

## DECEMBER 2016 QUARTERLY ACTIVITIES REPORT

*Successful \$2.25M capital raising paves way for start of exploration activities at recently acquired Serra Misteriosa Gold Project in Brazil and aggressive gold exploration push in 2017*

25 January 2017



### DECEMBER QUARTER HIGHLIGHTS

#### GOLD EXPLORATION – SERRA MISTERIOSA GOLD PROJECT

- ▶ Induced Polarization (IP) survey commenced at the newly-acquired Serra Misteriosa Gold Project, which hosts a continuous 2.4km long, high-grade gold-in-soils anomaly (+50ppb Au) within a broader +5km long gold geochemical anomaly (+25ppb Au) that is up to 500m wide.
- ▶ IP survey will cover the extensive gold anomaly, associated with highly altered diorites, that displays remarkably similar geological and structural characteristics to the 5Moz Volta Grande Gold Project, owned by Belo Sun Mining Ltd (TSX).
- ▶ Maiden drill program planned for March/April 2017 following the end of the regional wet season.

#### CORPORATE

- ▶ Successful completion of 3-for-5 Rights Issue, which closed heavily oversubscribed raising \$2M.
- ▶ Due to the high level of subscriptions from shareholders, the Company agreed to accept a further \$250,000 as a placement, on the same terms as the Rights Issue.
- ▶ For every two new shares issued, shareholders will receive one free listed option with an exercise price of \$0.01 and an expiry date of 30 April 2018.
- ▶ All Centaurus Directors took up their full entitlements in the Rights Issue.
- ▶ Funds raised from the Rights Issue and Placement will be used to advance aggressive exploration of the Company's drill-ready Serra Misteriosa Gold Project during 2017.
- ▶ Establishment of Share Sale Facility to enable holders of Unmarketable Parcels of shares in the Company to sell their shares without incurring any brokerage or handling costs.



**OVERVIEW**

The December 2016 Quarter marked the start of an exciting new chapter for Centaurus, with the commencement of field exploration activities at the newly-acquired Serra Misteriosa Gold Project, which forms part of the highly prospective Pará Exploration Package (“Pará EP”) in Northern Brazil.

The extensive tenement package is located between several world-class mineral deposits – the 5Moz Volta Grande Gold Project, owned by TSX listed Belo Sun Mining, to the north and the giant Carajás IOCG province to the south (see Figure 1). The Pará EP group of tenements include prospective gold targets for both Volta Grande-style gold and Carajás-style copper-gold deposits.

Serra Misteriosa represents the most advanced project in the Pará EP, and a major Induced Polarization survey over the tenement area commenced during the Quarter to define preferred targets for drilling in the March Quarter of 2017. Initial results from this survey are expected in early February 2017.

This exploration campaign will be underpinned by a highly successful rights issue and share placement that was completed during the Quarter, which closed heavily over-subscribed and successfully raised \$2.25 million.

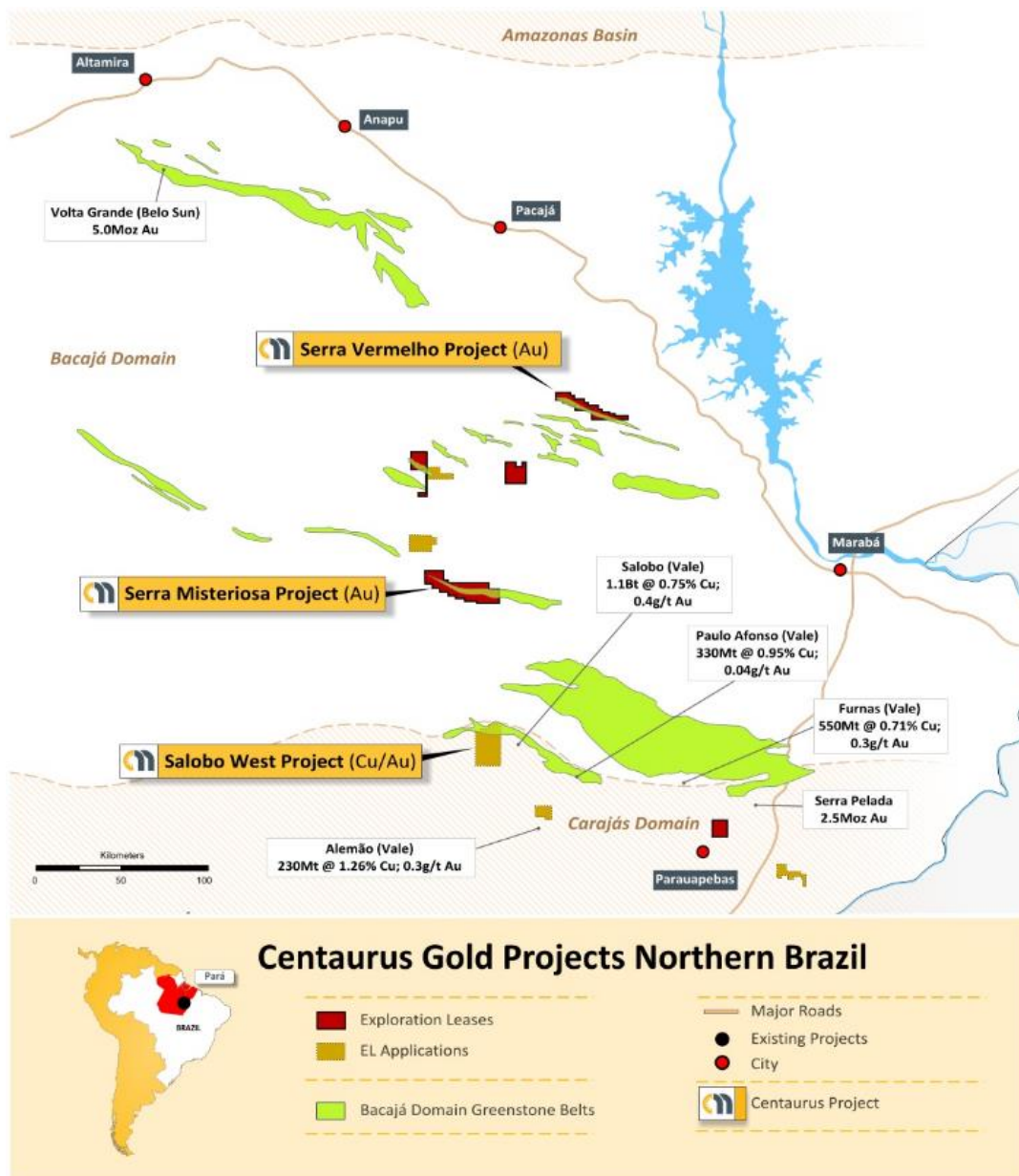


Figure 1: Location of Serra Misteriosa Gold Project and the broader Pará Exploration Package



**SERRA MISTERIOSA GOLD PROJECT**

During the Quarter, Centaurus commenced its first ground-based exploration program at the newly acquired Serra Misteriosa Gold Project in Northern Brazil, with an Induced Polarisation (IP) geophysical survey currently underway to help define the most prospective drill targets.

The Serra Misteriosa Gold Project forms part of the +750km<sup>2</sup> Pará Exploration Package (“Pará EP”) of tenements located in Brazil’s mineral-rich State of Pará, which the Company acquired in October 2016 (see ASX Announcement, 5 October 2016). The extensive tenement package is located between several world-class mineral deposits – the 5Moz Volta Grande Gold Project to the north and the giant Carajás IOCG province to the south (see Figure 1).

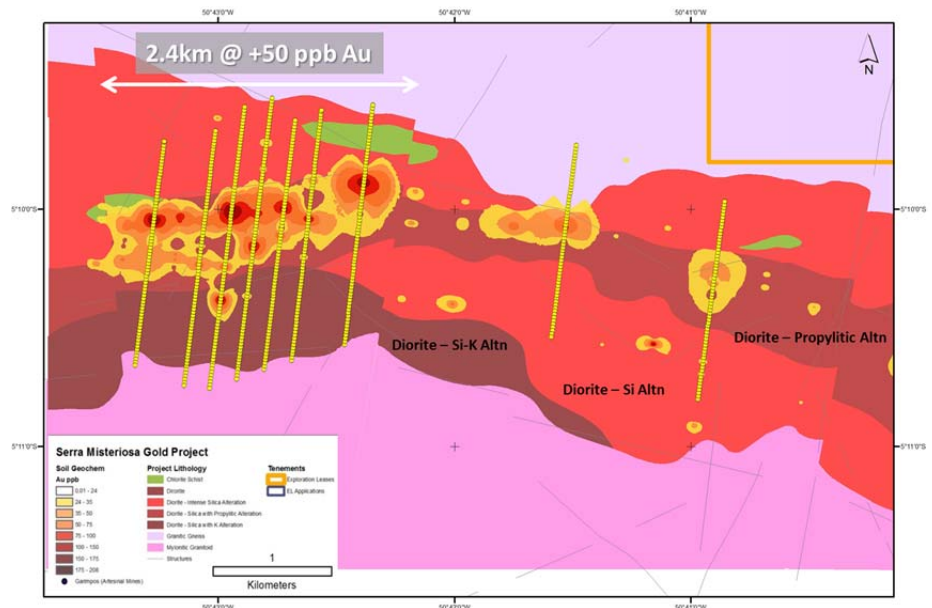
The Pará EP group of tenements include prospective gold targets for both Volta Grande-style gold and Carajás-style copper-gold deposits. The most advanced project in the Pará EP, and the immediate priority for Centaurus, will be the Serra Misteriosa Gold Project, where the Company will leverage off the quality preliminary exploration work already completed by its strategic partner, Terrativa, to define its preferred targets for drilling in March/April 2017.

The Serra Misteriosa tenement package covers 30km of strike extensions of a WNW-ESE trending highly altered suite of intrusive diorites and granodiorites. The primary target is delineated by a continuous 2.4km long, high-grade gold anomaly (+50ppb Au) within a broader +5km long gold geochemical anomaly (+25ppb Au) that is consistently up to 500m wide (see Figure 2).

A ground-based Induced Polarisation (IP) survey commenced during the Quarter and will initially cover the area of the continuous 2.4km long +50ppb Au anomaly with further survey work to be undertaken to cover additional satellite targets (see Figure 2).

The association of sulphides (arsenopyrite and pyrite) with the gold identified in surface samples at Serra Misteriosa makes the IP survey an important tool in targeting sulphide mineralisation at depth and enhancing the definition of drill targets for the early part of 2017. Additionally, the resistivity function of the survey will assist in identifying silica-enriched zones, another import vector tool for future drill planning.

The IP and resistivity surveys are being undertaken by WSL/Geomag. The survey includes +20km of survey lines and will utilise a pole-dipole array with an electrode spacing of 50m. The survey is designed to measure to a depth of 250m. The QAQC and interpretation of the IP survey will be undertaken by highly experienced US-based geophysicist, Mr Robert B. Ellis. Mr Ellis specialises in South American gold and base metals projects and has previously worked with AngloGold, Kinross, Codelco and Barrick (amongst others) and has extensive experience in Brazil working with Yamana.



**Figure 2: Serra Misteriosa IP plan map over the project geology and gold in soils map (yellow: >25ppb Au)**



**IRON ORE PROJECTS**

*Conquista DSO Project*

The Conquista Project comprises a portfolio of highly prospective tenements with extensive Direct Ship Ore (DSO) mineralisation located just 8km along well maintained gravel roads from the Company’s previously divested Candonga DSO Iron Ore Project (see Figure 3).

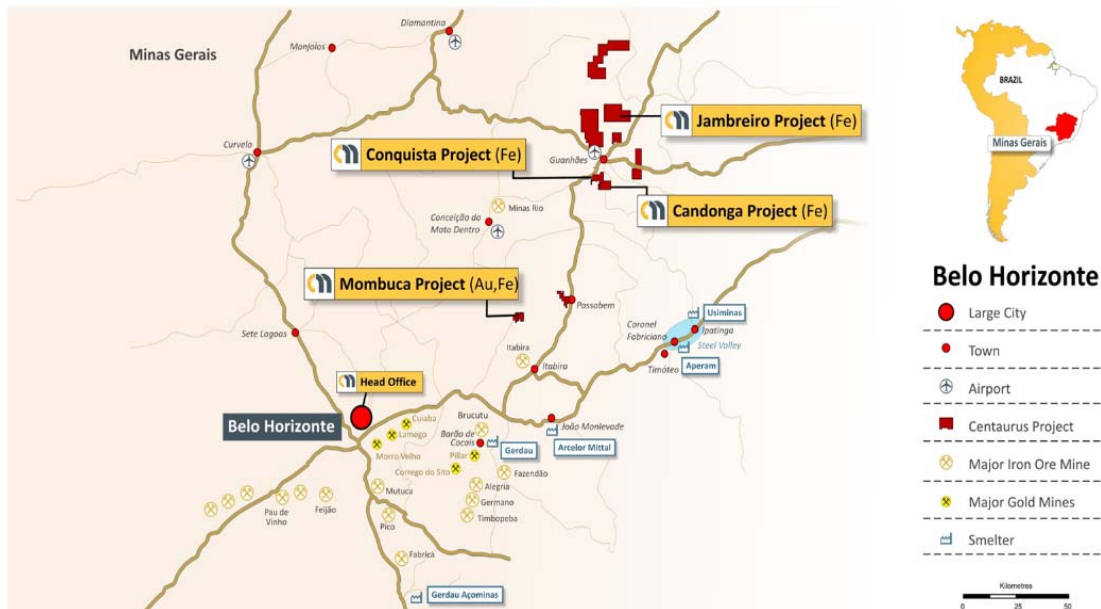
The Company has established an Exploration Target for the Conquista tenements of 3.5-8Mt of high-grade DSO grading 64-67% Fe, with a further 20-40Mt of itabirite mineralisation grading 35-45% Fe. The Exploration Target is based on detailed geological mapping, auger drill-hole results and is underpinned by the ground magnetic survey. The Exploration Target quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Centaurus believes that the Conquista DSO Iron Ore Project has the ability to be a significant cash generator for the Company in the near future via sale of the asset or through joint development. The Company remains in discussions with interested parties in respect to the Conquista asset.

*Jambreiro Project*

The Company’s 100%-owned Jambreiro Project, located in south-east Brazil (Figure 3), is a shovel-ready development project that is licenced for 3Mtpa of wet production and which represents a strategic asset in the Brazilian domestic iron ore and steel sector, particularly with the recent increase in iron ore prices and the premium pricing that exists in the market for high grade ore (+65% Fe) like that which could be produced at Jambreiro.

Centaurus intends to pursue opportunities to extract value from the Jambreiro Project via either an outright sale or joint development proposition. The Company’s Brazilian subsidiary that holds the Jambreiro asset also holds tax losses of approximately R\$180 million (A\$72 million).



**Figure 3: Centaurus Iron Ore Project Locations in South-East Brazil**





**MOMBUCA GOLD PROJECT**

The Mombuca Gold Project is located in the state of Minas Gerais, south-east Brazil (see Figure 3 above). Results from drilling undertaken by the Company in previous quarters has not been able to explain the strength of a number of IP anomalies in the project area and whilst further work in this regard is required, no field activities were undertaken at Mombuca during the Quarter given the current focus on the exploration work at the Serra Misteriosa Gold Project.

**AURORA COPPER PROJECT**

The Aurora Copper Project is located in the state of Ceara, north-east Brazil (see Figure 4). No field activities were undertaken at the Aurora Copper Project during the Quarter with the majority of the Company’s focus being on the exploration work at the Serra Misteriosa Gold Project.



**Figure 4: Centaurus Copper Project Locations in North-East Brazil**

**CORPORATE**

**Capital Raising**

The Company’s 3-for-5 renounceable rights issue was completed during the Quarter, closing heavily oversubscribed. The Company issued 402,467,414 New Shares and 201,233,707 New Options under the Rights Issue, raising a total of \$2 million before costs.

Under the offer, eligible shareholders could subscribe for 3 new shares for every 5 existing shares held at an issue price of \$0.005 per share, together with one free attaching option for every 2 new shares subscribed for with an exercise price of \$0.01 and an expiry date of 30 April 2018.

The issue was partially underwritten to \$1 million by CPS Capital, who acted as Lead Manager and Underwriter to the issue.

Due to the very strong level of demand from shareholders, the Company also agreed to place a further 50 million shares (\$250,000) and 25 million options on the same terms as those issued under the Rights Issue. Even with this additional placement, there was some scale-back of applications received from shareholders under the Rights Issue.

Quotation of the New Shares and New Options on the ASX commenced on 15 November 2016.



The proceeds of the Rights Issue and additional placement will predominantly be used to commence an active gold exploration program in Brazil, including the Company’s first-ever drill program on the recently acquired and highly prospective Serra Misteriosa Gold Project that forms part of the broader Pará Exploration Package in northern Brazil.

**Share Sale Facility**

During the Quarter, Centaurus established a Share Sale Facility for holders of Unmarketable Parcels of shares in the Company (Facility). The Company is providing the Facility to holders of Unmarketable Parcels to sell their shares without incurring any brokerage or handling costs that could otherwise make a sale of their shares uneconomic or difficult.

The Company will organise remittance of sale proceeds for those shareholders who participate in the Facility. The Company values its shareholders and by making this Facility available the Company expects to reduce the administrative costs associated with maintaining a number of small holdings. The ASX Listing Rules defines an “Unmarketable Parcel” as those with a market value of less than A\$500.

As at market close on 5 December 2016 (Record Date) an unmarketable parcel of shares in the Company was any shareholding of 71,427 shares or less, based on the closing price of 0.7 cents per Centaurus share. This represents 37,775,072 ordinary shares in Centaurus, held by 3,127 shareholders (representing approximately 72% of the total number of shareholders presently holding shares in the Company).

Under the Facility, the Shares will be sold off-market by the Company (acting as agent) to private investors. The Company has obtained indicative support from sophisticated investor clients of CPS Capital Ltd for this purpose. CPS Capital were the Lead Manager and Underwriter of the recently closed and heavily oversubscribed Rights Issue. The final sale price will be the market price of Centaurus Metals shares on ASX at or around the Closing Date of the Share Sale Facility, being 23 January 2017.

A summary of the key dates in relation to the Facility is as follows:

<i>Event</i>	<i>Date</i>
Unmarketable Parcels Record Date	5 December 2016
Unmarketable Parcels Announcement to ASX and Letter to Shareholders	12 December 2016
Closing Date for receipt of Share Retention Form	23 January 2017

**Cash Position**

At 31 December 2016, the Company held cash reserves of A\$1.9 million.

**Shareholder Information**

Following the completion of the rights issue outlined above, at the end of the reporting period the Company had 1,123,246,437 shares on issue with the Top 20 holding 40.2% of the total issued capital. Directors and Senior Management held 6.9% of the total issued capital.

In addition, the Company had 226,233,707 listed options on issue (CTMOA) with an exercise price of \$0.01 and an expiry date of 30 April 2018; 20,300,666 listed options on issue (CTMO) with an exercise price of \$0.05 and an expiry date of 31 March 2017; and 24,500,000 unlisted options on issue.

**DARREN GORDON**  
**MANAGING DIRECTOR**



## **Competent Person Statement**

*The information in this report that relates to Exploration Results is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited. Roger Fitzhardinge has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Fitzhardinge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

## **Exploration Targets**

*This Report comments on and discusses Centaurus Metals Limited's exploration in terms of target size and type. The information in relation to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Mineral Resources or Ore Reserves. It is uncertain if further exploration work will result in the determination of a Mineral Resource or Ore Reserve.*



Additional Information Required by LR5.3.3

Tenement Listing

Brazilian Tenements

Tenement	Project Name	Location	Interest
800.444/2011	Aurora	Ceará	100%
800.442/2011	Aurora	Ceará	100%
800.480/2011	Aurora	Ceará	100%
800.471/2011	Aurora	Ceará	100%
800.469/2011	Aurora	Ceará	100%
800.487/2011	Parambu	Ceará	100%
800.474/2011	Parambu	Ceará	100%
800.468/2011	Parambu	Ceará	100%
800.470/2011	Parambu	Ceará	100%
831.638/2004	Canavial	Minas Gerais	100%
831.639/2004	Canavial	Minas Gerais	100%
831.629/2004	Candongá	Minas Gerais	100% <sup>(1)</sup>
832.183/2014	Conquista	Minas Gerais	100%
832.776/2006	Conquista	Minas Gerais	100%
833.185/2006	Conquista	Minas Gerais	100%
832.316/2005	Itambé	Minas Gerais	100%
833.133/2014	Mombuca	Minas Gerais	100%
830.668/2015	Mombuca	Minas Gerais	100%
831.879/2015	Mombuca	Minas Gerais	100%
831.649/2004	Jambreiro (Mining Lease)	Minas Gerais	100%
833.409/2007	Jambreiro (Mining Lease)	Minas Gerais	100%
834.106/2010	Jambreiro (Mining Lease)	Minas Gerais	100%
831.645/2006	Passabém	Minas Gerais	100%
830.588/2008	Passabém	Minas Gerais	100%
831.002/2007	Regional Guanhães	Minas Gerais	100%
833.410/2007	Regional Guanhães	Minas Gerais	100%
833.795/2013	Regional Guanhães	Minas Gerais	100%
831.363/2014	Tenda I	Minas Gerais	100%
831.364/2014	Tenda II	Minas Gerais	100%
851.548/2011	Serra Misteriosa	Pará	CTM has a 100% Earn-in right <sup>(2)</sup>
850.258/2013	Serra Misteriosa	Pará	CTM has a 100% Earn-in right <sup>(2)</sup>
850.130/2013	Parauapebas	Pará	CTM has a 100% Earn-in right <sup>(2)</sup>

(1) Tenement is held 100% however a lease agreement is in place with Ecosinter – Industria de Beneficiamento de Residuos Ltda.

(2) Agreement signed during the December 2016 Quarter. Centaurus will earn the right to acquire 100% of the tenements by undertaking R\$2.5m of expenditure by December 2018.

Australian Tenements

Tenement	Project Name	Location	Interest
EPM14233	Mt Guide	Queensland	10% <sup>(3)</sup>

(3) Subject to a Farm-Out and Joint Venture Exploration Agreement with Summit Resources (Aust) Pty Ltd. Summit has earned a 90% interest in the Project. Aston Metals (QLD) Limited is earning 80% of Summit's interest in the Project.