

# Closing on production and cash flow: Developing the Jambreiro Iron Ore Project, Brazil



**CentaurusMetals**  
Limited ASX: CTM



- Low costs
- Strong margins
- Long life

**mines and money**  
HONG KONG 2014

Darren Gordon – Managing Director



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- o 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 Australian Institute of Geoscientists. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel is the Senior Resource Geologist of BNA Consultoria e Sistemas Limited, independent resource consultants engaged by Centaurus Metals. Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. 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.
- o The information in this 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 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 Reserve'. 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.
- o All information included in this presentation regarding Exploration Results, Mineral Resources and Ore Reserve estimates was prepared and first disclosed under the JORC Code 2004. This information has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
- o Refer to the ASX announcements dated 20 December 2013 and 13 January 2014 for details of the material assumptions underpinning the production target and forecast financial information included in this presentation for the Jambreiro Iron Ore Project. The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.
- o All information included in this presentation regarding the Ore Reserve estimate for the Jambreiro Iron Ore Project should be read in conjunction with the ASX announcement dated 5 November 2012. Given the conservatism built into the pit optimisation parameters used for the current Ore Reserve estimate, the Company is confident that the revised 1Mtpa production strategy will not result in a material change to the Reserve estimate. As a result of the change in production strategy, the Company intends to complete an updated Ore Reserve estimate during Q1 2014.

- Developing low capital, operating cost mines near existing infrastructure + customers in SE Brazil
- Poised to begin construction of initial 1Mtpa Jambreiro Project targeting domestic market:
  - Fully permitted for development and operations: construction H1 2014
  - Initial capital development cost of A\$53M, forecast C1 cash costs + royalties of A\$22/tonne
  - Commercial production planned for H1 2015
- Ability to grow production base to 3Mtpa via both the domestic and export markets
- High-grade, low impurity consistent quality product
- Experienced in-country management and technical team, backed by a strong Board
- Supportive strategic shareholders

**Centaurus Metals is well advanced towards its goal of becoming a profitable iron ore producer in Brazil.**



## Capital Structure

Shares on Issue	196.0m
Options & Performance Rights	12.6m
Share Price	A\$0.16
Market Capitalisation	A\$31.4m
Cash at bank (31 Dec 2013)	A\$4.8m
Enterprise Value	A\$26.6m

## Major Shareholders

**Atlas Iron Ltd (19.6%)** – An ASX-listed iron ore company (AGO), currently producing at the rate of ~10Mtpa. Atlas employs over 450 people, has a market capitalisation of circa \$1 billion and cash reserves of \$389m (31 December 2013)

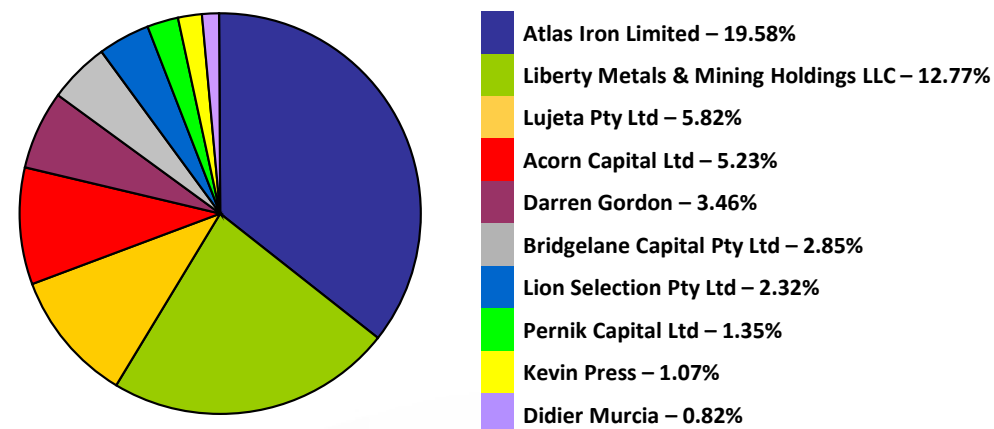
**Liberty Metals and Mining Holdings LLC (12.8%)** – A Boston-based subsidiary of Liberty Mutual Insurance, the third largest diversified property and casualty (“P&C”) insurer in the US and the sixth largest P&C insurer worldwide.



## Broker Research

Broker	Date	Recommendation	12-Month Price Target
Canaccord Genuity	23-12-13	Buy	\$0.61
Ord Minnett	14-01-14	Buy	\$0.53
PCF Capital	20-12-13	Buy	\$0.46
RFC Ambrian	06-01-14	Buy	\$0.40

## Centaurus Metals Limited – Top 10 Shareholders



Totals: Top 10 holders of CTM ORDINARY FULLY PAID	108,070,143 units	55.20%
Total Remaining Holders Balance	87,677,776 units	44.80%
Total Holders Balance	195,747,919 units	100%
Directors & Management Holding	10,172,123 units	5.20%



# Centaurus Key Personnel – Board and Management

## Board



**Didier Murcia** – Independent Non-Executive Chairman  
Lawyer, 25 years experience, Non-executive Director – Gryphon Minerals and Cradle Resources. Honorary Australian Consul to Tanzania



**Darren Gordon** - Managing Director  
Chartered Accountant, 20 years experience, extensive resource financing and operations exposure. Previously CFO at Gindalbie Metals



**Peter Freund** - Operations Director  
Mechanical Engineer, 40 years experience, former General Manager of the Karara JV, and head of MIM team at Alumbrera Copper Mine, South America. Developed Oaky Creek Coal and MacArthur River Lead/Zinc Project



**Richard Hill** – Independent Non-Executive Director  
Solicitor and Geologist, 20 years experience, co-founded Centaurus and director of resource Investment group, Westoria Capital



**Mark Hancock** - Non-Executive Director  
Chartered Accountant, 25 years experience. Current Executive Director – Atlas Iron. Has previously held senior financial roles with Woodside Petroleum, Premier Oil & Lend Lease



**Steve Zaninovich** – Independent Non-Executive Director  
Civil Engineer, 20 years experience, current COO for West Africa focused Gryphon Minerals. Extensive experience in Project Managing construction projects in overseas jurisdictions.

## Senior Management



**John Westdorp:** Chief Financial Officer  
Chartered Accountant, 20 years resource experience, former CFO of Iron Ore Producer, Murchison Metals. Held senior positions with North Ltd Group including 6 years with Robe River Iron Associate JV



**Geoff James:** Company Secretary  
Chartered Accountant, 20 years experience, former Group Financial Accountant at Clough Limited & previously held joint CFO/Company Secretary position with Centaurus



**Alexandro de Moura:** GM – Operations  
Engineer, 20 years experience, former Chief Operating Officer for MMX Mineração & held senior roles with Yamana in their copper operations



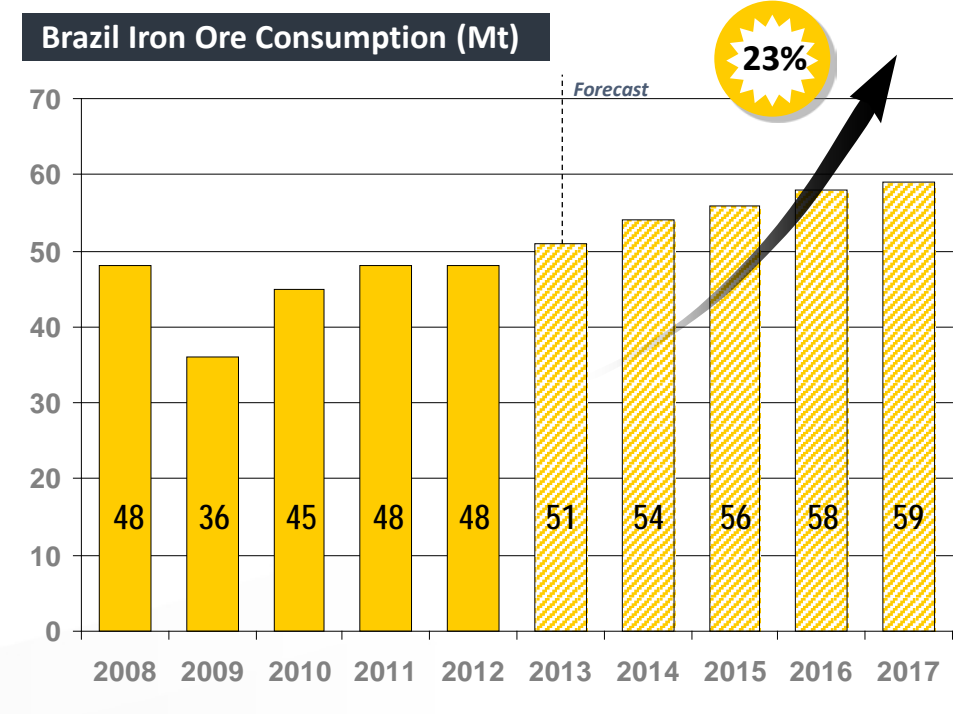
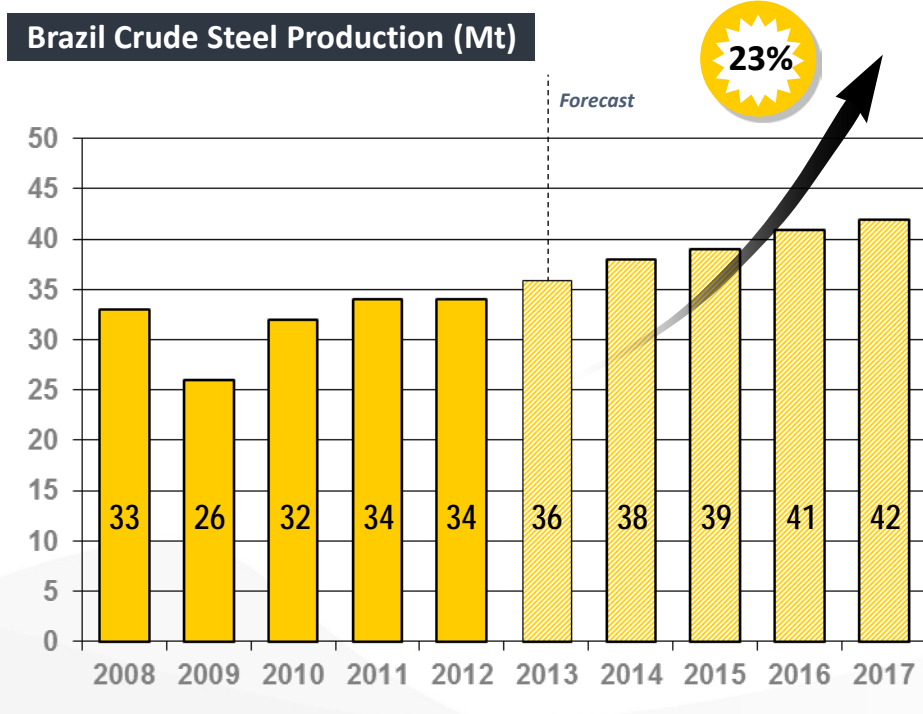
**Bruno Scarpelli:** GM – Environmental & OH&S  
Former Environmental Coordinator at Vale's Carajas Iron Ore Operations, previously held roles with Brandt Meio Ambiente and Golder Associates



**Roger Fitzhardinge:** GM – Exploration & Evaluation  
Geologist, former Manager of Technical Services and Senior Mine Geologist at Mirabela Nickel. Former geologist with BHP's Pilbara iron ore operations

**Centaurus has a strong management team, predominantly based in the Belo Horizonte office, experienced in developing Brazilian resource projects.**

- Large domestic market for iron ore consumption
- Significant market opportunity with major steel mills located within 150km radius of key Centaurus Projects
- Domestic market provides platform to expand production base into the export market



Source: CRU International Limited – The Iron Ore Market Outlook – April 2013

# Brazilian Domestic Project Hub



## Minas Gerais

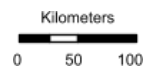


### Existing Rail Lines

- MRS
- EVFM
- FCA/Other

### Rail Line Under Construction

- Ferrovias Oeste-Leste

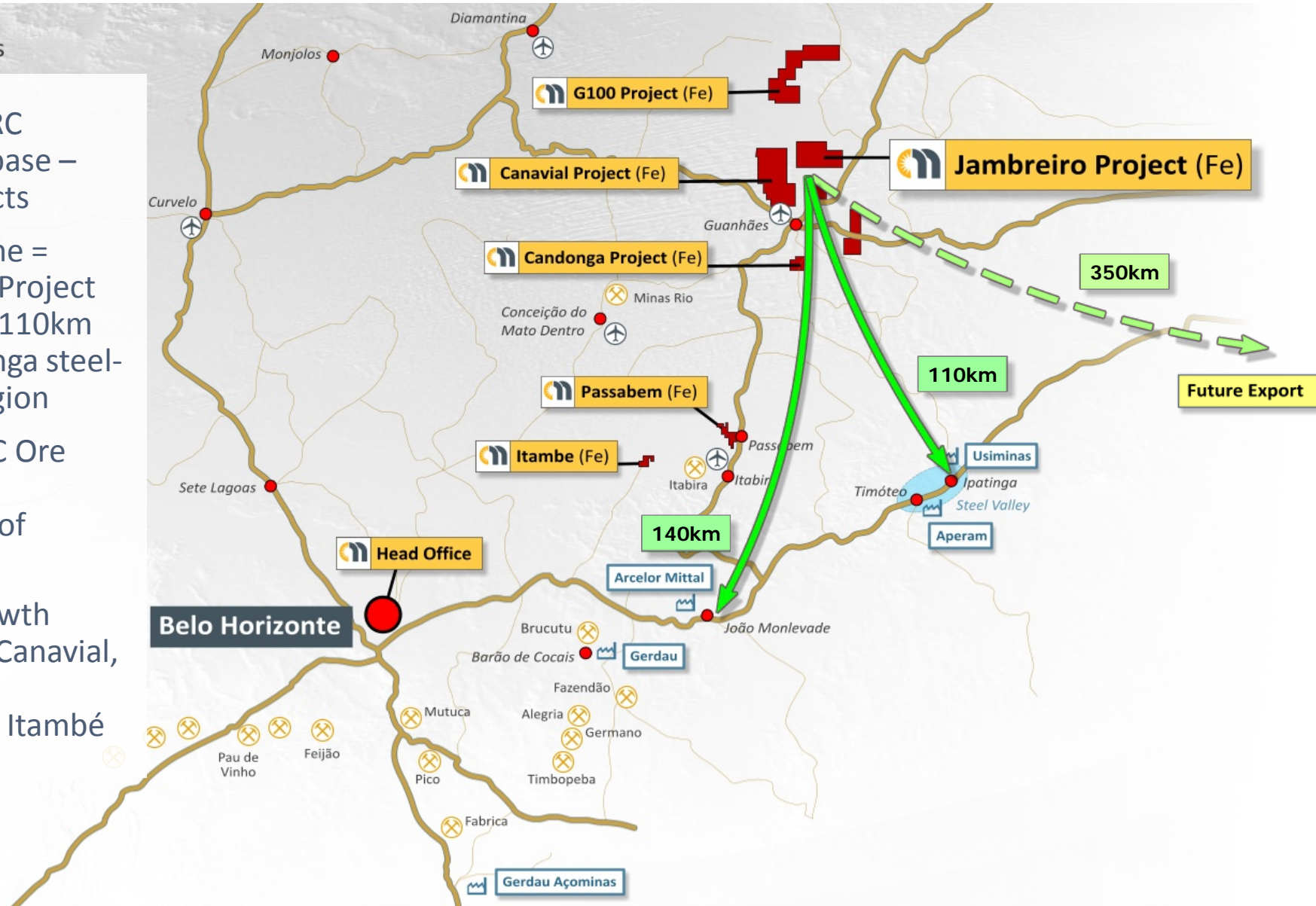




# Domestic Project Hub

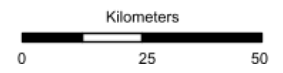
## Minas Gerais

- 216Mt JORC Resource base – four projects
- Cornerstone = Jambreiro Project (128Mt) – 110km from Ipatinga steel-making region
- Initial JORC Ore Reserve at Jambreiro of 48.5Mt
- Future growth potential: Canavial, Candonga, Passabem, Itambé

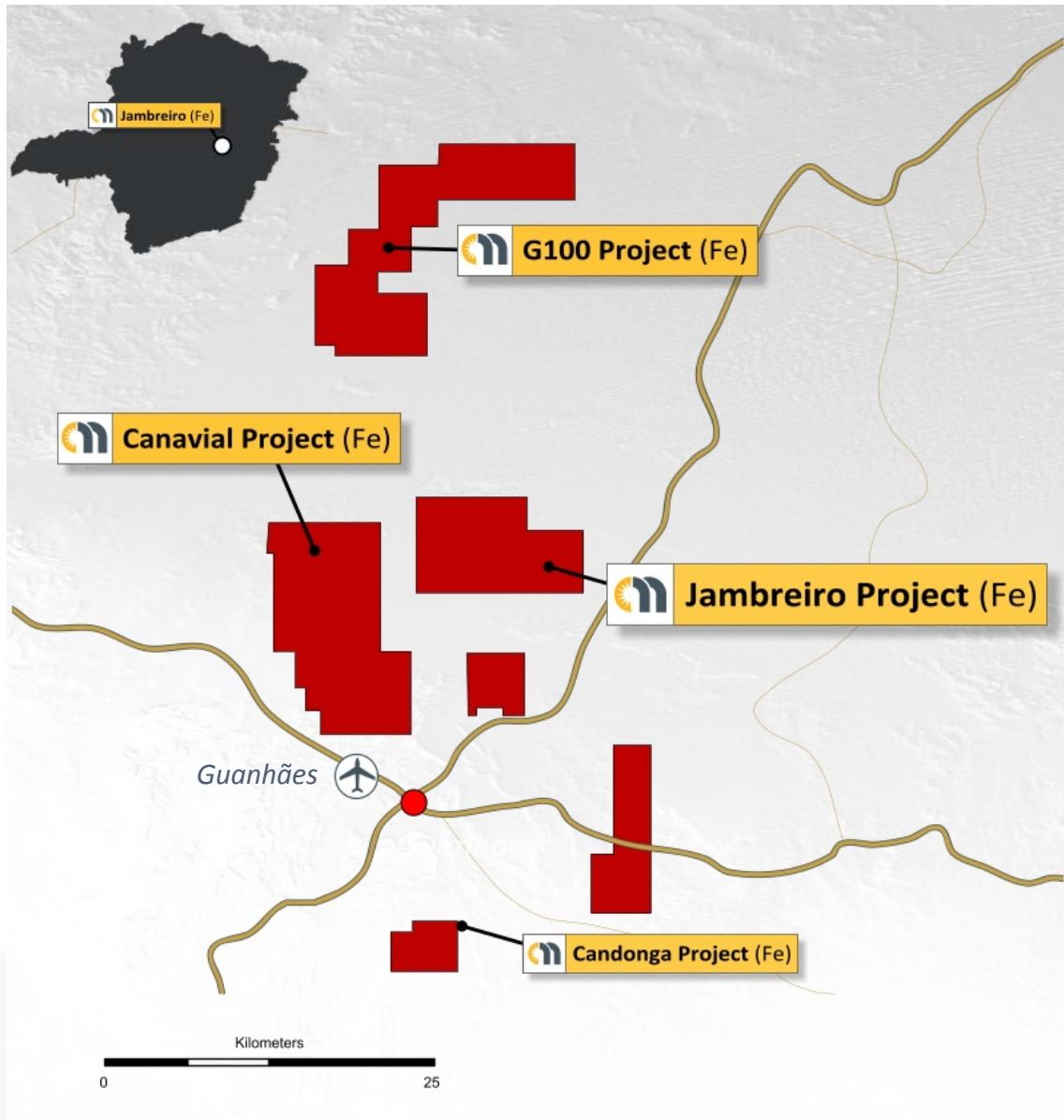


## Belo Horizonte

- Large City
- Town
- Airport
- Centaurus Project (Fe)
- Major Iron Ore Mine
- Smelter



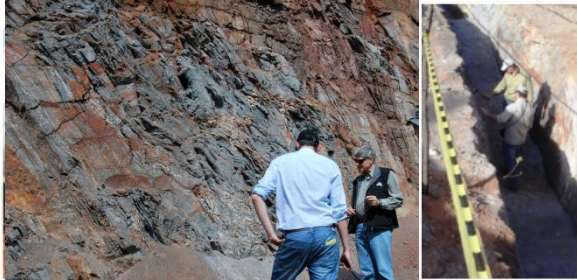




- BFS completed in November 2012 for 2Mtpa Project
- Start-up production rate of 1Mtpa under low CAPEX scenario:
  - A\$53M pre-production CAPEX
  - Minimises funding risk and secures timeline to production and cash flow by H1 2015
- Consistent and reliable supplier of high-quality, low impurity iron ore to domestic steel mills
- In-pit friable Ore Reserve: 48.5Mt @ 28.1% Fe
  - ~18Mt of high grade product = 18 year mine life

PRODUCT QUALITY	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	Mass Recovery %
<b>FRIABLE ORE – Wet Magnetic Separation</b>					
Head Grade	30.4	52.3	2.7	0.02	
<b>Beneficiated Product</b>	<b>66.0</b>	<b>4.1</b>	<b>0.8</b>	<b>0.01</b>	<b>39.4</b>

- Initial 1Mtpa Project provides cash flow to expand production into the export market



## Project Assumptions

Initial mine life	18 years
Strip ratio	0.97:1
Production rate	1Mtpa

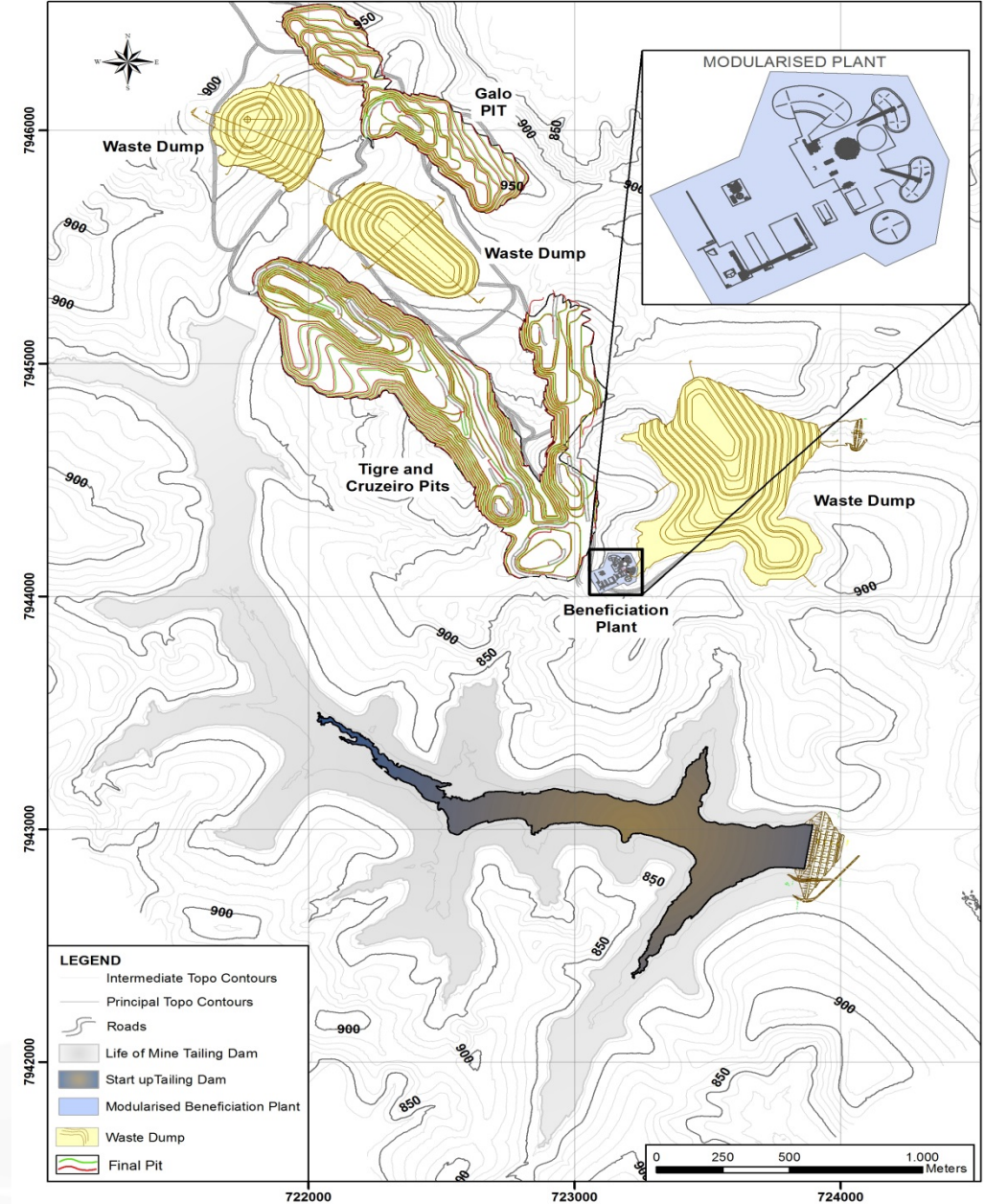
## Key Financial Outcomes

Total Revenue	A\$752M
EBITDA	A\$350M
Capital Costs	A\$53M
Annual Average Operating Cash Flow	A\$19M
Operating Cash Cost (per tonne of product – LoM)	A\$22/dmt

**Jambreiro has strong economics, with low life-of-mine cash operating costs (C1 + Royalties) of A\$22/tonne – reflecting the low stripping ratio (0.97:1), the free-digging nature of the friable material and the extent of natural liberation of the ore.**



# Jambreiro – Site Layout







## Environmental Approvals

- Environmental Impact Assessment (EIA/RIMA) – **Approved**
- Three-stage approval process
  - LP – Issued October 2012
  - LI – Issued April 2013
  - LO – Expected H1 2015
- Strong community support for Project
- Project Facilitation Agreement signed with the State of Minas Gerais

## Mines Department and Ministry of Mines & Energy

- Plan of Economic Evaluation (PAE) – **Approved**
- Mining Leases – **Granted**

## Land Access

- 10-year land access and co-operation signed with land owner CENIBRA
- Much of Project area already cleared of vegetation



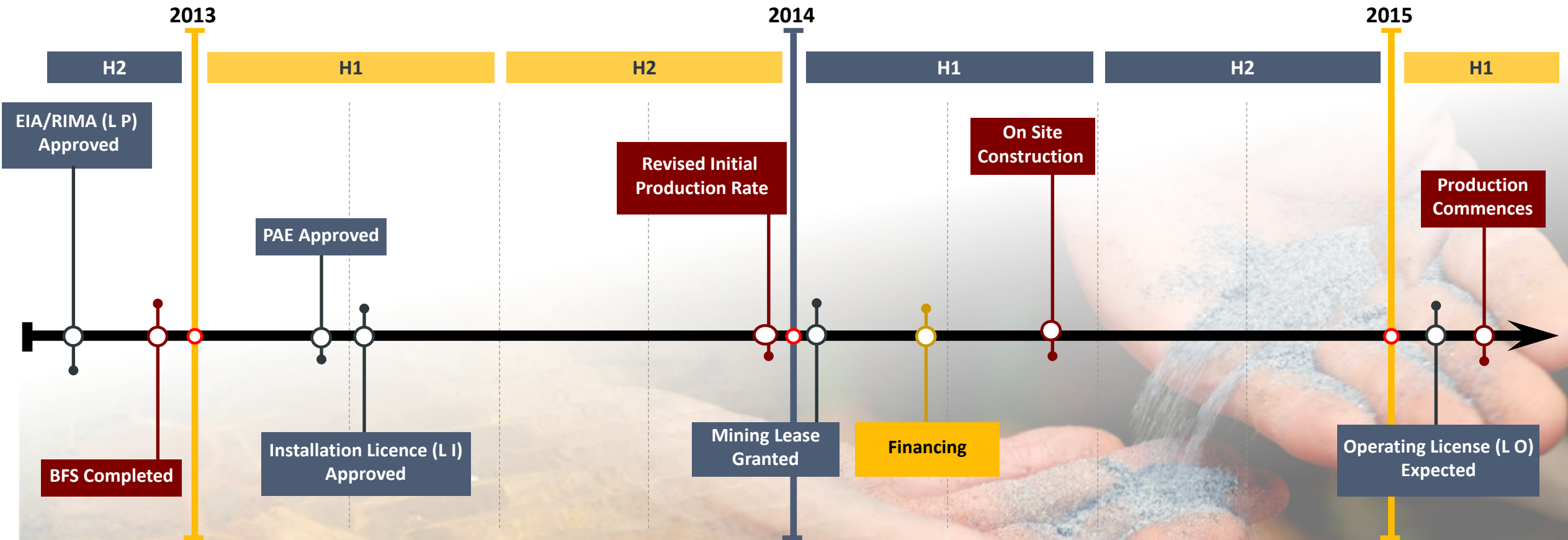
## Off-take

- General acceptance of the high quality Jambreiro product specification by potential domestic customers
- Negotiations on key terms for long-term off-take well advanced
- Lower initial production rate reduces need for off-take in advance of financing – but remains important
- Off-take pricing = international market-based price with adjustment for Jambreiro quality and net back to mine for domestic logistic costs



# Jambreiro – Development Timeline

## Jambreiro Development Timeline



**ON TRACK: A new iron ore producer in Brazil**



# Jambreiro – The Export Opportunity



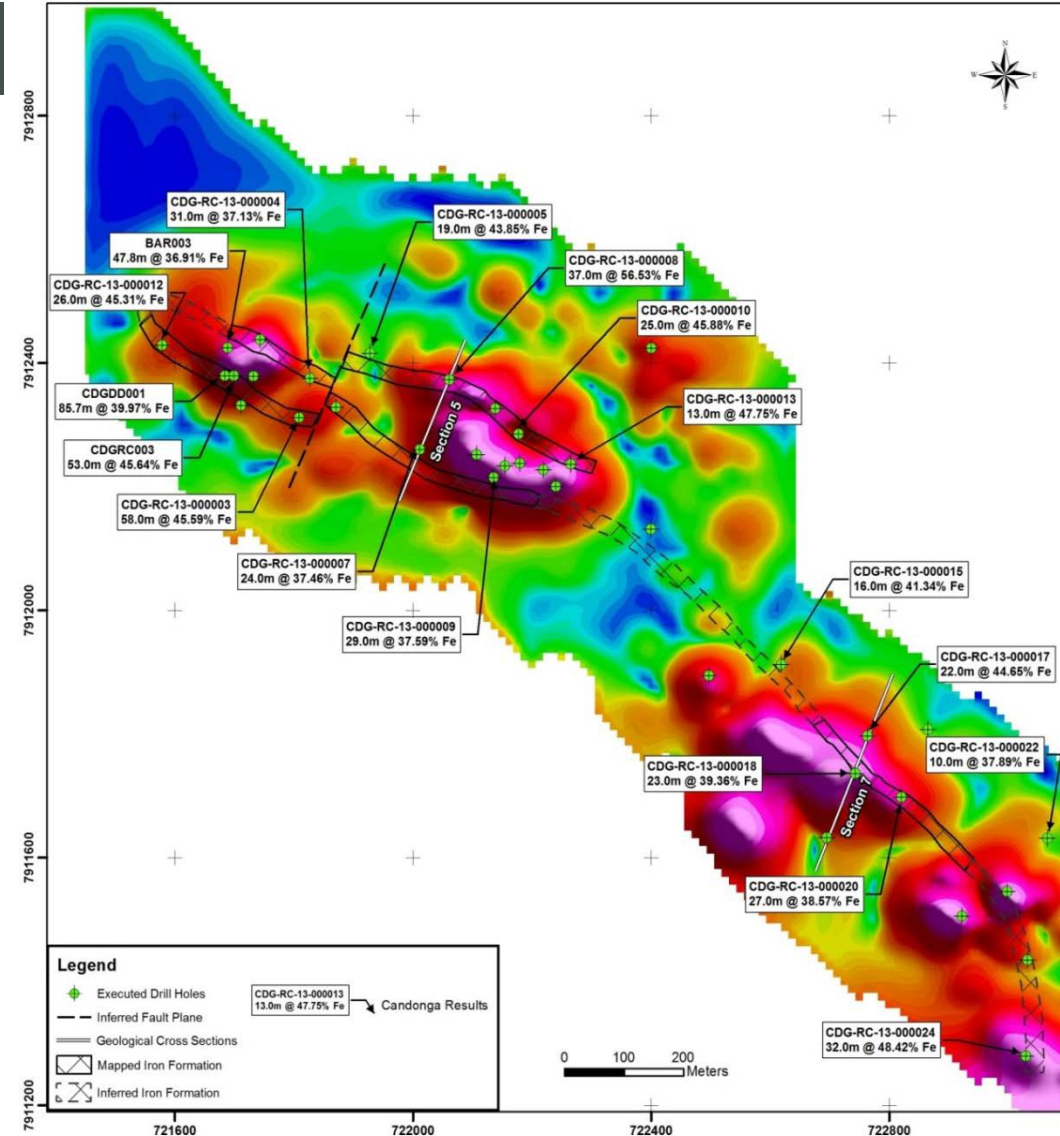
- Jambreiro located within 150km of bulk cargo EFVM rail line
- EFVM rail line provides opportunity to access port capacity in and around Vitória
- Various port options exist within close proximity to Vitória including Tubarão Port
- Currently investigating best option to access permanent logistics capacity for future export development
- Major shareholder, Atlas Iron, has strong network of customers in seaborne market:
  - Significant opportunities exist to leverage these relationships in CTM marketing efforts

## Candongga Iron Ore Project

- o High grade drill results including some DSO grades
- o Maiden JORC 2004 Mineral Resource of 11.9Mt at 43% Fe including potential source of DSO of 0.9Mt at 58.6% (refer to ASX Announcement dated 8 August 2013 for further details)
- o Trenching program recently completed over high grade zone
- o Potential for coarse-grained product to support Jambreiro operations
- o Sieve analysis shows DSO zone to consist of 30 to 40% Lump (+6.3mm) material
- o Land generally clear of native vegetation. Simple approvals process

JORC Category	Million Tonnes	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	LOI %
Indicated	3.7	45.5	26.2	3.8	0.08	2.7
Inferred	8.2	41.8	30.2	4.4	0.08	3.1
<b>TOTAL</b>	<b>11.9</b>	<b>43.0</b>	<b>29.0</b>	<b>4.2</b>	<b>0.08</b>	<b>3.0</b>

20% Fe Cut-off





# Summary – Why Invest in Centaurus?

- Poised to join the ranks of international iron ore producers within 12 months
- Jambreiro Project fully permitted for 3Mtpa production: high-grade, low impurity product
- New development plan ready to go: low CAPEX 1Mtpa start-up
- Robust economics supported by low operating costs and modest CAPEX
- Construction targeted to commence in H1 2014, first production H1 2015
- Clear plan to grow production base to 3Mtpa via both the domestic and export markets
- Experienced team with proven experience in Brazil
- Supportive strategic shareholders

**Centaurus Metals is ready to become the next profitable iron ore producer in Brazil.**





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