



Centaurus Metals Limited
and its controlled entities

ABN 40 009 468 099

Interim Financial Report
30 June 2017

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Directors' Report

Your directors present their report on the Consolidated Entity ("Group") consisting of Centaurus Metals Limited ("Centaurus" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 30 June 2017 together with the consolidated financial report and review report thereon.

Directors

The following persons were directors of Centaurus Metals Limited during the half-year and up to the date of this report:

Mr D M Murcia
Mr D P Gordon
Mr M D Hancock
Mr B R Scarpelli
Mr S A Parsons (Appointed 31 March 2017)

Review of Operations

Financial Position

The total comprehensive consolidated loss for the half-year was \$1,815,549. Included in the loss is exploration expenditure of \$896,284.

At the end of the half-year the Group had a net cash balance of \$588,045 and net assets of \$3,097,485.

Overview

The half year ending 30 June 2017 was an important period for Centaurus, with the commencement of the Company's maiden drilling program at the Serra Misteriosa Gold Project, which forms part of its highly prospective Pará Exploration Package in Northern Brazil.

Serra Misteriosa

Centaurus commenced a maiden diamond drill program at the highly prospective Serra Misteriosa Gold Project in Northern Brazil during the period. The program will comprise ~3,500m of diamond drilling and will test a number of excellent coincident geochemical and geophysical targets to a depth of 300m below surface.

The exceptional Serra Misteriosa greenfields target comprises a 2.0km long, +100ppb Au gold-in-soils anomaly within a broader 5.0km long, +50ppb Au anomaly.

The drill program provides for a total of 19 holes to be completed.

Initial results from the program, reported subsequent to the end of the period, have been positive, indicating the presence of a large mineralised system with the potential to host significant gold mineralisation.

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Salobo West Copper-Gold Project

The Salobo West Copper-Gold Project consists of two tenements, SW1 and SW2, covering a combined total area of 120km² of highly prospective ground only 12km along strike from Vale's giant Salobo Cu-Au Mine.

During the period, Centaurus secured the SW1 tenement, a highly prospective and sought-after exploration license located in the world-class Carajás Mineral Province in the north of Brazil, one of the world's premier mining addresses. A total of fifteen (15) world-class mineral deposits lie within an area of just 150 x 100km, including nine IOCG deposits with resources of +100 million tonnes of copper-gold ore.

The Brazilian Mines Department (DNPM) granted the first of two key exploration licence applications made by the Company for the Salobo West Copper-Gold Project, opening up an exciting new front for its exploration activities alongside ongoing gold exploration at the Serra Misteriosa Gold Project.

Aurora Copper Project

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

During the period, however, Centaurus agreed with its Strategic Alliance partner, Terrativa Minerais SA, to amend the terms of the Aurora earn-in. The earn-in amount has been reduced from R\$1 million to R\$500,000 with an extension to 3 November 2018 to complete the earn-in expenditure. Should Centaurus not meet this earn-in obligation it will return 100% of the Project to Terrativa.

Iron Ore Assets

The Company retains ownership of the Conquista DSO Iron Ore Project and the shovel ready Jambreiro Iron Ore Project.

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 previously divested Candonga DSO Project.

During the period Centaurus granted an option over the Conquista Project to interests associated with the privately-owned Brazilian mining group, Ecosinter - Indústria de Beneficiamento de Resíduos Ltda ("Ecosinter Group"), paving the way for the next phase of exploration and potential future development of the Conquista Project.

Under the terms of the agreement, the Ecosinter Group have paid R\$200,000 (~A\$85,000) for a 12 month option over the Conquista Project and may undertake a specified exploration program, which is estimated to cost R\$1.15 million (~A\$500,000). The program of works has been designed in conjunction with Centaurus' technical team and includes 1,000 metres of drilling.

If the Ecosinter Group elects to exercise the option, it will grant a 12% gross production royalty to Centaurus on future production from the Conquista Project tenements, with an amount of R\$3 million (~A\$1.25 million) being immediately payable by way of non-refundable Royalty prepayment.

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The option may be extended for a further 6 months at the end of the original option period if the Ecosinter Group has completed the exploration program set out above and pays a further option fee of R\$200,000 (~A\$1.25 million).

If the Ecosinter Group decide not to exercise its option, it will not retain the rights in relation to the Conquista Project and all technical data will be retained by Centaurus.

Jambreiro Project

The Company's 100%-owned Jambreiro Project, located in south-east Brazil, 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.

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.

Nova Potash Joint Venture

During the period, Centaurus agreed to transfer its 50% interest in Nova Potash Pty Ltd to its joint venture partner, Tavarua International Inc. The Board decided that the Company's focus should remain on its gold and copper assets in Brazil, and specifically the highly prospective Serra Misteriosa Gold Project and Salobo West Copper-Gold Project.

As a result, Centaurus has no further equity interest in Nova Potash Pty Ltd.

ASX Waivers in regard to Issue of Shares and Performance Rights - Pará Exploration Package

The Company has entered into an Agreement with its strategic alliance partner in Brazil, Terrativa Minerais SA, to earn into the Pará Exploration Package (Pará EP). Under this agreement, once the Company completes its earn-in obligation of Brazilian Real (BRL) 2.5 million, over a period of up to two years, it has the right to acquire 100% of the Project tenements by issuing Terrativa 30 million ordinary fully paid Shares, as well as 3 tranches of 30 million Performance Rights, each of which converts into one Share on the fulfilment of the applicable vesting conditions in relation to the particular tranche (which are tied to resource-based milestones on the tenement package that forms the Pará EP).

The Company has obtained waivers under Listing Rule 7.3.2 in connection with the issue of the future Shares and Performance Rights, so as to permit the relevant securities to be issued up until 2 December 2018.

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The issue of the future Shares and Performance Rights were approved by shareholders at the Company's 2017 AGM held on 24 May 2017. As such, upon meeting the earn-in obligation, the Company may issue the Shares and Performance Rights and have all of the tenements that form the Pará EP transferred to the Company. If the earn-in obligation is not met and the Shares and Performance Rights are not issued then the Company will not retain any interest in the Pará EP tenements.

None of the future Shares or Performance Rights were issued during the reporting period.

Events Subsequent to Reporting Date

On 12 July 2017 the Company announced a 5 for 9 renounceable rights issue at \$0.004 per Share to raise \$2.5 million. Every Share subscribed for includes a free attaching option exercisable at \$0.01 and expiring on 31 August 2019.

The rights issue closed oversubscribed on 4 August raising the full \$2.5 million with new shares and options allotted on 10 August. A total of 624,025,798 new shares and 624,025,798 new options were issued.

Other than as disclosed above there has not arisen in the interval between the end of the financial half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the half-year ended 30 June 2017 is set out on page 7.



Darren Gordon
Managing Director

17 August 2017



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Centaurus Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Centaurus Metals Limited for the half-year ended 30 June 2017 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten version of the KPMG logo in blue ink, with the letters 'KPMG' in a stylized, cursive font.

KPMG

A handwritten signature in blue ink, appearing to read 'T. Hart', written in a cursive style.

Trevor Hart
Partner

Perth

17 August 2017

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2017

	30 June 2017 \$	30 June 2016 \$
Profit or Loss		
Other income	104,562	56,431
Exploration expenditure	(896,284)	(510,589)
Impairment of other receivables	(19,578)	-
Loss on investments	(20,609)	-
Employee benefits expense	(289,997)	(264,519)
Share based expense	(163,508)	(22,872)
Occupancy expenses	(25,341)	(59,240)
Listing and share registry fees	(37,392)	(7,261)
Professional fees	(156,186)	(141,790)
Depreciation	(9,188)	(26,905)
Other expenses	(107,091)	(120,193)
Results from operating activities	(1,620,612)	(1,096,938)
Finance income	36,861	16,915
Finance expenses	-	(41)
Loss before income tax	(1,583,751)	(1,080,064)
Income tax benefit	-	-
Loss for the period	(1,583,751)	(1,080,064)
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(231,798)	548,529
Income tax on other comprehensive income	-	-
Other comprehensive income/(loss) for the period	(231,798)	548,529
Total comprehensive loss for the period	(1,815,549)	(531,535)
Earnings per Share		
	Cents	Cents
Basic loss per share	(0.14)	(0.17)
Diluted loss per share	(0.14)	(0.17)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Condensed Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017 \$	31 December 2016 \$
Current assets			
Cash and cash equivalents		588,045	1,891,367
Other receivables and prepayments		197,007	269,865
Total current assets		785,052	2,161,232
Non-current assets			
Other receivables and prepayments		173,363	210,080
Other investments including derivatives		-	20,609
Property, plant and equipment		383,228	425,928
Exploration and evaluation assets		2,518,392	2,701,360
Total non-current assets		3,074,983	3,357,977
Total assets		3,860,035	5,519,209
Current liabilities			
Trade and other payables		445,214	409,767
Employee benefits		161,996	139,066
Total current liabilities		607,210	548,833
Non-current liabilities			
Trade and other payables		66,423	136,057
Employee benefits		88,917	83,030
Total non-current liabilities		155,340	219,087
Total liabilities		762,550	767,920
Net assets		3,097,485	4,751,289
Equity			
Share capital	4	109,417,893	109,419,656
Reserves		(6,629,501)	(6,561,211)
Accumulated losses		(99,690,907)	(98,107,156)
Total equity		3,097,485	4,751,289

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

	Issued Capital \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2017	109,419,656	110,551	(6,671,762)	(98,107,156)	4,751,289
Loss for the period	-	-	-	(1,583,751)	(1,583,751)
Foreign currency translation difference for foreign operation	-	-	(231,798)	-	(231,798)
Total comprehensive loss for the period	-	-	(231,798)	(1,583,751)	(1,815,549)
Share-based payment transactions	-	163,508	-	-	163,508
Share issue costs	(1,763)	-	-	-	(1,763)
Total transactions with owners	(1,763)	163,508	-	-	161,745
Balance at 30 June 2017	109,417,893	274,059	(6,903,560)	(99,690,907)	3,097,485

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2017

	Issued Capital \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2016	106,666,191	62,375	(7,307,979)	(95,546,257)	3,874,330
Loss for the period	-	-	-	(1,080,064)	(1,080,064)
Foreign currency translation difference for foreign operation	-	-	548,529	-	548,529
Total comprehensive income for the period	-	-	548,529	(1,080,064)	(531,535)
Issue of Ordinary Shares	694,752	-	-	-	694,752
Share issue costs	(50,613)	-	-	-	(50,613)
Share-based payment transactions	-	22,872	-	-	22,872
Total transactions with owners	644,139	22,872	-	-	667,011
Balance at 30 June 2016	107,310,330	85,247	(6,759,450)	(96,626,321)	4,009,806

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2017

	30 June 2017 \$	30 June 2016 \$
Cash flows from operating activities		
Exploration and evaluation expenditure	(890,555)	(443,200)
Payments to suppliers and employees (inclusive of indirect taxes)	(524,084)	(505,416)
Cash receipts from joint venture partners	79,402	-
Interest received	38,249	14,278
Net cash used in operating activities	(1,296,988)	(934,338)
Cash flows from investing activities		
Payments for plant & equipment	(8,408)	-
Proceeds from grant of option over tenement	84,390	-
Proceeds from sale of plant & equipment	5,759	671
Proceeds from grant of future lease of mining rights	-	736,782
Net cash from investing activities	81,741	737,453
Cash flows from financing activities		
Proceeds from issue of equity securities	-	650,000
Capital raising costs	(35,561)	(4,962)
Net cash from/(used in) financing activities	(35,561)	645,038
Net increase/(decrease) in cash and cash equivalents	(1,250,808)	448,153
Cash and cash equivalents at the beginning of the half-year	1,891,367	541,871
Effect of exchange rate fluctuations on cash held	(52,514)	14,752
Cash and cash equivalents at the end of the half-year	588,045	1,004,776

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 30 June 2017

Note 1. Reporting Entity

Centaurus Metals Limited is a company domiciled in Australia. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ending 30 June 2017 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the exploration for and development of mineral resources.

Note 2. Basis of Preparation

Statement of Compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and IAS 34 *Interim Financial Reporting*.

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2016.

These interim financial statements were authorised for issue by the Company's Board of Directors on 17 August 2017.

Judgements and Estimates

In preparing these interim financial statements, Management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2016.

Going Concern

The interim financial statements for the period ended 30 June 2017 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the period, the Group incurred a loss after tax of \$1,583,751 with net cash outflows of \$1,250,808. The Group has working capital of \$177,842 at 30 June 2017.

In August 2017 the Group successfully completed a \$2.5 million rights issue (refer to note 6).

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A Group strategy is to realise value from its iron ore assets in south-eastern Brazil and to progressively reposition the Company outside of the bulk commodities in light of the difficult funding environment for bringing new iron ore capacity on stream where an established cash flow stream does not already exist. The Group has the ability to reduce or defer expenditure, however, will require further funding in order to continue its exploration and evaluation and corporate activities. Should the Group be unable to secure equity funding, interests in the Group's projects will be required to be sold or farmed out as required in order to maintain sufficient cash reserves.

The Directors believe that the Group will be able to secure funding sufficient to meet requirements to continue as a going concern due to the following:

- The Group has successfully raised capital in the past;
- The option over the Conquista Project has the potential to provide the Group with future cash inflows via production royalties if the option is exercised; and
- There is a reasonable expectation that the market and shareholders will support future capital raisings for the ongoing activities of the Group.

Should the Group not secure additional funding, there are material uncertainties as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 3. Significant Accounting Policies

Changes in Accounting Policy

There have been no changes in accounting policies for the half-year ended 30 June 2017. The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2016.

Accounting Standards

The Consolidated Entity has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for current or prior periods.

Note 4. Share Capital

	30 June 2017	31 December 2016
	Number of Shares	Number of Shares
On issue at the start of the period	1,123,246,437	521,463,429
Issue of ordinary shares for share placements at \$0.005 per share	-	180,000,000
Issue of ordinary shares for entitlement issue at \$0.005 per share	-	402,467,414
Issue of ordinary shares for share placement fee at \$0.005 per share	-	10,000,000
Issue of ordinary shares in lieu of remuneration at various prices	-	9,315,594
On issue at the end of the period	1,123,246,437	1,123,246,437

Note 5. Operating Segments

The Group operates in the mineral exploration industry. For management purposes the Group is organised into one main operating segment which involves the exploration of minerals. All of the Group's activities are interrelated and financial information is reported to the Managing Director (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon an analysis of the Group as one segment.

The financial results and financial position from this segment are largely equivalent to the financial statements of the Group as a whole, with the exception of corporate administration activities in Australia and Brazil resulting in net expenses of \$670,283 (30 June 2016: \$608,623) which are reviewed separately from the Group's operating segment.

	30 June 2017	30 June 2017	30 June 2016	31 December 2016
	Revenue	Non-Current Assets	Revenue	Non-Current Assets
Geographical Segment Information	\$	\$	\$	\$
Brazil	-	3,070,675	-	3,331,346
Australia	-	4,308	-	26,631
Total	-	3,074,983	-	3,357,977

Note 6. Subsequent Events

On 12 July 2017 the Company announced a 5 for 9 renounceable rights issue at \$0.004 per Share to raise \$2.5 million. Every Share subscribed for includes a free attaching option exercisable at \$0.01 and expiring on 31 August 2019.

The rights issue closed oversubscribed on 4 August raising the full \$2.5 million with new shares and options allotted on 10 August. A total of 624,025,798 new shares and 624,025,798 new options were issued.

Other than as disclosed above there has not arisen in the interval between the end of the financial half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

Directors' Declaration

For the half-year ended 30 June 2017

In the directors' opinion:

- (a) The condensed consolidated financial statements and notes set out on pages 8 to 15 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date, and

- (b) there are reasonable grounds to believe that Centaurus Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Darren Gordon
Managing Director

17 August 2017



Independent Auditor's Review Report

To the shareholders of Centaurus Metals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Centaurus Metals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centaurus Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2017.
- Consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date.
- Notes 1 to 6 comprising a summary of significant accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises Centaurus Metals Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

Material uncertainty related to going concern – emphasis of matter

Without modifying our conclusion above, we draw attention to note 2 "Going concern" of the Interim Financial Report. The matters set forth in note 2 "Going concern", indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the interim financial report.



Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- For such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Centaurus Metals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Trevor Hart
Partner

Perth

17 August 2017