

UK gold miner Centamin seeks buyer for W African project

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Gold miner Centamin reported a smaller than expected fall in first-half earnings and said it was looking for a buyer or partner for its Burkina Faso project.



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The London-listed miner, which operates the Sukari Gold Mine in Egypt, said an internal review showed the Batie West project in Burkina Faso did not meet its investment criteria.

First-half earnings before interest, taxes, depreciation, and amortisation (Ebitda) came in at \$190.4m, down from \$256.2m a year earlier, but 8% ahead of analysts' average estimate.

Earnings fell largely due to a planned reduction in gold production at Sukari, which pushed overall output lower by 20% year-on-year to 204,275 ounces, the company said.

The production cuts are part of a three-year reset plan for the Sukari mine.

Shares down

Centamin shares, part of the FTSE midcap index, were down 3% to 102.85 pence at 0955 GMT.

Investors seem to be taking a "wait and watch approach," said BMO Capital Markets analyst Raj Ray.

"The market will be looking to the Sukari Phase 2 life-of-mine review in Q4/21 to get a better idea for the long-term potential of the Sukari asset. So despite earnings exceeding expectations ... there does not seem to be a rush to own the stock at this point."

Average realised gold prices rose 9% in the first half, Centamin said, as safe-haven buying due to the COVID-19 pandemic boosted bullion prices.

The company also declared an interim dividend of 4 cents per share, down from 6 cents a year earlier. It kept its guidance for production, cost and capital spending for the full year.

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