

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
AND MEDIA RELEASE



30 August 2019

Reissue of Release from 6 August 2019

**AGREEMENT TO CONVERT SALOBO WEST ROYALTY INTEREST ON CLOSING OF
JAGUAR NICKEL SULPHIDE PROJECT ACQUISITION**

Transaction forms part of proposed strategic refocus on advanced nickel sulphide asset

As announced separately to the market today, Centaurus Metals Ltd (ASX: CTM) ("**Centaurus**" or "**Company**") has been granted an option to acquire the advanced, large-scale Jaguar Nickel Sulphide Project in Northern Brazil from Vale (see ASX Release: "Centaurus Secures Option to Acquire Outstanding Large-Scale Nickel Sulphide Project in Brazil from Vale S.A.") as part of a strategic repositioning of the Company into the nickel sulphide sector.

Part of the purchase consideration for this proposed acquisition is the transfer of Centaurus' Salobo West Copper-Gold Project ("**Project**") to Vale.

Commenting on the transaction, Centaurus' Managing Director, Mr Darren Gordon, said: "*Salobo West is a highly prospective and strategically located exploration project with the potential to deliver Tier-1 IOCG-style discoveries in proximity to one of Vale's cornerstone copper-gold operations. Centaurus has pursued a systematic and diligent exploration program over the past two years to advance Salobo West to a drill-ready stage, while at the same time progressing the permitting process to a stage where the grant of the relevant licences is anticipated shortly.*"

"While we remain very enthusiastic about the potential of Salobo West, the reality is that this is expensive exploration in a challenging environment which requires very deep pockets and a long-term view. Given its dominant footprint in Northern Brazil, Vale is the natural owner of this asset – and the opportunity arose to enter into an innovative asset swap arrangement as part of the Jaguar Nickel Project acquisition. This will allow us to leverage our skills and expertise with an outstanding, advanced nickel sulphide project that fits better within our operational expertise and funding capability."

The Project tenements were originally acquired from the privately-owned Brazilian resource development group, Terrativa Minerai SA ("**Terrativa**"), which retained a 2% production royalty over the tenements or right to elect to receive a 25% share of sale proceeds in the event Centaurus divested the Project to a third party.

Centaurus now announces that, conditional on the completion of the transaction with Vale, Terrativa has elected to convert its royalty interest to a 25% share of Project sale proceeds.

In that regard, Centaurus has agreed to pay Terrativa up to A\$3.5 million over a period of 2.5 years, with the first payment of A\$1.0 million to be paid through the issue of ordinary shares in Centaurus concurrent with completion of the acquisition of the Jaguar Nickel Sulphide Project from Vale ("**Closing**"). The shares will be issued at the 10-day VWAP price of Centaurus shares immediately prior to the date of this announcement.

Centaurus will then pay Terrativa A\$500k in cash every six months over the following 30 months, with the first instalment payable on the date which is six months after Closing. Alternatively, at Centaurus' election, the Company may pay a lump sum cash amount of A\$2.0 million at any time prior to the first of the above instalments falling due.

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Further, Terrativa will be entitled to two bonus payments contingent on the following milestones being met:

- a) If during the 36-month period after Closing, Centaurus' market capitalisation exceeds A\$50 million for 90 days in any 6-month period, Centaurus will pay Terrativa \$1.25 million in cash (or, if Terrativa elects and subject to shareholder approval being obtained, A\$1.4 million in Centaurus shares). If Terrativa elects to take the payment in shares and shareholder approval is obtained, the shares will be issued as soon as practicable after that approval. The issue price of the shares will be the 10-day VWAP immediately prior to the achievement of the milestone. If Terrativa elects to take the payment in cash, the payment will be made 60 days after the milestone is achieved but no earlier than 12 months after Closing.
- b) If during the 36-month period after Closing, Centaurus' market capitalisation exceeds A\$100 million for 90 days in any 6-month period, Centaurus will pay Terrativa a further \$1.25 million in cash (or, if Terrativa elects and subject to shareholder approval being obtained, A\$1.4 million in Centaurus shares). If Terrativa elects to take the payment in shares and shareholder approval is obtained, the shares will be issued as soon as practicable after that approval. The issue price of the shares will be the 10-day VWAP immediately prior to the achievement of the milestone. If Terrativa elects to take the payment in cash, the payment will be made 60 days after the milestone is achieved but no earlier than 12 months after Closing.

The Company has agreed that any unpaid consideration instalments or contingent bonus payments will become immediately payable to Terrativa should a change of control event occur in relation to Centaurus.

Terrativa will have no interest in, or entitlement to receive consideration (whether by way of royalty or otherwise) which is linked directly with, the Jaguar Nickel Sulphide Project to be acquired from Vale.

-ENDS-

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