

21 March 2019

## Re-release of ASX Announcement titled ‘\$2.2M Placement Completed to Support Jambreiro FS Review’

Centaurus Metals Limited (ASX: CTM) wishes to advise that its ASX announcement of 21 March 2019 entitled ‘\$2.2M PLACEMENT COMPLETED TO SUPPORT JAMBREIRO FS REVIEW’ has been amended as follows:

- The pricing of the capital raising noted on page 3 has been amended to \$0.0055 per share.

The amended announcement is attached.

**ENDS**

**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

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## CENTAURUS TO REASSESS STRATEGIC OPTIONS FOR JAMBREIRO IRON ORE PROJECT FOLLOWING \$2.2M CAPITAL RAISING

**Strengthened domestic iron ore price environment in Brazil and improved conditions for project development provide catalyst for Jambreiro Project Feasibility Study update and strategic development review**

Centaurus Metals (ASX Code: CTM) is pleased to announce that it has successfully completed a \$2.2 million equity raise that will enable it to immediately commence activities aimed at unlocking the significant value of its development-ready **Jambreiro Iron Ore Project** while continuing to progress its high-impact exploration assets in the Carajás region of northern Brazil.

The proceeds will, in part, provide funding for an update of the 2013 Feasibility Study on the Jambreiro Iron Ore Project and allow Centaurus to commence a strategic development review of the project, which is located in south-eastern Brazil, in light of the recent strong recovery in the iron ore price and renewed interest from prospective partners.

The 100%-owned Jambreiro Project is a fully-permitted, shovel-ready development project that is licensed for 3Mtpa of production. It represents a strategic asset in the Brazilian domestic iron ore and steel sector, particularly with the premium pricing that now exists in the market for high grade (65% Fe), low-impurity ore (4.5% SiO<sub>2</sub>, 0.80% Al<sub>2</sub>O<sub>3</sub> and 0.01% P).

Centaurus originally completed a positive Bankable Feasibility Study for the Jambreiro Project in November 2012 which was subsequently revised to take account of a 1Mtpa iron ore production scenario (see initial ASX announcement of 5 November 2012 and subsequent announcements of 20 December 2013 and 13 January 2014), which demonstrated low operating costs and strong economics.

The Company now intends to update the Feasibility Study based on significant changes and marked improvements in a number of key parameters since the 2013 Feasibility Study was completed, including:

- Higher prices in the international market for premium 62% Fe ore;
- Lower availability of high-grade iron ore in the Brazilian domestic market compared with 2013;
- Improved domestic market pricing relative to 2013 as a result of the currency impact of a weaker Brazilian Real against the US Dollar;
- Significant premiums being realised for higher grade 65% Fe product, in light of tighter environmental conditions for steel mills across the globe, which didn't present in the domestic market in 2013;
- Greater access to open-access ports, logistics and infrastructure compared with 2013, which should provide a greater opportunity for the Company to consider supply into the export market;
- A number of new potential customers and partners in the domestic market which were not available to the Company in 2013; and
- A new pro-development government in Brazil which should provide strength for the domestic steel industry in Brazil over the coming years.

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## AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE



Since the start of December 2018, the 62% Fe price has risen by 25% in US Dollar terms to over US\$85/t, with ongoing uncertainty regarding Brazilian iron ore exports indicating that current pricing levels could be sustained well into 2019. The premium for 65% Fe ore over 62% Fe product is currently in the range of US\$12-US\$15/t.

Mine gate prices domestically in Brazil are generally based on the international export price for similar quality ore, less a net-back for the costs of logistics to the point of sale in the domestic market – whether that be at the mine gate, rail head or export port.

Key outcomes from the 2013 Feasibility Study, as previously reported in the ASX releases referred to above, included:

Proven and Probable Ore Reserve (JORC 2004)	48.5Mt at an average grade of 28.1% Fe <sup>1</sup>
Concentrate Product Grade	65% Fe
Production rate of Concentrate	1Mtpa
Mine Life	18 years
Total Revenue	A\$750 million
EBITDA	A\$350 million
Capital Costs	A\$53 million
Annual Average Operating Cash Flow	A\$19.4 million
LOM Average Sales Price	A\$41.3/dmt
Operating Cash Cost (per tonne product – LOM)	A\$22.0/dmt

	2013 FS	March 2019
Average FX – AUD to BRL	2.00	2.65
Average FX – AUD to USD	0.91	0.70
Average FX – USD to BRL	2.20	3.78
Avg. Sales Price Mine Gate R\$/wmt Product	82.7	See Comment Below

Mine gate sales of 62% Fe ore are occurring in close proximity to the Jambreiro Project which, based on information available to the Company, indicates that a price of R\$100-R\$120 tonne is presently being achieved for that ore.

Discussions with the new owners of the Candonga DSO Project, which Centaurus divested in 2015 (which is located only 20km from Jambreiro and which is currently producing both sinter feed and lump iron ore products), indicates that their 62% iron ore product is achieving prices comfortably in this range. Given the higher grade of the Jambreiro ore, the Company believes that those prices are likely to be at least representative of the current market for its product.

Current exchange rates, combined with the enhanced conditions for future development, are expected to expand the range of funding alternatives for the Jambreiro Project. A number of potential partners have already expressed an interest in the project, whereby they could secure an equity interest in the project by funding the capital required to develop it.

While there is no guarantee that a transaction of this nature will be finalised, the discussions to date provide the Company with confidence that Jambreiro can be funded at a Project level with equity, should the review of the previous Feasibility Study work deliver the results expected by the Company.

<sup>1</sup> This information was prepared and first disclosed under the JORC Code 2004. It 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. All information included in this presentation regarding the Ore Reserve estimate for the Jambreiro Iron Ore Project should be read in conjunction with the Company's ASX announcement dated 5 November 2012.



### **Details of the Equity Raise**

In order to assist in funding the rework of the Feasibility Study for the Jambreiro Project, the Company has successfully completed a share placement to raise \$2.20 million, before costs. Originally seeking \$1.65 million, the Company accepted oversubscriptions of \$550,000.

In addition to providing funding for the Jambreiro work, the funds raised will be used to advance permitting for the Salobo West Copper-Gold Project and preparations for future drilling, assessment of new project opportunities in the Carajás Mineral Province, and for general working capital.

Under the placement, the Company will issue 400 million shares at \$0.0055, together with 400 million free attaching options having an exercise price of \$0.012 and an expiry date of 31 May 2021, to sophisticated and professional investors. Hong Kong based private equity group LC Capital Limited ('LC Capital') subscribed for 10% of the placement and the Company thanks LC Capital for its support in relation to Centaurus' ongoing activities in Brazil.

The options will be subject to shareholder approval, which will be sought at the Company's Annual General Meeting due to be held before the end of May 2019. Subject to meeting applicable ASX and ASIC requirements, the Company also intends to seek quotation of those options. The placement shares will be issued in one tranche under the Company's existing placement capacity under LR 7.1 (169,501,784 shares) and 7.1A (230,498,216 shares) and are expected to be allotted on Tuesday 26 March 2019.

Melbourne-based Pinnacle Equities were the Lead Manager to the placement. As part of their fee, Pinnacle will receive 30 million options having the same exercise price and expiry date as the options issued as part of the placement, subject to shareholder approval.

### **Management Comment**

Centaurus' Managing Director, Mr Darren Gordon, said the funds raised would allow it to immediately commence work on a strategic development review of the Jambreiro Project, given its strategic position in the Brazilian iron and steel market.

*"Jambreiro is an advanced, high-quality asset which is well placed to capitalise on the expected emerging shortfall in Brazilian domestic iron ore supply. This is a project which is ready for development and, given the current strong iron ore market and a number of positive trends in market conditions and the strategic environment for domestic iron ore projects in Brazil, we believe the timing is now right to update the 2013 Feasibility Study and potentially fast-track Jambreiro towards production.*

*"Discussions with potential project partners are continuing and we believe the renewed positive market conditions will also allow these partnering discussions to be progressed in line with the feasibility study review. New opportunities, not available to the Company in 2013, have also emerged to access logistics and infrastructure for export markets with these opportunities to now be investigated as part of the review work.*

*"To support the necessary update of the Feasibility Study we have completed a small equity raise and we would like to thank sophisticated and professional investor clients of Pinnacle Equities who participated in the raise.*

*"The Company has a big year ahead, with the review work at Jambreiro, the advancement of the Salobo West Project, assessment of new opportunities in the Carajás and ongoing study work from the Itapitanga JV with Simulus all pointing to a very positive period for the Company."*

### **Trading Halt**

This announcement brings to an end the Company's current voluntary suspension.

# AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

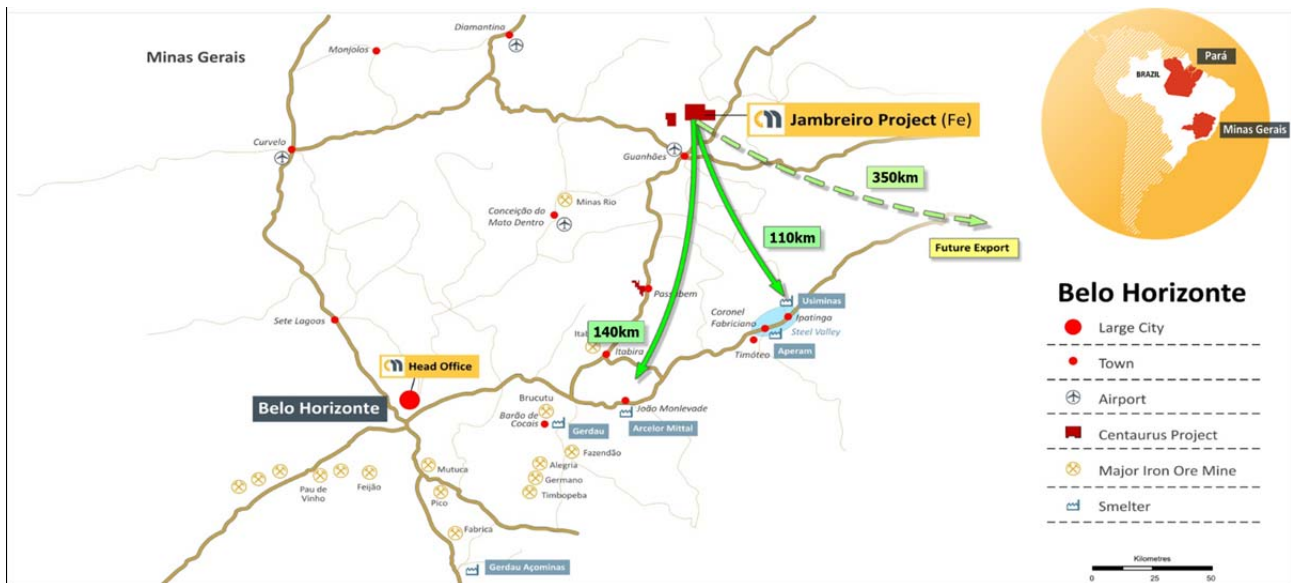


-ENDS-

**Released by:**  
Nicholas Read  
Read Corporate  
M: +61 419 929 046

**On behalf of:**  
Darren Gordon  
Managing Director  
Centaurus Metals Limited  
T: +618 6424 8420

**Figure 1: Centaurus Iron Ore Project Locations in south-eastern Brazil.**



## Competent Persons Statement

The information in this announcement 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 Australasian 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 Reserves'. Roger Fitzhardinge and Volodymyr Myadzel consent to the inclusion in the announcement of the matters based on their information in the form and context in which it appears.

The information in this announcement 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 Reserves'. Beck Nader consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

## Disclaimer

All information included in this announcement regarding Exploration Results, Mineral Resources and Ore Reserve estimates was prepared and first announced by the Company to the market under the JORC Code 2004. To the extent that information related to the Jambreiro Mineral Resource, it was subsequently updated to be compliant with the JORC 2012 Code and that updated information has since been announced by the Company. The information in relation to the Jambreiro Ore Reserve has not been updated since to comply with the JORC Code 2012, however, on the basis that the information has not materially changed since it was last reported.

All information included in this announcement regarding the Ore Reserve estimate for the Jambreiro Iron Ore Project should be read in conjunction with the ASX announcement dated 5 November 2012. No material change has occurred since that time in any of the pit optimisation parameters used to estimate the Jambreiro Ore Reserve.

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 announcement 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.