

Closing in on first production and cash-flow in Brazil



Centaurus Metals
Limited
ASX: CTM



- 300,000tpa Candonga DSO Project poised for production
- Feasibility Study shows CAPEX of A\$3.6M
- Cash operating costs of just A\$12.5/tonne

Resources Rising Stars – 1 October 2014

Darren Gordon – Managing Director

Disclaimer

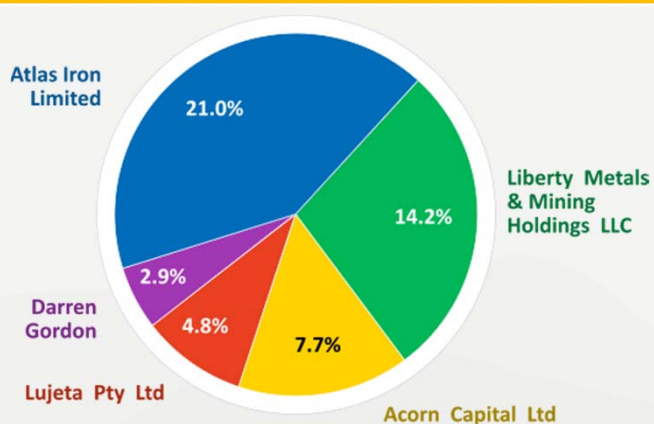
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- o The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Roger Fitzhardinge, a Competent Person who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel, a Competent Person who is a Member of Australian Institute of Geoscientists. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel is the Senior Resource Geologist of BNA Consultoria e Sistemas Limited, independent resource consultants engaged by Centaurus Metals. Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience that 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 Reserve'. 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.
- o The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader, a Competent Person who is a professional Mining Engineer and a Member of Australian Institute of Geoscientists. Beck Nader is the Managing Director of BNA Consultoria e Sistemas Ltda and is a consultant to Centaurus. Beck Nader has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Reserve'. 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.
- o All information included in this presentation regarding Exploration Results, Mineral Resources and Ore Reserve estimates was prepared and first disclosed under the JORC Code 2004. This information has been updated to the JORC 2012 Code for the Jambreiro Mineral Resource, the Candonga Mineral Resource and the Candonga Ore Reserve. The information in relation to the Jambreiro Ore Reserve has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
- o Refer to the ASX announcements dated 20 December 2013 and 13 January 2014 for details of the material assumptions underpinning the production target and forecast financial information included in this presentation for the Jambreiro Iron Ore Project. The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.
- o All information included in this presentation regarding the Ore Reserve estimate for the Jambreiro Iron Ore Project should be read in conjunction with the ASX announcement dated 5 November 2012. Given the conservatism built into the pit optimisation parameters used for the current Ore Reserve estimate, the Company is confident that the revised 1Mtpa production strategy will not result in a material change to the Reserve estimate. As a result of the change in production strategy, the Company intends to complete an updated Ore Reserve estimate during Q1 2015.

Centaurus – The Snapshot

Capital Structure

Shares on Issue	240.0m
Options & Performance Rights	5.2m
Share Price	A\$0.09
Market Capitalisation	A\$21.6m
Cash at bank (30 June 2014)	A\$5.0m
Enterprise Value	A\$16.6m
Top 10 Shareholders	57%

Top 5 Shareholders



- Developing **low capital and operating cost mines** near existing infrastructure + customers in SE Brazil
- **Candonga DSO Project** – *low-risk entry to production:*
 - Positive Feasibility Study completed on 300,000tpa DSO operation
 - Permitting well advanced: targeting first production in April 2015
 - Forecast EBITDA of A\$23.1M over three years
 - Low CAPEX of A\$3.6M, strong operating margins with C1 cash costs of just A\$12.5 a tonne
- **Jambreiro Project** – *fully-permitted, development-ready, awaiting off-take:*
 - Initial 1Mtpa Project targeting domestic market
 - Fully-permitted for development and operations of up to 3Mtpa
 - High-grade, low impurity consistent quality product
 - Discussions with off-take groups continuing

30 September 2014

CANDONGA PROJECT UPDATE

CANDONGA FEASIBILITY STUDY OUTLINES LOW-COST DSO OPERATION IN SOUTH-EAST BRAZIL

**A\$3.6M capital cost and operating costs of A\$14.9/tonne put
Centaurus on track for near-term production**

Centaurus Metals (ASX Code: CTM) is pleased to announce that it is on track to become a low-cost, iron ore producer in south-east Brazil supplying high-grade products to the domestic market within six months after delivering a positive Feasibility Study on its 100%-owned **Candongga Iron Ore Project**.

The study confirms the technical and financial viability of a 300,000tpa project producing a suite of high-grade Direct Ship Ore (DSO) products to the local steel and pig iron industries. Key highlights of the Feasibility Study include **low forecast mine gate operating costs (C1 + Royalties) of A\$14.9/tonne and a very low pre-production capital cost of A\$3.6 million.**

The key financial parameters of the project include forecast revenues of **A\$36.5million** and EBITDA of **A\$23.1million** over a 3-year period (using a conservative estimated mine gate life-of-mine domestic sale price of A\$41/tonne). The strong economics will enable Centaurus to establish a solid cash-flow



- Pre-production capital cost (including contingency) of just A\$3.6M for 300,000tpa operation.
- Mine gate operating costs (life-of-mine C1 cost plus royalties) of A\$14.9/tonne of ore sold.
- Life-of-mine revenue of A\$36.5M and EBITDA of A\$23.1M over 3-year mine life.

- Annual average operating cash flows of A\$7.7M: capital payback achieved in just six months.
- High-grade lump and hematitinha (+62% Fe) and sinter feed (+64% Fe) products to be sold into the domestic Brazilian market, including sought-after hematitinha to the local pig iron industry.

- Project approvals well advanced with Final Investment Decision on track for Q4 2014, paving the way for start of construction in February 2015 and first production in early Q2 2015.

Brazilian Domestic Project Hub



Minas Gerais

 Major Ports

Existing Rail Lines

-  MRS
-  EVFM
-  FCA/Other

Rail Line Under Construction

-  Ferrovias Oeste-Leste

 City

 Centaurus Project

Kilometers
0 50 100

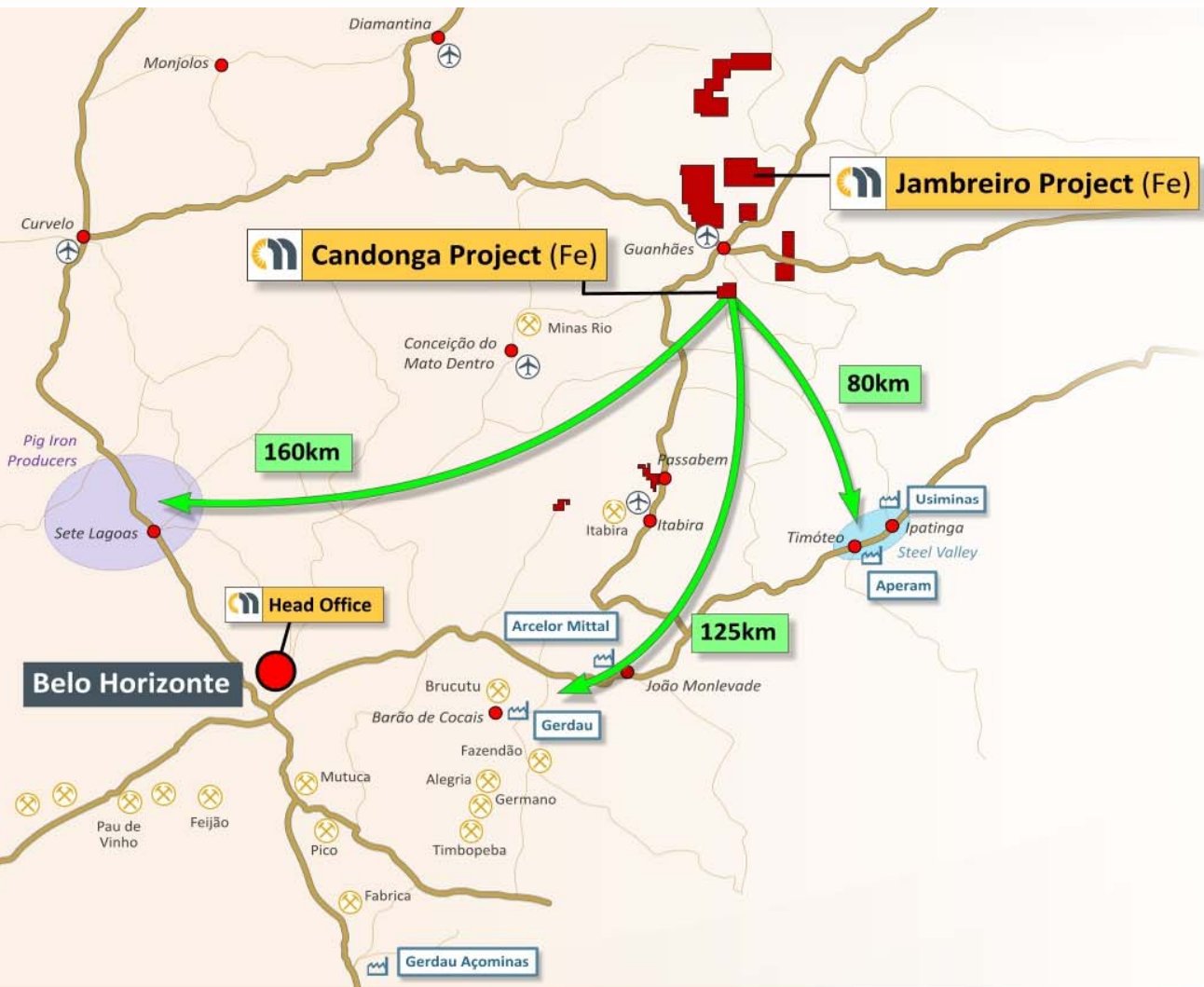
Brazilian Domestic Project Hub



Candonga Project

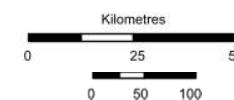
Domestic Project Hub – Candonga Project

- Minas Gerais**
- 214Mt JORC Resource base – five projects
 - Start-up project with near-term cash flow = Candonga (1.2Mt DSO Ore Reserve)
 - Cornerstone = Jambreiro Project (128Mt) – 110km from Ipatinga steel-making region
 - Initial JORC Ore Reserve at Jambreiro of 48.5Mt

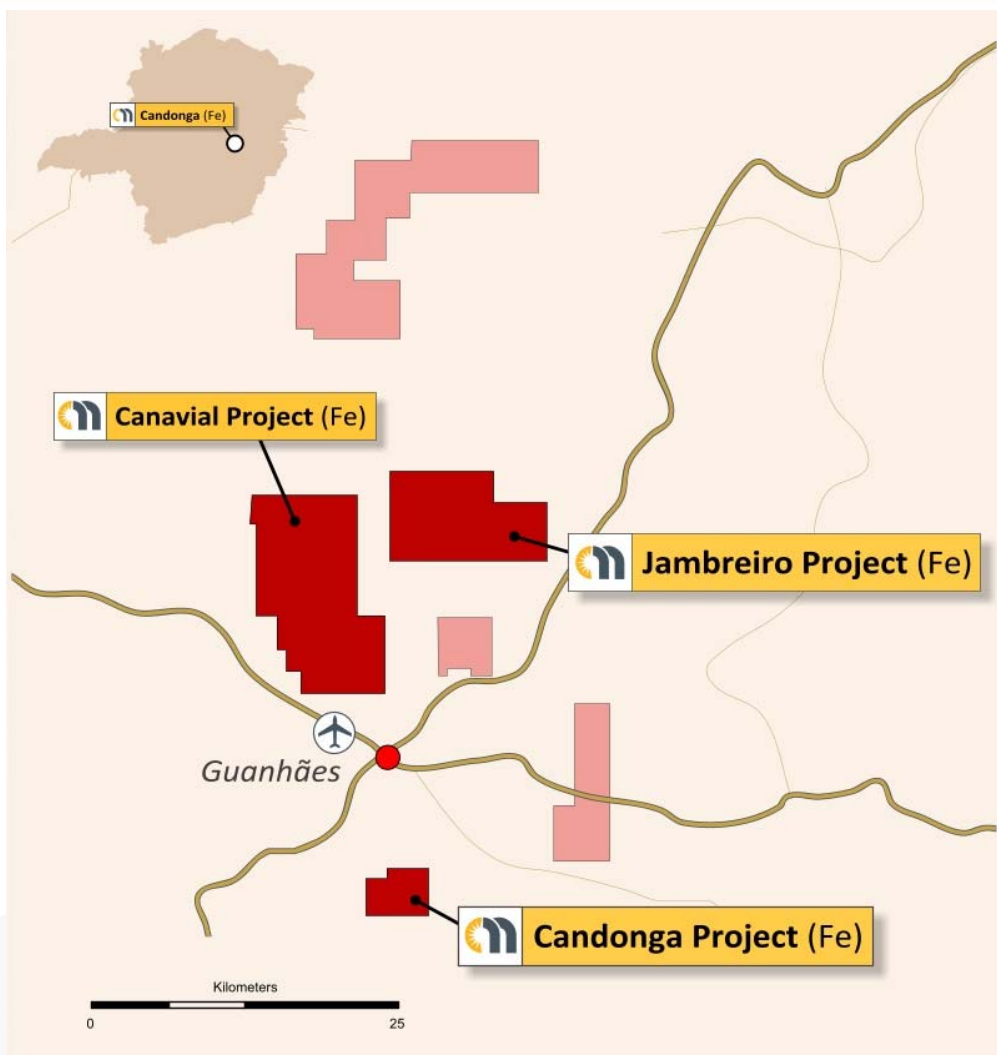


Belo Horizonte

- Large City
- Town
- ✈ Airport
- Centaurus Project (Fe)
- ⊗ Major Iron Ore Mine
- ♁ Smelter

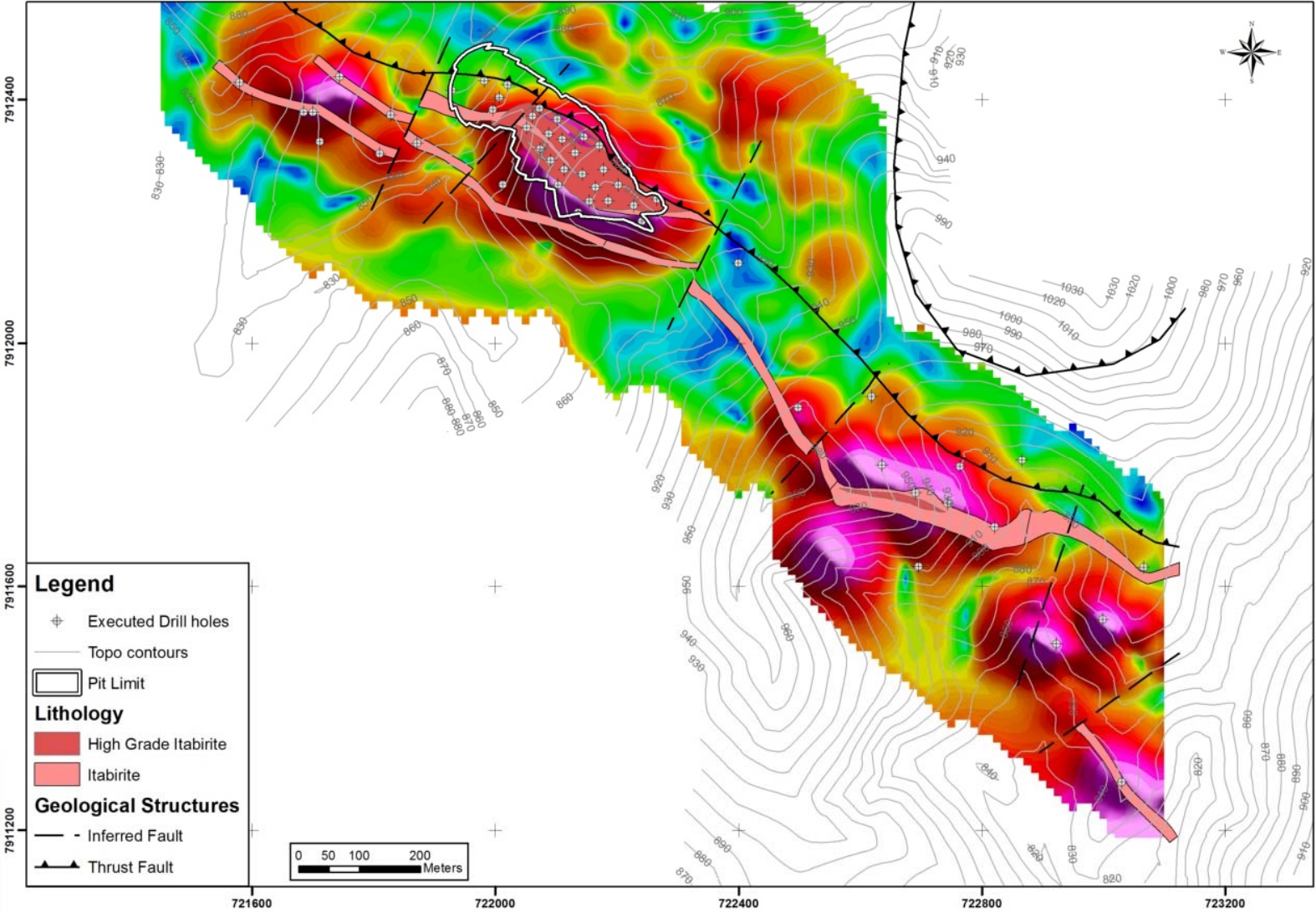


Candongga – Overview

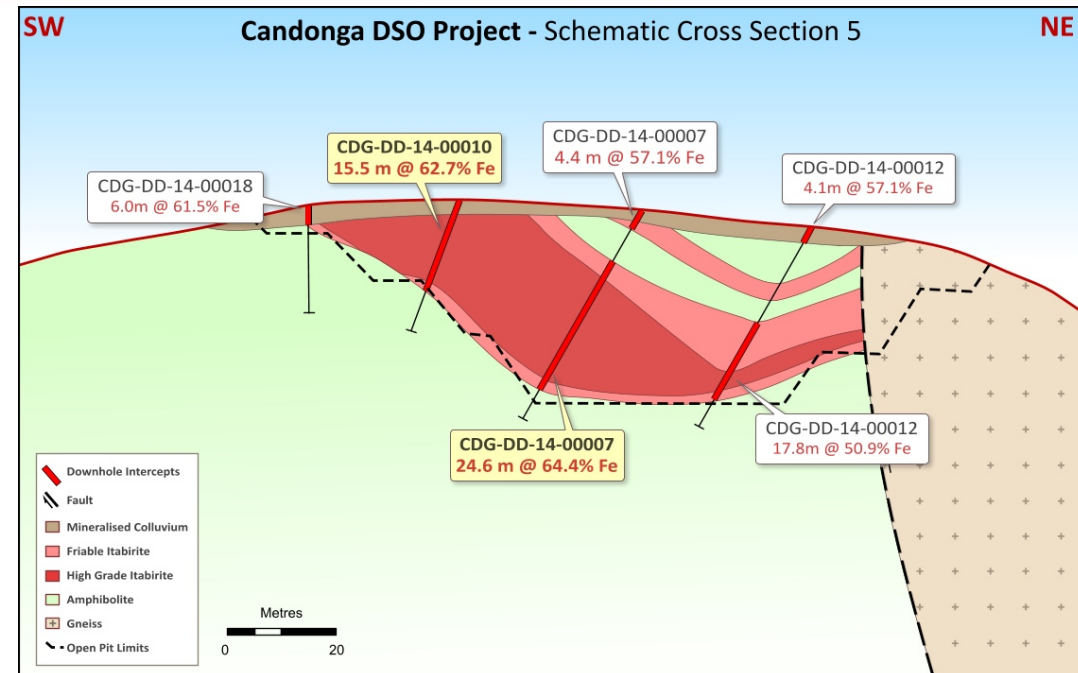
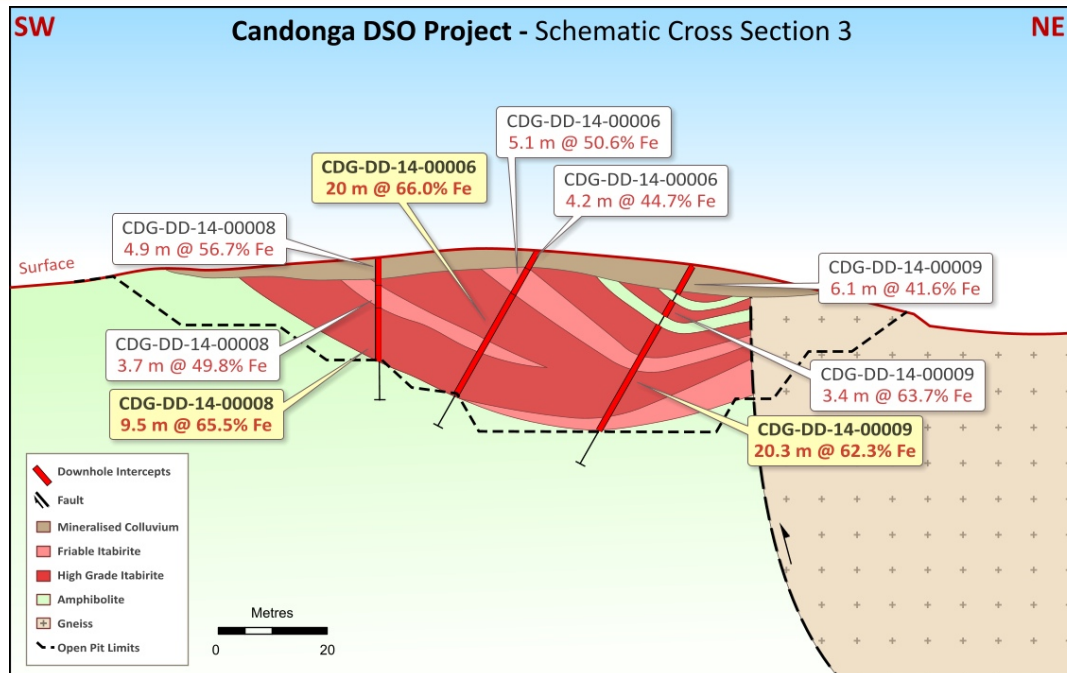


- Feasibility Study completed – September 2014:
 - Production: 300,000tpa
 - Mine Life: 3 years
 - C1 cash costs: A\$12.5/tonne product sold
 - EBITDA: A\$23.1M, annual free cash flows: A\$7.7M
 - Pre-production CAPEX: A\$3.6M
- Flat-lying lens of high-grade itabirite mineralisation
- Simple, contract mining operation to produce high-grade lump (+6.3mm) and sinter feed for domestic market
- Approvals on schedule:
 - Final Investment Decision in Q4 2014
 - First production – April 2015

Candongga – Local Magnetic Signature



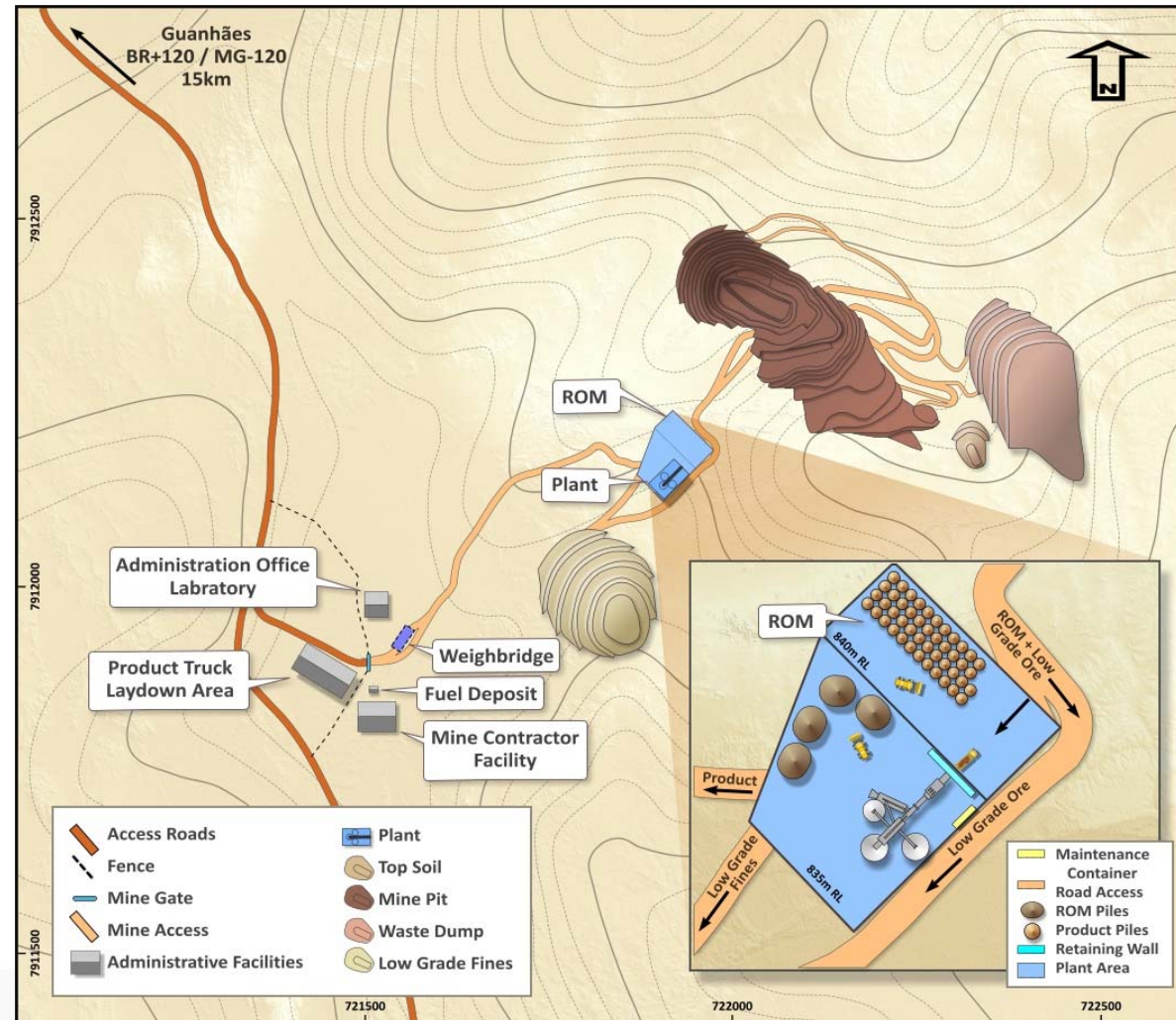
Candongga – Simple Flat-Lying Deposit, Easy Mining, Low Costs



- o Environmental and Mines Department (DNPM) approval applications lodged for 300,000tpa operation
- o Flat-lying, high grade mineralisation close to surface
- o Average strip ratio of 0.25:1 for first two years of operations. Life-of-mine strip ratio of 0.6:1 to keep operating costs low
- o High-grade material only requires simple dry crush and screen process

Candongga Project – Emerging Near-Term Cash Flow

- o Maiden JORC 2012 Proved and Probable Ore Reserve of **1.2Mt grading 60.5% Fe**
- o Ore Reserve to produce 0.9Mt of lump and sinter feed products at average grade of 63.5%
- o Work completed to date:
 - Trenching and 800m of diamond drilling on high-grade zone
 - Classification testwork
 - Resource/Reserve Estimation
 - Feasibility Study
- o Brazilian pig iron industry relies on lump (hematitinha) product which is in short supply in the domestic market
- o Land clear of native vegetation – simple approvals process



Candongga – Ore Reserves

Candongga Project JORC 2012 Ore Reserve Estimate - September 2014

Ore Category	JORC Category	Tonnes ('000)	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
DSO*	Proved	446	64.8	4.5	1.3	0.03	0.2
	Probable	280	64.8	5.2	0.9	0.03	0.1
	TOTAL	726	64.8	4.6	1.3	0.03	0.1
LBO**	Proved	362	53.9	17.9	2.5	0.04	1.4
	Probable	121	53.9	18.0	2.5	0.04	1.2
	TOTAL	483	53.9	17.9	2.5	0.04	1.3
GRAND TOTAL	Proved	808	59.9	10.5	1.9	0.03	0.7
	Probable	401	61.5	9.1	1.4	0.03	0.4
	TOTAL	1,209	60.5	10.0	1.7	0.03	0.6

**DSO ("Direct Shipping Ore") – ore that requires no beneficiation to produce saleable lump or sinter feed products; 61.3% Fe cut-off grade*

***LBO ("Lump Blending Ore") – ore that produces lump products within market specifications after blending with DSO lump products; 45% Fe cut-off grade*

Ore Reserves (kt)	Low Grade Fines (kt)	Saleable Product (kt)		Fe (%)	SiO ₂ (%)	P (%)	Al ₂ O ₃ (%)	LOI (%)	
		Lump (+6.3mm)		433	62.8	6.8	0.03	2.0	0.6
		Sinter Feed (-6.3mm)		465	64.0	5.7	0.03	1.2	0.2
1,209	311			898	63.5	6.2	0.03	1.6	0.4

Approximately 50% of the high grade saleable product from Candonga is a lump product (+6.3mm), which is highly sought after in the Brazilian domestic market.

Candongga – Capital and Operating Costs



Candongga Project – Capital Cost Schedule	
Capital Equipment	Total (A\$ m)
<i>DIRECT COSTS</i>	
Pre Strip & Mine Preparation	0.4
Infrastructure	1.2
Crushing & Screening	1.6
TOTAL DIRECT CAPEX	3.2
<i>INDIRECT COSTS</i>	
Owner's Costs	0.2
TOTAL INDIRECT CAPEX	0.2
CONTINGENCY	0.2
TOTAL CAPEX	3.6

Candongga Project – Life-of-Mine Operating Costs	
Operating Costs	A\$ per wet tonne product
Mining	8.7
Processing	2.1
General & Administration	1.7
SITE OPERATING CASH COST (C1)	12.5
Royalties – Government and Other	2.4
TOTAL OPERATING CASH COSTS (C1 + Royalties)	14.9

Candongga capital cost estimates based on acquisition of all-new equipment.

Candonga – Financial Evaluation from Feasibility Study



Key Financial Outcomes

Life-of-Mine Revenue	A\$36.5M
EBITDA	A\$23.1M
Capital Costs	A\$3.6M
Annual Average Operating Cash Flow (Pre-Tax)	A\$7.7M
Operating Cash Cost (including royalties)	A\$14.9/t*

The Candonga Project can be brought on stream quickly and cheaply, with high-grade lump and sinter feed ore sold into the domestic market. This will enable Centaurus to become an iron ore producer within six months.

* Estimates based on an average estimated domestic iron ore price of A\$41/tonne.

Brazilian Domestic Project Hub

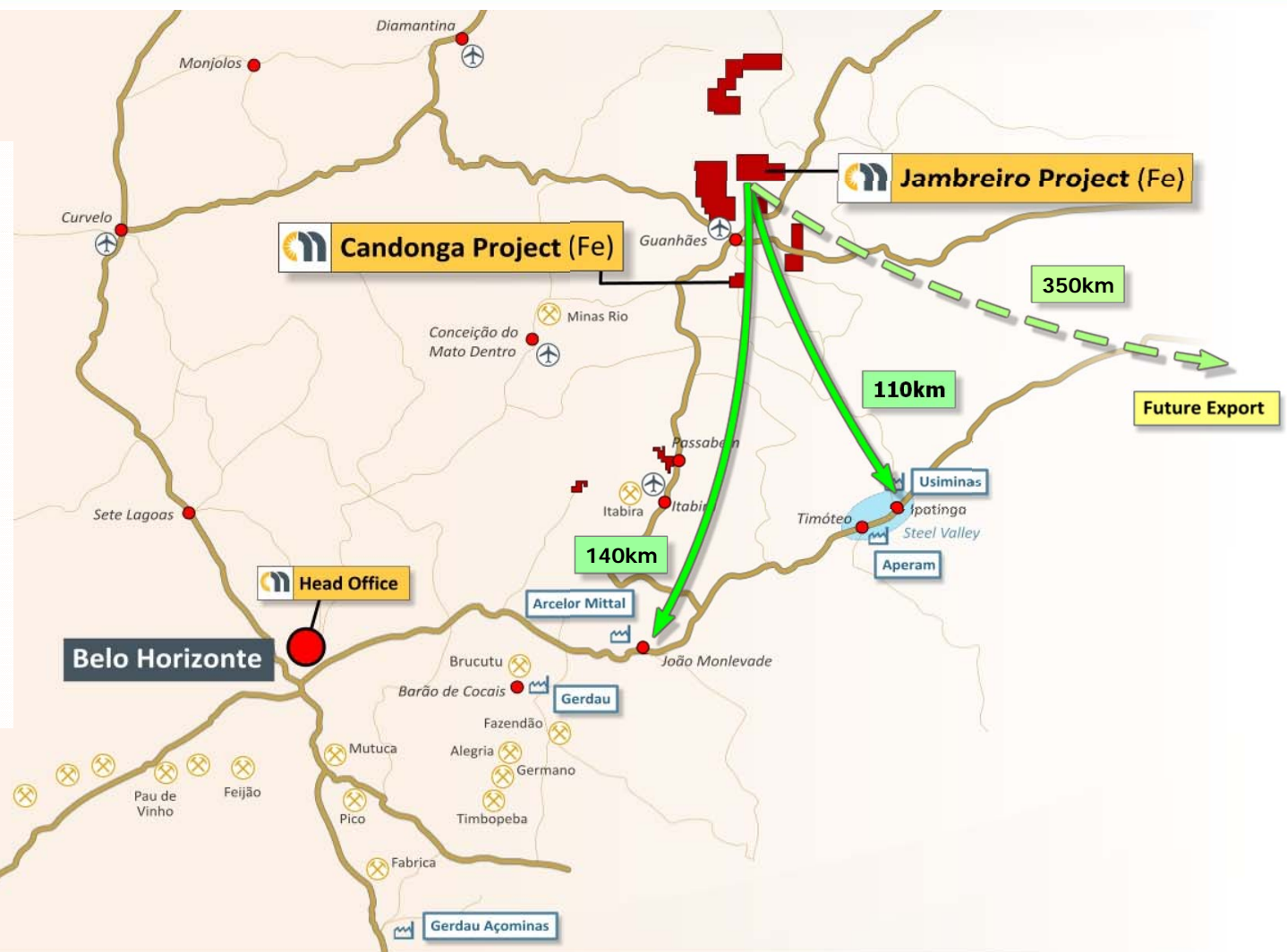


Jambreiro Project

Domestic Project Hub

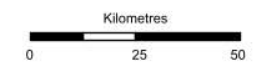
Minas Gerais

- Cornerstone = Jambreiro Project (128Mt) – 110km from Ipatinga steel-making region
- Initial JORC Ore Reserve at Jambreiro of 48.5Mt

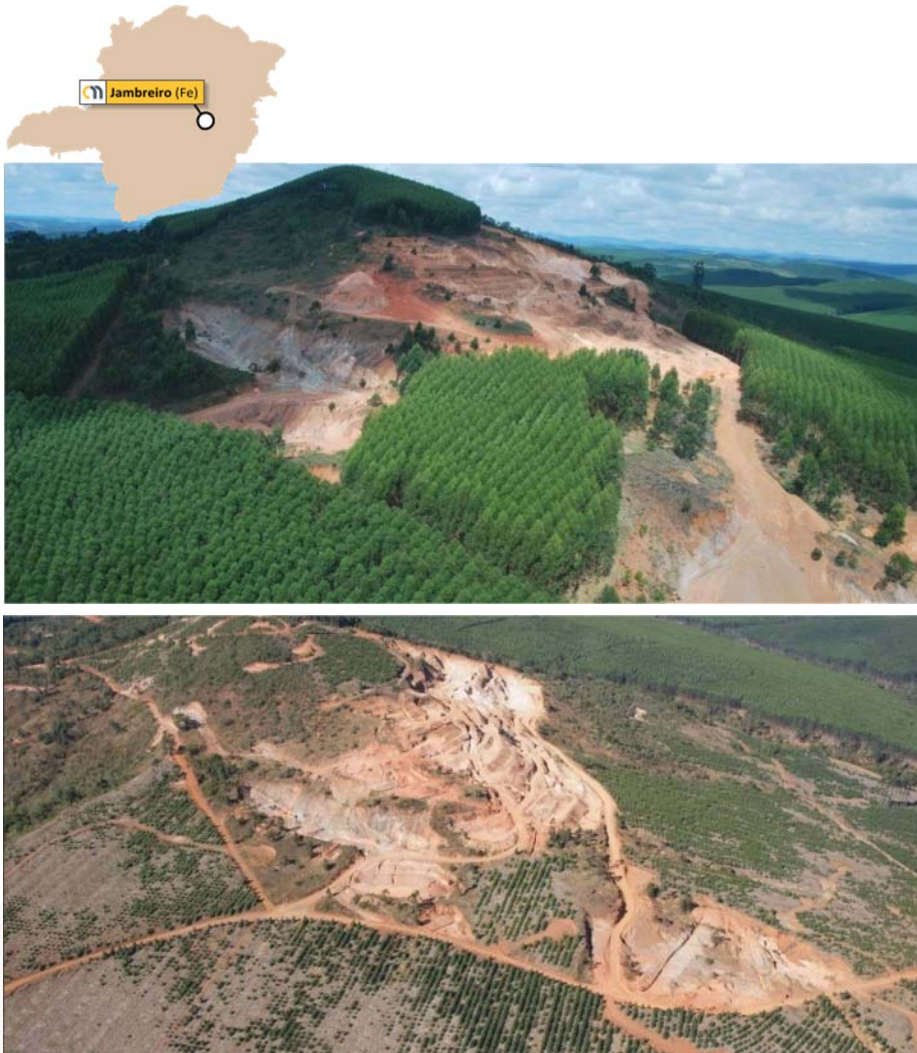


Belo Horizonte

- Large City
- Town
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Jambreiro – Fully Permitted and Ready-to-Go



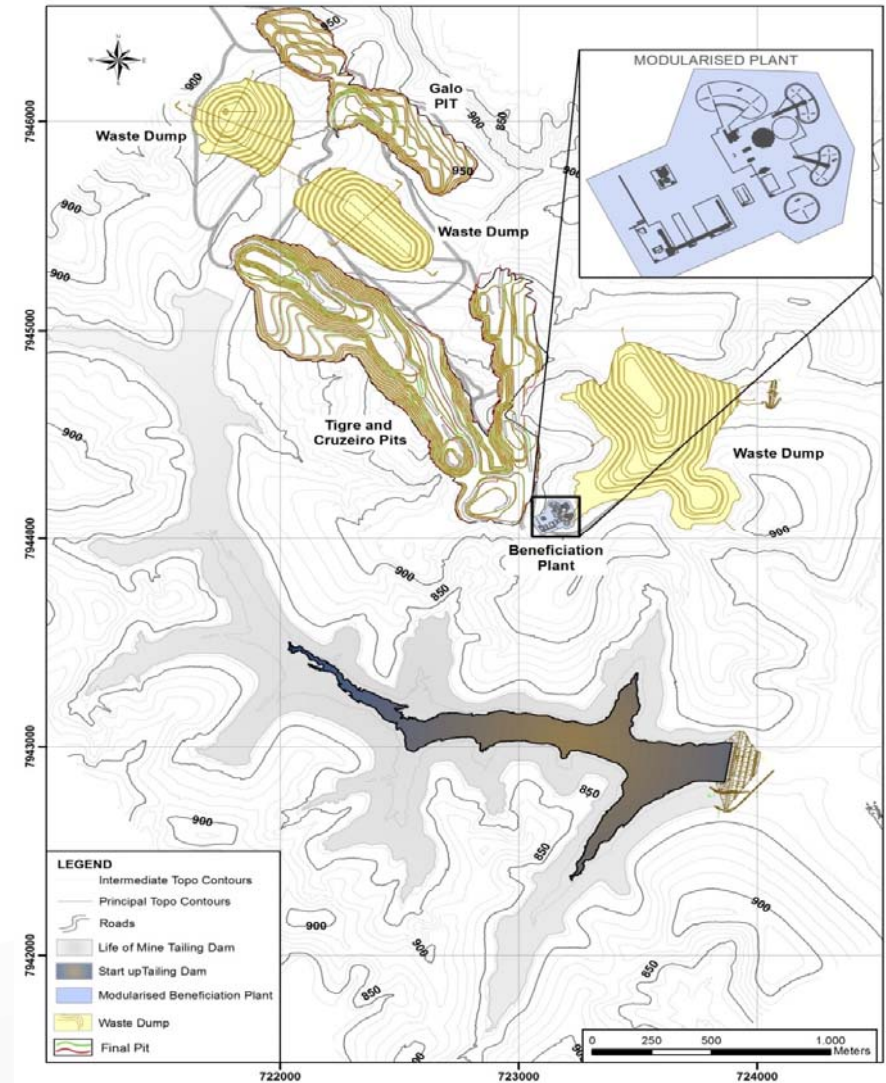
- Positive Bankable Feasibility Study completed in November 2012
- Initial production rate revised to 1Mtpa to reduce start-up CAPEX to A\$53M
- Forecast C1 cash operating costs of A\$20/tonne
- Ideally positioned to be a consistent and reliable supplier of high-quality, low impurity iron ore to domestic steel mills
- In-pit friable Ore Reserve: 48.5Mt @ 28.1% Fe
 - ~18Mt of high grade product = 18-year mine life
- Environmental and Mines Department approvals received
- Mining Leases granted
- 10-year land access agreement signed

Jambreiro – Engineering Well Advanced



Engineering Activities

- Modularised plant designed and costed for 1Mtpa
- Cofferdam constructed but stored water has now been released
- Significant basic engineering completed
- Detailed mine plan and schedule to be reworked in Q4 2014 for 1Mtpa project



Jambreiro – Product and Off-take

Off-take

- General acceptance of the high-quality Jambreiro product specification by potential domestic customers
- Negotiations for long-term off-take continue to advance to underpin project finance
- Off-take pricing = international market-based price with adjustment for higher Jambreiro quality and net-back to mine for domestic logistic costs



Jambreiro – Export Potential



- Jambreiro located within 150km of bulk cargo EFVM rail line
- EFVM rail line provides opportunity to access port capacity in and around Vitória
- Various ports also exist within close proximity to Vitória
- 50Mt of new port capacity is being brought on line at Acu and Sudeste
- MRS rail line provides third party access to the Sudeste Port

Centaurus – Reasons to Invest



- **Candonga: production and cash flow commencing within six months**
- **Very low capital intensity – A\$3.6M to first ore**
- **Very low cash operating costs – just A\$12.5 a tonne**
- **Low risk, strong margin business**
- **Simple open pit, contract mining operation**
- **Delivering a high-grade product which is in strong demand in Brazil**
- **Jambreiro: longer term growth potential to build critical mass**
- **One of the few fully-permitted new mid-sized iron ore projects in SE Brazil**
- **Strong relationships developed with off-takers and financiers**

A FOCUSED AND STAGED APPROACH TO BUILDING A LONG-TERM IRON ORE BUSINESS.



Centaurus Metals – Mineral Resource Inventory Schedule

Project	JORC Category	Million Tonnes	Fe (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)
Jambreiro* (1)	Measured	45.3	29.2	50.3	3.9	0.04	1.6
	Indicated	37.7	27.5	51.0	3.7	0.04	1.7
	Measured + Indicated	83.0	28.4	50.6	3.8	0.04	1.3
	Inferred	45.5	27.3	52.6	3.4	0.05	1.3
	TOTAL	128.5	28.0	51.3	3.7	0.05	1.5
Candongá* (1)	Measured	0.8	60.4	10.1	1.7	0.03	0.6
	Indicated	3.1	43.8	29.0	3.5	0.08	2.7
	Measured + Indicated	3.9	47.2	25.1	3.1	0.07	2.3
	Inferred	5.5	41.3	30.9	4.1	0.08	3.3
	TOTAL	9.4	43.7	28.5	3.7	0.07	2.9
Carnavial* (2)	Indicated	6.5	33.6	33.6	7.1	0.10	7.9
	Inferred	21.1	29.6	38.0	5.7	0.07	5.9
	TOTAL	27.6	30.5	37.0	6.0	0.07	6.4
Guanhães Region	Measured	46.1	29.7	49.6	3.9	0.04	1.6
	Indicated	47.3	29.4	47.2	4.2	0.05	2.6
	Measured + Indicated	93.4	29.6	48.4	4.0	0.05	2.1
	Inferred	72.1	29.0	46.7	4.1	0.06	2.8
	TOTAL	165.5	29.3	47.6	4.1	0.05	2.4
Itambé** (2)	Indicated	4.7	37.1	37.0	4.5	0.06	2.7
	Inferred	5.3	36.2	40.9	3.5	0.04	2.1
	TOTAL	10.0	36.6	39.1	4.0	0.05	2.4
Passabém*** (2)	Indicated	2.8	33.0	48.8	1.9	0.03	0.6
	Inferred	36.2	30.9	54.0	0.7	0.07	0.1
	TOTAL	39.0	31.0	53.6	0.8	0.07	0.1
Grand Total	Measured	46.1	29.7	49.6	3.9	0.04	1.6
	Indicated	54.8	30.2	46.4	4.1	0.05	2.5
	Measured + Indicated	100.9	30.0	47.9	4.0	0.05	2.1
	Inferred	11306	30.0	48.8	3.0	0.06	1.9
	GRAND TOTAL	214.5	30.0	48.3	3.5	0.05	2.0

* 20% Fe cut-off grade applied; ** 25% Fe cut-off grade applied; *** 27%Fe cut-off grade applied (1) JORC 2012 (2) JORC 2004