



## **MARCH 2020 QUARTERLY ACTIVITIES REPORT**

*Centaurus on track for maiden JORC Resource at Jaguar Nickel Sulphide Project by mid-year with diamond drilling well advanced and delivering outstanding results, including a new discovery at Onça Rosa; Positive results from initial metallurgical testwork supporting development pathway; Share consolidation completed*

**29 April 2020**

### **MARCH QUARTER HIGHLIGHTS**

#### **JAGUAR NICKEL SULPHIDE PROJECT**

- ▶ Shallow drilling at the Onça Preta Deposit intersected semi-massive to massive nickel sulphides, returning a significant intercept of:
  - ▶ **14.9m at 2.94% Ni from 56.8m** in JAG-DD-20-021, incl **9.6m at 4.19% Ni from 62.2m**.
- ▶ Shallow Resource drilling at the Jaguar South Deposit continues to successfully intersect multiple zones of semi-massive to massive nickel sulphides, extending the strike of the Central Zone to beyond 350m and remaining open in both directions and at depth. Shallow results released during the quarter included:
  - ▶ **12.1m at 1.28% Ni from 64.6m**, incl. **3.7m at 2.07% Ni from 68.2m** and **15.3m at 1.24% Ni from 98.2m** in JAG-DD-19-012
  - ▶ **11.5m at 1.45% Ni from 149.5m** in JAG-DD-19-014, incl. **5.2m at 2.72% Ni from 149.5m**
- ▶ Further outstanding drilling results from Jaguar South announced subsequent to quarter end (refer ASX announcement 23 April 2020), including **37.7m at 2.11% Ni from 109.4m** and **21.8m at 2.65% Ni from 22.2m**.
- ▶ New, high-grade nickel sulphide discovery at the Onça Rosa Prospect, with assay result including:
  - ▶ **9.3m at 3.13% Ni from 281.8m** in JAG-DD-20-017.
- ▶ Positive results from metallurgical testwork from both the Jaguar South and Onça Preta deposits, with a **16.0% nickel concentrate grade from both deposits and nickel recoveries in excess of 81.6%**.
- ▶ Terms of Reference for Environmental Impact Assessment (EIA/RIMA) issued by Pará Environmental Agency (Semas) with wet Season data collection for EIA/RIMA well advanced.

#### **CORPORATE**

- ▶ Jaguar Project acquisition formally completed following receipt of regulatory approval from the Brazilian National Bank for Economic and Social Development (BNDES).
- ▶ Consolidation of issued capital completed on a 15-for-1 basis, resulting in a tighter capital structure more appealing to a wider range of investors.
- ▶ In response to the COVID-19 virus situation, multiple controls have been implemented to help protect the health and safety of Centaurus' in-country workforce, their families and the local community, as well as to help maintain business continuity.
- ▶ Cash at 31 March 2020 of A\$7.5 million.

##### **Australian Office**

Centaurus Metals Limited  
Level 3, 10 Outram St  
WEST PERTH WA 6005

##### **Brazilian Office**

Centaurus Brasil Mineração Ltda  
Avenida Barão Homem de Melo, 4391  
Salas 606 e 607 - Estoril  
Belo Horizonte - MG - CEP: 30.494.275  
BRAZIL

##### **ASX: CTM**

ACN 009 468 099  
office@centaurus.com.au  
Telephone: +61 8 6424 8420



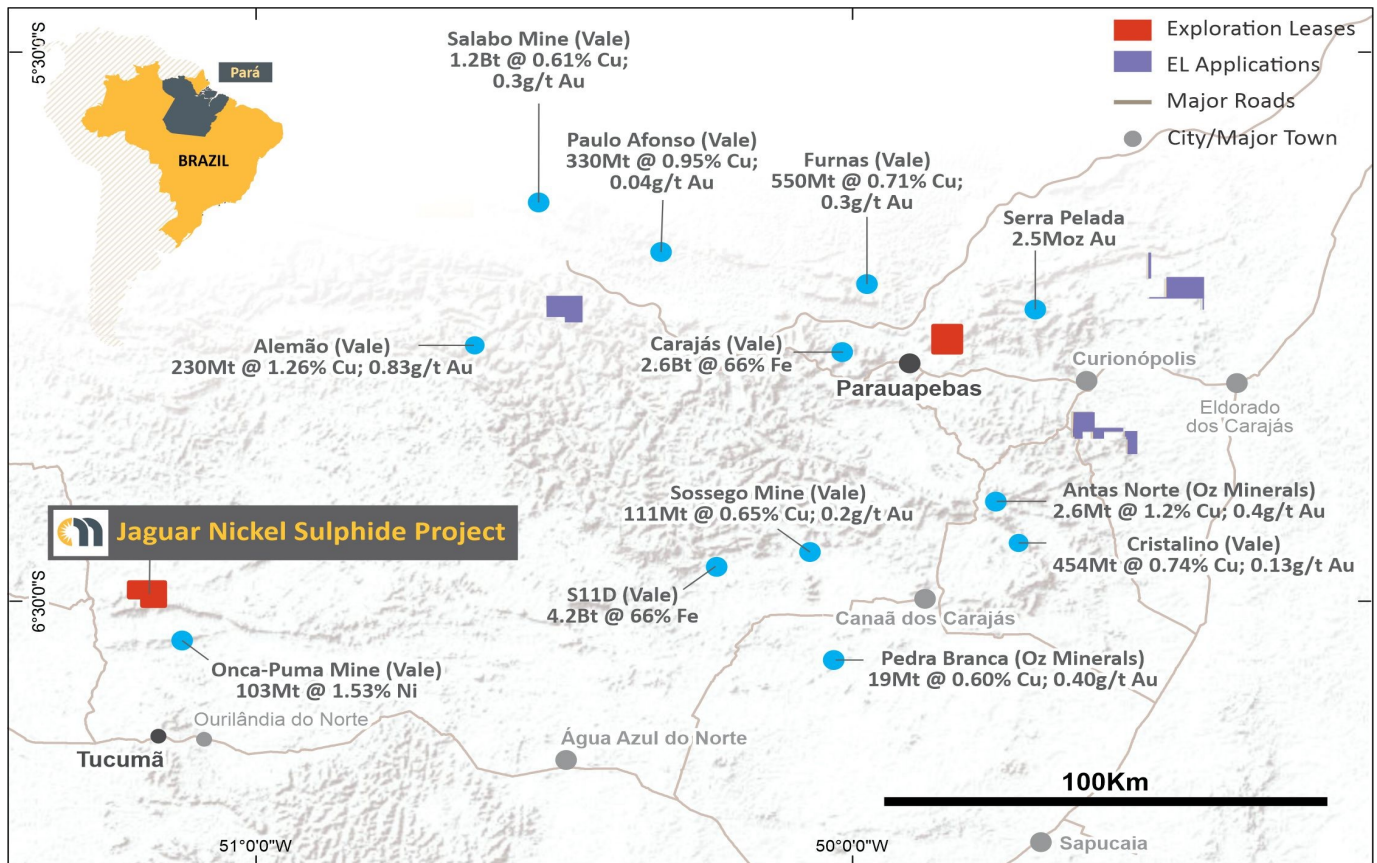
## JAGUAR NICKEL SULPHIDE PROJECT

In August 2019, Centaurus secured an exceptional exploration, growth and development opportunity in the international nickel sulphide sector after executing a formal Sale & Purchase Agreement with global mining giant, Vale S.A. (“Vale”) to acquire the advanced, large-scale Jaguar Nickel Sulphide Project, located in the world-class Carajás Mineral Province of northern Brazil (Figure 1).

The closing of the acquisition was completed on 9 April 2020 following formal regulatory approval by the Brazilian National Bank for Economic and Social Development (BNDES).

Jaguar is an at-surface nickel sulphide project with a non-JORC compliant resource of **40.4Mt at 0.78% Ni (at a 0.5% Ni cut-off) for a total of 315kt<sup>1</sup> of contained nickel metal** that is underpinned by more than 55,000m of historical diamond drilling by Vale and an extensive geological and geophysical database. Within the historical resource drilling, multiple shallow massive to semi-massive sulphide zones have been identified with some outstanding high-grade intersections such as **34.0m at 3.31% Ni from 56m** in PKS-JAGU-DH00065.

Figure 1: Jaguar Nickel Sulphide Project Location Map



<sup>1</sup> CTM cautions that the mineral resources for the Jaguar Project are not reported in accordance with the JORC Code. A Competent Person has not yet done sufficient work to classify the resources as mineral resources in accordance with the JORC code. It is uncertain that, following evaluation or further work, the foreign estimate will be able to be reported as Mineral Resources in accordance with the JORC Code. Refer to ASX Announcement 6 August 2019 for detail on foreign resource.



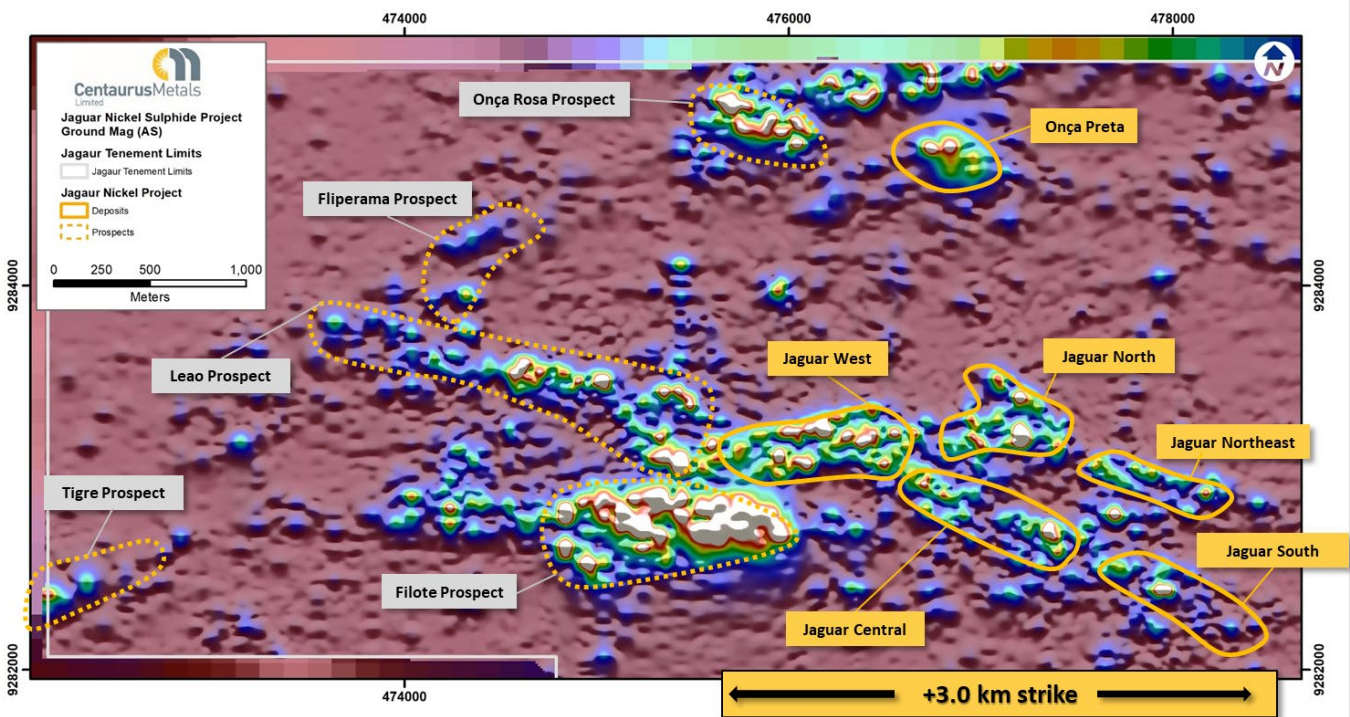
**Diamond Drilling Program at Jaguar**

Centaurus’ maiden drilling program at the Jaguar project continued throughout the March Quarter.

Centaurus has two clear objectives with its maiden drill campaign – firstly to extend the known high-grade nickel sulphide intersections and, secondly, to identify new high-grade nickel sulphide zones. Drilling during the Quarter targeted extensions to known high-grade nickel sulphide zones and the identification of new high-grade zones within the Onça-Preta and Jaguar South Deposits, and at the Onça Rosa prospect (Figure 2).

Assay results from all three locations successfully intersected new zones of semi-massive to massive nickel sulphides, including a new high-grade discovery at Onça Rosa.

**Figure 2: Jaguar Nickel Sulphide Project – Deposit and Prospect Location Map**



**Onça Preta Deposit**

The Onça Preta Deposit mineralisation is a consistent tabular body of high-grade nickel sulphides and intense magnetite alteration set within a competent granite. Mineralisation comes to surface where it is identified as nickeliferous magnetite outcrop and boulders along a 250m long ridge coincident with a FLEM conductor plate and strong ground magnetic anomaly.

Drill-hole JAG-DD-20-021 was collared in the centre of the ridge and was designed to test the mineralisation near-surface but beneath the base of oxidation. The drilling returned the following outstanding high-grade nickel sulphide intersection **from just 56.8m down-hole** (see Figure 3):

- **14.9m at 2.94% Ni, 0.21% Cu and 0.13% Co** from 56.8m in JAG-DD-20-021, including:
  - **9.6m at 4.19% Ni, 0.29% Cu and 0.16% Co** from 62.2m.

Two additional shallow drill holes have been completed 50m east and west of JAG-DD-20-021. Both holes have intersected nickel sulphide mineralisation, with assays pending.



The recent drilling, coupled with results from the preliminary ground magnetics survey, demonstrates that the Onça Preta body extends over a strike length of 250m. The deposit remains open along strike to the east and down-dip.

In addition to JAG-DD-20-021 showing an outstanding near surface result, the drilling at Onça Preta has demonstrated that the grade and width of the mineralisation is generally increasing with depth.

The results from JAG-DD-20-018, which returned **4.9m at 2.25% Ni, 0.11% Cu and 0.09% Co** from 170.5m, show the Onça Preta orebody remains open at depth and importantly supports the premise that the grade appears to be increasing with depth.

The deepest drill hole at Onça Preta to date, PKS-JAGU-DH00014, returned **18.0m @ 2.19% Ni** including **9.4m @ 2.96% Ni** from 318m depth as well as **7.9m @ 2.18% Ni** including **5.7m @ 2.72% Ni** from 352m depth (see Figure 3). Centaurus sees significant potential to extend the deposit at depth, with DHEM conductor plates continuing down-dip below these intersections.

Future step-out drilling will be completed with the aid of new DHEM survey work once complete.

Figure 3 – Onça-Preta Deposit: Section 476840mE, showing new drill intersection at JAG-DD-20-021.

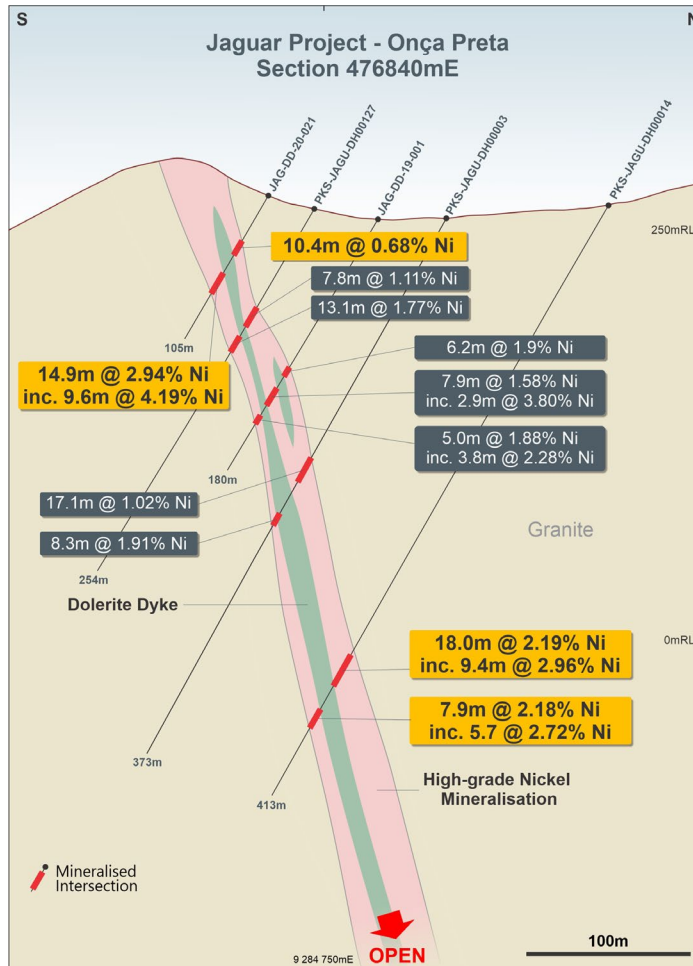
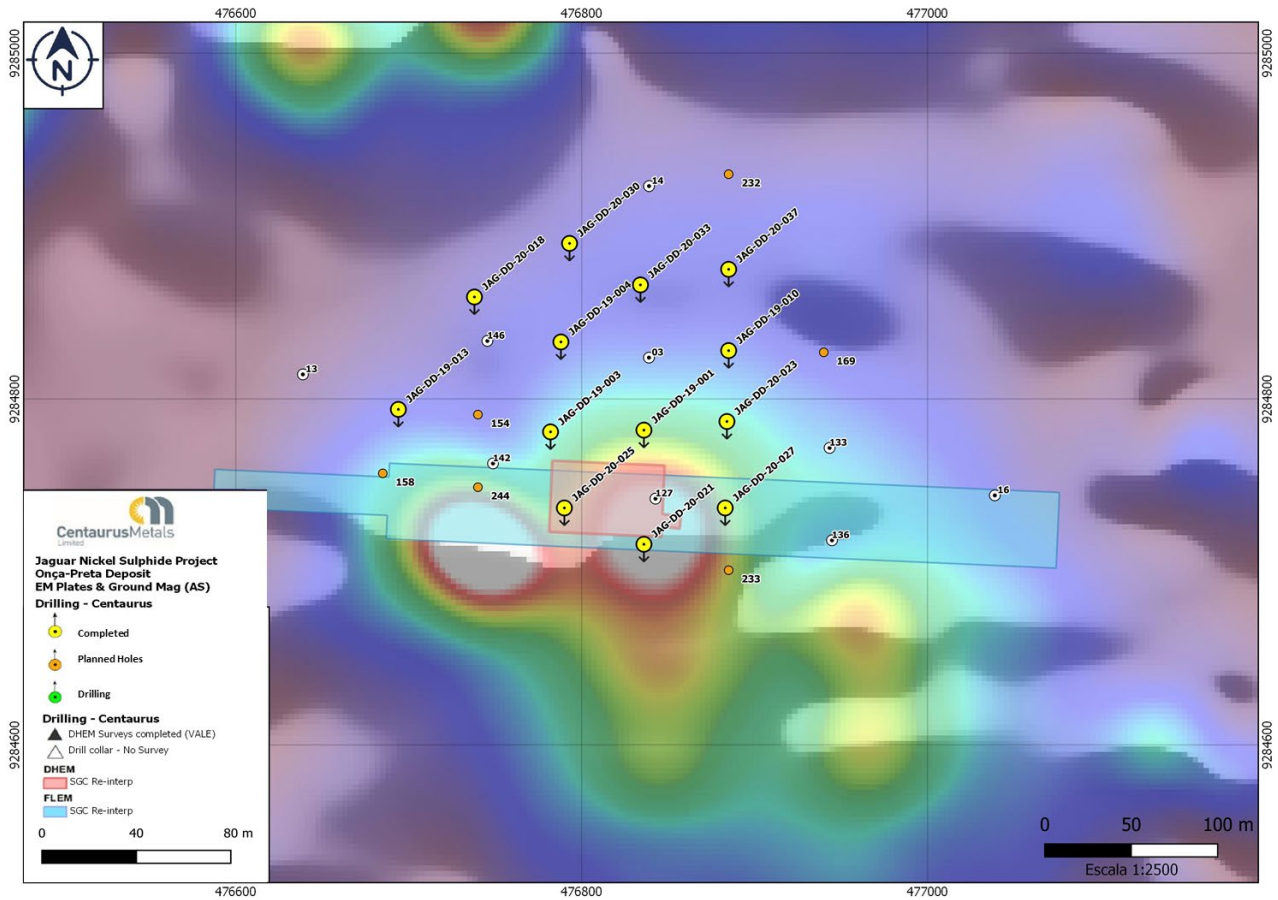




Figure 4 – The Onça-Preta Deposit with DHEM conductor plates (red) and FLEM plates (blue) overlaid on the Ground Magnetics Survey results (Analytic Signal) showing drill collars as at 31 March 2020 (assays remain outstanding for a number of these holes).



**Jaguar South Deposit**

Resource in-fill and extensional drilling at the Central Zone of the Jaguar South Deposit continues to confirm the consistency of the high-grade nickel sulphide mineralisation from near surface.

The Central Zone features more than 350m of strike extent, is a continuous sub-vertical semi-massive and massive breccia zone that is up to 20m wide and extends from surface to more than 300m depth. The orebody remains open along strike to the west and down-dip (see Figure 5).

Importantly, diamond holes JAG-DD-19-012 and JAG-DD-20-014 (see Figure 5) returned intersections including **15.3m at 1.24% Ni** and **11.5m at 1.45% Ni** on a section 50m to the west of the Central Zone, outside the historical resource envelope.



Figure 5 – The Jaguar South Deposit: Cross-Sections 478090mE (left) and 478140mE (right) showing the new drill intersections JAG-DD-19-012 and JAG-DD-19-014.

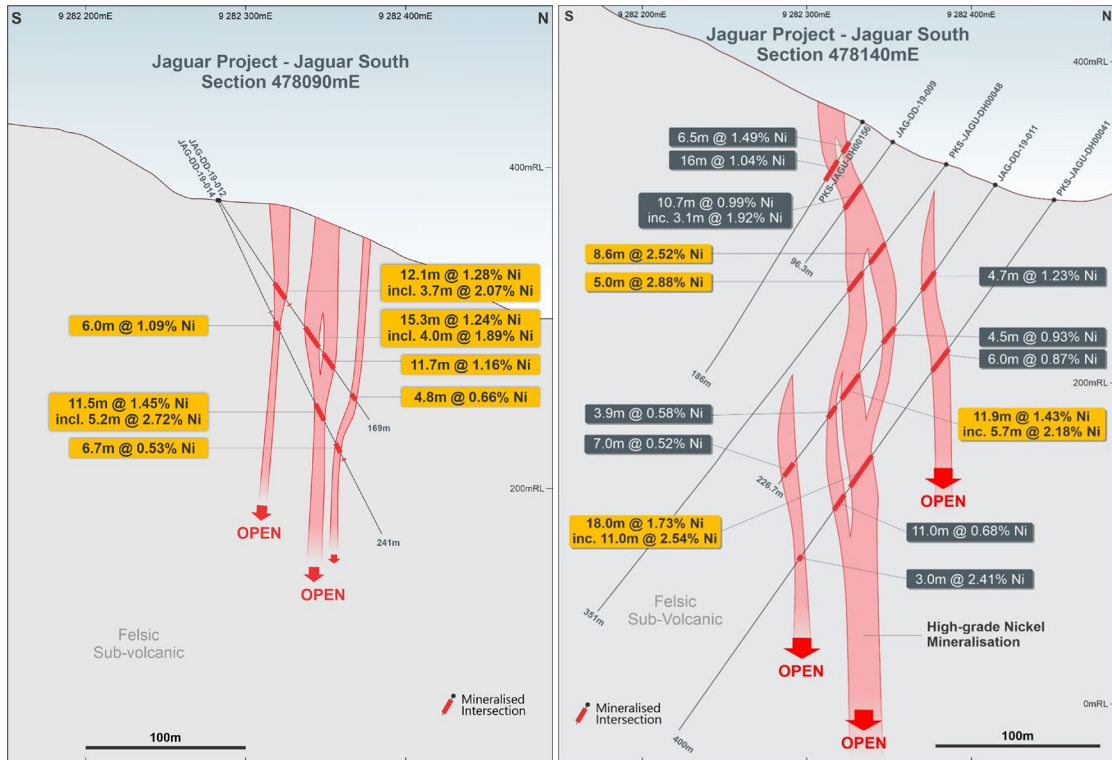
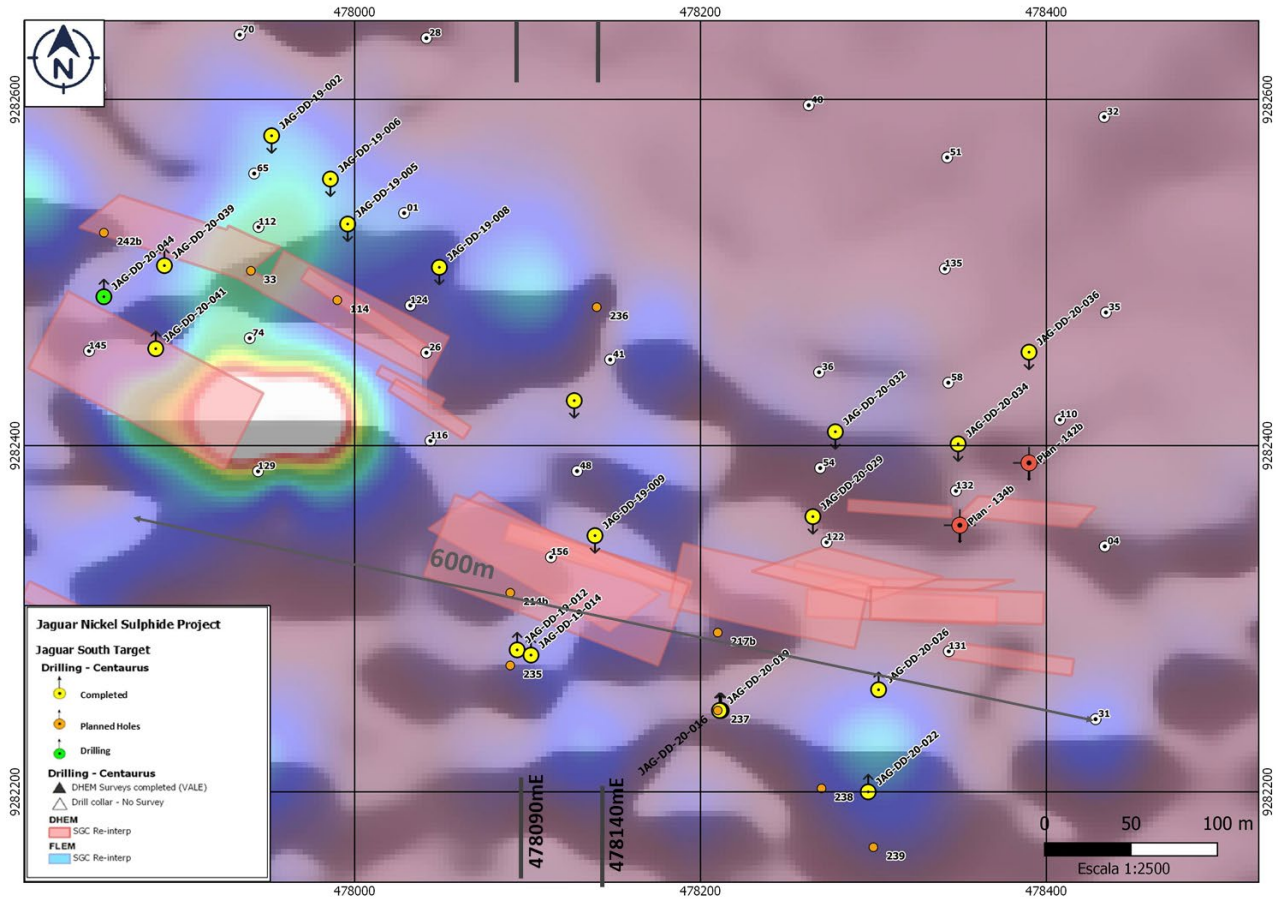


Figure 6 – The Jaguar South Deposit with DHEM conductor plates (red) overlaid on the Ground Magnetics Survey results (Analytic Signal) showing drill collars as at 31 March 2020 and the location of Figure 5 sections.





All Centaurus drilling completed to date at the Jaguar South Deposit has hit semi-massive and stringer to massive nickel sulphides. The **drilling has been relatively shallow** as the program to date has only drilled down to 220m.

Importantly, historical drilling results show that deeper holes generally return the highest grades within the deposit, including **18.0m @ 1.73% Ni** (including **11.0m @ 2.54% Ni**) in PKS-JAGU-DH00041 as seen in Figure 5 above.

New assay results during the quarter from the Central Zone of the Jaguar South Deposit include:

- **12.1m at 1.28% Ni, 0.05% Cu and 0.03% Co** from 64.6m in JAG-DD-19-012, including:
  - **3.7m at 2.07% Ni, 0.05% Cu and 0.04% Co** from 68.2m;
- **15.3m at 1.24% Ni, 0.04% Cu and 0.02% Co** from 98.2m in JAG-DD-19-012;
- **11.7m at 1.16% Ni, 0.03% Cu and 0.02% Co** from 118.2m in JAG-DD-19-012;
- **6.0m at 1.09% Ni, 0.04% Cu and 0.03% Co** from 92.0m in JAG-DD-19-014;
- **11.5m at 1.45% Ni, 0.03% Cu and 0.02% Co** from 149.5m in JAG-DD-19-014, including:
  - **5.2m at 2.72% Ni, 0.04% Cu and 0.05% Co** from 149.5m in JAG-DD-19-014;
- **4.6m at 1.16% Ni, 0.08% Cu and 0.06% Co** from 48.0m in JAG-DD-20-016;
- **15.0m at 1.10% Ni, 0.02% Cu and 0.03% Co** from 88.7m in JAG-DD-20-016;
- **6.8m at 1.48% Ni, 0.05% Cu and 0.03% Co** from 165.2m in JAG-DD-20-016, including:
  - **2.0m at 3.40% Ni, 0.11% Cu and 0.08% Co** from 167.6m in JAG-DD-20-016;
- **5.5m at 1.37% Ni, 0.06% Cu and 0.02% Co** from 79.0m in JAG-DD-20-019;
- **8.0m at 1.00% Ni, 0.04% Cu and 0.02% Co** from 196.0m in JAG-DD-20-019.

Further outstanding drilling results from Jaguar South were announced subsequent to quarter end (refer ASX announcement 23 April 2020), **including 37.7m at 2.11% Ni from 109.4m and 21.8m at 2.65% Ni from 22.2m.**

DHEM surveys have now been completed on the new Jaguar South drilling and the conductor plates demonstrate that the mineralisation is continuous at depth.

Step-out drilling to test the plates and potentially higher-grade mineralisation at depth is ongoing.

### ***High-grade Nickel Sulphide Discovery at Onça Rosa***

Exploration drilling during the March Quarter intersected a thick zone of high-grade semi-massive to massive nickel sulphides at the Onça Rosa Prospect.

The drilling at Onça Rosa, which was designed to test for extensions of high-grade nickel sulphide mineralisation intersected historically at the prospect by Vale, confirmed a significant down-dip extension of the mineralisation – elevating this area as a high-priority for ongoing exploration and future Resource definition.

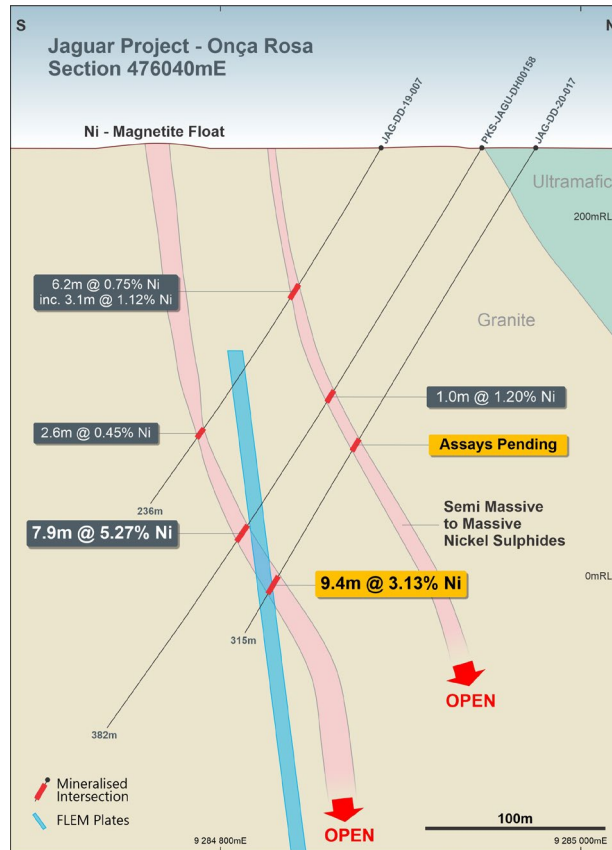
This is the first systematic drilling by Centaurus outside of the current non-JORC mineral Resource envelope at Jaguar, with the outstanding new results representing a significant development for the broader project.

Drill hole JAG-DD-20-017 was designed to test the down-dip extension of historical drill hole PKS-JAGU-DH00158, which intersected semi-massive and massive sulphides and returned an intercept of **7.9m at 5.27% Ni** from 247.0 metres.



The drill hole intersected a continuous zone of semi-massive and massive sulphides including pyrite, pentlandite, millerite and chalcopyrite along with intense magnetite alteration, returning an intercept of **9.4m at 3.13% Ni, 0.19% Cu and 0.08% Co** from 281.8m (see Figure 7).

**Figure 7 – The Onça Rosa Prospect: Cross-Sections 476040mE showing the new drill intersection in yellow and historical intersections in grey along with the FLEM conductor plate in blue.**



The Onça Rosa Prospect is highlighted by a 600m long FLEM conductor plate, which is coincident with a magnetic anomaly and high Ni/Cr soil geochemical ratios which are indicative of nickel sulphides.

Importantly, drill hole JAG-DD-20-020, designed to test the central zone of the Onça Rosa Prospect also intersected an 8.0m semi-massive sulphide zone between 157.0m to 165.0m down-hole. Assays are pending. JAG-DD-20-020 is located over 100m along strike to the west from JAG-DD-20-017 and provides further evidence for the continuity of the sulphide mineralisation along strike and the significant growth potential of the Onça Rosa Prospect.

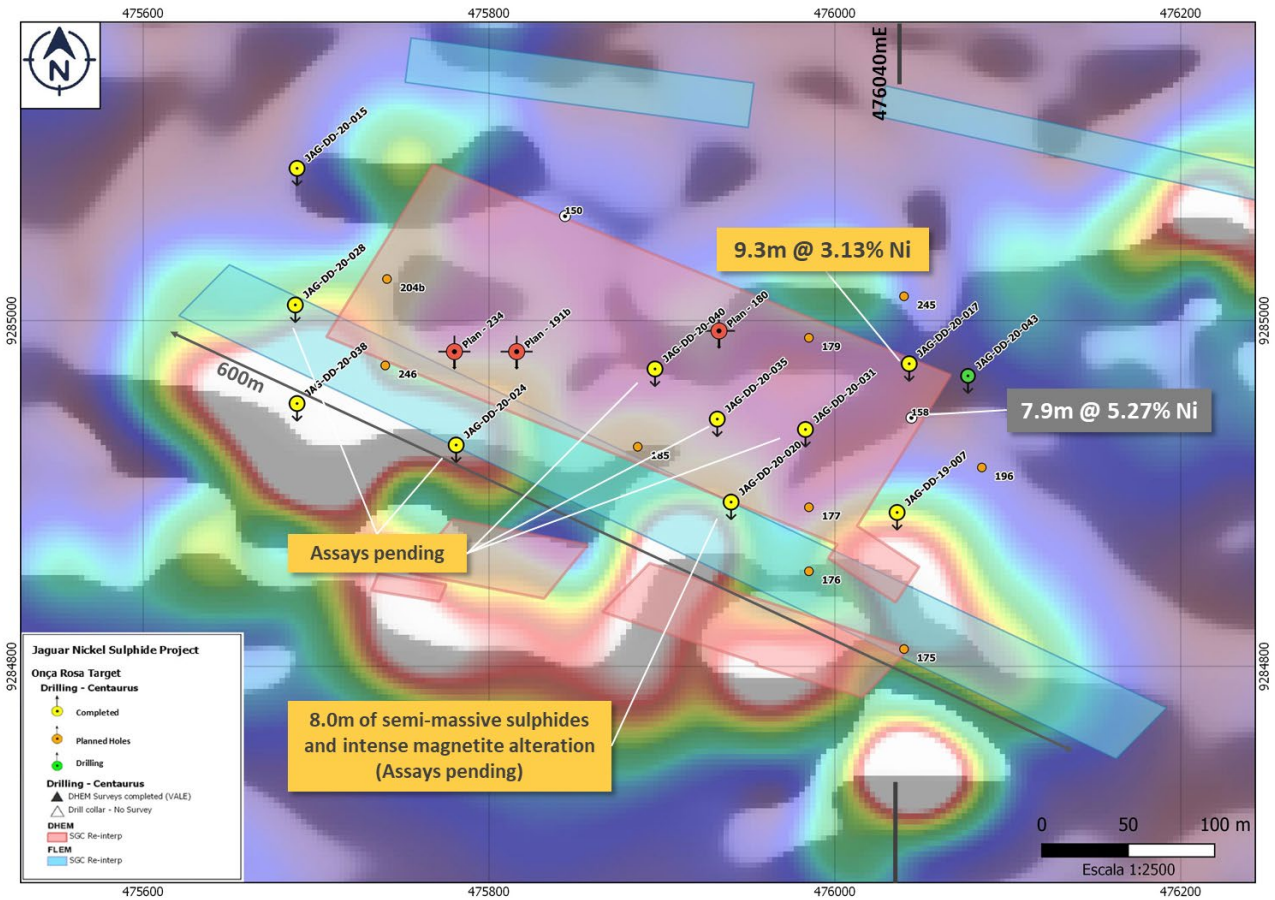
The Onça Rosa Prospect is not part of the foreign resource estimate of 40.4Mt at 0.78% Ni (0.5% Ni cut-off) for a total of 315,000 tonnes of contained nickel<sup>2</sup>. As such, further positive intersections of high-grade nickel sulphides at Onça Rosa have excellent potential to be included in future JORC Resource estimates.

<sup>2</sup> Centaurus cautions that the mineral resources for the Jaguar Project are not reported in accordance with the JORC Code. A Competent Person has not yet done sufficient work to classify the resources as mineral resources in accordance with the JORC code. It is uncertain that, following evaluation or further work, the foreign estimate will be able to be reported as Mineral Resources in accordance with the JORC Code. Refer to ASX Announcement 6 August 2019 for detail on foreign resource.





Figure 8 – The Onça Rosa Deposits with FLEM Plates (blue) and DHEM Plates (red) overlaid on the Ground Magnetics Survey results (Analytic Signal) showing drill collars as at 31 March 2020 and the location of Figure 7 section.



Drill holes JAG-DD-20-015, JAG-DD-20-028 and JAG-DD-20-038 were drilled at the north-western limit of the Onça Rosa Prospect, targeting the western limit of the FLEM plate and a ground magnetic anomaly (see Figure 8).

The holes intersected multiple zones of intense alteration that are commonly associated with the Onça Rosa style of mineralisation, but no semi-massive or massive sulphides were observed. Intervals of disseminated sulphides were identified and samples are awaiting assay. DHEM surveys of these and other holes have been undertaken with a new off-hole conductor plate identified which has assisted with the planning for future drilling.

The Onça Rosa mineralisation lends itself extremely well to EM surveys. The highly conductive semi-massive to massive sulphides are set within a largely resistive granitic basement host rock. The DHEM plates generated from the Vale surveys in this geological setting like those seen at the Onça Preta Deposit have demonstrated how effective the DHEM can be as a targeting tool.

### Metallurgical Testwork

During the Quarter, Centaurus commenced metallurgical test work on composite samples collected from the Jaguar South and Onça Preta deposits. The metallurgical testwork program is based on the planned future development of a focused, high-grade project rather than a bulk tonnage, low-grade operation as previously studied by Vale.



**Flotation Results**

Flotation testing of core initially focused on the Jaguar South mineralised zone (JAG001). A composite of this zone was developed containing a head grade of 1.63% Ni and the composite was tested using a traditional nickel flowsheet (as used by nickel sulphide mines in Western Australia) as well as traditional reagents and process conditions for nickel flotation circuits.

Subsequent flotation testing on a composite of ore from the Onça Preta Deposit (OP001) advanced this initial test work from the Jaguar South mineralised zone (JAG001). The new Onça Preta composite was extensively tested and optimised, with any changes to the initial flotation conditions back-tested on the JAG001 composite.

This systematic, continual back testing of previously tested composites is essential to ensure that a single flowsheet for all mineralised material can be developed, providing future flexibility in co-treating material from various deposits on the Project.

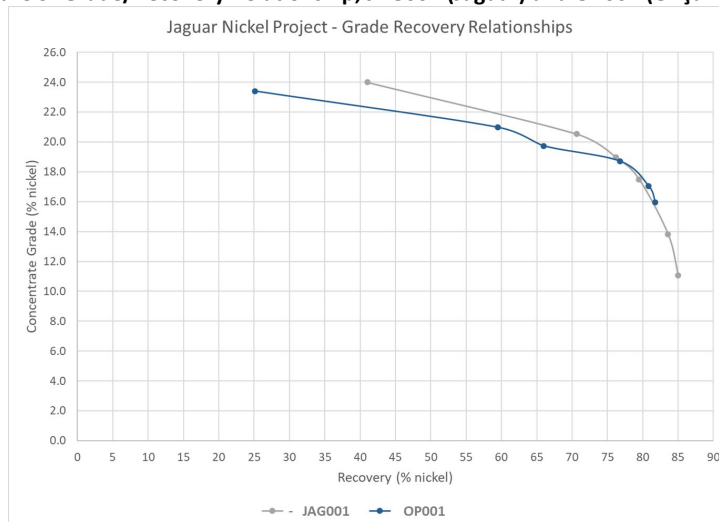
The Onça Preta composite was constructed from four individual drill holes from the Onça Preta deposit, located in the north of the project area, and resulted in a composite with a head grade of 1.53% nickel. The source of both the Onça Preta and Jaguar composites are shown in Table 1.

**Table 1 – Jaguar Nickel Sulphide Composites Drill Location and Intervals.**

Composite	Hole ID	Target	Easting	Northing	mRL	Azi	Dip	EOH Depth	Metallurgical Sample Intervals			% Nickel
									From (m)	To (m)	Interval (m)	
JAG001	JAG-DD-19-002	Jaguar South	477952	9282579	289	180	-55	192.3	70.0	84.8	14.8	1.63
									112.0	119.0	7.0	
									131.0	173.2	42.2	
OP001	JAG-DD-19-001	Onça Preta	476836	9284782	256	180	-60	179.7	125.0	135.0	10.0	1.53
								141.0	147.0	6.0		
	JAG-DD-19-003	Onça Preta	476782	9284781	255	180	-55	143.1	83.0	94.7	11.7	
	JAG-DD-19-004	Onça Preta	476788	9284833	258	180	-55	236.1	147.0	152.8	5.8	
	JAG-DD-20-010	Onça Preta	476885	9284828	254	180	-55	231.3	175.6	181.8	6.2	
								192.0	196.6	4.6		

The ongoing metallurgical test work is being undertaken at ALS Metallurgy (based in Balcatta, Perth) with results indicating that the best recoveries are achieved at 80% passing (P<sub>80</sub>) a primary grind of 53µm (Figure 9). At 53µm, the recovery on the Onça Preta composite is 81.8% producing an excellent quality concentrate at 16.0% nickel.

**Figure 9: Grade/Recovery Relationship; JAG001 (Jaguar) and OP001 (Onça Preta)**





The results outlined above are from rougher flotation testing. The composite sample is fed into bench scale flotation machines which represent the first stage of flotation (roughing) and results in the production of a rougher concentrate. Further flowsheet development is ongoing and is expected to further improve the recoveries of nickel metal in the final product.

## Mineralogy

Mineralogical investigations of both the Jaguar South (JAG001) and Onça Preta (OP001) composites are continuing and the mineralogy analysis is supporting the laboratory results well. Preliminary analysis of the data indicates the deposits have the same mineral assemblages in differing proportions, confirming that a single process route is likely.

Each of these composites has only one characteristic that influences the process flow sheet:

- The Jaguar South composite has a finer texture than the Onça Preta composite, which determines the primary grind size for flotation.
- The Onça Preta composite has proportionally more floatable non-sulphide gangue, which influences concentrate specification and the non-sulphide gangue depressants used.

Review of current and historical core logging, mineralogy and drilling data (over 5,500m of +0.5% nickel within the mineralised zones currently targeted), indicates the only other potentially significant factor that may influence the final process flow sheet are areas of proportionally high zinc. The Company has therefore normalised all the relevant data (+0.5% Ni) on a nickel-to-zinc ratio basis.

**Table 2 – Nickel/Zinc Ratios for ALL Drilling with Nickel >0.5%**

Lot number	1	2	3	4	5	6
% of Samples	3%	17%	30%	30%	17%	3%
Ni/Zn Ratio Range	0.1 – 0.4	0.4 – 1.1	1.1 – 9.8	9.8 – 43.7	43.7 – 366	366 – 140k
Ni/Zn Ratio Mean	0.3	0.7	4.2	22.5	113	6,221

The Onça Preta composite (OP001) sits within Lot 3 (30%) with a nickel-to-zinc ratio of 3.2, resulting in a 1.8% zinc in concentrate. The Jaguar South composite (JAG001) sits within Lot 5 (17%) with a nickel-to-zinc ratio of 54.3 with less than 1% zinc in concentrate. These composites are therefore representative of 47% of the current information with the concentrates produced demonstrating low zinc levels, below any potential concentrate penalty levels for this element.

To increase the development base, the Company will compile a new composite that represents a further 30% of the current drilling metres (Lot 4) and, as soon as drilling assays are available, this will be tested.

## Comminution

Based on the flotation results achieved to date, a 53µm primary grind has been selected as the best metallurgical response for the composites tested to date. The composites have been tested to determine comminution parameters, identifying that the mineralised zones are both moderately hard and have low-abrasive properties evidencing that a conventional, low risk, semi-autogenous/ball mill circuit (SABC) will be suitable for the intended project. Table 3 below shows the results of comminution testwork.



Table 3 – Composite Comminution Results

Parameter	Units	JAG001	OP001
Drop Weight Index (DWi)	kWh/m <sup>3</sup>	8.99	5.3
Comminution Parameter “A”	-	55.1	77.6
Comminution Parameter “b”	-	0.63	0.96
SAG Mill Specific Energy (SCSE)	kWh/t	11.57	7.63
Bond Ball Mill Work Index (BWi)	kWh/t	16.3	12.9
Bond Abrasion Index (Ai)	-	0.0673 (Moderately Abrasive)	0.0386 (Moderately Abrasive)

A preliminary comminution design will be completed after the new composite (as outlined above) has been tested.

**Forward Steps**

Following the commencement of drilling in November 2019, Centaurus has already completed over 8,500 metres (45 drill holes) of in-fill and extensional resource drilling along with some exploratory drilling during the regional wet season of northern Brazil (with assay results for approximately 4,000 metres pending).

When combined with the +55,000 metres (168 drill holes) of historical drilling completed by Vale, the Company now has sufficient drill data to commence estimating its maiden JORC 2012 Mineral Resource focused on the high-grade mineralisation at the Project. The delivery of the resource remains on track for the middle of the year.

With the shear quantum of drill data that is now available to the Company and with the pending arrival of the dry season in the Carajás, Centaurus made the decision in early April to pull back the number of rigs on site to two, with these two rigs to work on day shift only. One rig will continue the in-fill and extensional drilling on known deposits while the other rig will focus on new targets like the high-grade discovery at Onça Rosa. The third rig has been stood down but will remain on site at no cost to Centaurus.

The reduction in the number of rigs will allow the Company to maintain an active program while slowing the cash burn as the COVID-19 situation continues to impact international markets.

Activities related to Project Development (metallurgical test work, geo-metallurgical domaining and Scoping Study assessments) are underway and are mostly unaffected by the COVID-19 situation to-date. Further, more than 80% of the planned environmental data collection survey work for the wet season has been completed. It is expected that dry season surveys will go ahead as planned in Q2/Q3 2020 and the remaining wet season surveys will be completed in Q4 2020.

**JAMBREIRO IRON ORE PROJECT**

The Company’s 100%-owned Jambreiro Project, located in south-east Brazil (Figure 10), is a shovel-ready development project that is licensed for 3Mtpa of production and represents a strategic asset in the Brazilian domestic iron ore and steel sector, particularly with the premium pricing that exists in the market for high-grade ore (+65% Fe) such as that which could be produced at Jambreiro.

During the Quarter, the Company continued to explore offtake opportunities for the high quality Jambreiro product with a number of end user and trading groups. CDE Global also completed their engineering and detailed design work on a modular turn key plant solution for the Project.

The Company is now assessing CDE’s report and during the June Quarter will assess the impact of CDE’s latest modular plant capital cost estimate on the July 2019 Pre-Feasibility Study (PFS) outcomes and economics.



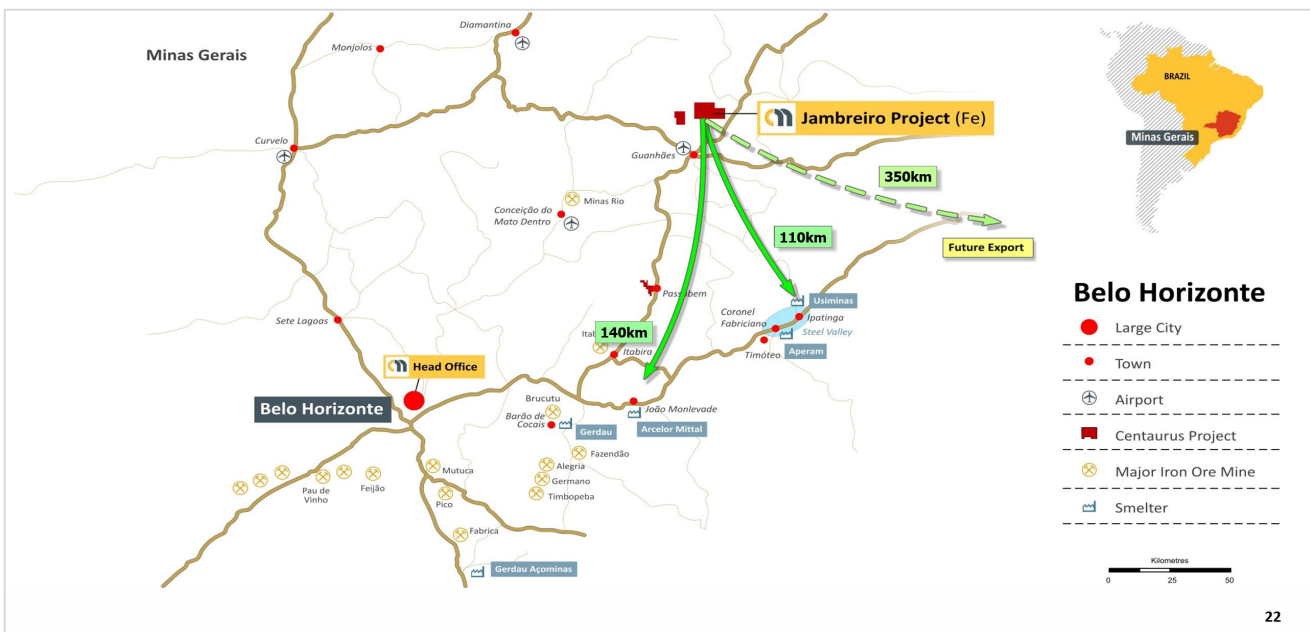
The key financial and technical outcomes announced to the market on 5 July 2019 included a robust 1Mtpa start-up project capable of generating life-of-mine revenues of A\$1.05 billion and EBITDA of A\$533 million over its initial 18-year life.

The PFS was based on a JORC 2012 Proven and Probable Ore Reserves estimate of 43.3Mt grading 29.1% Fe, which was also released to the market on 5 July 2019. The Ore Reserve delivers 17.9Mt of high-grade (65% Fe), low-impurity (4.3% SiO<sub>2</sub>, 0.8% Al<sub>2</sub>O<sub>3</sub> & 0.01% P) sinter product to support the initial 18-year mine life once operations commence. Underpinning the PFS results were low forecast mine gate cash operating costs of A\$25.1, which when combined with government and landowner royalties, amounted to a total mine gate cash cost (C1 + Royalties) of A\$29.0/tonne.

The strong economics of the proposed A\$59.8 million development included a A\$114.9 million post-tax NPV<sub>8</sub> and IRR of 32% for a 1Mtpa operation and provide a robust foundation for the Company to advance the project should a suitable offtake arrangement be put in place.

The completion of a suitable offtake is required in order for the Company to advance financing discussions for the Project. Consequently, until offtake is advanced to a satisfactory stage to support financing, any development decision in respect to the Project will continue to be deferred though other value realisation options continue to be assessed.

Figure 10: Jambreiro Iron Ore Project Location



## ITAPITANGA NICKEL-COBALT PROJECT

No work has been undertaken by joint venture partner, Simulus, under their earn in agreement during the Quarter. The status of the joint venture is being discussed with Simulus to assess the how the Stage 1 earn-in is going to be achieved or whether the parties terminate the JV.



## CORPORATE

### Completion of Jaguar Project Acquisition

Subsequent to the end of the Quarter, Centaurus completed the acquisition of 100% of the high-quality Jaguar Project from global mining giant Vale, marking another step in its transformation to become an international nickel sulphide development company.

The Company received the approval of the Brazilian National Bank for Economic and Social Development (BNDES) for the assignment of BNDES' royalty interest in the Jaguar Project, allowing Centaurus and Vale to finalise all of the remaining steps required to close the Transaction, as contemplated under the Sale and Purchase Agreement announced last year on 6 August 2019.

The consideration payable to Vale on closing for 100% acquisition of the Jaguar Project was a small upfront cash payment of US\$250,000 and the transfer of the Company's greenfield Salobo West tenure. All closing steps have now been completed including the payment of the initial cash consideration and the transfer of the Salobo West tenure.

The main component of the cash consideration to Vale is deferred and contingent on successful production from the Project, which clearly demonstrates Vale's comfort in Centaurus' technical skills and sustainable approach in Brazil to further explore and develop the Project.

In order to transfer unencumbered title to Vale of the Salobo West Copper Gold tenure, concurrent with the closing of the Vale transaction to acquire the Jaguar Nickel Sulphide Project, the Company extinguished Terrativa Minerais SA's royalty over the Salobo West Copper Gold Project.

On 9 April 2020, following the closing of the Jaguar acquisition, the Company issued 7,017,544 Shares to Terrativa, being \$1 million worth of shares at the deemed issue price of \$0.1425. This was the post consolidation price which represented the 10-day VWAP price of Shares immediately prior to the date of the announcement of the acquisition of the Jaguar Nickel Sulphide Project, being 6 August 2019.

The Company will pay Terrativa up to a further A\$2.5 million over a period of 2.5 years, with the first payment of A\$0.5 million to be paid 6 months from the issue of shares referred to above. For more information on the transaction with Terrativa please refer to the Company's announcement dated 6 August 2019.

### Capital Consolidation

During the Quarter, Centaurus completed a consolidation of the Company's issued capital through the conversion of fifteen (15) existing shares into one (1) new share.

Prior to the consolidation, the Company had 3,790,971,362 Shares on issue, however the Board considered the consolidation would result in a more appropriate and effective capital structure for the Company and a more appropriate share price for a wider range of investors as it continues to progress its projects in Brazil.

The capital consolidation was approved by shareholders at a General Meeting held on 31 March 2020. The consolidation took effect on 2 April 2020 and the new capital structure post consolidation is set out in the Shareholder Information section below.



## **COVID-19 Response**

With the continuing development of the COVID-19 pandemic, Centaurus has taken a number of important steps over the past weeks to safeguard the health and safety of our workers, their families and the wider community while at the same time maintaining business continuity.

These include the introduction of a number of new protocols, revised working arrangements and social distancing practices as well as making a significant contribution to the local municipal health services of Tucumã and São Félix do Xingu through the purchase of masks, gowns, hand sanitiser and COVID-19 test kits to better equip them for any future ramp-up in the delivery of health services in these communities.

Centaurus made the decision in early April to pull back the number of rigs on site to two, with these two rigs to work on day shift only. One rig will continue the in-fill and extensional drilling on known deposits while the other rig will focus on new targets like the high-grade discovery at Onça Rosa. The third rig has been stood down but will remain on site at no cost to Centaurus.

The reduction in the number of rigs will allow the Company to maintain an active program while slowing the cash burn as the impact of COVID-19 on international markets is observed and assessed.

## **Issue of Options under Long Term Incentive Plan to Key Management Personnel**

During the Quarter, Centaurus' Board initiated a new Long-Term Incentive (LTI) Plan for the Key Management Personnel (KMP) of the organisation and issued a number of performance-related Share Options to non-director KMP.

Further, the Board agreed to issue, subject to the approval of shareholders, performance-related Share Options to the Executive Directors of the Company, Managing Director, Mr Darren Gordon and Brazil Country Manager, Mr Bruno Scarpelli. Shareholder approval for the proposed issue of performance related Share Options to Executive Directors will be sought at the Company's Annual General Meeting scheduled for 29 May 2020.

The Board has determined that the LTI to KMP will take the form of Options with no exercise price (referred to hereafter as Zero Exercise Price Options or ZEPOs). KMP, other than the Managing Director, will be issued with options up to the value of 50% of their Total Fixed Remuneration (TFR) whilst the Managing Director will be issued with options up to the value of 75% of his TFR.

The ZEPOs proposed to be issued will have a 3-year assessment period from 1 January 2020 to 31 December 2022. The number of ZEPOs to be granted to each member of the KMP has been determined by dividing the entitlement value by the 20 Day VWAP of CTM shares immediately prior to 1 January 2020 which was calculated at \$0.011765 (\$0.176475 on a post consolidation basis).

The ZEPOs have been issued as part of the remuneration arrangements of the respective KMP to recognise the extensive work and time commitment required principally from the KMP of the Company as it looks to successfully develop the Jaguar Nickel Sulphide Project over the next 3-4 years. The LTIs also aim to support longer term growth in shareholder value by rewarding long term above average performance by KMP in the pursuit of the Company's long-term business objectives.

## **Cash Position**

At 31 March 2020, the Company held cash reserves of A\$7.5 million.

## AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT



### Shareholder Information

As outlined above, during the Quarter the Company sought and received shareholder approval to complete a capital consolidation on a fifteen-for-one basis.

This consolidation was completed shortly after the end of the reporting period and the capital structure at the date of this report is as follows;

Capital Structure	Shares	Listed Options*	Unlisted Options	Performance Rights
Pre-Consolidation	3,790,971,362	434,100,000	109,841,904	90,000,000
Post-Consolidation	252,732,392	28,940,000	7,322,801	6,000,000
Terrativa Share Issue 9 April 2020	7,017,544	-	-	-
Total on Issue post Terrativa Share Issue	259,749,936	28,940,000	7,322,801	6,000,000

\* Exercise price \$0.18 (post consolidation), expiry date 31 May 2021 (CTMOC)

### Unquoted Options

Expiry Date	Exercise Price	Employee Options	
		Vested	Unvested
31/05/20	\$0.195	1,233,335	-
10/06/20	\$0.123	566,667	-
31/05/21	\$0.210	1,233,335	-
31/05/22	\$0.180	116,667	-
31/05/22	\$0.225	2,233,335	-
31/05/23	\$0.180	-	116,667
31/12/23	-	-	1,589,461
31/05/24	\$0.180	-	233,334
		<b>5,383,339</b>	<b>1,939,462</b>

167,500,000 options with an exercise price of \$0.015 (pre-consolidation) expired on 31 January 2020.

### Unquoted Performance Rights

The following Performance Rights were issued on 5 September 2017 and are held by Terrativa Minerais SA under the terms of the Company's Agreement with Terrativa signed in December 2016 in relation to the acquisition of 100% of the Para Exploration Package in Brazil.

Each tranche of Performance Rights will be converted into Ordinary Shares upon the achievement in full of the following vesting conditions:

- Tranche A – 2,000,000 Performance Rights will be converted into 2,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 500,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements;
- Tranche B – 2,000,000 Performance Rights will be converted into 2,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 1,000,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements;



## AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT



- Tranche C – 2,000,000 Performance Rights will be converted into 2,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 1,500,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements.

During the Quarter none of the Performance Rights were converted or cancelled and no vesting conditions were met.

This Quarterly Activities Report is authorised for release by the Managing Director, Mr Darren Gordon.

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

### Competent Person's Statement

*The information in this report that relates to new Exploration Results is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy. Mr Roger Fitzhardinge confirms that the historical information in this report that relates to the Exploration Results and Mineral Resource provided under ASX Listing Rules 5.12.2 to 5.12.7 for the Jaguar Nickel Sulphide Project is an accurate representation of the available data and studies supplied to Centaurus as a foreign estimate.*

*The information in this report that relates to Jambreiro Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasian Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of Australian Institute of Geoscientists.*

*Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel was the Senior Resource Geologist of BNA Mining Solutions, independent resource consultants engaged by Centaurus Metals, at the time when the Mineral Resource estimate was first completed.*

*Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 and Volodymyr Myadzel consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

*The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader who is a professional Mining Engineer and a Member of the Australian Institute of Geoscientists. Beck Nader is the Managing Director of BNA Mining Solutions and is a consultant to Centaurus.*

*Beck Nader 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'. Beck Nader consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



## Additional Information Required by LR5.3.3

### Brazilian Tenements

Tenement	Project Name	Location	Interest
831.638/2004	Canavial	Minas Gerais	100%
831.639/2004	Canavial	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%
833.410/2007	Regional Guanhães	Minas Gerais	100%
850.430/2013	Salobo West I	Pará	100% <sup>(1)</sup>
850.486/2017	Salobo West I	Pará	100% <sup>(1)</sup>
850.429/2016	Salobo West II	Pará	100% <sup>(1)</sup>
850.130/2013	Pebas	Pará	100%
850.475/2016	Itapitanga	Pará	100% <sup>(2)</sup>

1. The Company agreed to divest the Salobo West tenements to Vale as part of the acquisition of the Jaguar Project Nickel Sulphide Project. The acquisition (and associated Salobo West tenement transfer) was completed subsequent to the end of the quarter (refer ASX announcement on 9 April 2020). Tenure of the Jaguar tenements will remain registered with Vale until a new Mining Lease application (PAE) is lodged with the ANM, expected Q4 2020.
2. Itapitanga Project joint ventured to Simulus Group whereby they can earn 80% by free carrying Centaurus to a decision to mine.

### Australian Tenements

Tenement	Project Name	Location	Interest
EPM14233	Mt Isa	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. Aeon Metals Limited has acquired 80% of Summit's Interest giving them a total interest of 72% of the tenement.