranging from 30 to 180 days. Thereafter interest is charged at commercial rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Other creditors and accruals relate to various accruals that have been recognised due to amounts known to be outstanding for which invoices have not yet been received.

The Directors consider that the carrying amount of trade payables approximate their fair value.

ACCOUNTING POLICY: TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required, and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of



employee benefits which are not expected to be settled within twelve months are measured at the present value of the estimated future cash flows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Superannuation

The Company contributes to, but does not participate in, compulsory superannuation funds (defined contribution schemes) on behalf of the employees and directors in respect of salaries and directors' fees paid. Contributions are charged against income as they are made.

2.13 PROVISIONS

	31 December 2020 US\$'000	31 December 2019 US\$'000
Current		
Employee benefits ⁽¹⁾	1,440	701
Provision for cost recovery items ⁽²⁾	5,089	7,060
Other current provisions ⁽³⁾	951	828
	7,480	8,589
Non-current		
Restoration and rehabilitation ⁽⁴⁾	20,496	14,572
Provision for cost recovery items ⁽²⁾	12,229	–
Other non-current provisions	27	3
	32,752	14,575
Movement in restoration and rehabilitation provision		
Balance at beginning of the year	14,572	13,591
Additional provision recognised	5,574	570
Interest expense – unwinding of discount	350	411
Balance at end of the year	20,496	14,572

(1) Employee benefits relate to annual, sick and long service leave entitlements and bonuses.

(2) Provision held for in-country settlement of cost recovery items relating to EMRA. The amount is based on the written offer proposed to EMRA in March 2021 to settle all outstanding matters which includes payment of US\$17.6 million spread over a 5.5 years period. This has been discounted to present value. The prior year provision was based on a probability weighted outcome of the matters under discussion which are being finalised as part of the proposed settlement.

(3) Provision for customs, rebates and withholding taxes.

(4) The provision for restoration and rehabilitation has all been discounted by 1.35% (2019: 2.40%) using a US\$ applicable rate and inflation applied at 1.23% (2019: 1.77%). The annual review undertaken as at 31 December 2020 has resulted in a US\$5.6 million increase in the provision (2019: US\$0.57 million).

Key management estimates are the unit costs used in calculating the nominal provision amount, for various activities, namely ripping and grading, hauling and application, regrading slopes, construction of bunds and demolition of buildings, as well as certain fixed costs, including labour and dismantling of equipment. Unit costs are considered to be the key assumption within the estimate which range between \$0.33/m² to \$6.62/m². A 10% change in these unit and fixed costs would have a US\$1.8 million impact on the provision and corresponding asset amounts, with a minimal effect on the consolidated statement of comprehensive income. 10% is chosen as an appropriate sensitivity as this is in line with the year on year increase in nominal cost base, when excluding one-off changes in relation to increases in rehabilitation site areas.

In 2021, in line with the life of asset review, Centamin will commence a full review of the restoration and rehabilitation plan for Sukari which could result in a change in the provision recognised to date.

ACCOUNTING POLICY: RESTORATION AND REHABILITATION

A provision for restoration and rehabilitation is recognised when there is a present legal or constructive obligation as a result of exploration, development and production activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include 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 in accordance with the requirements of the Concession Agreement. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The provision for restoration and rehabilitation represents the present value of the Directors' best estimate of the future outflow of economic benefits that will be required to decommission infrastructure, restore affected areas by ripping and



grading of compacted surfaces to blend with the surroundings, closure of project components to ensure stability and safety at the Group's sites at the end of the life of mine. This restoration and rehabilitation estimate has been made on the basis of benchmark assessments of restoration works required following mine closure and after taking into account the projected area to be disturbed to date.

Discount rates to present value the future obligations are determined by reference to market risk free rates for periods which approximate the period of the associated obligation.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and mining production activities is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of the inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision of restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost within other operating costs rather than being capitalised into the cost of the related asset.

2.14 ISSUED CAPITAL

	31 December 2020		31 December 2019	
	Number	US\$'000	Number	US\$'000
Fully paid ordinary shares				
Balance at beginning of the year	1,155,955,384	672,105	1,154,722,984	670,589
Own shares acquired during the year	–	(3,298)	–	–
Employee share option scheme – proceeds from shares issued	–	–	1,232,400	1,312
Transfer from share option reserve	–	–	–	204
Balance at end of the year	1,155,955,384	668,807	1,155,955,384	672,105

The authorised share capital is an unlimited number of no par value shares.

At 31 December 2020, the trustee of the deferred bonus share plan held 2,373,049 ordinary shares (2019: 473,049 ordinary shares) pursuant to the plan rules.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. See note 6.3 for more details of the share options.

ACCOUNTING POLICY: ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the Company or other members of the consolidated Group purchase the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity of the Group and/or of the Company as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity of the Group and/or the Company.

2.15 SHARE OPTION RESERVE

	31 December 2020 US\$'000	31 December 2019 US\$'000
Share option reserve		
Balance at beginning of the year	4,179	5,688
Share-based payments expense	3,190	2,646
Transfer to accumulated profits	(4,026)	(2,639)
Transfer to issued capital	–	(1,516)
Balance at the end of the year	3,343	4,179

The share option reserve arises on the grant of share options to employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options and warrants are exercised/vested. Amounts are transferred out of the reserve into accumulated profits when the options and warrants are forfeited.

2.16 CASH FLOW INFORMATION

(a) Reconciliation of cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and at bank and deposits.

	31 December 2020 US\$'000	31 December 2019 US\$'000
Cash and cash equivalents	291,281	278,229

ACCOUNTING POLICY: CASH AND CASH EQUIVALENTS

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(b) Reconciliation of profit for the year to cash flows from operating activities

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Profit for the year before tax	314,999	173,029
Adjusted for:		
Profit on financial assets at fair value through profit or loss	(960)	(3,889)
Depreciation/amortisation of property, plant and equipment	124,512	116,187
Inventory written off	29	594
Prepayments written off	986	–
Inventory obsolescence provision	958	(1,500)
Foreign exchange gains, net	(6,921)	(5,806)
Share-based payments (credit)/expense	(836)	7
Finance income	(1,554)	(5,817)
Loss/(gain) on disposal of property, plant and equipment	623	(137)
Changes in working capital during the year:		
Decrease/(increase) in trade and other receivables	28,637	(13,619)
(Increase) in inventories	(22,919)	(30,141)
(Increase)/decrease in prepayments	(2,785)	559
Increase in trade and other payables	7,076	18,167
Increase in provisions	11,470	1,414
Cash flows generated from operating activities	453,315	249,048

(c) Non-cash financing and investing activities

During the year there have been no non-cash financing and investing activities.

3. GROUP FINANCIAL RISK AND CAPITAL MANAGEMENT

3.1 GROUP FINANCIAL RISK MANAGEMENT

3.1.1 FINANCIAL INSTRUMENTS

(a) Group risk management



The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the cash and equity balance. The Group's overall strategy remains unchanged from the previous financial period.

The Group has no debt and thus not geared at the year end or in the prior year. The capital structure consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital and reserves as disclosed in notes 2.14 and 2.15. The Group operates in Australia, Jersey, Egypt, Burkina Faso and Côte d'Ivoire. None of the Group's entities are subject to externally imposed capital requirements.

The Group utilises inflows of funds toward the ongoing exploration and development of SGM in Egypt, and the exploration projects in Burkina Faso and Côte d'Ivoire.

Categories of financial assets and liabilities

	31 December 2020 US\$'000	31 December 2019 US\$'000
Financial assets		
Cash and cash equivalents	291,281	278,229
Trade and other receivables (excluding VAT receivables)	17,593	46,320
Financial assets at fair value through profit or loss	–	6,454
	308,874	331,003
Financial liabilities		
Trade and other payables	64,488	57,411

(b) Financial risk management and objectives

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential risk adverse effects and ensure that net cash flows are sufficient to support the delivery of the Group's financial targets whilst protecting future financial security. The Group continually monitors and tests its forecast financial position against these objectives.

The Group's activities expose it to a variety of financial risks: market, commodity, credit, liquidity, foreign exchange, and interest rate. These risks are managed under Board approved directives through the Audit and Risk Committee. The Group's principal financial instruments comprise interest bearing cash and cash equivalents. Other financial instruments include trade receivables and trade payables, which arise directly from operations.

It is, and has been throughout the period under review, Group policy that no speculative trading in financial instruments be undertaken.

(c) Market risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar, Great British pound and Egyptian pound. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured by regularly monitoring, forecasting and performing sensitivity analyses on the Group's financial position.

Financial instruments denominated in Great British pounds, Australian dollars and Egyptian pounds are as follows:

	Great British pound		Australian dollar		Egyptian pound	
	31 December 2020 US\$'000	31 December 2019 US\$'000	31 December 2020 US\$'000	31 December 2019 US\$'000	31 December 2020 US\$'000	31 December 2019 US\$'000
Financial assets						
Cash and cash equivalents	4,997	1,999	17,566	1,339	2,057	2,141
Financial assets at fair value through profit or loss	–	–	–	6,454	–	–
	4,997	1,999	17,566	7,793	2,057	2,141
Financial liabilities						
Trade and other payables	2,682	224	19,883	10,192	13,829	(858)



	2,682	224	19,883	10,192	13,829	(858)
Net exposure	2,315	1,775	(2,317)	(2,399)	(11,772)	2,999

The following table summarises the sensitivity of financial instruments held at the reporting date to movements in the exchange rate of the Great British pound, Egyptian pound and Australian dollar to the US dollar, with all other variables held constant. The sensitivities are based on reasonably possible changes over a financial period, using the observed range of actual historical rates.

	Impact on profit		Impact on equity	
	31 December 2020 US\$'000	31 December 2019 US\$'000	31 December 2020 US\$'000	31 December 2019 US\$'000
US\$/GBP increase by 10%	555	161	–	–
US\$/GBP decrease by 10%	(680)	(197)	–	–
US\$/AUD increase by 10%	588	(805)	–	(587)
US\$/AUD decrease by 10%	(718)	984	–	717
US\$/EGP increase by 10%	(655)	273	–	–
US\$/EGP decrease by 10%	799	(333)	–	–

The Group's sensitivity to foreign currency has increased at the end of the current period mainly due to an increase in GBP and EGP foreign currency cash holdings offset by a decrease in AUD foreign currency cash holdings as well as an increase in AUD financial assets at fair value through profit or loss holdings an increase in AUD and GBP trade payables offset by a decrease in EGP trade payables. There is also a decrease in US dollar cash holdings and offset by an increase in US dollar trade payables.

The amounts shown above are the main currencies which the Group is exposed to. Centamin also has small deposits in euro (US\$211,212) and West African franc (US\$460,730), and net payables of US\$4,110,508 in euro and US\$951,748 in West African franc. A movement of 10% up or down in these currencies would have a negligible effect on the assets/liabilities.

The Group has not entered into forward foreign exchange contracts. Natural hedges are utilised wherever possible to offset foreign currency liabilities. The Company maintains a policy of not hedging its currency positions and maintains currency holdings in line with underlying requirements and commitments.

(d) Commodity price risk

The Group's future revenue forecasts are exposed to commodity price fluctuations, in particular gold and fuel prices. The Group has not entered into forward gold hedging contracts.

Gold price

The table below summarises the impact of increases/decreases of the average realised gold price on the Group's profit after tax for the year. The analysis assumes that the average realised gold price per ounce had increased/decreased by 10% with all other variables held constant.

	Decrease by 10% US\$/oz	31 December 2020 US\$/oz	Increase by 10% US\$/oz
Average realised gold price	1,589	1,766	1,942

	Decrease by 10% US\$'000	31 December 2020 US\$'000	Increase by 10% US\$'000
Profit after tax	233,588	314,949	394,147

Fuel price

Any variation in the fuel price has an impact on the mine production costs. The analysis assumes that the average fuel price had increased/decreased by a few US cents per litre with all other variables held constant.



	Decrease by 10% US\$/litre	31 December 2020 US\$/litre	Increase by 10% US\$/litre
Fuel price	0.41	0.45	0.50

	Decrease by 10% US\$'000	31 December 2020 US\$'000	Increase by 10% US\$'000
Mine production costs	(7,416)	(339,012)	7,416

(e) Interest rate risk and liquidity risk

The Group's main interest rate risk arises from cash and short-term deposits and is not considered to be a material risk due to the short-term nature of these financial instruments. Cash deposits are placed on term period of no more than 30 days at a time.

The financial instruments exposed to interest rate risk and the Group's exposure to interest rate risk as at the balance sheet date were as per the table below.

The Group's liquidity position is managed to ensure that sufficient funds are available to meet its financial commitments in a timely and cost-effective manner.

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate management framework for the management of the Group's funding requirements. The Group manages liquidity risk by maintaining adequate cash reserves and management monitors rolling forecasts of the Group's liquidity on the basis of expected cash flow. The tables in section (a) to (c) of this note above reflect a balanced view of cash inflows and outflows and show the implied risk based on those values. Trade payables and other financial liabilities originate from the financing of assets used in the Group's ongoing operations. These assets are considered in the Group's overall liquidity risk. Management continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

	Weighted average effective interest rate %	Less than one month US\$'000	One to twelve months US\$'000	Total US\$'000
31 December 2020				
Financial assets				
Variable interest rate instruments	0.42%	111,147	150,009	261,156
Non-interest bearing	–	47,717	–	47,717
		158,864	150,009	308,873
Financial liabilities				
Non-interest bearing	–	66,694	–	66,694
		66,694	–	66,694
31 December 2019				
Financial assets				
Variable interest rate instruments	1.32	162,360	110,790	273,149
Non-interest bearing	–	57,853	–	57,853
		220,213	110,790	331,003
Financial liabilities				
Non-interest bearing	–	57,567	–	57,567
		57,567	–	57,567

(f) Credit risk



Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group's credit risk is concentrated on one entity, the refiner Asahi Refining Canada Ltd, but the Group has a good credit check on its customer and none of the trade receivables from the customer has been past due. Also, the cash balances held in all currencies are held with financial institutions with a high credit rating.

The gross carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of the value of collateral or other security obtained.

(g) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, principally as a consequence of the short-term maturity thereof.

(h) Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2020			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets at fair value through profit or loss	-	-	-	-

	2019			
	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial assets at fair value through profit or loss	6,454	-	-	6,454

There were no financial assets or liabilities subsequently measured at fair value on Level 3 fair value measurement bases.

(i) Mineral reserve and resource statement impact on ore reserves

The following disclosure provides information to help users of the financial statements understand the judgments made about the future and other sources of estimation uncertainty. The key sources of estimation uncertainty described in note 1.3.4 above and the range of possible outcomes are described more fully below.

Depreciation of capitalised underground mine development costs

Depreciation of capitalised underground mine development costs at SGM is based on reserve estimates. Management and Directors believe that these estimates are both realistic and conservative, based on current information. The analysis is based on the assumption that the reserve estimate has increased/decreased by 25% with all other variables held constant.

	Decrease by 25% US\$'000	31 December 2020 US\$'000	Increase by 25% US\$'000
Amortisation of rehabilitation asset (within mine development properties)	(1,161)	(871)	(653)
Amortisation of mine development properties (remainder)	(58,711)	(44,033)	(33,025)
Mine development properties – net book value	330,014	344,982	356,208
Property, plant and equipment – net book value	814,916	829,884	841,110

3.2 CAPITAL MANAGEMENT

3.2.1 RISK MANAGEMENT

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners of the parent, return capital to owners of the parent or issue new shares.

3.2.2 DIVIDENDS TO OWNERS OF THE PARENT

	31 December 2020 US\$'000	31 December 2019 US\$'000
Ordinary shares		
Q1 interim dividend for the year ended 31 December 2020 of 3.0 US cents per share (2019: Final dividend for the year ended 31 December 2018 of 3.0 US cents per share)	69,240	34,672
Q2 Interim dividend for the year ended 31 December 2020 of 6.0 US cents per share (2019: Interim dividend for the year ended 31 December 2019 of 4.0 US cents per share)	69,485	46,357
Total dividends provided for or paid	138,725	81,029
Dividends to owners of the parent:		
Paid in cash	138,725	81,029

4. GROUP STRUCTURE

4.1 SUBSIDIARIES AND CONTROLLED ENTITIES

The parent entity of the Group is Centamin plc, incorporated in Jersey, and the details of its subsidiaries and controlled entities are as follows:

	Nature of activity	Country of incorporation	Ownership interest	
			31 December 2020 %	31 December 2019 %
Centamin Egypt Limited	Holding company	Australia ⁽²⁾	100	100
Pharaoh Gold Mines NL (holder of an Egyptian branch)	Holding company	Australia ⁽²⁾	100	100
Sukari Gold Mining Company ⁽¹⁰⁾	Mining Company	Egypt ⁽⁵⁾	50	50
Centamin Group Services UK Limited	Services Company	UK ⁽³⁾	100	–
Centamin West Africa Holdings Limited	Holding company	UK ⁽⁴⁾	100	100
Sheba Exploration Limited (holder of an Ethiopia branch)	Holding company	UK ⁽⁴⁾	100	100
Sheba Exploration Holdings Limited ⁽¹⁾	Exploration Company	UK ⁽⁴⁾	100	100
Centamin Group Services Limited	Services Company	Jersey ⁽⁹⁾	100	100
Centamin Holdings Limited	Holding company	Jersey ⁽⁹⁾	100	100
MHA Limited	Holding company	Jersey ⁽⁹⁾	100	100
Centamin Limited	Holding company	Bermuda ⁽⁸⁾	100	100
Ampella Mining Limited	Holding company	Australia ⁽²⁾	100	100
Ampella Mining Gold SARL	Exploration Company	Burkina Faso ⁽⁶⁾	100	100
Ampella Mining SARL	Exploration Company	Burkina Faso ⁽⁶⁾	100	100
Ampella Resources Burkina Faso	Exploration Company	Burkina Faso ⁽⁶⁾	100	100
Konkera SA	Mining Company	Burkina Faso ⁽⁶⁾	90	90
Ampella Mining Côte d'Ivoire	Exploration Company	Côte d'Ivoire ⁽⁷⁾	100	100
Centamin Côte d'Ivoire	Exploration Company	Côte d'Ivoire ⁽⁷⁾	100	100
Ampella Mining Exploration CDI	Exploration Company	Côte d'Ivoire ⁽⁷⁾	100	100
Centamin Exploration CI	Exploration Company	Côte d'Ivoire ⁽⁷⁾	100	100

(1) Previously Sheba Exploration (UK) plc.

(2) Address of all Australian entities: Suite 8, 7 The Esplanade, Mount Pleasant, WA 6153.

(3) Address of Centamin Group Services UK Limited, Second Floor, 9-10 Savile Row, London, W1S 3PF

(4) Address of all other UK entities: Hill House, 1 Little New Street, London, EC4A 3TR.

(5) Address of all Egypt entities: 361 El-Horreya Road, Sedi Gaber, Alexandria, Egypt.

(6) Address of all Burkina Faso entities: Ampella Resources Burkina Faso: 11 BP 1974 Ouaga 11. Ampella Mining SARL: 01 BP 1621 Ouaga 01. Ampella Mining Gold SARL: 11 BP 1974 CMS 11 Ouaga 11. Konkera SA: 11 BP 1974 Ouaga CM11.

(7) Address of all Côte d'Ivoire entities: 20 BP 945 Abidjan 20.

(8) Address of Bermuda entity: Appleby Corporate Services (Bermuda) Ltd, Canon's Court, 22 Victoria Street, Hamilton HM EX, Bermuda.

(9) Address of all Jersey entities: 2 Mulcaster Street, St Helier, Jersey JE2 3NJ.

(10) Sukari Gold Mining Company is fully consolidated within the Group under IFRS 10 'Consolidated financial statements' as if it were a subsidiary due to it being a controlled entity, reflecting the substance and economic reality of the Concession Agreement ("CA") (see note 1.3.1, note 4.1 and note 4.2).



Through its wholly owned subsidiary, PGM, the Company entered into the Concession Agreement (“CA”) with EMRA and the ARE 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. The CA came into effect under Egyptian law on 13 June 1995.

In 2005 PGM, together with EMRA, were granted an exploitation lease over 160km² surrounding the Sukari Gold Mine site. The exploitation lease was signed by PGM, EMRA and the Egyptian Minister of Petroleum and gives tenure for a period of 30 years, commencing 24 May 2005 and extendable by PGM for an additional 30 years upon PGM providing reasonable commercial justification.

In 2006 SGM was incorporated under the laws of Egypt. SGM was formed to conduct exploration, development, exploitation and marketing operations in accordance with the CA. Responsibility for the day-to-day management of the project rests with the general manager, who is appointed by PGM.

The fiscal terms of the CA require that PGM solely funds SGM. PGM is however entitled to recover from sales revenue recoverable costs, as defined in the CA. EMRA is entitled to a share of SGM’s net production surplus or profit share (defined as revenue less payment of the fixed royalty to ARE and recoverable costs). As at 31 December 2015, PGM had not recovered its cost and, accordingly, no EMRA entitlement had been recognised at that date. During 2016, payments to EMRA commenced as advance profit share distributions. Any payment made to EMRA pursuant to these provisions of the CA are recognised as dividend paid to the non-controlling interest in SGM.

4.2 JOINT ARRANGEMENTS

The consolidated entity has interests in the following joint arrangements:

Name of joint operation	Percentage interest	
	31 December 2020 %	31 December 2019 %
Sukari Gold Mining Company ⁽¹⁾	50	50
Egyptian Pharaoh Investments ⁽²⁾	50	50

(1) Sukari Gold Mining Company is fully consolidated within the Group under IFRS 10 ‘Consolidated financial statements’ as if it were a subsidiary due to it being a controlled entity, reflecting the substance and economic reality of the Concession Agreement (“CA”) (see note 1.3.1, note 4.1 and note 4.2).

(2) Dormant company.

The Group has a US\$1 (cash) interest in the Egyptian Pharaoh Investments joint operation. The amount is included in the consolidated financial statements of the Group. There are no capital commitments arising from the Group’s interests in this joint operation.

Accounting policy: Interests in joint arrangements

The Group applies IFRS 11 ‘Joint arrangements’. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. Joint ventures are accounted for using the equity method. In relation to its interests in joint operations, the Group recognises its share of assets and liabilities; revenue from the sale of its share of the output; and its share of expenses.

SGM is wholly consolidated within the Centamin Group of companies, reflecting the substance and economic reality of the CA (see note 1.3.1, note 4.1 and note 4.2).

5. UNRECOGNISED ITEMS

5.1 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

Fuel supply

As set out in note 2.8, in January 2012 the Group was notified by Chevron, its supplier of Diesel Fuel Oil, that, on the instructions of the Egyptian General Petroleum Corporation (“EGPC”), Chevron would only be able to supply Diesel Fuel Oil to the mine at Sukari at international prices rather than at local subsidised prices which had been charged prior to that date. It is understood that EGPC had been advised by the Legal Advice Department of the Council of State (an internal government advisory department) that companies operating in the gold mining sector in Egypt were not entitled to such subsidies. On 19 June 2012, legal proceedings were issued by PGM in the Administrative Court against EGPC and the Minister of Petroleum, alleging that the withdrawal of the subsidy was unlawful. In November 2012, the Group received a further demand from Chevron for the repayment of fuel subsidies received during the period from late 2009 through to January 2012, amounting to EGP403 million (approximately US\$25.9 million at current exchange rates). EGPC filed a counterclaim against PGM for this amount.



In September 2016, the State Commissioner issued a report on the case, which was unfavourable to PGM, although this report is not binding on the court. In June 2020 the Administrative Court issued a judgment rejecting PGM's claim on procedural grounds, and at the same time it also rejected EGPC's counterclaim. The Court did not consider the merits of either PGM's case or the counterclaim. The Group's legal advisers remain of the view that the Group has a strong case and have advised that the judgment against PGM is based on an error of law. The Group has therefore submitted an appeal, as has EGPC. In September 2020 both appeals were referred to the State Commissioner for preparation of a legal report, which is expected later this year. If either appeal is successful, the case will be returned to the Administrative Court for consideration of the relevant claim or claim on its merits.

The Group believes that its grounds for challenging EGPC's decision are strong and that there is a good prospect of success. However, as a practical matter, and in order to ensure the continuation of supply whilst the matter is resolved, the Group continued to advance funds to its fuel supplier based on the international price for fuel from 2012 until the withdrawal of the domestic subsidy for Diesel Fuel Oil in 2020. Should this court action be successfully concluded the Group will look to recover the excess funds advanced. However, management recognises the practical difficulties associated with reclaiming funds from the government and for this reason has fully provided against the prepayment of US\$367 million. Refer to note 2.8 of these financial statements for further details on the impact of this provision on the Group's results for 31 December 2020.

No provision has been made in respect of the historical subsidies prior to January 2012 as, based on legal advice, the Company believes that, notwithstanding the unfavourable State Commissioner's report, the prospects of a court finding in its favour in relation to this matter remain very strong.

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 rights to operate in Egypt. This agreement, the Concession Agreement, was entered into between the Arab Republic of Egypt, the Egyptian Mineral Resources Authority and Centamin's wholly owned subsidiary Pharaoh Gold Mines NL, and was approved by the 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 court in order to demonstrate that the 160km² 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 160km² was not valid although it stated that there was in existence such a lease in respect of an area of 3km². Centamin, however, is in possession of the executed original lease documentation which clearly shows that the 160km² 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 in the first instance.

Upon notification of the judgment the Group took immediate 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 would be able to continue whilst the appeal process was underway.

EMRA lodged its own appeal in relation to this matter on 27 November 2012, the day after the Company's appeal was lodged, supporting the Group's view in this matter. Furthermore, in late December 2012, the Minister of Petroleum lodged a supporting appeal and shortly thereafter publicly indicated that, in his view, the terms of the Concession Agreement were fair and that the exploitation lease was valid. The Minister of Petroleum also expressed support for the investment and expertise that Centamin brings to the country.

The Group believes this demonstrates the government's commitment to their investment at Sukari and the government's desire to stimulate further investment in the Egyptian mining industry.

In 2016 the Supreme Administrative Court stayed the Concession Agreement appeal until the Supreme Constitutional Court has ruled on the validity of Law no. 32 of 2014. Law no. 32 of 2014 restricts the right of third parties to challenge contractual agreements between the Egyptian government and an investor and has partial retrospective effect, applying to any cases then before the courts but in which no final judgment had been given. The validity of this law, which was ratified by the Egyptian parliament in 2016, is currently under review by the Supreme Constitutional Court ("SCC"). In 2017, the SCC referred the case to the State Commissioner to prepare a complementary report to an initial report provided by the State Commissioner in Q1 2017 which took the view that Law no. 32 was unconstitutional. The State Commissioner's report and complementary report are advisory and non-binding on the SCC. If Law 32 is upheld, it is expected that a decision to uphold the Company's appeal would be taken in a relatively short time frame. If Law 32 is held to be invalid, it is possible that the Egyptian Government could introduce further legislative changes either to amend or replace Law 32, in which case the stay on proceedings would remain in place until the position is clear. If the Government decides against legislative action, then the stay on proceedings would be lifted and PGM's appeal would proceed to be considered on its merits.

The Group continues to believe that it has a strong legal position and that in the event that the SCC rules that Law no. 32 is invalid, it remains confident that its appeal would be successful.

Consequently, at this stage, it is not possible to say when the appeal will conclude, although there is the potential for court 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 160km² lease. It 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 affected to the extent that the Group's operation exceeds the exploitation lease area of 3km² referred to in the original court decision.

The Company remains confident that normal operations at Sukari will be maintained whilst the appeal case is heard.

Other contingent assets

There were no other contingent assets at year-end (31 December 2019: nil).

5.2 DIVIDENDS PER SHARE

The dividends paid in 2020 were US\$138,724,519 and are reflected in the consolidated statement of changes in equity for the year (2019: US\$81,029,238).

A final dividend in respect of the year ended 31 December 2020 of 3 US cents per share, totalling approximately US\$34.7 million has been proposed by the Board of Directors and is subject to shareholder approval at the annual general meeting on 11 May 2021. These financial statements do not reflect the dividend payable.

As announced on 9 January 2017, the update to the Company's dividend policy sets a minimum payout level relative to cash flow while considering the financial condition of, and outlook for, the Company. When determining the amount to be paid, the Board will take into consideration the underlying profitability of the Company and significant known or expected funding commitments. Specifically, the Board will aim to approve an annual dividend of at least 30% of the Company's net cash flow after sustaining capital costs and following the payment of profit share due to the government of Egypt.

5.3 SUBSEQUENT EVENTS

As referred to in note 5.2, subsequent to the year end, the Board proposed a final dividend for 2020 of 3 US cents per share. Subject to shareholder approval at the annual general meeting on 11 May 2021, the final dividend will be paid on 15 June 2021 to shareholders on record date of 21 May 2021.

As referred to in note 1.3.4, the Group mineral reserve and resource statement for SGM has been published with an effective date of 31 December 2020. The changes from the previous statement published with an effective date of 30 June 2019 will have a prospective effect on the amortisation of the rehabilitation asset and mine development properties. Please refer to the mineral reserve and resource statement impact on ore reserves note 3.1.1(i) where these sensitivities to the change has been disclosed.

There were no other significant events occurring after the reporting date requiring disclosure in the financial statements.

6. OTHER INFORMATION

6.1 RELATED PARTY TRANSACTIONS

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 4.1.

Equity interest in associates and jointly controlled arrangements

Details of interests in joint ventures are disclosed in note 4.2.

(b) Key management personnel compensation

Key management personnel 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 aggregate compensation made to key management personnel of the consolidated entity is set out below:

	For the year ended 31 December 2020 US\$	For the year ended 31 December 2019 US\$
Short-term employee benefits	7,627,053	5,906,929
Post-employment benefits	7,292	7,311
Share-based payments	1,564,277	1,919,602
	9,198,622	7,833,841

(c) Key management personnel equity holdings

The details of the movement in key management personnel equity holdings of fully paid ordinary shares in Centamin plc during the financial year ended 31 December 2020 are as follows:

31 December 2020	Balance at 1 January 2020	Granted as remuneratio n ("DBSP")	Granted as remuneratio n ("PSP")	Net other change – share plan lapse ⁽¹⁾	Net other change ⁽²⁾	Balance at 31 December 2020
M Horgan	–	–	590,000	–	16,405	606,405 ⁽³⁾
R Jerrard	1,897,000	–	390,000	(420,000)	15,000	1,882,000 ⁽³⁾
J Rutherford	–	–	–	–	200,000	200,000
S Eyre	–	–	–	–	–	–
M Bankes	190,000	–	–	–	–	190,000
M Cloete	15,000	–	–	–	–	15,000
C Farrow	–	–	–	–	–	–
I Fawzy	–	–	–	–	–	–
H Faul	–	–	–	–	–	–
Y El-Raghy	793,662	60,000	110,000	(72,000)	(200,000)	691,662 ⁽³⁾
H Bills	–	–	200,000	–	–	200,000 ⁽³⁾
P Cannon	–	–	–	–	–	–
J Singleton	546,000	–	200,000	–	–	746,000 ⁽³⁾
C Murray	–	–	200,000	–	–	200,000 ⁽³⁾
A Carse	385,336	80,000	80,000	–	–	545,336 ⁽³⁾
D Le Masurier	527,000	67,500	67,500	(107,000)	(117,700)	437,300 ⁽³⁾
R Nel	230,000	50,000	50,000	–	–	330,000 ⁽³⁾

(1) "Net other change – share plan lapse" relates to awards that have lapsed due to the full performance conditions not being met on the 2017 grant.

(2) "Net other change" relates to the on-market acquisition or disposal of fully paid ordinary shares.

(3) Balance includes unvested grants under the Company's performance share plan.

Since 31 December 2020 to the date of this report there have been no transactions notified to the Company under DTR 3.1.2.R.

The details of the movement in key management personnel equity holdings of fully paid ordinary shares in Centamin plc during the financial year ended 31 December 2019 are as follows:

31 December 2019	Balance at 1 January 2019	Granted as remuneration ("DBSP")	Granted as remuneration ("PSP")	Net other change – share plan lapse ⁽¹⁾	Net other change ⁽²⁾	Balance at 31 December 2019
R Jerrard	1,805,000	–	617,000	(525,000)	–	1,897,000 ⁽³⁾
S Eyre	–	–	–	–	–	–
M Bankes	190,000	–	–	–	–	190,000
M Cloete	–	–	–	–	15,000	15,000
C Farrow	–	–	–	–	–	–
I Fawzy	–	–	–	–	–	–
Y El-Raghy	763,662	–	114,000	(84,000)	–	793,662 ⁽³⁾
J Singleton	–	–	546,000	–	–	546,000 ⁽³⁾
A Carse	216,336	–	169,000	–	–	385,336 ⁽³⁾
D Le Masurier	576,000	–	127,000	(96,000)	(80,000)	527,000 ⁽³⁾
R Nel	120,000	–	110,000	–	–	230,000 ⁽³⁾

(1) "Net other change" relates to the on-market acquisition or disposal of fully paid ordinary shares.

(2) Includes shareholdings attributable to the El-Raghy family.

(3) Balance includes unvested grants under the Company's performance share plan.

(d) Key management personnel share option holdings

There were no options held, granted or exercised during the year by Directors or senior management in respect of ordinary shares in Centamin plc.

(e) Other transactions with key management personnel

The related party transactions for the year ended 31 December 2020 are summarised below:

- salaries, superannuation contributions, bonuses, LTIs, consulting and directors' fees paid to Directors during the year ended 31 December 2020 amounted to US\$3,915,877 (31 December 2019: US\$3,507,050); and

(f) Transactions with the government of Egypt

Royalty costs attributable to the government of Egypt of US\$24,792,435 (2019: US\$19,700,850) were incurred in 2020. Profit share to EMRA of US\$174,275,000 (2019: US\$87,075,000) was incurred in 2020.

(g) Transactions with other related parties

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

During the financial year, 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 year 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 year 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 the consolidated financial statements of the Group.

6.2 CONTRIBUTIONS TO EGYPT

(a) Gold sales agreement

On 20 December 2016, SGM entered into a contract with the Central Bank of Egypt (“CBE”). The agreement provides that the parties may elect, on a monthly basis, for the CBE to supply SGM with its local Egyptian currency requirements for that month to a maximum value of EGP80 million (2019: EGP50 million). In return, SGM facilitates the purchase of refined gold bullion for the CBE from SGM’s refiner, Asahi Refining Canada Ltd. This transaction has been entered into as SGM requires local currency for its operations in Egypt (it receives its revenue for gold sales in US dollars). Thirty-four transactions have been entered into at the date of this report, twelve of which in the current year, pursuant to this agreement, and the values related thereto are as follows:

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Gold purchased	29,319	35,641
Refining costs	15	19
Freight costs	30	53
	29,364	35,713

	For the year ended 31 December 2020 Oz	For the year ended 31 December 2019 Oz
Gold purchased	16,262	25,721

At 31 December 2020 the net receivable in EGP owing from the Central Bank of Egypt is approximately the equivalent of US\$42,987 (2019: US\$30,893 net payable owing to CBE).

(b) University grant

During 2018, the Group together with Sami El-Raghy and the University of Alexandria Faculty of Science initiated a sponsored scholarship agreement, the Michael Kriewaldt Scholarships, to outstanding geology major students to enrol at the postgraduate research programme of the geology department of the University for their MSc and/or PhD in mining and mineral resources. EGP10,000,000, EGP7,330,000 by PGM and EGP2,670,000 by Sami El-Raghy, was deposited in a fixed deposit account of which the interest earned will be put towards the cost of the scholarships and will be administered by the University on the conditions set out in the agreement. This amount has been accounted for under donations expense in profit and loss in 2019 and in 2020 the interest earned has also been accounted for under donations expense.

6.3 SHARE-BASED PAYMENTS

Performance share plan

The Company’s shareholder approved Performance Share Plan (“PSP”) allows the Company the right to grant awards (as defined below) to employees of the Group. Awards may take the form of either conditional share awards, where shares are transferred conditionally upon the satisfaction of performance conditions; or share options, which may take the form of nil cost options or have a nominal exercise price, the exercise of which is again subject to satisfaction of applicable performance conditions.

The awards due to be granted in June 2021 will vest following the passing of three years. Vesting will be subject to the satisfaction of the performance conditions (and for Executive Directors a full two-year post-vesting holding period). Awards will vest based upon a blend of three-year relative TSR, cash flow and production targets, full details of which are set out in the Directors’ Remuneration Report. These measures are assessed by reference to current market practice and the Remuneration Committee will have regard to current market practice when establishing the precise performance conditions for awards.

To date, the Company has granted the following conditional awards to employees of the Group:

June 2018 awards

Of the 4,908,000 awards granted on 27 June 2018 under the PSP, 585,400 awards remain granted to eligible participants (31 in total) applying the following performance criteria:

- 40% of the award shall be assessed by reference to a target total shareholder return;
- 20% of the award shall be assessed by reference to compound growth in Adjusted EBITDA; and



- 40% of the award shall be assessed by reference to compound growth in gold production.

June 2019 awards

Of the 4,845,000 awards granted on 14 June 2019 under the PSP, 2,711,000 awards remain granted to eligible participants (14 in total) applying the following performance criteria:

- 50% of the award shall be assessed by reference to a target total shareholder return;
- 25% of the award shall be assessed by reference to compound growth in adjusted free cash flow; and
- 25% of the award shall be assessed by reference to compound growth in gold production.

Conditional share awards and options together constitute “awards” under the plan and those in receipt of awards are “award holders”.

June 2020 awards

Of the 2,582,500 awards granted on 5 June 2020 under the PSP, 2,382,500 awards remain granted to eligible participants (13 in total) applying the following performance criteria:

- 50% of the award shall be assessed by reference to a target total shareholder return;
- 25% of the award shall be assessed by reference to compound growth in adjusted free cash flow; and
- 25% of the award shall be assessed by reference to compound growth in gold production.

Conditional share awards and options together constitute “awards” under the plan and those in receipt of awards are “award holders”.

A detailed summary of the scheme rules is set out in the 2020 AGM proxy materials which are available at www.centamin.com. In brief, awards will vest following the passing of three years from the date of the award and vesting will be subject to satisfaction of performance conditions. The above measures are assessed by reference to current market practice and the Remuneration Committee will have regard to market practice when establishing the precise performance conditions for future awards.

Where the performance conditions have been met, in the case of conditional awards awarded to certain participants, 50% of the total shares under the award will be issued or transferred to the award holders on or as soon as possible following the specified vesting date, with the remaining 50% being issued or transferred on the second anniversary of the vesting date.

Performance share plan awards granted during the year:

Grant date	PSP 2020 5 June 2020
Number of instruments	1,090,000
TSR: fair value at grant date GBP ⁽¹⁾⁽²⁾	0.87
TSR: fair value at grant date US\$ ⁽¹⁾⁽²⁾	1.07
Adjusted free cash flow and gold production: fair value at grant date GBP ⁽¹⁾⁽²⁾	1.28
Adjusted free cash flow and gold production: fair value at grant date US\$ ⁽¹⁾⁽²⁾	1.58
Vesting period (years)	3
Holding period applicable to 50% of the award (years) ⁽²⁾	2
Expected volatility (%)	49%
Expected dividend yield (%)	0%
Number of instruments	1,492,500
TSR: fair value at grant date GBP ⁽¹⁾	0.99
TSR: fair value at grant date US\$ ⁽¹⁾	1.22
Adjusted free cash flow and gold production: fair value at grant date GBP ⁽¹⁾	1.47
Adjusted free cash flow and gold production: fair value at grant date US\$ ⁽¹⁾	1.81
Vesting period (years)	3

Holding period applicable to 50% of the award (years)	0
Expected volatility (%)	49%
Expected dividend yield (%)	0%

(1) The vesting of 50% of the awards granted under this plan are dependent on a TSR performance condition. As relative TSR is defined as a market condition under IFRS 2 'Share-based payments', this requires that the valuation model used takes into account the anticipated performance outcome. We have therefore applied a Monte-Carlo simulation model. The simulation model takes into account the probability of performance based on the expected volatility of Centamin and the peer group companies and the expected correlation of returns between the companies in the comparator group. The remaining 50% of the awards are subject to adjusted free cash flow and gold production performance conditions. As these are classified as non-market conditions under IFRS 2 they do not need to be taken into account when determining the fair value. These grants have been valued using a Black-Scholes model. The fair value calculated was then converted at the closing GBP:US\$ foreign exchange rate on that day.

(2) A discount for lack of marketability has been applied to account for the decrease in value of the award by reason of the two-year holding period restriction.

Deferred bonus share plan ("DBSP")

In 2012, the Company implemented the DBSP, which is a long-term share incentive arrangement for senior management (but not Executive Directors) and other employees (participants).

On 4 June 2013, the Group offered to both the beneficiaries of the shares awarded under the Employee Loan Funded Share Plan ("ELFSP") and to the majority of the beneficiaries of the options granted under the Employee Option Scheme ("EOS") the choice to replace their awards and options with awards under the DBSP. The Group has accounted for this change as modifications to the share-based payment plans and will be recognising the incremental fair value granted, measured in accordance with IFRS 2, by this replacement over the vesting period of the new DBSP awards.

Under this offer, each participant has been granted a number of awards under the DBSP equivalent to the number of shares or options held under the ELFSP and EOS respectively. Such DBSP awards shall be subject to the terms and conditions of the DBSP and shall ordinarily vest in three equal tranches on the anniversary of the grant date, conditional upon the continued employment with the Group. All offers made to participants were accepted. The award of the deferred shares will not have any performance criteria attached. They will, however, be subject to a service period.

DBSP awards granted during the year:

Grant date	DBSP 2020 5 June 2020
Number of instruments	3,679,500
Share price/fair value at grant date Tranche 1 £ ⁽¹⁾	1.39
Share price/fair value at grant date Tranche 1 US\$ ⁽¹⁾	1.72
Share price/fair value at grant date Tranche 2 £ ⁽¹⁾	1.27
Share price/fair value at grant date Tranche 2 US\$ ⁽¹⁾	1.57
Share price/fair value at grant date Tranche 3 £ ⁽¹⁾	1.17
Share price/fair value at grant date Tranche 3 US\$ ⁽¹⁾	1.44
Vesting period Tranche 1 (years) ⁽²⁾	1
Vesting period Tranche 2 (years) ⁽²⁾	2
Vesting period Tranche 3 (years) ⁽²⁾	3
Expected dividend yield Tranche 1 (%)	5.90%
Expected dividend yield Tranche 2 (%)	4.88%
Expected dividend yield Tranche 3 (%)	7.60%

(1) The fair value of the shares awarded under the DBSP were calculated by using the closing share price on grant date, converted at the closing GBP:US\$ foreign exchange rate on that day. No other factors were taken into account in determining the fair value of the shares awarded under the DBSP.

(2) Variable vesting dependent on one to three years of continuous employment.

ACCOUNTING POLICY: SHARE-BASED PAYMENTS

Equity settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at grant date. Fair value is measured by the use of the Black-Scholes model. Where share-based payments are subject to market conditions, fair value was measured by the use of a Monte-Carlo simulation. A discount for lack of marketability has been applied to account for the decrease in value of the award by reason of the two-year holding



period restriction. The fair value determined at the grant date of the equity settled share-based payments is expensed over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

Share-based payments

Equity settled share-based transactions with other parties are measured at the fair value of the goods or services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specific period of time).

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity settled share-based transactions has been determined can be found above. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity settled employee benefits reserve.

6.4 EARNINGS PER SHARE ("EPS") ATTRIBUTABLE TO OWNERS OF THE PARENT

	For the year ended 31 December 2020 US cents per share	For the year ended 31 December 2019 US cents per share
Basic earnings per share	13.531	7.588
Diluted earnings per share	13.453	7.535

Basic earnings per share attributable to owners of the parent

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Earnings used in the calculation of basic EPS	155,979	87,463

	For the year ended 31 December 2020 Number	For the year ended 31 December 2019 Number
Weighted average number of ordinary shares for the purpose of basic EPS	1,152,715,180	1,152,715,180

Diluted earnings per share attributed to owners of the parent

The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Earnings used in the calculation of diluted EPS	155,979	87,463

	For the year ended 31 December 2020 Number	For the year ended 31 December 2019 Number
Weighted average number of ordinary shares for the purpose of basic EPS	1,152,715,180	1,152,715,180
Shares deemed to be issued for no consideration in respect of employee options	6,703,214	8,011,425
Weighted average number of ordinary shares used in the calculation of diluted EPS	1,159,418,394	1,160,726,605

No potential ordinary shares were excluded from the calculation of weighted average number of ordinary shares for the purpose of diluted earnings per share.

6.5 AUDITORS' REMUNERATION

The analysis of the auditors' remuneration is as follows:

	For the year ended 31 December 2020 US\$'000	For the year ended 31 December 2019 US\$'000
Fees payable to the Company's auditors and their associates for the audit of the Company's annual financial statements		
– Audit fee for the current year audit ⁽¹⁾	564	436
– Non-recurring audit fee in relation to scope changes ⁽²⁾	151	86
Fees payable to the Company's auditors and their associates for other services to the Group		
– Audit fee of the Company's subsidiaries	65	58
Total audit fees	789	604
Non-audit fees:		
– Audit related assurance services – interim review	134	112
– Risk management and advisory services	–	154
Total non-audit fees	134	266

(1) 2020 fee includes amounts in relation to the base audit fee US\$437k (2019: US\$420k), new applicable regulatory and auditing standards US\$40k, changes in scope and timetable of the audit US\$48k, corporate reporting review US\$18k (2019: US\$16k) and going concern assessments US\$21k (2019: US\$27k).

(2) Non-recurring audit fees relate to the prior year audit addressing going concern assessments US\$27k, impairment assessments US\$51k and changes in scope and timetable of the audit as a result of Covid-19 US\$73k.

All audit fees are billed in GBP and were translated at a foreign exchange rate of US\$1.37:GB£1 (2019: US\$1.32:GB£1). Not included within the above amounts are auditors' expenses (recharged to the company) of US\$9k (2019: US\$24k).

The Audit and Risk Committee and the external auditors have safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. These safeguards include the implementation of a policy on the use of the external auditors for non-audit related services.

Where it is deemed that the work to be undertaken is of a nature that is generally considered reasonable to be completed by the auditors of the Company for sound commercial and practical reasons, the conduct of such work will be permissible provided that it has been pre-approved. All these services are also subject to a predefined fee limit. Any work performed in excess of this limit must be approved by the Audit and Risk Committee.

6.6 GENERAL INFORMATION

Centamin plc (the "Company") is a listed public company, incorporated and domiciled in Jersey and operating through subsidiaries and jointly controlled entities operating in Egypt, Burkina Faso, Côte d'Ivoire, United Kingdom and Australia. It is the Parent Company of the Group, comprising the Company and its subsidiaries and joint arrangements.

Registered office and principal place of business:

Centamin 2 St Helier, Jersey JE2 3NJ	Mulcaster	plc Street
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The nature of the Group's operations and its principal activities are set out in the Governance Report and the Strategic Report of the Annual Report.

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