

17 June 2016

CENTAURUS ENTERS POTASH JOINT VENTURE IN AUSTRALIA AND SOUTH-EAST ASIA AS DIVERSIFICATION STRATEGY ADVANCES

Key Points

- Centaurus has entered into a new 50/50 joint venture with substantial shareholder and private international investment company, Tavarua International Inc. (“Tavarua”), to pursue potash projects in Australia and south-east Asia, where annual potash demand exceeds 5Mtpa.
 - The new joint venture company, known as Nova Potash Pty Ltd (“Nova”), has been established with initial capital in the amount of \$190,000 provided by Tavarua. Centaurus will manage the joint venture on behalf of the participants.
 - Tavarua has undertaken extensive study work over the last 4 years in Brazil with the leading Brazilian agricultural research institute Embrapa to identify a solution for the low-cost delivery of potash fertiliser to the extensive Cerrado agricultural region of Brazil.
 - Nova will be in the unique position of being able to leverage off the significant amount of information generated by Tavarua in Brazil and apply this knowledge to identify and fast track suitable potash project opportunities for the joint venture to advance in Australia and south-east Asia.
 - The joint venture, which represents another step in Centaurus’ previously announced diversification strategy, positions it to capitalise on strong global demand for potash fertilisers, as increased farming efficiency is required to feed the world’s growing population.
 - In parallel with the development of this new funded potash joint venture, Centaurus is set to commence diamond drilling in the coming weeks at its highly prospective Mombuca Gold Project in Brazil, where it has recently identified significant new gold targets from IP geophysical surveys. The gold drilling will be funded from the proceeds of a \$650,000 share placement also completed today.
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Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to advise that it has secured the backing of its substantial shareholder, Mr Ingo Wender, to embark on a new growth strategy in the international potash fertiliser business through the formation of a 50/50 strategic joint venture.

Tavarua International Inc. (“Tavarua”), a private international investment company controlled by Mr Wender, has agreed to form a 50/50 joint venture with Centaurus to investigate new potash opportunities in Australia and south-east Asia. Tavarua will provide the newly established joint venture vehicle, Nova Potash Pty Ltd (“Nova”), with initial capital of \$190,000.

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

Australian Office

Centaurus Metals Limited
Level 3, 10 Outram St
WEST PERTH WA 6005

Brazilian Office

Centaurus Brasil Mineração Ltda
Avenida Barão Homem de Melo, 4391
Salas 606 e 607 - Estoril
Belo Horizonte - MG - CEP: 30.494.275
BRAZIL

ASX: CTM

ACN 009 468 099
office@centaurus.com.au
Telephone: +61 8 9420 4000

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

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

Joint Venture Terms

Tavarua and Centaurus have agreed to establish a new 50/50 strategic Joint Venture through a newly formed company known as Nova Potash Pty Ltd. Tavarua has agreed to provide the initial capital for Nova in an amount of \$190,000 and support Nova financially should further funding be required by the joint venture.

Further, Tavarua will provide Nova with all geological, ore processing and agronomical information generated from the work it has already completed in Brazil together with Embrapa over the past four years.

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

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

Potash Market Outlook

As the world's population continues to grow and food producers are required to increase yields, global demand for potash is forecast to grow significantly. The world's population is growing by more than 200,000 people each day, requiring an extra 40,000ha of arable land; however, with significant limitations on land available for farming, farmers are increasingly being forced to focus more on the yields that can be extracted from existing land. Fertiliser has by far the biggest impact on yields and potash is the key fertiliser for high-value crops.

The Food and Agricultural Organization of the UN (FAO) projects that ~80% of future growth in crop production will come from yield advancements. Of the factors that affect crop yields it has been estimated that ~50% of the impact is due to fertiliser.

Management Comment

Centaurus' Managing Director, Mr Darren Gordon, said the new Joint Venture with Tavarua provided an exciting and unique new growth opportunity for the Company, leveraging off the significant amount of information already developed by Tavarua in Brazil.

“Worldwide population growth is making food supply and security ever more important and the key to this is the increasing use of fertilisers to enhance agricultural yields,” he said. “The Australian and south-east Asian markets collectively represent very strong growth markets for potash fertiliser consumption – and Centaurus has a highly experienced exploration team that will draw on Tavarua's successful exploration work in Brazil to identify suitable project opportunities in the region.

“With the financial support and technical knowledge of the Tavarua team, we believe that Nova Potash can identify potash projects that will allow the Company to grow strongly in the potash sector.”

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The opportunity created by the newly established joint venture with Tavarua comes at a time when Centaurus is also about to commence diamond drilling activities at its 100%-owned Mombuca Gold Project in Brazil. The Company is very excited by the new targets identified recently at Mombuca from IP survey work and, with funding now in place, looks forward to drilling these targets in the coming weeks.

“With the Company’s diversification plan now well advanced – both in and outside of Brazil – we are looking forward to delivering results on a number of fronts and driving value for shareholders,” Mr Gordon said.

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Released by:

Nicholas Read
Read Corporate
M: +61 419 929 046

On behalf of:

Darren Gordon
Managing Director
Centaurus Metals Limited
T: +618 9420 4000