Centaurus Metals Limited

ACN 009 468 099

Annual Report
31 December 2016

Centaurus Metals Limited ABN 40 009 468 099

And its controlled entities

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Corporate Directory

Directors

Mr D M Murcia AM, B.Juris, LL.B
Non-Executive Chairman

Mr D P Gordon B.Bus, FCA, AGIA
Managing Director

Mr M D Hancock B.Bus, CA, FFin
Non-Executive Director

Mr B R Scarpelli M.Sc, PMP
Executive Director

Company Secretary

Mr P A Bridson B.Com, CA, AGIA

Share Registry

Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009
Telephone: (08) 9389 8033

Auditors

KPMG
Chartered Accountants
235 St Georges Terrace
Perth WA 6000

Bankers

Australia

National Australia Bank
1232 Hay Street
West Perth WA 6005

Brazil

Intermedium
ag: 2946. c/c:74404-2
Endereço: Rua da Bahia, 951 – 5º andar
Belo Horizonte – MG - CEP: 30.130.008
BRAZIL

Stock Exchange Listing

Centaurus Metals Limited shares are
listed on the Australian Securities Exchange
Ordinary fully paid shares (ASX code: CTM)
Listed options (ASX code: CTMO & CTMOA)

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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 year ended 31 December 2016 together with the consolidated financial report and review report thereon.

1 Directors

The directors of the Company at any time during or since the end of the year are:

- D M Murcia Independent Non-Executive Chairman
- D P Gordon Managing Director
- M D Hancock Non-Executive Director
- B R Scarpelli Executive Director

Unless otherwise disclosed, all directors held their office from 1 January 2016 until the date of this report.

2 Directors and Officers

Mr Didier M Murcia, AM, B.Juris, LL.B
Non-Executive Chairman, Age 54

Experience and Expertise
Independent non-executive director appointed 16 April 2009 and appointed Chairman 28 January 2010. Lawyer with over 25 years legal and corporate experience in the mining industry. Mr Murcia is currently Honorary Australian Consul for the United Republic of Tanzania. He is Chairman and founding director of Perth-based legal group MPH Lawyers. He is Chairman of Strandline Resources Limited and Alicanto Minerals Ltd.

Other Directorships
During the last three years Mr Murcia has held directorships in the following ASX listed companies:

- Alicanto Minerals Limited (appointed 30 May 2012) - Non Executive Chairman
- Strandline Resources Limited (appointed 23 October 2014) - Non Executive Chairman
- Gryphon Minerals Limited (appointed 28 July 2006, resigned 13 October 2016)
- Cradle Resources Limited (appointed 13 August 2013, resigned 8 May 2016)

Special Responsibilities

- Chairman of the Board

Mr Darren P Gordon, B.Bus, FCA, AGIA
Managing Director, Age 45

Experience and Expertise
Managing Director appointed 4 May 2009. Chartered Accountant with over 20 years resource sector experience as a senior finance and resources executive. Mr Gordon was formerly Chief Financial Officer for Gindalbie Metals Limited.

Special Responsibilities

- Managing Director

Other Directorships
During the last three years Mr Gordon has held directorships in the following ASX listed companies:

- Genesis Minerals Limited (appointed 23 March 2016)

Mr Mark D Hancock, B.Bus, CA, FFin
Non-Executive Director, Age 48

Experience and Expertise
Non-executive director appointed 23 September 2011. Mr Hancock is currently Chief Financial Officer at Atlas Iron Limited. He has over 20 years' experience in senior financial roles across a number of leading companies in Australia and South East Asia, including Lend Lease Corporation Ltd, Woodside Petroleum Ltd and Premier Oil Plc.

Other Directorships

During the last three years Mr Hancock held directorships in the following ASX listed companies:

- Atlas Iron Limited (appointed 25 May 2012, resigned 2 December 2014)

Mr Bruno R Scarpelli, M.Sc., PMP
Executive Director, Age 39

Experience and Expertise

Executive Director appointed 3 September 2015. Mr Scarpelli is an engineer with over 15 years' experience in the mining sector, specifically in the environmental approvals, health and safety and human resources fields. He was formerly environmental manager for Vale's S11D Project.

Special Responsibilities

- Administrator of Brazilian subsidiaries
- Country Manager - Brazil

Mr Paul A Bridson, B.Com, CA, AGIA
Company Secretary, Age 49

Experience and Expertise

Mr Bridson was appointed as Company Secretary on 3 May 2016. Mr Bridson is a Chartered Accountant and a member of Governance Institute. He has over 20 years' experience in the resources sector.

Special Responsibilities

- Company Secretary

3 Directors Meetings

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 31 December 2016 and the number of meetings attended by each director were:

	Meetings of Directors	
	Held*	**Attended**
Mr D M Murcia	4	4
Mr D P Gordon	4	4
Mr M D Hancock	4	4
Mr B R Scarpelli	4	4

*Denotes the number of meetings held during the time the director held office.

The Company does not have a formal Nomination Committee, Audit & Risk Committee or Remuneration Committee. The functions of the Audit & Risk Committee and the Remuneration Committee are performed by the full Board.

4 Corporate Governance Statement

A copy of Centaurus' 2016 Corporate Governance Statement, which provides detailed information about governance, and a copy of Centaurus' Appendix 4G which sets out the Company's compliance with the recommendations in the third edition of the ASX Corporate Governance Council's Principles and Recommendations is available on the corporate governance section of the Company's website at www.centaurus.com.au/corporate-governance.

5 Remuneration Report – Audited

5.1 Principles of Remuneration

The primary objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward and governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linked executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation to ensure:

(i) Alignment to shareholders' interests:

- focuses on the creation of shareholder value and returns; and
- attracts and retains high calibre executives with an inherent knowledge of the Company's ongoing business and activities.

(ii) Alignment to program participants' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards;
- provides recognition for contribution; and
- seeks to retain experienced and competent individuals in key executives roles.

The remuneration framework currently consists of base pay and long-term incentives through participation in the Employee Share Option Plan.

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Over the past 5 years, the Group was involved in mineral exploration and pre-development activities and therefore growth in earnings is not considered particularly relevant. Shareholder wealth is dependent upon exploration success and has fluctuated accordingly in addition to being influenced by broader market factors.

The performance of the Group in respect of the current period and the previous four financial years is set out below:

	2016 $	2015 $	2014 $	2013 $	2012 $
Net Loss	(2,560,899)	(3,700,866)	(10,460,299)	(32,714,987)	(9,125,800)
Change in share price	$0.002	($0.046)	($0.15)	($0.13)	($0.11)

During the financial year ended 31 December 2016, no salary or fee increases were awarded to non-executive directors, executive directors or executives of the Company.

The executive pay and reward framework currently has three components:

- base pay and benefits;
- long term incentives through participation in the Employee Share Option Plan; and
- other remuneration such as superannuation and insurances.

The combination of these components comprises the executive's total remuneration.

Base Pay

Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Executives are offered a competitive base pay that is reflective of current market conditions, comprising a fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's remuneration is competitive with the market. An executive's base pay is also reviewed on promotion. There are no guaranteed base pay increases included in any senior executive contracts.

Retirement Benefits

In accordance with regulatory requirements, Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

Long Term Incentives – Options

Long term incentive share options are granted from time to time to encourage exceptional performance in the realisation of strategic outcomes and growth in shareholder wealth. Options are granted for no consideration and do not carry voting or dividend entitlements. Information on share options granted during the year is set out in section 5.3.

Short Term Incentive Plan

No short term incentives were offered in the year ended 31 December 2016 and there are no short term incentives in place as at the date of this report.

Employment Agreements

Remuneration and other terms of employment for executives are formalised in employment agreements. The agreements provide for the provision of other benefits and participation, when eligible, in the Employee Share Option Plan.

Other major provisions of the agreements relating to remuneration are set out below:

D P Gordon – Managing Director

- Term of agreement – commenced on 4 May 2009. Mr Gordon may terminate the agreement by giving 6 months' notice. The Company may terminate the agreement by giving 12 months' notice.
- Base cash salary, exclusive of superannuation at 31 December 2016 was $300,000. During the year $28,000 was paid via the issue of shares in lieu of salary as approved by shareholders on 8 October 2015. Provision of four weeks annual leave.
- Long Term Incentive Options – subject to shareholder approval, options may be issued under the Company's Employee Share Option Plan with vesting conditions. Refer to section 5.3 for options issued during 2016.

B R Scarpelli – Country Manager - Brazil

- Term of agreement – commenced on 6 December 2010 with no set term. Mr Scarpelli or the Company may terminate the agreement by giving 2 months' notice. Entitled to 6 months salary if position is made redundant.
- Base cash salary exclusive of superannuation at 31 December 2016 was $165,000 reviewed annually. Provision of four weeks annual leave.
- Long Term Incentive Options – subject to shareholder approval, options may be issued under the Company's Employee Share Option Plan with vesting conditions. Refer to section 5.3 for options issued during 2016.

Non- Executive Directors

Fees and payments to non-executives reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive directors' fees and payments are reviewed at least annually by the Board. The Chairman's fees are determined independently to the fees of non-executives based on comparative roles in the external market and prevailing market conditions.

Non-Executive directors' remuneration consists of set fee amounts and statutory superannuation. The level of fees for Non-Executive directors remained unchanged during the year at $30,000 per annum. The Non-Executive Chairman's fees remained unchanged during the year at $45,000 per annum. Directors do not receive additional committee fees. Non-Executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at $400,000. There is no provision for retirement allowances for Non-Executive directors.

Non-Executives are eligible to be granted options to provide a material additional incentive for their ongoing commitment and dedication to the continued growth of the Group. Refer to section 5.3 for options issued during the period. Prior to issuing incentives the Board considers whether the issue is reasonable in the circumstances. The incentives have been offered to assist the Company in attracting and retaining the highest calibre of Non-Executive, whilst maintaining the Group's cash reserves.

5.2 Directors' and Executive Officers' Remuneration

Details of the nature and amount of each major element of remuneration of each director of the Company, each of the named Company executives and other key management personnel of the Group are:

	Short Term Benefits			Post-employment Benefits	Long Term Benefits	Share- based Payments			
Year Ended 31 December 2016	**Salary & Fees $**	**Other Benefits[1] $**	**Shares issued in lieu of remuneration $**	**Super-annuation $**	**Long Service Leave[2] $**	**Options[3] $**	**Total $**	**S300A(1)(e)(i) Proportion of Remuneration Performance Related[4] %**	**S300A(1)(e)(vi) Value of Options as Proportion of Remuneration %**
Non- Executive Directors									
Mr D M Murcia	45,000	-	-	-	-	3,347	48,347	6.9%	6.9%
Mr M D Hancock	30,000	-	-	-	-	2,766	32,766	8.4%	8.4%
Executive Directors									
Mr D P Gordon	272,692	16,188	28,000	19,308	7,326	11,065	354,579	3.1%	3.1%
Mr B R Scarpelli	163,357	(3,234)	-	-	-	14,115	174,238	8.1%	8.1%
Total	511,049	12,954	28,000	19,308	7,326	31,293	609,930		

(1) Other benefits includes the movement in annual leave entitlements over the 12 month period, measured on an accruals basis, and other minor benefits for executives located in Brazil.

(2) Relates to pro rata long service leave measured on an accruals basis.

(3) The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

(4) The vesting of options is conditional on the achievement of future targets which if not achieved will result in the forfeiture of the options. The proportion of performance related remuneration consists of long term incentives. The percentages disclosed include the value of options expensed during the year in accordance with Australian Accounting Standards. Details of the vesting conditions related to the options have been disclosed in section 5.3.

	Short Term Benefits			Post-employment Benefits	Long Term Benefits	Share- based Payments			
Year Ended 31 December 2015	Salary & Fees $	Other Benefits[2] $	Shares issued in lieu of remuneration $	Super-annuation $	Long Service Leave[3] $	Options and Rights[4] $	Total $	S300A(1)(e)(i) Proportion of Remuneration Performance Related[5] %	S300A(1)(e)(vi) Value of Options and Rights as Proportion of Remuneration %
Non- Executive Directors									
Mr D M Murcia	61,250	-	-	-	-	-	61,250	-	-
Mr M D Hancock	40,833	-	-	-	-	-	40,833	-	-
Mr P E Freund (resigned 3 September 2015)	28,919	-	-	2,747	-	-	31,666	-	-
Executive Directors									
Mr D P Gordon	336,738	(2,599)	20,000[6]	15,937	(7,043)	(96,978)	266,055	(36.4%)	(36.4%)
Mr B R Scarpelli[1]	55,530	5,767	-	-	-	4,946	66,243	7.5%	7.5%
Executives									
Mr J W Westdorp (resigned 19 June 2015)	157,483	(19,583)	17,500	11,235	-	(104,694)	61,941	(169%)	(169%)
Total	680,753	(16,415)	37,500	29,919	(7,043)	(196,726)	527,988		

(1) Effective 3 September 2015 Mr Scarpelli was appointed to the Board in an executive role as well as being promoted to the role of Country Manager – Brazil.

(2) Other benefits includes the movement in annual leave entitlements over the 12 month period, measured on an accruals basis, and other minor benefits for executives located in Brazil.

(3) Relates to pro rata long service leave measured on an accruals basis.

(4) The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

(5) The vesting of performance rights and options is conditional on the achievement of future targets which if not achieved will result in the forfeiture of the related rights or options. The proportion of performance related remuneration consists of short term incentives and long term incentives. The percentages disclosed include the value of options and performance rights expensed during the year in accordance with Australian Accounting Standards. Details of the vesting conditions related to the options and rights have been disclosed in section 5.3.

(6) The value of shares issued to Mr Gordon in lieu of remuneration during the period includes an accrual of $4,000 in relation to shares for December 2015 remuneration which were not issued until January 2016.

5.3 Equity Instruments

A Performance Share Plan (PSP) was adopted by the Board on 23 July 2012 and was approved by shareholders on 31 August 2012. Under the PSP, the Board may from time to time in its absolute discretion grant performance rights to eligible persons including executives and employees, subject to such terms and conditions as the Board determines. Performance rights are, in effect, options to acquire unissued shares in the Company, the exercise of which is subject to certain performance milestones and remaining in employment during the vesting period. Performance rights are granted under the PSP for no consideration and are granted for a period not exceeding 5 years. There were no performance rights issued during the year or on issue as at year end.

Options are granted under the Employee Share Option Plan (ESOP) which was approved by shareholders at the 2016 Annual General Meeting. Eligibility to participate in the ESOP (including participation by Executive and Non-Executive directors) is determined by the Board in its absolute discretion. Where provided, options granted under the ESOP are for no consideration and are granted for a period of up to 5 years. The vesting and exercise conditions of options granted are also determined by the Board in its absolute discretion. Employees must remain in employment during the vesting period. Options may also be granted by the Company outside of the ESOP, but under similar terms and conditions.

The Group has a policy that prohibits directors and employees who are granted share options and performance rights as part of their remuneration from entering into arrangements that limit their exposure to losses that would result from share price decreases.

Shares issued in lieu of remuneration

During the year ended 31 December 2015 the Company received shareholder approval and an ASX Listing Rule waiver to enable it to issue up to 12,000,000 fully paid ordinary shares to Mr Gordon in lieu of $48,000 worth of salary over the 12 month period up to 8 October 2016.

During the reporting period the Company issued the following shares:

Tranche	Period of Remuneration	Issue Date of Shares	Number of Shares	Issue price	Value of Shares $
1	1 December 2015 – 31 January 2016	4 January 2016	1,481,481	$0.0054	8,000
2	1 February 2016 – 31 March 2016	1 March 2016	1,632,653	$0.0049	8,000
3	1 April 2016 – 31 May 2016	2 May 2016	1,333,333	$0.0060	8,000
4	1 June 2016 – 31 July 2016	1 July 2016	1,111,111	$0.0072	8,000
Total			**5,558,578**		**32,000**

The issue price of the shares is determined using the volume weighted average price of the shares for the five trading days prior to the issue date.

Analysis of Options over Equity Instruments Granted as Compensation

Details of vesting profiles of the options granted as remuneration to key management personnel of the Group are detailed below:

	Number Of Options Issued	Grant Date	Expiry Date	Exercise Price	Fair value per option at grant date	% Vest In Year	% Expired In Year	% Forfeited In Year	Financial Year In Which Grant Vests (1)
Directors									
Mr D P Gordon	2,000,000	10/06/16	10/06/18	$0.0082	$0.0020	100%	-	-	2016
	3,000,000	10/06/16	10/06/19	$0.0082	$0.0026	-	-	-	2017
	3,000,000	10/06/16	10/06/20	$0.0082	$0.0031	-	-	-	2018
Mr D M Murcia	500,000	10/06/16	10/06/18	$0.0082	$0.0020	100%	-	-	2016
	1,000,000	10/06/16	10/06/19	$0.0082	$0.0026	-	-	-	2017
	1,000,000	10/06/16	10/06/20	$0.0082	$0.0031	-	-	-	2018
Mr M D Hancock	500,000	10/06/16	10/06/18	$0.0082	$0.0020	100%	-	-	2016
	750,000	10/06/16	10/06/19	$0.0082	$0.0026	-	-	-	2017
	750,000	10/06/16	10/06/20	$0.0082	$0.0031	-	-	-	2018
Mr B R Scarpelli	250,000	25/08/14	31/08/18	$0.1250	$0.0446	-	-	-	2014
	250,000	25/08/14	31/08/18	$0.1250	$0.0446	100%	-	-	2016
	500,000	25/08/14	31/08/18	$0.1250	$0.0446	-	-	-	2017
	1,000,000	10/06/16	10/06/18	$0.0082	$0.0020	100%	-	-	2016
	1,500,000	10/06/16	10/06/19	$0.0082	$0.0026	-	-	-	2017
	1,500,000	10/06/16	10/06/20	$0.0082	$0.0031	-	-	-	2018

(1) The options which vest in 2017 and 2018 are subject to the completion of service conditions.

Exercise of Options Granted as Compensation

There were no shares issued on exercise of options which were previously granted as compensation to key management personnel.

Options Over Equity Instruments

The movement during the reporting period, by *number* of options over ordinary shares in Centaurus Metals Limited held, directly, indirectly and beneficially, by each key management person, including their related parties, is as follows:

	Held 1 January 2016	Granted as Compensation	Exercised	Held 31 December 2016	Vested During the Period	Vested and Exercisable 31 December 2016
Directors						
Mr D M Murcia	-	2,500,000	-	2,500,000	500,000	500,000
Mr D P Gordon	-	8,000,000	-	8,000,000	2,000,000	2,000,000
Mr M D Hancock	-	2,000,000	-	2,000,000	500,000	500,000
Mr B R Scarpelli	1,000,000	4,000,000	-	5,000,000	1,250,000	1,500,000

Analysis of Movements in Options

The movement during the reporting period, by *value*, of options over ordinary shares in the Company held by each director, key management person and each of the Company executives and relevant Group executives is detailed below:

	Value Of Options Granted $(A)	Value Of Options Exercised In Year $(B)	Value Of Options Lapsed In Year $(C)
Director			
Mr D M Murcia	6,714	-	-
Mr D P Gordon	21,164	-	-
Mr M D Hancock	5,291	-	-
Mr B R Scarpelli	10,582	-	-

(A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period.

(B) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(C) The value of unvested options that lapsed during the year represents the benefit forgone and is calculated at the date the options lapsed using the Black Scholes option-pricing model assuming the performance criteria had been achieved. To the extent that the options are out of the money upon lapsing, the value is nil.

5.4 Key Management Personnel Transactions

Loans to Key Management Personnel and Their Related Parties

No loans have been made to directors or other key management personnel of Centaurus Metals Limited or the Group.

Key Management Personnel and Director Transactions

One of the key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

One of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Transaction Value		Balance Outstanding As At	
		2016	2015	**31 Dec 2016**	31 Dec 2015
Key Management Person	**Transaction**	**$**	$	**$**	$
Mr D M Murcia[(1)]	Legal fees	**77,917**	66,268	**17,174**	1,250
Total and current liabilities				**17,174**	1,250

(1) Payable to MPH Lawyers, a firm in which Mr Murcia is a partner.

Shareholdings of Key Management Personnel

The movement during the reporting period of ordinary shares in Centaurus Metals Limited held, directly, indirectly and beneficially, by each key management person, including their related parties, is as follows:

	Held 1 January 2016	Purchases	Received in lieu of remuneration	Sales	Other	Held at 31 December 2016
Director						
Mr D M Murcia	5,304,980	3,182,988	-	-	-	8,487,968
Mr D P Gordon	18,134,182	14,215,656	5,558,578	-	-	37,908,416
Mr M D Hancock	1,477,457	886,473	-	-	-	2,363,930
Mr B R Scarpelli	-	-	-	-	-	-

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms-length.

Listed Option Holdings of Key Management Personnel

On 12 October 2016 the Company announced a 3-for-5 Renounceable Rights Issue that included an issue of 1 for 2 free attaching listed options. The listed options (ASX: CTMOA) have an exercise price of $0.01 and an expiry date of 30 April 2018.

The movement during the reporting period of the listed options in Centaurus Metals Limited held, directly, indirectly and beneficially, by each key management person, including their related parties, is as follows:

	Held 1 January 2016	Purchases	Sales	Other	Held at 31 December 2016
Director					
Mr D M Murcia	343,067	1,591,494	-	-	1,934,561
Mr D P Gordon	2,116,666	7,107,828	-	-	9,224,494
Mr M D Hancock	158,888	443,236	-	-	602,124
Mr B R Scarpelli	-	-	-	-	-

6 Principal Activities

During the period the principal activities of the Group consisted of exploration and evaluation activities related to mineral resources. There were no significant changes in the nature of the activities of the Group during the year.

7 Operating and Financial Review

A summary of consolidated results is set out below

	31 December 2016 $	31 December 2015 $
Interest Income	**43,076**	39,907
Other Income	**142,093**	1,345,315
	185,169	1,385,222
Loss before income tax	**(3,318,902)**	(3,704,222)
Income tax benefit	**758,003**	3,356
Loss attributable to members of Centaurus Metals Limited	**(2,560,899)**	(3,700,866)

Financial Performance

During the year ended 31 December 2016 the Group expensed Exploration and Evaluation costs totalling $1,478,842 (2015 $2,283,873) in accordance with the Group's accounting policy. The Exploration and Evaluation costs primarily comprise costs in relation to exploration at the Mombuca and Serra Misteriosa Gold Projects in Brazil. Previously capitalised acquisition costs of $464,646 (2015: $101,389) were also impaired in relation to the Mombuca and Itambe Projects.

Financial Position

At the end of the year the Group had a cash balance of $1,891,367 (2015: $541,871) and net assets of $4,751,289 (2015: $3,874,330). Total liabilities amounted to $767,920 (2015: $926,767) and consisted of trade and other payables and employee benefits.

Strategy

The key focus for the Group is currently to explore and develop gold and copper projects which the Company believes are capable of delivering acceptable returns to its shareholders within a reasonable timeframe.

The 2016 calendar year culminated in acquisition and commencement of field exploration activities at the highly prospective Serra Misteriosa Gold Project in northern Brazil. The Project was acquired through the Company's strategic alliance with Terrativa Minerais SA ("Terrativa"). The Company continues to reposition itself outside of the bulk commodities sector and seek value from its existing iron ore assets through either outright sale or joint development.

Project Activities

Overview

The year culminated in an exciting new chapter for Centaurus, with the commencement of field exploration activities at the newly-acquired Serra Misteriosa Gold Project, which forms part of the highly prospective Pará Exploration Package ("Pará EP") in Northern Brazil. The Pará EP was secured via an agreement with the Company's strategic alliance partner, Terrativa Minerais SA.

The extensive tenement package is located between several world-class mineral deposits – the 5Moz Volta Grande Gold Project, owned by TSX listed Belo Sun Mining, to the north and the giant Carajás IOCG province to the south. The Pará EP group of tenements include prospective gold targets for both Volta Grande-style gold and Carajás-style copper-gold deposits.

The Serra Misteriosa Gold Project represents the most advanced project in the Pará EP, and a major Induced Polarization survey over the tenement area commenced in November to define preferred targets for drilling in the first half of 2017. Survey results were announced subsequent to the end of the reporting period.

The initial exploration campaign at Serra Misteriosa has been underpinned by the rights issue and share placement that was completed in November 2016, which closed heavily over-subscribed and successfully raised $2.25 million.

Also during the year a diamond drill campaign was completed at the Mombuca Gold Project. The exploration results are under review, after the drilling failed to intersect any significant gold mineralisation but identified evidence of the presence of a substantial hydrothermal mineralising system. The drilling has not adequately explained the very strong IP chargeability anomalies identified within the project area earlier in the year.

Exploration also continued at the Aurora Copper Project in north-east Brazil during the period, with several new priority exploration targets identified following a successful review of historical geophysical data. The review, which was undertaken by highly experienced US-based geophysicist, Mr Robert B. Ellis, has laid the foundations for an Induced Polarisation (IP) survey to be completed during 2017 to enhance the definition of drill targets.

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 future exploration work at Aurora.

Acquisition of Pará Exploration Package

In October, Centaurus entered into a binding letter agreement to secure 100% of a highly prospective and strategically located gold and copper exploration project in Northern Brazil through its existing strategic alliance with Terrativa Minerais SA ("Terrativa").

The highly prospective Serra Misteriosa Gold Project forms part of the +750 km^2 Pará Exploration Package ("Pará EP") of tenements located in Brazil's mineral-rich State of Pará, opening up a significant new front for gold exploration for Centaurus in Brazil.

The extensive tenement package is located between several world-class mineral deposits – the 5Moz Volta Grande Gold Project[1], owned by Belo Sun Mining Corp., to the north and the giant Carajás IOCG province to the south. The Pará EP includes the Serra Misteriosa Gold Project, the Salobo West Copper-Gold Project, the Serra Vermelho Gold Project, the Serra da Fumaça Gold Project and the Caldeirão Copper-Gold Project. The tenements include prospective gold targets for both Volta Grande-style gold and Carajás-style copper-gold deposits.

Importantly for Centaurus, the Company was able to continue to build upon its Strategic Alliance with Terrativa by securing access to the Para EP for no upfront cost with all expenditure to be directed into planned exploration activities on the highly prospective tenure.

Key Commercial Terms

Under the Earn In Agreement with Terrativa, Centaurus will earn the right to acquire 100% of the project by undertaking R$2.5 million (~A$1 million) of expenditure within two years of execution of the Agreement.

Once Centaurus has met the minimum expenditure commitment, it will have the right to acquire 100% of the Project Tenements through the issue of 30 million CTM shares and a 2% production royalty over future production from any of the project tenements. Concurrently with the issue of the ordinary shares, Centaurus will issue Terrativa 90 million Performance Rights in 3 tranches of 30 million with varying vesting conditions.

The future issue of both ordinary shares and performance rights to Terrativa will be subject to shareholder approval.

In the event that Centaurus disposes of any of the Projects that form part of the Pará EP then Terrativa will be entitled to 25% of the sale proceeds. The value of any Performance Rights issued will be deducted from the first sale proceeds of any of the Project Tenements.

The Serra Misteriosa Gold Project

Serra Misteriosa or "*The Mysterious Hill*" is located within an extensive farming district only 180km from the regional centre of Marabá, a city with a population of 180,000 people, a domestic airport and excellent access to infrastructure and services.

Serra Misteriosa is the most advanced project in the Para EP, where Terrativa has undertaken extensive early-stage exploration work to generate numerous walk-up drill targets, none of which have yet been drill tested. The project displays a number of close geological similarities to the 5.0Moz Volta Grande Gold Project, owned by TSX-listed Belo Sun Mining Corp.

Volta Grande is a world-class gold deposit with reported NI 43-101 Mineral Reserves of 3.8Moz at 1.02 g/t gold within a total Mineral Resource (Measured and Indicated) of 5.0Moz at 0.98 g/t[1]. Belo Sun Mining Corp. completed a positive Feasibility Study in 2015 and has recently secured its construction licences.

The Serra Misteriosa tenement package covers 30km of strike extensions of a WNW-ESE trending Upper Proterozoic greenstone belt that has been intruded by multiple syntectonic diorites and granodiorites. The primary target is delineated by a continuous 2.5km long, high-grade anomaly (+50ppb Au) within a broader +5km long gold geochemical anomaly (+25ppb Au) that is consistently up to 500m wide.

The comparisons with the Volta Grande Project geology are important. Set in a greenstone of the same regional orientation and geological age, the Volta Grande gold mineralisation is related to a major WNW-ESE trending shear zone within a highly silicified dolerite intrusive. The same rocks and alteration assemblage is seen in an identical structural setting at Serra Misteriosa.

Furthermore, the discovery of the Volta Grande deposit was made by testing a 2.5km x 300m wide geochemical signature over a rich red saprolite that coincided with the regional trends similar to that seen at Serra Misteriosa.

Landowner agreements and drilling approvals are already well advanced by Terrativa and Centaurus plans to commence drilling the Serra Misteriosa Project in the first half of 2017.

IP Survey

In November, Centaurus commenced a ground-based exploration program at the Serra Misteriosa Gold Project, with an Induced Polarisation (IP) geophysical survey to help define the most prospective drill targets.

The IP survey initially covered the area of the continuous 2.4km long +50ppb Au anomaly with further survey work undertaken to cover additional satellite targets.

The positive IP Survey results were released subsequent to the end of the reporting period and confirm the prospectivity of the targets seen in the soil geochemical signature.

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[1] For additional information on the Volta Grande Mineral Reserves and Resources please refer to www.belosun.com.

The Salobo West Copper-Gold Project

The Salobo West Project comprises a group of EL applications that cover 150 km^2 of highly prospective ground located in the heart of the world-class Carajás IOCG province. The project is located just 12km along strike from Vale's massive Salobo copper-gold mine which hosts mineral resources of over 1.1 billion tonnes at 0.7% Cu and 0.4g/t Au[2].

One of the tenement applications, located along strike from the Salobo mine, covers a 10km extension of the Cinzento Shear Zone that hosts the world-class copper-gold deposit. The Cinzento shear zone is a well mapped zone that is highlighted by a regional magnetic anomaly as well as variations in topography. As these areas are still applications no ground work has been completed to date. Centaurus is working with the Pará Department of Mines (DNPM) to get these tenements granted as soon as possible.

The Serra Vermelho and Serra da Fumaça Gold Projects

The Serra Vermelho and Serra da Fumaça Gold Projects are both in a similar setting to Serra Misteriosa where a number of diorites have intruded a greenstone unit that displays strong hydrothermal alteration. The projects display excellent regional geophysical characteristics with a potassium anomaly at Serra Vermelho indicating alteration coincident with a magnetic low lineament within a magnetic high area.

Only very early stage exploration has been completed on both project areas. This work included some stream sediment sampling that has returned multiple anomalous gold readings around the project area. Centaurus will plan to start work at both Projects after the initial round of drilling is complete at Serra Misteriosa.

Aurora Copper Project

The Aurora Copper Project is located in the state of Ceara, north-east Brazil.

Early in the year, the Company identified several new priority exploration targets after completing a successful review of historical geophysical data.

Primary and secondary copper mineralisation occurs in two principal target areas: the Diamante Target (south) and the Taveira Target (north). Historical drilling at Aurora has returned a number of significant intersections including:

- 12.5m at 2.4% Cu from 101.5m in Hole 3BA-14-CE (CPRM);
- 9.5m at 1.6% Cu from 46.0m in Hole 3BA-09-CE (CPRM);
- 6.9m at 0.93% Cu from 47.0m in Hole PJCA-PSED-SD0002 (Terrativa);
- 1.3m at 5.28% Cu from 32.0m in Hole PJCA-PTAV-SD0010 (Terrativa); and
- 12.0m at 0.79% Cu from surface in Hole PJCA-PTAV-SD0007 (Terrativa).

Based on historical IP survey data, there is a good correlation between the west-northwest trending chargeability and resistivity highs with the aeromagnetic high and ground gravity low trends at the Diamante Target and on the north and south edge of the Taveira Target. It is these zones that have returned positive drill results in the past.

Centaurus intends to undertake a further round of geological mapping and sampling and geophysical work.

The most interesting new target that is yet to be tested at the Aurora Project is a chargeability high located north of the Diamante target. This strong anomaly is over 1 km long and up to 600m wide and is located along the same trend as the Taveira target. It is coincident with a resistivity high as well as a strong copper-in-soils anomaly.

Mombuca Gold Project

The Mombuca Gold Project is located in the state of Minas Gerais, south-east Brazil. A drill program was undertaken at the Project during September 2016 following extensive mapping, sampling and trenching of the Project area as well as completion of a detailed Induced Polarisation (IP) Survey.

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[2] For additional information on the Salobo Mineral Reserves and Resources please refer to www.vale.com.

Induced Polarisation (IP) Survey

The IP Survey identified a number of open-ended high chargeability zones that extended to more than 250m depth at both the ITZ Prospect and the Bela Prospect.

The standout IP anomaly at the Bela Prospect occurred on section 675540mE, roughly 1.5km to the east of the ITZ Prospect where an extremely high chargeability anomaly was identified, open at depth. The anomaly was 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.

The 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 potentially indicates magnetite depletion by sulphide rich fluids. The combination of geophysical indicators made for an excellent, high-priority drill target.

Within the ITZ Prospect there were similar examples of this relationship between the IP chargeability highs and magnetic low anomalies.

Drilling Program

Based on the excellent geophysical targets, coupled with the broader positive exploration results collected on the Project, the Company identified a number of drill targets.

The initial round of drilling saw five deep diamond drill holes completed over the two prospect areas. The results included a shallow intercept of low-grade gold mineralisation in drill hole MBC-DD-16-002 but no significant assay results were returned from the other four holes.

Results from the drilling have not been able to explain the strength of a number of IP anomalies in the project area and further work in this regard is required. Priority will now, however, be given to exploring the Serra Misteriosa Gold Project where the opportunity to discover a world class orebody is significantly greater than at the Mombuca Project area.

Jambreiro Iron Ore 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.

Conquista DSO Iron Ore 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 Company's previously divested Candonga DSO Iron Ore 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, auger drill-hole results and is underpinned by the 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.

Centaurus believes that the Conquista DSO Iron Ore Project has the ability to be a significant cash generator for the Company in the near future via sale of the asset or through joint development.

Corporate

Capital Raisings

In June Centaurus successfully raised $0.65 million to undertake the maiden drilling program at the Mombuca Gold Project.

In November, the Company completed a 3-for-5 renounceable rights issue which closed heavily oversubscribed. Under the offer, eligible shareholders could subscribe for 3 new shares for every 5 existing shares held at an issue price of $0.005 per share, together with one free attaching option for every 2 new shares subscribed for with an exercise price of $0.01 and an expiry date of 30 April 2018. The Company issued 402,467,414 New Shares and 201,233,707 New Options under the Rights Issue, raising a total of $2 million before costs.

Due to the very strong level of demand from shareholders, the Company also agreed to place a further 50 million shares ($250,000) and 25 million options on the same terms as those issued under the Rights Issue.

The proceeds of the Rights Issue and additional placement will predominantly be used to fund an active gold exploration program, including the Company's first-ever drill program on the recently acquired and highly prospective Serra Misteriosa Gold Project in northern Brazil.

Share Sale Facility

In December, Centaurus established a Share Sale Facility for holders of Unmarketable Parcels of shares in the Company to enable the sale of their shares without incurring any brokerage or handling costs that could otherwise make a sale of their shares uneconomic or difficult. By making this Facility available the Company aimed to reduce the administrative costs associated with maintaining a number of small holdings. The ASX Listing Rules defines an "Unmarketable Parcel" as those with a market value of less than A$500.

The Share Sale Facility was closed subsequent to the end of the reporting period on 23 January 2017. The final number of shares sold under the Facility, being 24,723,276 shares from 2,507 shareholders represented 59% of the total number of shareholders holding shares at that date. The shares were sold to sophisticated and professional clients of CPS Capital Ltd for $0.0065 per share.

Competent Person's Statement

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 the 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 Limited.

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 report of the matters based on their 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.

Factors and Business Risks Affecting Future Business Performance

The following factors and business risks could have a material impact on the Company's success in delivering its strategy:

Access to Funding

The Company's ability to successfully develop future projects is contingent on the ability to fund those projects from operating cash flows or through affordable debt and equity raisings. Ongoing exploration of the Company's Projects is contingent on developing appropriate funding solutions.

Commodity Prices

Commodity prices fluctuate according to changes in demand and supply. The Company is exposed to changes in the price of a number of commodities, which could affect the future profitability of the Company's projects. Significant adverse movements in commodity prices could also affect the ability to raise debt and equity to fund future exploration and development of projects.

Exchange Rates

The Company is exposed to changes in the US Dollar and the Brazilian Real. Sales of most commodities are denominated in US Dollars. The Company's CAPEX and OPEX costs will be primarily denominated in Brazilian Real.

Sale of Iron Ore Projects

The Company's strategy in relation to its remaining iron ore assets is to divest or joint venture them to realise value rather than developing the assets in its own right. Whilst iron ore projects with high grade, low impurity product remain profitable in the domestic market, broader market conditions may impact on the Company's ability to divest the assets for a value that is reflective of the historical cost of the projects and there is no definitive certainty that the Company will be able to enter into suitable project sale or joint venture arrangement in line with the timetable established by the Company.

Emphasis of Matter

The audit opinion for the year ended 31 December 2016 contains an emphasis of matter in relation to potential uncertainty regarding continuation as a going concern. The Financial Statements have been prepared on the basis of going concern. The Group will require funding in order to continue its exploration activities and iron ore divestment process. Refer to Note 2 of the Financial Report for further details.

Significant Changes in the State of Affairs

In the opinion of directors, other than as outlined in this report, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

8 Dividends

No dividend was declared or paid by the Company during the current or previous year.

9 Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the financial year and the date of this report an item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

10 Likely Developments

Other than likely developments contained in the "Operating and Financial Review" and events subsequent, further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

11 Environmental Regulation

The Group is subject to environmental laws and regulations under Brazilian (State and Federal) legislation depending on the activities undertaken. Compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve. There were no known significant breaches of these regulations during the year.

12 Directors' Interests

The relevant interest of each director in the shares and options over such shares issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary Shares	Employee Options	Listed Options
Directors			
Mr D M Murcia	8,487,968	2,500,000	1,934,561
Mr D P Gordon	37,908,416	8,000,000	9,224,494
Mr M D Hancock	2,363,930	2,000,000	602,124
Mr B R Scarpelli	-	5,000,000	-

13 Share Options

Unissued Share Options

At the date of this report unissued ordinary shares of the Company under option (issued under the ESOP) are:

Expiry Date	Exercise Price	Employee Options		Total Number Of Shares Under Option
		Vested	Unvested	
10/06/2018	$0.0082	5,500,000	-	5,500,000
31/08/2018	$0.1250	1,000,000	1,000,000	2,000,000
10/06/2019	$0.0082	-	8,500,000	8,500,000
10/06/2020	$0.0082	-	8,500,000	8,500,000
		6,500,000	**18,000,000**	**24,500,000**

At the date of this report unissued ordinary shares of the Company under listed option are:

Expiry Date	Exercise Price	Total Number Of Shares Under Option
31/03/2017	$0.050	20,300,666
30/04/2018	$0.010	226,233,707
		246,534,373

The listed options expiring on 30 April 2018 were issued as a 1 for 2 free attaching option as part of the rights issue announced on 12 October 2016. The full terms of the options are set out in the Prospectus lodged with the ASX on 14 October 2016.

The listed options expiring on 31 March 2017 were issued as 1 for 3 free attaching options as part of the share placement and entitlements issue announced on 25 February 2015. The full terms of the options are set out in the Prospectus lodged by the Company with ASX on 6 March 2015.

14 Indemnification and Insurance of Officers and Auditors

During the period, the Company paid insurance premiums to insure the directors, executive officers and Company Secretary of the Group. The amount of premiums paid has not been disclosed due to confidentiality requirements under the contract of insurance.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

15 Non- Audit Services

During the period KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Board, is satisfied that the provision of those non-audit services during the year by the auditor, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	31 December 2016 $	31 December 2015 $
Audit Services		
Auditors of the Company		
Audit and review of financial reports – KPMG	**45,066**	91,827
Services other than statutory audit		
Taxation compliance services – KPMG	**25,385**	11,420

16 Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 22 and forms part of the directors' report for the period ended 31 December 2016.

This report is signed in accordance with a resolution of the directors.

D P Gordon
Managing Director
Perth
24 March 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 audit for the financial year ended 31 December 2016 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Trevor Hart
Partner

Perth

24 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2016

	Note	31 December 2016 $	31 December 2015 $
Profit or Loss			
Other income	7	**142,093**	1,345,315
Exploration expenditure		**(1,478,842)**	(2,283,873)
Impairment of exploration and evaluation	19	**(464,646)**	(101,389)
Impairment of other receivables	16	**(21,160)**	(879,180)
Employee benefits expense	8	**(711,354)**	(1,262,458)
Share based payments (expense)/ reversal	11	**(48,176)**	404,415
Occupancy expenses		**(96,638)**	(170,334)
Listing and share registry fees		**(44,740)**	(56,515)
Professional fees		**(342,550)**	(280,642)
Depreciation	9	**(30,688)**	(93,357)
Net loss on disposal of property, plant & equipment		**-**	(93,172)
Gain/(loss) on investments		**(69,243)**	86,110
Other expenses		**(195,542)**	(341,889)
Results from operating activities		**(3,361,486)**	(3,726,969)
Finance income		**43,076**	39,907
Finance expenses		**(492)**	(17,160)
Net finance income	10	**42,584**	22,747
Loss before income tax		**(3,318,902)**	(3,704,222)
Income tax benefit	12	**758,003**	3,356
Loss for the period		**(2,560,899)**	(3,700,866)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		**-**	(35,556)
Exchange differences arising on translation of foreign operations		**636,217**	(1,123,109)
Other comprehensive income/(loss) for the period		**636,217**	(1,158,665)
Total comprehensive loss for the period		**(1,924,682)**	(4,859,531)
Earnings per Share		**Cents**	Cents
Basic loss per share	14	**(0.39)**	(0.84)
Diluted loss per share	14	**(0.39)**	(0.84)

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

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	**2016** **$**	2015 $
Current assets			
Cash and cash equivalents	15(a)	**1,891,367**	541,871
Other receivables and prepayments	16	**269,865**	846,359
Total current assets		**2,161,232**	1,388,230
Non-current assets			
Other receivables and prepayments	16	**210,080**	210,300
Other investments including derivatives	17	**20,609**	89,851
Property, plant and equipment	18	**425,928**	450,367
Exploration and evaluation assets	19	**2,701,360**	2,662,349
Total non-current assets		**3,357,977**	3,412,867
Total assets		**5,519,209**	4,801,097
Current liabilities			
Trade and other payables	20	**409,767**	235,182
Employee benefits	21	**139,066**	126,103
Provisions	22	**-**	7,776
Total current liabilities		**548,833**	369,061
Non-current liabilities			
Trade and other payables	20	**136,057**	-
Provisions	22	**-**	511,489
Employee benefits	21	**83,030**	46,217
Total non-current liabilities		**219,087**	557,706
Total liabilities		**767,920**	926,767
Net assets		**4,751,289**	3,874,330
Equity			
Share capital		**109,419,656**	106,666,191
Reserves		**(6,561,211)**	(7,245,604)
Accumulated losses		**(98,107,156)**	(95,546,257)
Total equity		**4,751,289**	3,874,330

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2016

	Issued Capital $	Option Reserve $	Share-Based Payments Reserve $	Fair Value 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	-	-	-	-	-	(2,560,899)	(2,560,899)
Foreign currency translation difference for foreign operation	-	-	-	-	636,217	-	636,217
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**636,217**	**(2,560,899)**	**(1,924,682)**
Share-based payment/(reversal) transactions	-	-	48,176	-	-	-	48,176
Issues of ordinary shares	3,010,089	-	-	-	-	-	3,010,089
Share issue costs	(256,624)	-	-	-	-	-	(256,624)
Total transactions with owners	**2,753,465**	**-**	**48,176**	**-**	**-**	**-**	**2,801,641**
Balance at 31 December 2016	**109,419,656**	**-**	**110,551**	**-**	**(6,671,762)**	**(98,107,156)**	**4,751,289**

The amounts recognised directly in equity are disclosed net of tax.

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

	Issued Capital $	Option Reserve $	Share-Based Payments Reserve $	Fair Value Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 January 2015	**104,035,437**	**2,966,597**	**2,796,173**	**35,556**	**(6,184,870)**	**(97,141,371)**	**6,507,522**
Loss for the period	-	-	-	-	-	(3,700,866)	(3,700,866)
Net change in fair value of available-for-sale financial assets	-	-	-	(35,556)	-	-	(35,556)
Foreign currency translation difference for foreign operation	-	-	-	-	(1,123,109)	-	(1,123,109)
Total comprehensive loss for the period	**-**	**-**	**-**	**(35,556)**	**(1,123,109)**	**(3,700,866)**	**(4,859,531)**
Share-based payment/(reversal) transactions	-	-	(404,415)	-	-	-	(404,415)
Issues of ordinary shares	2,816,704	-	-	-	-	-	2,816,704
Share issue costs	(186,167)	-	-	-	-	-	(186,167)
Share options exercised	217	-	-	-	-	-	217
Transfer to accumulated losses	-	(2,966,597)	(2,329,383)	-	-	5,295,980	-
Total transactions with owners	**2,630,754**	**(2,966,597)**	**(2,733,798)**	**-**	**-**	**5,295,980**	**2,226,339**
Balance at 31 December 2015	**106,666,191**	**-**	**62,375**	**-**	**(7,307,979)**	**(95,546,257)**	**3,874,330**

The amounts recognised directly in equity are disclosed net of tax.

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2016

	Note	31 December 2016 $	31 December 2015 $
Cash flows from operating activities			
Exploration and evaluation expenditure		**(1,264,846)**	(2,321,745)
Payments to suppliers and employees (inclusive of goods and services tax)		**(979,427)**	(1,537,469)
Proceeds from court settlement		**-**	272,570
Cash receipts from joint venture partners		**98,238**	-
Interest received		**32,565**	20,521
Net cash used in operating activities	15(b)	**(2,113,470)**	(3,566,123)
Cash flows from investing activities			
Payments for plant & equipment		**(3,947)**	(17,270)
Proceeds from grant of future lease of mining rights		**736,782**	745,679
Proceeds from sale of investments		**-**	208,752
Proceeds from sale of plant & equipment		**23,660**	202,882
Net cash from investing activities		**756,495**	1,140,043
Cash flows from financing activities			
Proceeds from issue of equity securities		**2,912,338**	2,307,698
Capital raising costs		**(222,826)**	(186,167)
Net cash from financing activities		**2,689,512**	2,121,531
Net increase/(decrease) in cash and cash equivalents		**1,332,537**	(304,549)
Cash and cash equivalents at the beginning of the period		**541,871**	891,990
Effect of exchange rate fluctuations on cash held		**16,959**	(45,570)
Cash and cash equivalents at 31 December	15(a)	**1,891,367**	541,871

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2016

Note 1. Reporting Entity

Centaurus Metals Limited ("the Company") is a company domiciled in Australia. The Company's registered office is at Level 3, 10 Outram Street, West Perth WA 6005. The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (collectively the "Group" and individually "Group entities"). The Group is a for-profit entity and is primarily involved in exploration for and evaluation of mineral resources.

Note 2. Basis of Preparation

Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS's) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 24 March 2017.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Available-for-sale financial assets are measured at fair value; and
- Share based payments are measured at fair value.

Going Concern

The financial statements for the year ended 31 December 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 year, the Group incurred a loss after tax of $2,560,899 with net cash inflows of $1,332,537. The Group has a working capital surplus of $1,612,399.

The Group's strategy is to divest or joint venture its remaining iron ore projects in south-eastern Brazil following the successful divestment of the Candonga DSO Iron Ore Project during 2015.

The Group plans to continue exploration work on its other gold and copper projects during 2017 to the extent that funding is available. The Group has the ability to accelerate its work programs or to reduce or defer expenditure.

The Group will require further funding in order to maintain its tenements and meet planned ongoing costs of the business. The Group intends to fund further exploration with new equity issues or via the divestment of the Company's remaining iron ore assets. 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 equity capital in the past;
- Commodity prices relevant to all of the Company's projects (gold, copper and iron ore) have improved over the course of the last 12 months, making raising equity for future exploration more appealing to investors; and
- The Group has an ongoing divestment process in place in respect to its remaining iron ore assets and is engaged in discussions with a number of interested parties.

The form, value and timing of any transaction that may provide funding is yet to be determined and will depend amongst other things, on capital markets, commodity prices and the outcome of planned exploration and evaluation activities.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows for the next 12 months, which includes raising additional funds to meet forecast minimum expenditure required to maintain tenements and meet ongoing costs. The ability of the Company to achieve its forecast cash flows, including the raising of additional funds, represents material uncertainty that may cast significant doubt about whether the Company can continue as a going concern in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 3. Functional and Presentation Currency

These consolidated financial statements are presented in Australian Dollars, which is the Company's functional currency. The functional currency of the Brazilian subsidiaries is the Brazilian Real.

Note 4. Use of Judgements and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included below and also in the following notes:

- Note 16 - Other Receivables and Prepayments;
- Note 19 - Exploration and Evaluation Assets. The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves; and
- Note 25 - Financial Instruments – Fair Values and Risk Management.

(b) Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2016 is included in Note 19 – Exploration and Evaluation Assets. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's Exploration and Evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of Reserves, the Group has to apply a number of estimates and assumptions. The Group is required to make estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment are estimates and assumptions as to Ore Reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the recoverability of Ore Reserves becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after the expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to profit or loss in the period when that information becomes available.

(c) Measurement of Fair Values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Derivatives

The fair value of listed options is determined by reference to their quoted closing bid price at the reporting date. The fair value of unlisted options is determined using a valuation model.

(ii) Trade and Other Receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iii) Share-based Payment Transactions

The fair value of the employee share options are estimated using the applicable valuation methodology. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and performance conditions attached to vesting are not taken into account in determining fair value. Where the service period commences prior to grant date the fair value is provisionally calculated and subsequently revised upon grant date.

Note 5. Significant Accounting Policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

(ii) Transactions Eliminated on Consolidation

Inter-Group balances and transactions and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the foreign exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(ii) Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at reporting date. The income and expenses of foreign operations are translated to Australian dollars at average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve, or FCTR) within equity. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the FCTR.

(c) Financial Instruments

The Group classifies non-derivative financial assets into the following categories at fair value through profit and loss, held-to-maturity financials assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non- derivative Financial Assets and Financial Liabilities – Recognition and Derecognition

The Group initially recognises loans, receivables and deposits on the date when they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: receivables, cash and cash equivalents and available-for-sale financial assets.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non derivative Financial Liabilities – Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iii) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares or share options are recognised as a deduction from equity, net of any tax effect.

(iv) Derivative Financial Instruments

Derivatives are recognised initially at fair value and any directly attributable transactions costs are recognised in profit and loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised immediately in profit or loss.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains or loss on disposal of an item of property, plant and equipment are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment are 3 to 15 years.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Exploration and Evaluation Expenditure

Exploration and evaluation costs are expensed in the year they are incurred. Acquisition costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment and any impairment loss is recognised prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future and is not expected to be renewed;
- Substantive expenditures on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash-generating unit which is no larger than the area of interest. The Group performs impairment testing in accordance with Accounting Policy 5(g)(ii).

Farm-out Arrangements

Arrangements whereby an external party earns an ownership interest in an exploration or development property via the sole-funding of a specified exploration, evaluation or development programme or by injection of funds to be utilised for such a programme will be accounted so that the Group recognises its share of assets, liabilities and equity associated with the property. Any gain or loss upon initial recognition of these items will be recognised in the statement of profit or loss and other comprehensive income.

(f) Leases

(i) Determining Whether an Arrangement Contains a Lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

(ii) Operating Lease Payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(g) Impairment

(i) Non- derivative Financial Assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

For Financial Assets measured at amortised cost the Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non- financial Assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The group of assets is referred to as the Cash Generating Unit or CGU.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of assets, other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Employee Benefits

(i) Defined Contribution Plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other Long-term Employee Benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

(iii) Termination Benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Share-based Payment Transactions

The fair value of share-based payment awards granted to employees is recognised as an expense at grant date with a corresponding increase in equity, over the period that employees become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-market conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. Interest revenue is recognised using the effective interest method.

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of the sold item can be estimated reliably, there is no continuing management involvement with the sold item, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(k) Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group’s right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(l) Income Tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Goods and Services Tax and Equivalent Indirect Taxes

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) and equivalent indirect taxes, except where the amount of tax incurred is not recoverable from the taxation authority. In these circumstances, the tax is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of tax included. The net amount of tax recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

(n) Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise listed options and share options granted to employees.

(o) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Managing Director ('MD') to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the MD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise minimal, not material corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(p) Changes in accounting policies

The Group has adopted the following amendment to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2016. AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations , 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation and 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements. The adoption of these amendments has had no material impact on the Group's financial statements.

(q) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They may be available for early adoption at 31 December 2016, but have not been applied in preparing this financial report.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue and IAS 11 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has not yet determined the extent of the impact of this standard.

AASB 16 Leases

AASB 16 removes the classification of leases as either operating or financing leases – for the lessee – effectively treating all leases as financial leases. Short term leases (less than 12 months) and leases of low value assets are exempt from the lease accounting requirements. Furthermore, there are changes in accounting over the life of the lease as a front-loaded pattern of expense will be recognised for most leases, even when a constant annual rental is paid. Lessor accounting remains similar to current practice. AASB 16 is effective for periods commencing 1 July 2019, with early adoption permitted. The Group has not yet determined the extent of the impact of this standard.

AASB 9 Financial Instruments

AASB 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from IAS 39. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has not yet determined the extent of the impact of this standard.

Note 6. 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 on 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.

Geographical Segment Information	**2016 Non-current Assets $**	2015 Non-current Assets $
Brazil	**3,331,346**	3,307,533
Australia	**26,631**	105,334
Total	**3,357,977**	3,412,867

The 2015 comparative figures have been reclassified to be consistent with 2016.

Note 7. Other Income

	31 December 2016 $	31 December 2015 $
Cost reimbursement from Joint Venture partner	**129,914**	-
Profit on sale of property plant and equipment	**12,179**	-
Grant of future lease of mineral rights (net of land access payments)	**-**	1,340,355
Gain on sale of investments	**-**	4,960
Total	**142,093**	1,345,315

The grant of future lease of mineral rights in the prior year relates to the lease of mineral rights over the Candonga project of $1,467,500. The proceeds have been offset by land access payments totalling $127,145 that have been written off. As at 31 December 2015, R$2,000,000 (~A$745,500) of the sale proceeds had been received with a further R$2,000,000 (~A$722,000) received during the 2016 year.

Note 8. Employee Benefits Expense

	31 December 2016 $	31 December 2015 $
Salaries, fees and other benefits	**1,100,494**	2,283,438
Superannuation	**44,697**	189,945
Recognised in exploration expenditure expense	**(433,837)**	(1,210,925)
Total	**711,354**	1,262,458

Note 9. Depreciation

	31 December 2016 $	31 December 2015 $
Depreciation	**52,659**	125,068
Recognised in exploration expenditure expense	**(21,971)**	(31,711)
Total	**30,688**	93,357

Note 10. Finance Income and Expense

	31 December 2016 $	31 December 2015 $
Finance income		
Interest income on bank deposits	**43,076**	39,907
	43,076	39,907
Finance expense		
Net foreign exchange loss	**(451)**	(17,030)
Interest expense	**(41)**	(130)
	(492)	(17,160)
Net finance income recognised in profit or loss	**42,584**	22,747

Note 11. Share-based Payments

Employee Share Option Plan

The Employee Share Option Plan ("ESOP") was approved by shareholders at the 2016 Annual General Meeting. All employees (including directors) are eligible to participate in the ESOP. Options granted carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share of the Company with full dividend and voting rights. During the reporting period there were 22,500,000 options issued to Employees and a Consultant under the ESOP (2015: nil).

Reconciliation of Outstanding Share Options

The number and weighted average exercise prices of share options issued under the employee share option plan are as follows:

	Weighted Average Exercise Price 2016	**Number of Options 2016**	Weighted Average Exercise Price 2015	Number of Options 2015
Outstanding at start of period	**$0.1250**	**2,000,000**	$0.248	3,650,000
Forfeited during the period	**-**	**-**	$0.125	(1,000,000)
Expired during the period	**-**	**-**	$0.818	(650,000)
Issued during the period	**$0.0082**	**22,500,000**	-	-
Outstanding at balance date	**$0.0177**	**24,500,000**	$0.125	2,000,000
Exercisable at balance date	**$0.0262**	**6,500,000**	$0.125	500,000

The options outstanding at 31 December 2016 have exercise prices of either $0.082 or $0.125 (2015: $0.125) and the weighted average remaining contractual life is 2.5 years (2015: 2.67 years).

There were no ESOP options exercised during the year (2015: nil). There were 22,500,000 options issued during the year (2015: Nil). Details of the ESOP options issued during the year are as follows.

Grant Date	Number of Options	Vesting Conditions	Option Term
Directors			
10/06/16	4,000,000	See note 1	24 months
10/06/16	6,250,000	See note 2	36 months
10/06/16	6,250,000	See note 3	48 months
Sub total	16,500,000		
Employees & Consultants			
10/06/16	1,500,000	See note 1	24 months
10/06/16	2,250,000	See note 2	36 months
10/06/16	2,250,000	See note 3	48 months
Sub total	6,000,000		
Total	22,500,000		

Note 1: Options vest immediately
Note 2: Options vest 12 months from the date of issue subject to continued employment.
Note 3: Options vest 24 months from the date of issue subject to continued employment.

Inputs for Measurement of Grant Date Fair Values

The model inputs for options issued in 2016 include:

Grant Date	Expiry Date	Exercise Price	Life of option	Share price at grant date	Expected share price volatility	Risk-free interest rate	Fair Value at grant date
10/06/16	10/06/18	$0.0082	2 years	$0.005	100%	1.67%	$0.0020
10/06/16	10/06/19	$0.0082	3 years	$0.005	100%	1.75%	$0.0026
10/06/16	10/06/20	$0.0082	4 years	$0.005	100%	1.82%	$0.0031

Expenses Arising From Share based Payment Transactions

	2016 $	2015 $
Share options	**48,176**	(63,604)
Performance rights	**-**	(340,811)
Total expense/(reversal) recognised as share based payment	**48,176**	(404,415)

During the year ended 31 December 2015 a number of options and performance rights were forfeited due to failure to meet vesting conditions. Share based payment expenses in relation to the options and performance rights were reversed in 2015.

Note 12. Income Tax

(a) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

	2016	2015
	$	$
Loss from continuing operations before income tax expense	**(3,318,902)**	(3,704,222)
Tax at the Australian tax rate of 30%	**(995,671)**	(1,111,267)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Overseas project generation and review costs	**89,746**	128,168
Share-based payments	**14,453**	(121,325)
Sundry items	**148,906**	5,233
	(742,566)	(1,099,191)
Effect of tax rates in foreign jurisdictions	**(308,391)**	(77,031)
Under provision from prior year	**260,833**	(36,175)
Utilisation of carry forward losses - Note 12 (a)(i)	**758,003**	-
Deferred tax assets not recognised	**790,124**	1,215,753
Income tax benefit, being deferred tax	**758,003**	3,356

(i) During the year the Company was able to clarify its position in relation to a potential employment tax liability in Brazil which was previously recorded as a Provision. The recent gazettal of an administrative tax relief program in Brazil has resulted in the Company forming a more definitive view of its position in respect of this potential liability which in turn has seen the Company able to utilise some of its existing tax losses to offset the assessed liability. This has resulted in the Group recognising an income tax benefit through the Consolidated Statement of Profit or Loss.

(b) Tax Losses

	2016	2015
	$	$
Tax losses	**62,657,152**	52,094,058
Potential tax benefit (between 30-34%)	**19,769,836**	16,298,234

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of remaining tax losses because it is not probable that future taxable profit will be available against which the Group can utilise the benefit.

(c) Deferred Tax Assets and Liabilities

The following deferred tax balances have not been recognised:

	2016	2015
	$	$
Deferred Tax Assets		
Exploration expenditure	**8,773,191**	8,771,844
Accrued expenses/provisions	**3,571,814**	6,302,785
Transaction costs relating to issue of capital	**150,991**	122,691
Tax losses carried forward (net of tax losses utilised) – Note 12 (a)(i)	**19,769,836**	16,298,234
	32,265,832	31,495,554

(c) Deferred Tax Assets and Liabilities (cont)

The tax benefits of the above deferred tax assets will only be obtained if:

a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be utilized;
b) The Company continues to comply with the conditions for the deductibility imposed by law; and
c) No changes in income tax legislation adversely affect the Company in utilising the benefits.

	2016 $	2015 $
Deferred Tax Liability		
Accrued Interest income	**926**	-
Available for sale financial assets	**6,183**	26,955
	7,109	26,955

The above deferred tax liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the deferred tax asset has not been recognised.

Income Tax Recognised Directly in Equity

Recovery of net tax assets is not considered probable. Accordingly, net deferred tax credited directly to other comprehensive income for changes in the fair value of available-for-sale financial assets is nil: (2015: $nil).

Note 13. Dividends

There were no dividends paid or declared during the period (2015: nil).

Note 14. Earnings/(Loss) Per Share

Basic Loss per Share

The calculation of basic and diluted earnings per share at 31 December 2016 was based on the loss attributable to ordinary shareholders of $2,560,899 (2015: $3,700,866) and a weighted average number of ordinary shares outstanding of 658,312,429 (2015: 441,026,957), calculated as follows:

Loss Attributable to Ordinary Shareholders

	2016 $	2015 $
Loss attributable to the shareholders	**(2,560,899)**	(3,700,866)

Weighted Average Number of Ordinary Shares

	2016 Number	2015 Number
Issued ordinary shares at beginning of the period	**521,463,429**	239,987,919
Effect of shares issued	**136,849,000**	201,039,038
Weighted average number of ordinary shares at the end of the period	**658,312,429**	441,026,957

Diluted Earnings per Share

Potential ordinary shares were not considered to be dilutive as the Group made a loss for the year ended 31 December 2016 and the exercise of potential shares would not increase that loss.

Note 15 (a). Cash and Cash Equivalents

	2016 $	2015 $
Cash at bank and on hand	**105,816**	478,291
Deposits - short term	**1,785,551**	63,580
	1,891,367	541,871

Deposits

The deposits are bearing floating and fixed interest rates between 2.35% and 13.2% (2015: between 2.0% and 13.97%).

Note 15 (b). Reconciliation of Cash Flows from Operating Activities

	2016 $	2015 $
Loss for the period	**(2,560,899)**	(3,700,866)
Adjustments for:		
Depreciation	**52,659**	125,068
Non-cash employee benefits expense/(reversal) – share based payments	**48,176**	(404,415)
Impairment losses		
Exploration and evaluation assets	**464,646**	101,389
Available-for-sale financial assets	**-**	(35,556)
Other receivables	**21,160**	879,180
Shares issued in lieu of remuneration	**46,085**	-
Change in fair value of derivative instruments	**69,243**	(50,554)
Gain on grant of future lease of mineral rights	**-**	(1,340,355)
Gain on sale of investments	**-**	(4,960)
(Profit)/loss on sale of plant and equipment	**(12,179)**	93,172
Income tax expense/(benefit)	**(758,003)**	(3,356)
Operating loss before changes in working capital and provisions	**(2,629,112)**	(4,341,251)
Change in other receivables	**(114,506)**	893,055
Change in trade creditors and provisions	**630,148**	(117,927)
Net cash used in operating activities	**(2,113,470)**	(3,566,123)

Note 16. Other Receivables and Prepayments

	2016 $	2015 $
Current		
Receivable from grant of future lease of mineral rights	**-**	691,000
Other Receivables	**176,936**	77,012
Security deposits	**30,133**	30,133
Prepayments	**62,796**	48,214
	269,865	846,359
Non – Current		
Prepayments	**210,080**	210,300
Other Receivables	**964,934**	764,762
Provision for impairment	**(964,934)**	(764,762)
	210,080	210,300

Non-current other receivables include Brazilian federal VAT ("PIS-Cofins") levied on the Groups purchases. Recoverability of PIS-Cofins assets is dependent upon the Group generating a federal company tax liability, which may be offset against the Groups PIS-Cofins assets if the Group elects to do so. As at balance date taxable profits in the ordinary course of business are not considered probable though one off taxable profits may be generated on specific transactions. As at 31 December 2016 no such transactions have been entered into. As such the Group has determined to fully impair the value of its PIS-Cofins tax asset. An impairment expense of $21,160 was recognised in profit and loss in 2016 (2015: $879,180). Information about the Group's exposure to credit and market risk and impairment losses for other receivables is included in Note 25(c).

Note 17. Other Investments, Including Derivatives

	2016 $	2015 $
Derivative instruments (1)	**20,609**	89,851
	20,609	89,851

(1) Consists of unlisted options in ASX listed entities. The fair value of the unlisted options is determined using the Black-Scholes methodology taking into account the terms and conditions upon which the instruments were granted.

Note 18. Property, Plant and Equipment

	Plant & Equipment $	Land $	Total $
Cost			
Balance at 1 January 2016	881,102	244,012	1,125,114
Additions	4,386	-	4,386
Disposals	(166,845)	-	(166,845)
Effect of movements in exchange rates	84,372	56,639	141,011
Balance at 31 December 2016	803,015	300,651	1,103,666
Balance at 1 January 2015	1,587,609	322,101	1,909,710
Additions	9,451	-	9,451
Disposals	(521,940)	-	(521,940)
Effect of movements in exchange rates	(194,018)	(78,089)	(272,107)
Balance at 31 December 2015	881,102	244,012	1,125,114
Depreciation			
Balance at 1 January 2016	674,747	-	674,747
Depreciation for the year	52,659	-	52,659
Disposals	(103,051)	-	(103,051)
Effect of movements in exchange rates	53,383	-	53,383
Balance at 31 December 2016	677,738	-	677,738
Balance at 1 January 2015	839,104	-	839,104
Depreciation for the year	125,068	-	125,068
Disposals	(193,703)	-	(193,703)
Effect of movements in exchange rates	(95,722)	-	(95,722)
Balance at 31 December 2015	674,747	-	674,747
Carrying amounts			
At 1 January 2016	206,355	244,012	450,367
At 31 December 2016	125,277	300,651	425,928
At 1 January 2015	748,505	322,101	1,070,606
At 31 December 2015	206,355	244,012	450,367

Note 19. Exploration and Evaluation Assets

	2016 $	2015 $
Opening net book value	**2,662,349**	3,073,386
Additions	**-**	418,513
Impairment of capitalised exploration expenditure	**(464,646)**	(101,389)
Effect of movements in exchange rate	**503,657**	(728,161)
	2,701,360	2,662,349

During the reporting period the Group recognised an impairment loss on the carrying value of its Itambe and Mombuca projects. The projects were assessed for impairment following results of the drilling program during the year. Whilst the Group retain tenure to these areas, no further evaluation work is planned and accordingly the recoverable amounts for AASB 6 has been assessed as nil.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective project areas.

Note 20. Trade and Other Payables

	2016 $	2015 $
Current		
Trade and other creditors	**273,457**	218,484
Accrued expenses	**136,310**	16,698
	409,767	235,182
Non Current		
Trade and other creditors	**136,057**	-
	545,824	235,182

Note 21. Employee Benefits

	2016 $	2015 $
Current		
Liability for annual leave	**139,066**	126,103
Non-Current		
Liability for long service leave	**83,030**	46,217

Note 22. Provisions

	2016 $	2015 $
Balance at beginning of the period	**519,265**	450,554
Provisions made during the year	**-**	205,245
Provisions used during the year	**(7,776)**	-
Provisions transferred to payables	**(511,489)**	-
Effect of movements in exchange rate	**-**	(136,534)
Balance at end of the period	**-**	519,265
Current	**-**	7,776
Non-Current	**-**	511,489
	-	519,265

Note 23. Capital and Reserves

	2016 Number of Shares	2015 Number of Shares
On issue at beginning of period	**521,463,429**	239,987,919
Issue of ordinary shares for share placements[1]	**180,000,000**	129,298,305
Issue of ordinary shares for entitlements 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**	12,803,542
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
On issue at the end of the period – Fully paid	**1,123,246,437**	521,463,429

(1) During the reporting period the Company undertook two share placements both at $0.005 per share for the issue of a total of 180,000,000 shares. During the year ended 31 December 2015 three share placements issuing 44,200,000 shares at $0.025 per share, 51,200,000 shares at $0.006 per share and 33,898,305 shares at $0.0059 per share we undertaken.

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Employee Share Options and Performance Rights

Information relating to the Employee Share Option Plan and Performance Share Plan, including details of options and rights issued, exercised or lapsed during the financial year and outstanding at the end of the financial year are set out in Note 11.

Listed Options

In addition to the unissued shares under options disclosed in Note 11, the Company issued 226,233,707 listed options (ASX: CTMOA) (2015: 20,304,999 – ASX: CTMO) with an exercise price of $0.01 (2015: $0.05) and an expiry date of 30 April 2018 (2015: 31 March 2017). As at 31 December 2016, 246,534,373 listed options remain unexercised.

	Weighted average exercise price	**2016 Number of Listed Options**	**Weighted average exercise price**	2015 Number of Listed Options
On issue at beginning of period	**$0.05**	**20,300,666**	-	-
Options granted	**$0.01**	**226,233,707**	$0.05	20,304,999
Options exercised	**-**	**-**	$0.05	(4,333)
On issue at the end of the period	**$0.013**	**246,534,373**	$0.05	20,300,666

<u>Nature and purpose of reserves</u>

Share-based Payments Reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights issued but not exercised. During the year ended 31 December 2015 the expired portion of this reserve was transferred to accumulated losses.

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

Note 24. Related Parties

(a) Key Management Personnel

(i) Key management personnel compensation is comprised of the following:

	31 December 2016 $	31 December 2015 $
Short term employee-benefits	**524,003**	664,338
Shares issued in lieu of remuneration	**28,000**	37,500
Long term employee benefits	**7,326**	(7,043)
Post–employment benefits	**19,308**	29,919
Share-based payments expense/(reversals)	**31,293**	(196,726)
	609,930	527,988

Individual Directors and Executives Compensation Disclosures

Information regarding individual directors' and executives' compensation and equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Key Management Personnel and Director Transactions

One of the key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

One of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

		Transaction Value		**Balance Outstanding As At**	
Key Management Person	**Transaction**	**2016 $**	2015 $	**31 Dec 2016 $**	31 Dec 2015 $
Mr D M Murcia[(1)]	Legal fees	**77,917**	66,268	**17,174**	1,250
Total and current liabilities				**17,174**	1,250

(1) Payable to MPH Lawyers, a firm in which Mr Murcia is a partner

(b) Transactions With Related Parties

Transactions between the parent company and its subsidiaries which are related parties of that company are eliminated on consolidation and are not disclosed in this note.

Note 25. Financial Instruments – Fair Values and Risk Management

(a) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair Value			
31 December 2016	**Note**	**Held for Trading**	**Loans and Receivables**	**Available-for-sale**	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Derivative instruments (i)	17	20,609	-	-	-	20,609	-	20,609	-	20,609
		20,609	**-**	**-**	**-**	**20,609**	**-**	**20,609**	**-**	**20,609**
Financial assets not measured at fair value										
Trade and other receivables (ii)	16	-	207,069	-	-	207,069				
Cash and cash equivalents	15	-	1,891,367	-	-	1,891,367				
		-	**2,098,436**	**-**	**-**	**2,098,436**				
Financial liabilities not measured at fair value										
Trade and other payables	20	-	-	-	545,824	545,824				
		-	**-**	**-**	**545,824**	**545,824**				

There have been no transfers of assets from Levels during the year ended 31 December 2016.

(i) Valuation technique used in measuring Level 2 fair values is Black Scholes Option Pricing Model.
(ii) The carrying amount of all receivables is considered to approximate fair value.

		Carrying amount					Fair Value			
31 December 2015	**Note**	**Held for Trading**	**Loans and Receivables**	**Available-for-sale**	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Derivative instruments (i)	17	89,851	-	-	-	89,851	-	89,851	-	89,851
		89,851	**-**	**-**	**-**	**89,851**	**-**	**89,851**		**89,851**
Financial assets not measured at fair value										
Trade and other receivables (ii)	16	-	798,145	-	-	798,145				
Cash and cash equivalents	15	-	541,871	-	-	541,871				
		-	**1,340,016**	**-**	**-**	**1,340,016**				
Financial liabilities not measured at fair value										
Trade and other payables	20	-	-	-	235,182	235,182				
		-	**-**	**-**	**235,182**	**235,182**				

There have been no transfers of assets from Levels during the period ended 31 December 2015.

(i) Valuation technique used in measuring Level 2 fair values is Black Scholes Option Pricing Model.
(ii) The carrying amount of all receivables is deemed to approximate fair value.

(b) Measurement of Fair Values

The following table shows the valuation technique used in measuring Level 2 fair values as well as significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Derivative instruments	Black-Scholes	Volatility	The estimated fair value would increase / (decrease) if there was an increase / (decrease) in the volatility rate used, as well as movements in the underlying security price.

(c) Financial Risk Management

The Group has exposure to the following risks arising from the use of financial instruments:

- Credit Risk (see (c)(ii))
- Liquidity Risk (see (c)(iii))
- Market Risk (see (c)(iv))
- Currency Risk (see (c)(v)).

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

(i) Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

(ii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's other receivables and investment securities.

Other Receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the default risk of the industry and country in which counterparties operate, as these factors may have an influence on credit risk.

The other receivables also include refundable deposits and tax credits which include Brazilian federal VAT ("PIS-Cofins"). The recoverability of PIS-Cofins assets is dependent upon the Group generating a federal company tax liability, which may be offset against the Groups PIS-Cofins assets. As at 31 December 2016, the PIS-Cofins tax asset has been fully impaired as taxable profits in the ordinary course of business are not considered probable though one off taxable profits may be generated on specific transactions. As at 31 December 2016 no such transactions have been entered into.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2016	2015
	$	$
Cash and cash equivalents (i)	**1,891,367**	541,871
Other receivables	**198,277**	793,763
	2,089,644	1,335,634

(i) The cash and cash equivalents are held with bank and financial institution counterparties, which are rated BBB to AA based on rating agency Standard and Poor's rating.

The Group's maximum exposure to credit risk for other receivables at the reporting date by geographic region was:

	Carrying Amount	
	2016	2015
	$	$
Australia	**77,320**	30,133
Brazil	**120,957**	763,630
	198,277	793,763

These balances are net of provision for impairment (refer to Note 16).

(iii) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at 31 December 2016, the Group has current trade and other payables of $409,767 (31 December 2015: $235,182). The Group believes it will have sufficient cash resources to meet its financial liabilities when due. Refer to Note 2 Going Concern.

The following table shows the contractual maturities of financial liabilities, excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	Carrying amount	**Contractual cash flows**	**6 mths or less**	**6-12 mths**	**1-2 years**
31 December 2016					
Non- derivative financial liabilities					
Trade and other payables	545,824	(545,824)	(346,971)	(62,796)	(136,057)
31 December 2015					
Non- derivative financial liabilities					
Trade and other payables	235,182	(235,182)	(235,182)	-	-

(iv) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(v) Currency Risk

The Group is exposed to currency risk on purchases that are denominated in currency other than the respective functional currencies of the Group entities, primarily the Australian dollar (AUD) and Brazilian Real (BRL). The currencies in which these transactions are primarily denominated are AUD and BRL.

The Group's investments in its Brazilian subsidiaries are denominated in AUD and are not hedged as those currency positions are considered to be long term in nature.

Interest Rate Risk Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2016 $	2015 $
Fixed rate instruments		
Financial assets	**1,785,551**	-
Variable rate instruments		
Financial assets	**105,816**	541,871
Trade and other payables	**(251,198)**	-
	1,640,169	541,871

Fair Value Sensitivity Analysis For Fixed Rate Instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity.

Cash Flow Sensitivity Analysis For Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2015.

	Profit or Loss		**Equity**	
	100bp Increase	**100bp Decrease**	**100bp Increase**	**100bp Decrease**
31 December 2016				
Variable rate instruments	**(1,453)**	**1,453**	-	-
Cash flow sensitivity (net)	**(1,453)**	**1,453**	-	-
31 December 2015				
Variable rate instruments	**5,418**	**(5,418)**	-	-
Cash flow sensitivity (net)	**5,418**	**(5,418)**	-	-

Capital Management

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern and to provide funding for the Group's planned exploration activities. Centaurus Metals Limited is an exploration company and it is dependent on its ability to raise capital from the issue of new shares and its ability to realise value from its exploration and evaluation assets. The Board is responsible for capital management. This involves the use of cash flow forecasts to determine future capital management requirements.

There were no changes in the Group's approach to capital management during the period.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Note 26. Contingent Liabilities

Guarantees

Guarantees given in respect of bank security bonds amounting to $30,133 (2015: $30,133), secured by cash deposits lodged as security with the bank.

No material losses are anticipated in respect of any of the above contingent liabilities.

There are no other contingent liabilities that require disclosure.

Note 27. Operating Leases

Leases as Lessee

The Group leases its Perth and Brazil offices under operating lease. The leases run for a period of one to two years, with an option to renew the lease after that date.

The Perth and Brazil office lease is a combined lease of land and buildings. Since the land title does not pass, the rent paid to the landlord of the building is increased to market rent at regular intervals, and the Group does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the building are with the landlord. As such, the Group determined that the leases are operating leases.

(i) Future Minimum Lease Payments

	2016 **$**	2015 $
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**58,857**	109,631
Between one and five years	**35,996**	2,686
More than five years	**-**	-
	94,853	112,317

Note 28. Capital Commitments

During the period the Company entered into an agreement to acquire a 100% interest in the Serra Misteriosa Gold Project under a strategic alliance with Terrativa Minerais SA. Centaurus will earn the right to acquire 100% of the project by undertaking R$2.5 million (A$1 million) of expenditure within 24 months. Once Centaurus has met the minimum expenditure commitment, it will have the right to acquire 100% of the project tenements through the issue of 30 million Centaurus Metals Limited shares and a 2% production royalty over future production from any of the project tenements. Concurrent with the issue of the ordinary shares will be 3 tranches of 30 million performance rights with the condition on each tranche being linked to the definition of a specified JORC Mineral Resource.

During the year ended 31 December 2015 the Company secured a 100% interest in the Aurora Copper Project under the strategic alliance with Terrativa Minerais SA. Under the deal structure Centaurus will manage all exploration activities on the project area and be required to spend a minimum of R$1 million (A$350,000) on exploration over an 18 month period ending 3 May 2017 to maintain 100% title to the Project. If Centaurus does not meet its minimum obligations within the required time period, its equity interest will revert to a 15% project interest.

Note 29. Group Entities

	Country of Incorporation	**Ownership interest**	
		2016	2015
Parent Entity			
Centaurus Metals Limited			
Subsidiaries			
Centaurus Resources Pty Ltd	Australia	**100%**	100%
San Greal Resources Pty Ltd	Australia	**100%**	100%
Centaurus Brasil Mineração Ltda	Brazil	**100%**	100%
Centaurus Pesquisa Mineral Ltda	Brazil	**100%**	100%
Centaurus Gerenciamento Ltda	Brazil	**100%**	100%
Aliança Mineração Ltda	Brazil	**100%**	-
Associates			
Nova Potash Pty Ltd	Australia	**50%**	100%

Note 30. Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report an item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Note 31. Remuneration of Auditors

	31 December 2016 $	31 December 2015 $
Audit Services		
Audit and review of financial reports – KPMG	**45,066**	91,827
Services other than statutory audit		
Auditors of the Company		
Taxation compliance services - KPMG	**25,385**	11,420

Note 32. Parent Entity Disclosures

As at, and throughout, the financial year ended 31 December 2016 the parent entity of the Group was Centaurus Metals Limited.

	Company	
	31 December 2016 $	31 December 2015 $
Results of the Parent Entity		
Loss for the period [(1)]	**(1,900,796)**	(4,908,137)
Other comprehensive loss	**-**	(13,333)
Total comprehensive loss for the period	**(1,900,796)**	(4,921,470)

(1) During the year ended 31 December 2016 the parent entity provided for an impairment of $700,000 (2015:$2,700,000) relating to loans to subsidiaries based on an assessment of recoverability.

	2016 $	2015 $
Financial Position of the Parent Entity at Year End		
Current assets	**1,287,757**	513,586
Non-current assets[(1)]	**3,771,817**	3,599,617
Total assets	**5,059,574**	4,113,203
Current liabilities	**268,469**	259,756
Non-current liabilities	**83,030**	46,217
Total liabilities	**351,499**	305,973
Net assets	**4,708,075**	3,807,230
Share capital	**109,419,656**	106,666,191
Reserves	**110,551**	62,375
Accumulated losses	**(104,822,132)**	(102,921,336)
Total equity	**4,708,075**	3,807,230

(1) Included within non-current assets are investments in and loans to subsidiaries net of provision for impairment. Ultimate recoupment is dependent on successful development and commercial exploitation or, alternatively, sale of the respective project areas.

Parent Entity Contingencies

The parent entity had no contingent liabilities as at 31 December 2016 (2015: nil).

Parent Entity Capital Commitments

The parent entity had no capital commitments at 31 December 2016 (2015: nil).

Parent Entity Lease Commitments

The parent entity has the following lease commitments:

Leases as Lessee

	2016	2015
	$	$
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**50,681**	54,473
Between one and five years	**35,996**	2,686
More than five years	**-**	-
	86,677	57,159

Directors' Declaration

1. In the opinion of the directors of Centaurus Metals Limited (the "Company"):

   (a) The consolidated financial statements and notes, and the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

      (i) Giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance, for the financial year ended on that date; and

      (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director and the Chief Financial Officer for the financial year ended 31 December 2016.

3. The financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Signed in accordance with a resolution of the directors.

____

D P Gordon
Managing Director
Perth
24 March 2017

Independent Auditor's Report

To the shareholders of Centaurus Metals Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Centaurus Metals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including

- giving a true and fair view of the Group's financial position as at 31 December 2016 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2016
- Consolidated statement of profit or loss, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material Uncertainty related to Going Concern

We draw attention to Note 2, "Going Concern" in the financial report. The conditions disclosed in Note 2, indicate a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern;

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional shareholder funds or potentially divest assets to address going concern;

Determining the completeness of the Group's going concern disclosures for the principle matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the ***Key Audit Matter*** to be communicated in our report

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Capitalised Exploration and Evaluation ("E&E") assets $2,701,360

Refer to Note 19 to the financial report

The key audit matter	How the matter was addressed in our audit
The Company's accounting policy in respect of Exploration and evaluation expenditure capitalised (E&E) is set out in Note 4(e) to the financial report. Principally, only acquisition costs in relation to an area of interest are capitalised less any impairment charges recognised. E&E is a key audit matter due to: • the significance of the balance (being 49% of total assets); and • the greater level of audit effort to evaluate management's application of the requirements of the industry specific accounting standard AASB 6 Exploration for and Evaluation of Mineral Resources, in particular the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by management of the value of E&E, therefore given the criticality of this to the scope and depth of our work, we involved senior team members to challenge management's determination that no such indicators existed. In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for Jambreiro where significant carrying value of E&E exists. We paid particular attention to:	Our audit procedures included, amongst others: • Evaluating the Group's accounting policy to recognise exploration and evaluation assets to the criteria in the accounting standard; • We assessed management's determination of its areas of interest for consistency with the definition in the accounting standard. • For each area of interest, we assessed the Group's current rights to tenure by corroborating the ownership of the relevant license for mineral resources or reserves to government registries and evaluating agreements in place with other parties. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses; • We tested the Group's additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard;

• documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and management's intention and capacity to continue the relevant E&E activities
 	
• The ability of the Group to fund the continuation of activities
 	
• Results from latest activities regarding the existence or otherwise of mineral resources or reserves.
	• We evaluated Group documents for consistency with their stated intentions for continuing E&E in certain areas. We corroborated this through interviews with key operational and finance personnel. The Group documents we evaluated included:
	  • internal management plans and budgets
	  • minutes of board and internal management meetings
	  • announcements made by the Group to the Australian Securities Exchange
	
	• We obtained project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with areas with E&E, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding.

Other Information

Other Information is financial and non-financial information in Centaurus Metals Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

- assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the Audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Centaurus Metals Limited for the year ended 31 December 2016, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 6 to 13 of the Director's report for the year ended 31 December 2016.

Our responsibility is to express an opinion on the Remuneration Report, based on our Audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Trevor Hart
Partner

Perth

24 March 2017

Shareholder Information

The shareholder information set out below was applicable as at 14 March 2017.

Substantial Shareholders

The Company's only substantial shareholder as at the above date is Atlas Iron Limited which holds 60,320,264 shares (5.37%).

On 27 July 2011, the Company announced it had entered into a strategic alliance with Atlas Iron Limited ("Atlas") pursuant to which Atlas agreed to take a strategic 19.9% stake in the Company, and for Atlas to provide technical, development and product marketing support as the Company develops its export and domestic iron ore businesses in Brazil. Centaurus and Atlas entered into a subscription agreement with respect to the strategic alliance. Pursuant to the strategic alliance, and subject to meeting various conditions including Atlas continuing to hold a 5% interest in the share capital in the Company, ASX Limited have granted Centaurus a waiver from the listing rules to permit Atlas to have a right to maintain its equity interest in the Company in the event that further equity issues are undertaken for future funding requirements or as a means of securing further assets (other than by a takeover bid or scheme of arrangement). Atlas will be given the opportunity to participate in these future equity issues of the Company on the same terms as those being offered to third parties.

Class of Shares and Voting Rights

There were 1,826 holders of ordinary shares in the Company as at the above date. The voting rights attaching to the ordinary shares, set out in Clause 41 of the Company's Constitution, are:

(a) On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(b) On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid is of the total amounts paid and payable, excluding amounts credited, provided that the amounts paid in advance of a call are ignored when calculating a true portion.

As at the above date the Company had 256 holders of listed options over 20,300,666 unissued ordinary shares with an exercise price of $0.05 and expiry date of 31 March 2017 and 733 holders of listed options over 226,233,707 unissued ordinary shares with an exercise price of $0.01 and an expiry date of 30 April 2018. There are no voting rights attached to the unissued ordinary shares. Voting rights will attach to the unissued ordinary shares when the options have been exercised.

There were 2 holders of unlisted options over 2,000,000 unissued ordinary shares. The options have an exercise price of $0.125 and expire on 31 August 2018. There were 6 holders of unlisted options over 22,500,000 unissued ordinary shares. The options have an exercise price of $0.0082 and expire on 10 June 2018 (5,500,000 options), 10 June 2019 (8,500,000 options) and 10 June 2020 (8,500,000 options). There are no voting rights attached to the unissued ordinary shares. Voting rights will attach to the unissued ordinary shares when the options have been exercised.

Restricted Securities

There are currently no restricted securities on issue.

On-market Buy Back

There is no current on-market buy back.

Distribution of Equity Securities

The distribution of numbers of equity security holders by size of holding is shown in the table below. There were 560 holders of less than a marketable parcel (being a minimum $500 parcel at $0.007 per share) of ordinary shares.

			Class of Equity Security			
			Ordinary Shares	Listed Options (CTMO)	Listed Options (CTMOA)	Unlisted Options
1	-	1,000	107	73	45	-
1,001	-	5,000	101	99	93	-
5,001	-	10,000	64	31	54	-
10,001	-	100,000	547	31	317	-
100,001	and over		1,007	22	224	6
			1,826	256	733	6

Shareholders

The names of the twenty largest shareholders are listed below:

		Ordinary Shares (CTM)	
	Name	Number Held	Percentage of Issued Shares (%)
1	Atlas Iron Limited	60,320,264	5.37
2	Shreeve Family Trust	55,702,965	4.95
3	Mr Bradley Bolin	47,500,000	4.22
4	Terrativa Minerais SA	46,501,476	4.14
5	Mr Darren Gordon	37,908,416	3.37
6	Tavarua International Inc	33,898,305	3.01
7	Mr Roger Fitzhardinge	32,013,109	2.85
8	Mr Ianaki Semerdziev	13,750,000	1.22
9	Mr Malcolm Thom	10,535,592	0.93
10	Mahe Investments Pty Ltd	10,000,000	0.89
11	Mrs Liliana Teofilova	9,000,000	0.80
12	Ms Tracey Marshall	9,000,000	0.80
13	Mr Antonio Aceti	8,026,848	0.71
14	Mr Warren Le Febour	7,471,486	0.66
15	Matzo Consulting Pty Ltd	7,177,799	0.63
16	Tohei Pty Ltd	7,087,968	0.63
17	Mr Domenico Zappia	7,000,000	0.62
18	Southern Cross Capital	7,000,000	0.62
19	Darley Pty Ltd	7,000,000	0.62
20	JP Morgan Nominees Australia Limited	6,828,581	0.60
	Total Top 20 Shareholders	423,722,809	37.64
	Other Shareholders	699,523,628	62.36
	Total Number of Issued Shares	1,123,246,437	100.00

Listed Option Holders

The names of the twenty largest holders of listed options (CTMO) are listed below:

	Name	Listed Options (CTMO) Number Held	Percentage of Listed Options (%)
1	Mr RJ & Mrs NH Wellby	5,565,329	27.41
2	Atlas Iron Limited	3,333,333	16.42
3	Mr Darren Gordon	2,116,666	10.43
4	Citicorp Nominees Pty Limited	1,014,763	5.00
5	Tower Hill Investments Pty Ltd	1,000,000	4.92
6	Mr Daniel Symons	1,000,000	4.92
7	Lion Selection Group Limited	566,666	2.79
8	Mr David Paterson	500,000	2.46
9	Blucher Superannuation Pty Ltd	488,333	2.40
10	Mr Bradley Bolin	433,333	2.13
11	JP Morgan Nominees Australia Limited	372,916	1.84
12	Tohei Pty Ltd	343,067	1.69
13	EAS Advisors LLC	333,333	1.64
14	Stelc Pty Ltd	333,333	1.64
15	Mr BD Lawton & Mrs SJ Willersdorf	300,000	1.47
16	HM 2007 Pty Ltd	200,000	0.98
17	Mr Hong En Yang	168,000	0.82
18	Mr Geoffrey Laurence	133,333	0.66
19	Mr Mark Hancock	133,333	0.66
20	Mr Robert Smakman	133,333	0.66
	Total Top 20 Optionholders	18,469,071	90.94
	Other Optionholders	1,831,595	9.06
	Total Number of Listed Options	20,300,666	100.00

The names of the twenty largest holders of listed options (CTMOA) are listed below:

	Name	Listed Options (CTMOA) Number Held	Percentage of Listed Options (%)
1	Shreeve Family Trust	27,851,482	12.31
2	Mr Bradley Bolin	22,500,000	9.94
3	Mr Darren Gordon	7,107,828	3.14
4	Mr Roger Fitzhardinge	5,999,994	2.65
5	Stockwork (Kal) Pty Ltd	5,000,000	2.21
6	Mahe Investments Pty Ltd	5,000,000	2.21
7	TCH Holdings Pty Ltd	4,500,000	1.98
8	Mr Ianaki Semerdziev	3,104,771	1.37
9	Mr OT & Mrs EH Yeoh	3,010,851	1.33
10	Mr Robert Raynes	3,000,000	1.32
11	Matzo Consulting Pty Ltd	3,000,000	1.32
12	Broadcoola Nominees Pty Ltd	3,000,000	1.32
13	Mrs Patricia Haigh	2,800,000	1.23
14	Mr Martin Music	2,750,000	1.21
15	Mr Kieran Barratt	2,716,219	1.20
16	Mr Warren Le Febour	2,500,000	1.10
17	Mr M & Mrs H Soucik	2,500,000	1.10
18	Mrs Liliana Teofilova	2,145,500	0.94
19	Mr Robert Vanden Bergh	2,000,000	0.88
20	Mr George Skaltsis	2,000,000	0.88
	Total Top 20 Optionholders	112,486,645	49.64
	Other Optionholders	113,747,062	50.36
	Total Number of Listed Options	226,233,707	100.00

Tenement Information

Brazilian Tenements

Tenement	Project Name	Location	Interest
800.444/2011	Aurora	Ceará	100%
800.442/2011	Aurora	Ceará	100%
800.480/2011	Aurora	Ceará	100%
800.471/2011	Aurora	Ceará	100%
800.469/2011	Aurora	Ceará	100%
800.487/2011	Parambu	Ceará	100%
800.474/2011	Parambu	Ceará	100%
800.468/2011	Parambu	Ceará	100%
800.470/2011	Parambu	Ceará	100%
831.638/2004	Canavial	Minas Gerais	100%
831.639/2004	Canavial	Minas Gerais	100%
831.629/2004	Candonga	Minas Gerais	100%(1)
832.183/2014	Conquista	Minas Gerais	100%
832.776/2006	Conquista	Minas Gerais	100%
833.185/2006	Conquista	Minas Gerais	100%
832.316/2005	Itambé	Minas Gerais	100%
833.133/2014	Mombuca	Minas Gerais	100%
830.668/2015	Mombuca	Minas Gerais	100%
831.879/2015	Mombuca	Minas Gerais	100%
831.649/2004	Jambreiro (Mining Lease)	Minas Gerais	100%
833.409/2007	Jambreiro (Mining Lease)	Minas Gerais	100%
834.106/2010	Jambreiro (Mining Lease)	Minas Gerais	100%
831.645/2006	Passabém	Minas Gerais	100%
830.588/2008	Passabém	Minas Gerais	100%
831.002/2007	Regional Guanhães	Minas Gerais	100%
833.410/2007	Regional Guanhães	Minas Gerais	100%
833.795/2013	Regional Guanhães	Minas Gerais	100%
831.363/2014	Tenda I	Minas Gerais	100%
831.364/2014	Tenda II	Minas Gerais	100%
851.548/2011	Serra Misteriosa	Pará	CTM has a 100% Earn-in right(2)
850.258/2013	Serra Misteriosa	Pará	CTM has a 100% Earn-in right(2)
850.130/2013	Parauapebas	Pará	CTM has a 100% Earn-in right(2)

(1) Tenement is held 100% however a lease agreement is in place with Ecosinter – Industria de Beneficiamento de Residuos Ltda.

(2) Agreement signed during the December 2016 Quarter. Centaurus will earn the right to acquire 100% of the tenements by undertaking R$2.5m of expenditure by December 2018.

Australian Tenements

Tenement	Project Name	Location	Interest
EPM14233	Mt Guide	Queensland	10%(3)

(3) Subject to a Farm-Out and Joint Venture Exploration Agreement with Summit Resources (Aust) Pty Ltd. Summit has earned a 90% interest in the Project. Aston Metals (QLD) Limited is earning 80% of Summit's interest in the Project.

Mineral Resources & Ore Reserves Information

Total Mineral Resources & Ore Reserves Statement

The Company's Ore Reserves and Mineral Resource holdings are shown in the following tables.

Ore Reserves

	Ore Reserves as at 31 December 2016						Ore Reserves as at 31 December 2015					
Project	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**
Jambreiro Project *												
Proved	35.4	28.5	49.6	4.3	0.04	1.7	35.4	28.5	49.6	4.3	0.04	1.7
Probable	13.1	27.2	49.0	5.3	0.04	2.4	13.1	27.2	49.0	5.3	0.04	2.4
TOTAL	**48.5**	**28.1**	**49.4**	**4.6**	**0.04**	**1.9**	**48.5**	**28.1**	**49.4**	**4.6**	**0.04**	**1.9**

**20% Fe cut-off grade applied; Mine Dilution - 2% ; Mine Recovery - 98%;*

Mineral Resources

	Mineral Resources as at 31 December 2016						Mineral Resources as at 31 December 2015					
Project	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**
Jambreiro Project*												
Measured	44.3	29.2	50.5	3.9	0.04	1.6	44.3	29.2	50.5	3.9	0.04	1.6
Indicated	37.7	27.5	51.1	3.7	0.04	1.7	37.7	27.5	51.1	3.7	0.04	1.7
Inferred	45.1	27.3	52.7	3.3	0.05	1.3	45.1	27.3	52.7	3.3	0.05	1.3
TOTAL	**127.2**	**28.0**	**51.4**	**3.7**	**0.05**	**1.5**	**127.2**	**28.0**	**51.4**	**3.7**	**0.05**	**1.5**
Canavial Project*												
Indicated	6.5	33.6	33.6	7.1	0.10	7.9	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	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**	**27.6**	**30.5**	**37.0**	**6.0**	**0.07**	**6.4**
Passabém Project**												
Indicated	2.8	33.0	48.8	1.9	0.03	0.6	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	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**	**39.0**	**31.0**	**53.6**	**0.8**	**0.07**	**0.1**
Itambé Project***												
Indicated	4.7	37.1	37.0	4.5	0.06	2.7	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	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**	**10.0**	**36.6**	**39.1**	**4.0**	**0.05**	**2.4**
TOTAL COMBINED	**203.8**	**29.4**	**49.3**	**3.5**	**0.05**	**2.0**	**203.8**	**29.4**	**49.3**	**3.5**	**0.05**	**2.0**

** 20% Fe cut-off grade applied; ** 27% Fe cut-off grade applied; *** 25% Fe cut-off grade applied*

(a) Mineral Resources are reported inclusive of Ore Reserves.
(b) Rounding may generate differences in last decimal place.

Mineral Resources and Ore Reserves Annual Statement and Review

The Company carries out an annual review of its Mineral Resources and Ore Reserves as required by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) 2012 edition and the ASX Listing Rules. The review was carried out as at 31 December 2016. The Jambreiro Resources estimate has been reported in accordance with the JORC Code 2012 edition and the ASX Listing Rules. The remaining Ore Reserve and Mineral Resource estimates were prepared and disclosed under the JORC Code 2004 edition.

The information prepared for the Jambreiro Reserve and Canavial, Itambé and Passabém Resource estimates have not been updated to comply with the JORC Code 2012 edition on the basis that the information has not materially changed since it was last reported.

The Jambreiro Ore Reserve was completed in November 2012 using highly conservative iron ore price and exchange rate assumptions to determine the mine gate price. As of 31 December 2016 the mine gate price remained appropriate. There were no further changes to the modifying factors for the Jambreiro Ore Reserve. Given there was no material change in the Mineral Resource estimate or to the modifying factors for the Ore Reserve, the Ore Reserve has not been updated to comply with the JORC Code 2012 edition.

The Candonga Resource and Reserve have been removed from the tables as the Project was divested during the prior period.

There has been no additional work or change to the Canavial, Itambé and Passabém Mineral Resource estimates during the year. Information prepared and disclosed under the JORC Code 2004 Edition and which has not materially changed since last reported has not been updated.

The Company is not aware of any new information or data that materially affects the information included in this Annual Statement and confirms that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Estimation Governance Statement

The Company ensures that all Mineral Resource and Ore Reserve calculations are subject to appropriate levels of governance and internal controls. Exploration Results are collected and managed by competent qualified staff geologists and overseen by the Exploration General Manager. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource and Ore Reserve estimates are prepared by qualified independent Competent Persons and further verified by the Company's technical staff. If there is a material change in the estimate of a Mineral Resource, the modifying factors for the preparation of Ore Reserves, or reporting an inaugural Mineral Resource or Ore Reserve, the estimate and supporting documentation in question is reviewed by a suitably qualified independent Competent Person.

Approval of Mineral Resources and Ore Reserve Statement

The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the JORC Code 2012 Edition.

The Ore Reserves and Mineral Resources Statement is based on and fairly represents information and supporting documentation prepared by competent and qualified independent external professionals and reviewed by the Company's technical staff. The Ore Reserves and Mineral Resources Statement has been approved by Roger Fitzhardinge, a Competent Person who is a Member of the Australasia Institute of Mining and Metallurgy. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited. Mr Fitzhardinge has consented to the inclusion of the Statement in the form and context in which it appears in this Annual Report.

Competent Person's Statement

The information in this Annual 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 Micromine 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 being undertaken to qualify as Competent Persons 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 report of the matters based on their information in the form and context in which it appears.

The information in this Annual 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 Micromine 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 report of the matters based on his information in the form and context in which it appears.