



# **Centaurus Metals Limited**

**and its controlled entities**

**ABN 40 009 468 099**

## **Interim Financial Report**

**30 June 2016**

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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 2016 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

## **Review of Operations**

### **Financial Position**

The total comprehensive consolidated loss for the half-year was \$531,535. Included in the loss is exploration expenditure of \$510,589.

At the end of the half-year the Group had a net cash balance of \$1,004,776 and net assets of \$4,009,806.

### **Overview**

The half year ending 30 June 2016 was an exciting and productive period for Centaurus, with exploration activities focused on the highly prospective Mombuca Gold Project in south-east Brazil.

### **Mombuca Gold Project**

A trench work program was undertaken that confirmed the presence of a stacked gold-bearing quartz vein system extending continuously over a significant strike length within the ITZ Prospect area.

Following this work, an Induced Polarisation (IP) survey was completed over the project area that identified a number of walk-up drill targets at surface. The survey highlighted a number of open-ended high chargeability zones that extend to more than 250m depth and are continuous for over 650m of strike within the priority ITZ Prospect, with the survey clearly demonstrating the strong relationship between gold-bearing sulphide mineralisation previously identified at surface and the chargeability zones at depth.

A number of these IP chargeability targets are coincident with magnetic low features found within a broader magnetic high anomaly. This type of geophysical feature may represent iron oxide (magnetite) depletion zones due to sulfidation or hydrothermal upgrade of hematite-rich zones, both of which present excellent targets for drilling.

The standout IP anomaly, known as the Bela Prospect is roughly 1.5km to the east of the ITZ Prospect. At Bela, an extremely high chargeability anomaly was identified which is open at depth. The anomaly is at its strongest at the base of the survey, where it is roughly 250m wide and projects upwards before weakening some 50-75m below surface.

## **Interim Financial Report - 30 June 2016**

This anomaly is perfectly coincident with a resistivity high that may be associated with silica alteration as well as a significant magnetic low feature surrounded by a larger magnetic high anomaly that can indicate magnetite depletion by sulphide rich fluids. This combination of geophysical indicators makes for an excellent, high-priority drill target.

With gold prices in Brazil at long term historical highs, the Company sees gold exploration as a significant opportunity for the Company to drive shareholder value and leverage its strong exploration skills in a commodity that has attractive economics.

A 2,500 metre diamond drill campaign commenced at Mombuca in mid-July, funded by a \$650,000 capital raising completed during the reporting period.

### **Aurora Copper Project**

Exploration also continued at the Aurora Copper Project in north-east Brazil during the reporting period, with several new priority exploration targets identified following a successful review of historical geophysical data. The most significant target that has emerged from the review of historical data is a chargeability high identified north of the Diamante target which extends over +1km of strike and is up to 600m wide, and may represent sulphide-rich mineralisation. This will be a priority focus for upcoming exploration work.

### **Nova Potash**

During the half year the Company also secured the backing of international investment company, Tavarua International Inc, to embark on a new growth strategy in the international potash fertiliser business through the formation of a 50/50 incorporated joint venture known as Nova Potash ("Nova"). Nova will investigate new Potash opportunities in Australia and south-east Asia.

Over the past four years Tavarua has been working with the leading Brazilian agricultural research institute, Embrapa, to identify a solution for the low-cost delivery of potash fertilisers to the extensive Cerrado agricultural region of central Brazil.

This extensive database of information held by Tavarua was generated from resource development work undertaken by Tavarua on its various potash tenements in Brazil and the various Embrapa agronomical studies.

Under the arrangements, the new joint venture will utilise this extensive geological, ore processing, product characterisation and agronomical knowledge base and data to assess the opportunity to achieve a similar low-cost delivery of potash fertiliser for the Australian and south-east Asian markets – where annual demand for potash fertilisers is currently over 5Mtpa and growing rapidly.

Centaurus will manage the joint venture on behalf of the joint venture participants. As manager, Centaurus will initially establish the business and identify potential areas in Australia and south-east Asia that could provide an opportunity for the low-cost delivery of potash, similar to that contemplated by Tavarua in Brazil. Centaurus will be able to recoup the costs of managing the joint venture from Nova.

Should the initial review work be successful in identifying suitable project areas, the joint venture partners will negotiate terms for the future exploration and development of these assets.

The establishment of Nova Potash represents another step in Centaurus' previously announced diversification strategy, positioning the Company to capitalise on long term global demand for potash fertilisers, as increased farming efficiency is required to feed the world's growing population.

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### 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.

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 and auger drill-hole results and is underpinned by a 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.

The Conquista DSO Iron Ore Project has the ability to be a solid cash generator for the Company in the near future via sale of the asset or through joint development. A detailed Information Memorandum was prepared during the period to assist in the divestment process. The Company is 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, 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.

Centaurus intends to pursue opportunities to extract value from the Jambreiro Project via either an outright sale or joint development proposition. In this regard a detailed Information Memorandum was prepared during the period to assist in the divestment process. The Company's Brazilian subsidiary that holds the Jambreiro asset also holds tax losses in excess of R\$150 million (A\$62.5 million).

### Capital Raising

Centaurus successfully raised \$0.65 million during the reporting period via the issue of 130 million fully-paid ordinary shares at an issue price of \$0.005 per share.

The share placement – which was undertaken with sophisticated private clients of CPS Capital, as well as some long-standing major shareholders of the Company – allowed the Company to immediately commence a 2,500m maiden diamond drilling program at Mombuca.

### Competent Persons 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.*

## Interim Financial Report - 30 June 2016

### Events Subsequent to Reporting Date

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 2016 is set out on page 7.



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Darren Gordon  
Managing Director

8 September 2016



*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 for the half-year ended 30 June 2016 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.

KPMG

A handwritten signature in blue ink, appearing to read 'T. Hart'.

Trevor Hart

*Partner*

Perth

8 September 2016

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2016

	30 June 2016 \$	30 June 2015 \$
<b>Profit or Loss</b>		
Other income	56,431	-
Exploration expenditure	(510,589)	(1,712,432)
Impairment of exploration and evaluation	-	(86,843)
Impairment of other receivables	-	(1,023,568)
Employee benefits expense	(264,519)	(812,884)
Share based expense/reversals	(22,872)	331,299
Occupancy expenses	(59,240)	(106,395)
Listing and share registry fees	(7,261)	(21,431)
Professional fees	(141,790)	(199,662)
Depreciation	(26,905)	(59,927)
Net loss on disposal of assets	-	(36,943)
Other expenses	(120,193)	(229,738)
<b>Results from operating activities</b>	<b>(1,096,938)</b>	<b>(3,958,524)</b>
Finance income	16,915	23,917
Finance expenses	(41)	(395)
<b>Loss before income tax</b>	<b>(1,080,064)</b>	<b>(3,935,002)</b>
Income tax benefit	-	3,356
<b>Loss for the period</b>	<b>(1,080,064)</b>	<b>(3,931,646)</b>
<b>Other Comprehensive Income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Net change in fair value of available-for-sale financial assets	-	(35,556)
Exchange differences arising on translation of foreign operations	548,529	(510,481)
Income tax on other comprehensive income	-	-
<b>Other comprehensive income (loss) for the period</b>	<b>548,529</b>	<b>(546,037)</b>
<b>Total comprehensive loss for the period</b>	<b>(531,535)</b>	<b>(4,477,683)</b>
<b>Earnings per Share</b>		
	Cents	Cents
Basic loss per share	(0.17)	(1.46)
Diluted loss per share	(0.17)	(1.46)

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



## Condensed Consolidated Statement of Financial Position

As at 30 June 2016

	Note	30 June 2016 \$	31 December 2015 \$
<b>Current assets</b>			
Cash and cash equivalents		1,004,776	541,871
Other receivables and prepayments		235,234	846,359
<b>Total current assets</b>		<b>1,240,010</b>	<b>1,388,230</b>
<b>Non-current assets</b>			
Other receivables and prepayments		228,850	210,300
Other investments including derivatives		120,515	89,851
Property, plant and equipment		463,798	450,367
Exploration and evaluation assets		3,115,446	2,662,349
<b>Total non-current assets</b>		<b>3,928,609</b>	<b>3,412,867</b>
<b>Total assets</b>		<b>5,168,619</b>	<b>4,801,097</b>
<b>Current liabilities</b>			
Trade and other payables		312,889	235,182
Employee benefits		181,290	126,103
Provisions		-	7,776
<b>Total current liabilities</b>		<b>494,179</b>	<b>369,061</b>
<b>Non-current liabilities</b>			
Provisions		614,774	511,489
Employee benefits		49,860	46,217
<b>Total non-current liabilities</b>		<b>664,634</b>	<b>557,706</b>
<b>Total liabilities</b>		<b>1,158,813</b>	<b>926,767</b>
<b>Net assets</b>		<b>4,009,806</b>	<b>3,874,330</b>
<b>Equity</b>			
Share capital	4	107,310,330	106,666,191
Reserves		(6,674,203)	(7,245,604)
Accumulated losses		(96,626,321)	(95,546,257)
<b>Total equity</b>		<b>4,009,806</b>	<b>3,874,330</b>

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 2016

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

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 2015

	Issued Capital \$	Option Reserve \$	Share- Based Payments Reserve \$	Available-for- Sale Investments \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 January 2015</b>	<b>104,035,437</b>	<b>2,966,597</b>	<b>2,796,173</b>	<b>35,556</b>	<b>(6,184,870)</b>	<b>(97,141,371)</b>	<b>6,507,522</b>
Loss for the period	-	-	-	-	-	(3,931,646)	(3,931,646)
Net change in fair value of available-for-sale financial assets	-	-	-	(35,556)	-	-	(35,556)
Foreign currency translation difference for foreign operation	-	-	-	-	(510,481)	-	(510,481)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,556)</b>	<b>(510,481)</b>	<b>(3,931,646)</b>	<b>(4,477,683)</b>
Issue of Ordinary Shares	1,327,598	-	-	-	-	-	1,327,598
Share issue costs	(119,612)	-	-	-	-	-	(119,612)
Share-based payment transactions	-	-	(331,299)	-	-	-	(331,299)
Transfer to retained losses	-	(2,966,597)	-	-	-	2,966,597	-
<b>Total transactions with owners</b>	<b>1,207,986</b>	<b>(2,966,597)</b>	<b>(331,299)</b>	<b>-</b>	<b>-</b>	<b>2,966,597</b>	<b>876,687</b>
<b>Balance at 30 June 2015</b>	<b>105,243,423</b>	<b>-</b>	<b>2,464,874</b>	<b>-</b>	<b>(6,695,351)</b>	<b>(98,106,420)</b>	<b>2,906,526</b>

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 2016

	30 June 2016 \$	30 June 2015 \$
<b>Cash flows from operating activities</b>		
Exploration and evaluation expenditure	(443,200)	(1,497,717)
Payments to suppliers and employees (inclusive of indirect taxes)	(505,416)	(983,005)
Proceeds on court settlement	-	272,570
Interest received	14,278	12,430
<b>Net cash used in operating activities</b>	<b>(934,338)</b>	<b>(2,195,722)</b>
<b>Cash flows from investing activities</b>		
Payments for plant & equipment	-	(16,089)
Proceeds from sale of investments	-	189,250
Proceeds from sale of plant & equipment	671	175,694
Proceeds from grant of future lease of mining rights	736,782	-
Proceeds from security deposits	-	41,936
<b>Net cash from investing activities</b>	<b>737,453</b>	<b>390,791</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity securities	650,000	1,327,598
Capital raising costs	(4,962)	(119,612)
<b>Net cash from financing activities</b>	<b>645,038</b>	<b>1,207,986</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>448,153</b>	<b>(596,945)</b>
Cash and cash equivalents at the beginning of the half-year	541,871	891,990
Effect of exchange rate fluctuations on cash held	14,752	(17,635)
<b>Cash and cash equivalents at the end of the half-year</b>	<b>1,004,776</b>	<b>277,410</b>

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 2016**

### **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 2016 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 with 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 2015.

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 September 2016.

#### **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 2015.

#### **Going Concern**

The interim financial statements for the period ended 30 June 2016 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 \$1,080,064 with net cash inflows of \$448,153 including a capital raising of net \$645,038. The Group has working capital of \$745,831 at 30 June 2016.

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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 commitment to lease the Candonga Project has demonstrated that even small Direct Ship Ore (DSO) Projects have value in Brazil. The Company has other DSO projects which can be sold; 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 2016. 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 2015.

#### 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 2016 Number of Shares	31 December 2015 Number of Shares
On issue at the start of the period	521,463,429	239,987,919
Issue of ordinary shares for share placement at \$0.005	130,000,000	-
Issue of ordinary shares for share placements at various prices		129,298,305
Issue of ordinary shares for entitlements issue at \$0.025 per share	-	7,715,251
Issue of ordinary shares on listed option conversion at \$0.05 per share	-	4,333
Issue of ordinary shares for share purchase plan at \$0.0059 per share	-	85,152,603
Issue of ordinary shares for mineral asset acquisition	-	46,501,476
Issue of ordinary shares in lieu of remuneration	8,204,483	12,803,542
On issue at the end of the period	<b>659,667,912</b>	521,463,429

#### 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 expenses in Australia and Brazil of \$608,623 (30 June 2015: \$1,061,442) which are reviewed separately from the Group's operating segment.

Geographical Segment Information	30 June 2016 Revenue \$	30 June 2016 Non-Current Assets \$	30 June 2015 Revenue \$	31 December 2015 Non-Current Assets \$
	Brazil	-	3,365,126	-
Australia	-	563,483	-	523,847
Total	-	<b>3,928,609</b>	-	3,412,867

#### Note 6. Subsequent Events

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 2016**

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 2016 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.



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Darren Gordon  
Managing Director

8 September 2016





## Independent auditor's review report to the members of Centaurus Metals Limited

### Report on the financial report

We have reviewed the accompanying interim financial report of Centaurus Metals Limited, which comprises the condensed consolidated statement of financial position as at 30 June 2016, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### *Directors' responsibility 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* and 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*

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 2016 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*.



*Conclusion*

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:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**Material uncertainty regarding continuation as a going concern**

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.

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

KPMG

A handwritten signature in blue ink, appearing to read 'T. Hart'.

Trevor Hart

*Partner*

Perth

8 September 2016