CentaurusMetals Limited

MARCH 2018 QUARTERLY ACTIVITIES REPORT

Centaurus acquires highly prospective Itapitanga Nickel-Cobalt Project with maiden field work program delivering impressive high-grade nickel-cobalt assays and maiden RC drilling imminent; Historical data review delivers walk-up drill targets at Salobo West to be tested this year

24 April 2018

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MARCH QUARTER HIGHLIGHTS

ITAPITANGA NICKEL-COBALT PROJECT

- Successful acquisition of the Itapitanga Nickel-Cobalt Project, located in the Carajás Mineral Province of northern Brazil, at the southern strike extent of Anglo American's world-class Jacaré Nickel-Cobalt Project.
- High-grade assays of up to 0.52% Co and 1.63% Ni from rock chip sampling and 0.19% Co and 0.18% Co from channel sampling.
- Highly encouraging results received from initial broad-spaced auger drilling with shallow, high-grade nickel-cobalt intersections achieved over an extensive area and strike length of 3.3km, including:
  - *6.5m @ 0.94% nickel and 0.20% cobalt*
  - *8.0m @ 0.59% nickel and 0.16% cobalt*
  - *12.0m @ 0.93% nickel and 0.13% cobalt*
  - *10.1m @ 1.03% nickel and 0.12% cobalt*
  - *10.0m @ 1.07% nickel and 0.12% cobalt*
  - *5.4m @ 1.09% nickel and 0.11% cobalt*
  - *6.0m @ 1.04% nickel and 0.11% cobalt*
  - *8.7m @ 1.21% nickel and 0.10% cobalt*
- An RC drill rig was contracted late in the quarter to undertake an initial 5,000m drill program. Mobilisation is nearing completion with drilling expected to commence within days.

SALOBO WEST COPPER-GOLD PROJECT

- Clearing and drilling licence lodged with ICMBio for key drill targets over the Salobo West Project area.
- Detailed historical geological, geochemical and geophysical survey data review completed over the SW2 tenement. New target areas to be followed up with further field work at the first opportunity.
- Multiple walk-up drill targets have now been identified on both tenements that make up the Salobo West Project which will be tested following the upcoming drill program at the Itapitanga Project.

CORPORATE

- $2.65M share placement successfully completed to sophisticated investor clients of Peloton Capital.
- Subsequent to quarter end, Option Underwriting Agreement entered into with Peloton Capital Limited to fully underwrite the upcoming exercise of the Company's listed option series (ASX: CTMOA), allowing the Company to raise a further $2.25M to advance its exploration programs in the Carajás Mineral Province.

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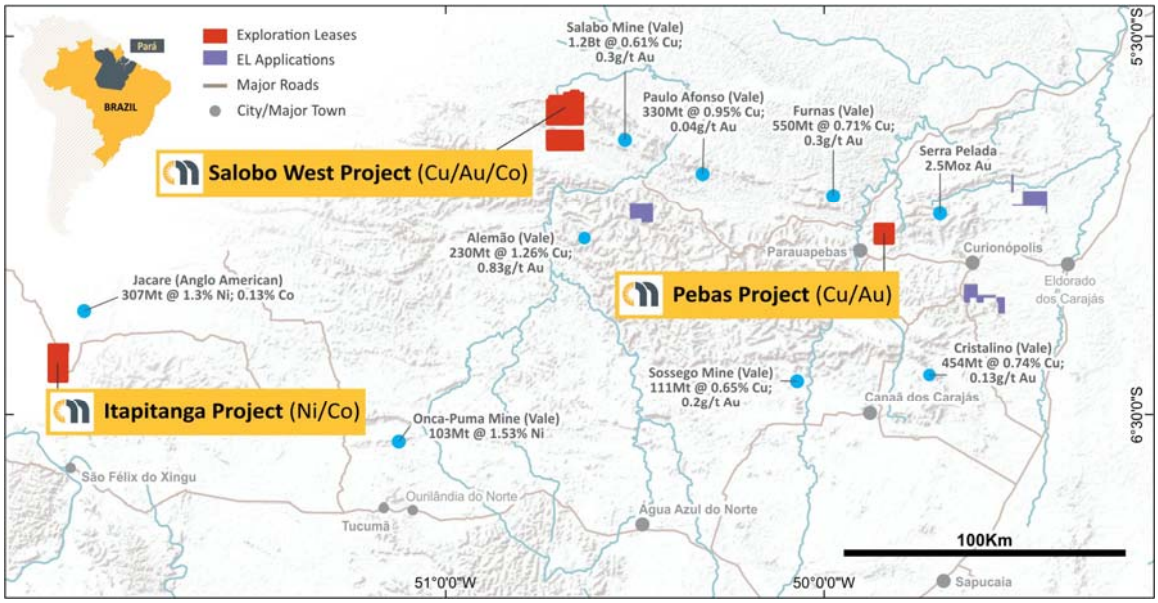
EXPLORATION

THE CARAJÁS MINERAL PROVINCE

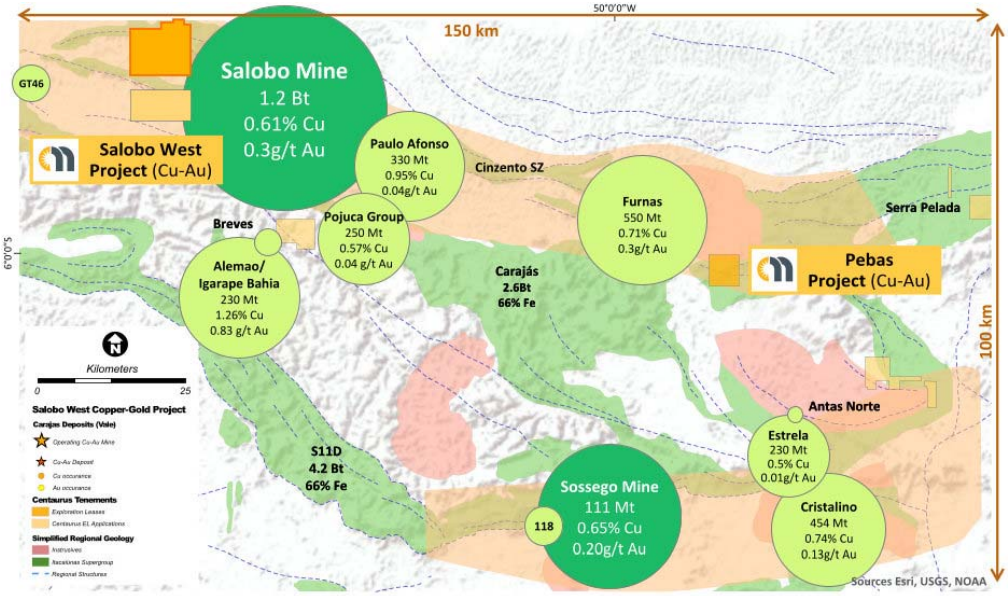
Centaurus' Salobo West Copper-Gold and Pebas Copper-Gold Projects, and its newly acquired Itapitanga Nickel-Cobalt Project, are located in the Carajás Mineral Province ("Carajás"), which is considered to be one of the world's premier mining addresses (see Figure 1).

Figure 1 – Regional location map of the Carajás Mineral Province, showing the location of Centaurus' key projects.



A total of 15 world-class mineral deposits lie within an area of just 150 x 100km, including nine IOCG deposits with resources of +100 million tonnes of copper-gold ore. These IOCG deposits – in addition to several other IOCG prospects that are under exploration – collectively contain resources of more than 4.0 billion tonnes of copper-gold ore (see Figure 2 below).

Figure 2 – The Carajás Mineral Province with Schematic of Reserve Estimates (dark green) and Resource Estimates (light green) of the Nine Largest IOCG Deposits.



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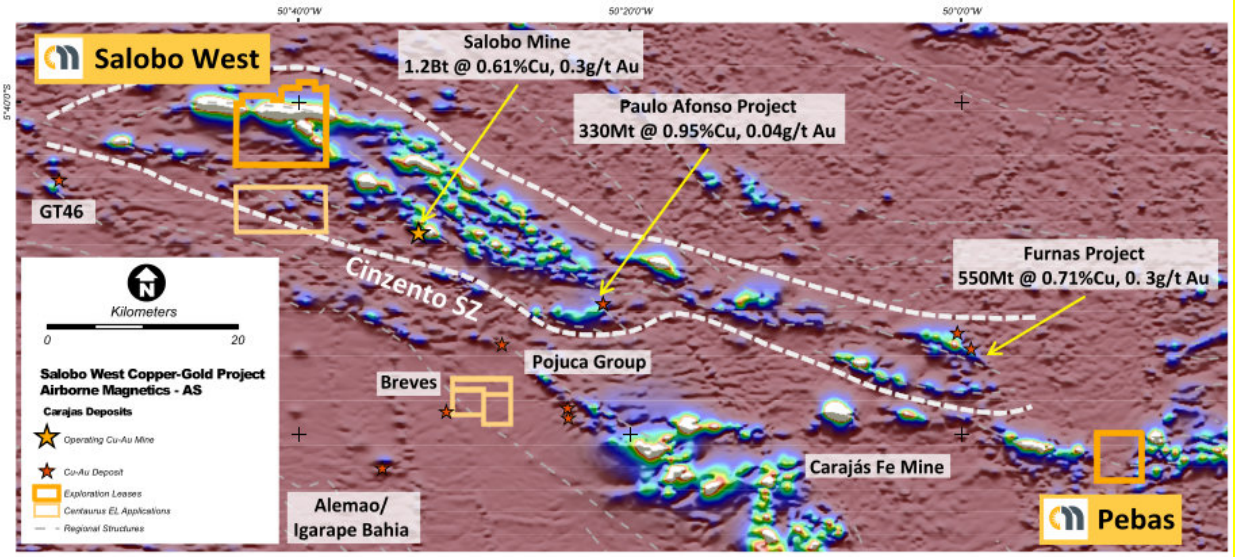
Three of the top five known IOCG deposits in the Carajás (all with resources +300Mt Cu-Au ore), as well as multiple exploration targets, are located along the Cinzento Shear Zone (see Figure 3). These deposits are structurally controlled by regional-scale W-NW striking, brittle-ductile shear zones hosted within the highly prospective volcanic and sedimentary rocks of the Itacaiúnas Supergroup.

Figure 3 – Tier-1 IOCG deposits in the Cinzento Shear Zone over the Regional Magnetics (AS).



Vale's giant Salobo Copper-Gold Mine is one of these deposits, and is arguably the second-biggest IOCG in the world behind BHP's Olympic Dam Mine. Salobo has Reserves of 1.2 billion tonnes at 0.61% Cu and 0.3g/t Au and produced approximately 193kt of copper and 346koz of gold in calendar year 2017[1]. Centaurus' Salobo West Cu-Au Project includes multiple distinct targets that display similar geochemical and geophysical characteristics and are located in the same geological context as the Salobo mine, just 12km along strike.

ITAPITANGA NICKEL-COBALT PROJECT

During the Quarter, Centaurus secured a 100% interest in the **Itapitanga Nickel-Cobalt Project**, a highly prospective nickel-cobalt exploration project in the Carajás Mineral Province of northern Brazil located immediately along strike from world-class nickel-cobalt deposits owned by global majors Anglo American and Vale.

The strategic acquisition further expands and strengthens Centaurus' existing mineral portfolio in the Carajás Mineral Province, opening up an exciting new front for its exploration activities in 2018 alongside its existing Salobo West Copper-Gold-Cobalt Project and Pebas Copper-Gold Project (see Figure 1).

The Itapitanga Project is located at the southern strike extent of Anglo American's world-class Jacaré Ni-Co Project (Figure 4) which has reported a global Mineral Resource of 307Mt at 1.3% Ni and 0.13% Co that includes **a high-grade cobalt resource of 185Mt at 1.2% Ni and 0.18% Co[2].**

Centaurus geologists have confirmed the presence of the same nickel-cobalt mineralisation at surface on the Itapitanga Project at multiple locations over a wide area.

[1] Vale Data sourced from "Vale Production in 4Q17" Report, its 20-F Annual Report for 2017 and other public reports

[2] Resource data sourced from Anglo American Presentations "O Depósito de Níquel Laterítico do Jacaré (PA), Brasil" – Simexmin 2010 and Ore Reserves and Mineral Resources Report 2016

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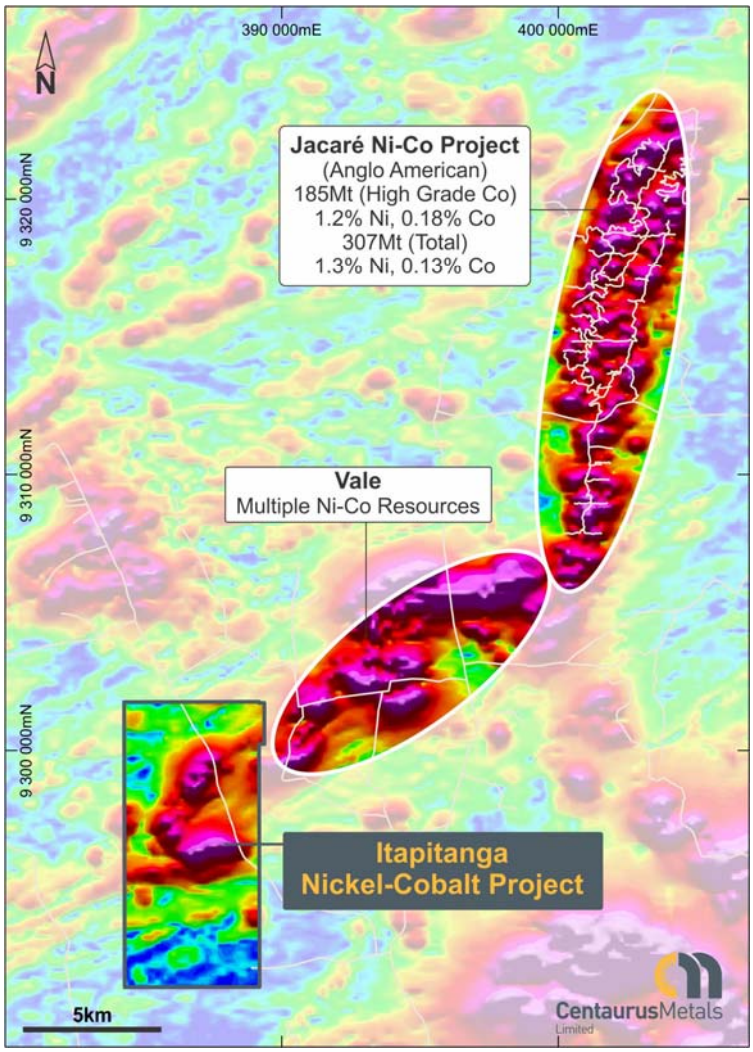
Figure 4 – Location of the newly-acquired Itapitanga Ni-Co Project. The regional magnetic signature (AS) is coincident with the ultramafic intrusive that hosts the nickel-cobalt mineralisation.



The Itapitanga Project tenement area covers 50km^2 of highly prospective ground at the southern extension of the same ultramafic-mafic intrusive complex that hosts the high-grade nickel-cobalt mineralisation of Anglo's and Vale's Ni-Co Projects. Rich red limonitic soils and lateritic outcrops cover the target area, which is well defined by coincident regional magnetic and radiometric signatures.

MAIDEN FIELD EXPLORATION PROGRAM

Initial field exploration activities conducted at Itapitanga during the Quarter included channel, rock chip and soil sampling.

A 3m deep road cutting transects part of the target area, from which two channel samples were taken which returned assay results of 0.19% Co and 0.18% Co. In addition, a rock chip sample taken from the exposed Fe-laterite zone returned outstanding grades of 0.52% Co and 0.56% Ni.

Further, as part of the Company's initial exploration activities, soil sampling along a fence line was also undertaken across a 1km section of the mineralised zone, with samples taken approximately 100-150m apart.

The results of this soil sampling demonstrated that the targeted nickel-cobalt mineralisation coincides well with the magnetic signature, as well as the occurrence of rich limonitic soils.

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Highly anomalous nickel (up to 1.12% Ni) and cobalt (up to 0.09% Co), along with chrome and iron (which are additional key pathfinder elements for the cobalt-rich nickel-cobalt laterite mineralisation that the Company is targeting), were identified in the soils collected.

The highest nickel grades in the rock chips (up to 1.63% Ni) were collected from isolated float of serpentinized dunite (saprock). This is as expected as in laterite deposits nickel grades will generally increase as the profile moves from the cobalt rich Fe-Laterite zones into the nickel rich saprolite mineralisation.

AUGER DRILLING PROGRAM

Towards the end of the Quarter, an initial phase of auger drilling commenced at Itapitanga (Figure 5) which delivered outstanding near surface high-grade nickel-cobalt assay results.

Figure 5 – Photos of the auger drilling at the Itapitanga Ni-Co Project; Four-man hand held auger (top left), removing the sample from auger bit (top right), working to beat the afternoon rain (bottom).

The hand-held auger holes have tested a strike length of approximately 3.3km of the Northern Target area where 29 of the first 33 holes finished in high-grade nickel and cobalt mineralisation (Figure 6).

Auger holes are drilled to 'drill-refusal' and the average hole depth for the first 33 holes of the program was 6.5m. The Northern Target area remains open to the south, south-east, north-west and at depth. Drilling at the Southern Target commenced at the end of the Quarter.

Highlights of the assay results from the first 33 auger holes include the following complete hole intersections (surface to end-of-hole). All of these intersections finished in mineralisation (see ASX Announcements dated 8 March 2018 and 27 March 2018 for full details of auger assay results):

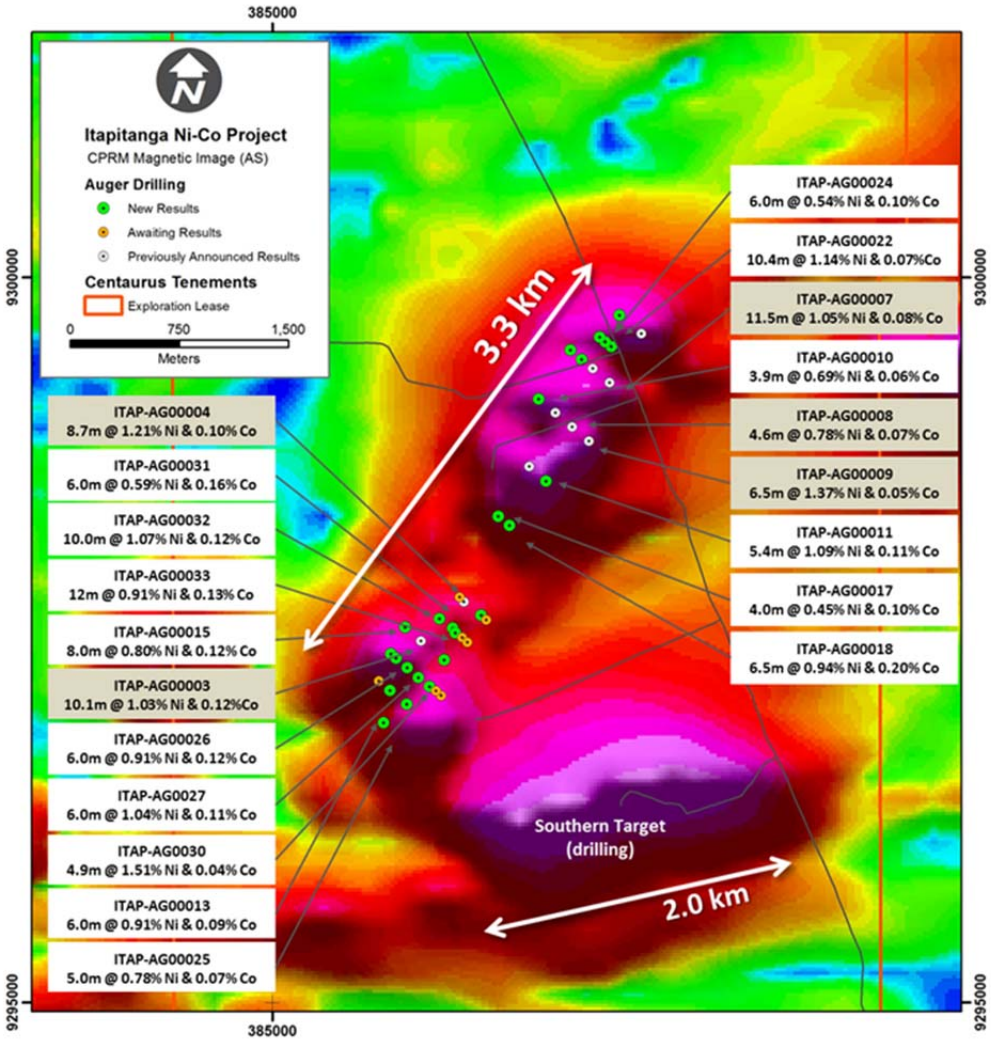
- 6.5m @ 0.94% nickel and 0.20% cobalt from surface in ITAP-AG00018;
- 8.0m @ 0.59% nickel and 0.16% cobalt from surface in ITAP-AG00031;
- 12.0m @ 0.91% nickel and 0.13% cobalt from surface in ITAP-AG00033;
- 10.1m @ 1.03% nickel and 0.12% cobalt from surface in ITAP-AG00003;
- 10.0m @ 1.07% nickel and 0.12% cobalt from surface in ITAP-AG00032;
- 8.0m @ 0.80% nickel and 0.12% cobalt from surface in ITAP-AG00015;

- 6.0m @ 0.91% nickel and 0.12% cobalt from surface in ITAP-AG00026;
- 6.0m @ 1.04% nickel and 0.11% cobalt from surface in ITAP-AG00027;
- 5.4m @ 1.09% nickel and 0.11% cobalt from surface in ITAP-AG00011;
- 8.7m @ 1.21% nickel and 0.10% cobalt from surface in ITAP-AG00004;
- 6.0m @ 0.91% nickel and 0.09% cobalt from surface in ITAP-AG00013;
- 11.5m @ 1.05% nickel and 0.08% cobalt from surface in ITAP-AG00007.
- 10.4m @ 1.14% nickel and 0.07% cobalt from surface in ITAP-AG00022;
- 4.9m @ 1.51% nickel and 0.04% cobalt from surface in ITAP-AG00030.

The auger drilling at Itapitanga continues to demonstrate that the nickel-cobalt laterite mineralisation occurs from surface, with high grades of both nickel and cobalt mineralisation intersected to depths of up to 12m prior to drill refusal occurring.

RC drilling will now be undertaken to determine the full width and grade of the nickel-cobalt mineralisation at the Project. At the end of the Quarter, the Company executed a 5,000m RC drill contract with specialist Brazilian RC drilling group, Geosenda Perfurações Especiais. The rig is now in the final stages of being mobilised and drilling is set to start in the coming days.

Figure 6 – The Itapitanga Project: Auger drill locations with significant nickel and cobalt intersections over Magnetic Image (Analytic Signal); Latest results (white) and earlier results (grey).



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SALOBO WEST COPPER-GOLD PROJECT

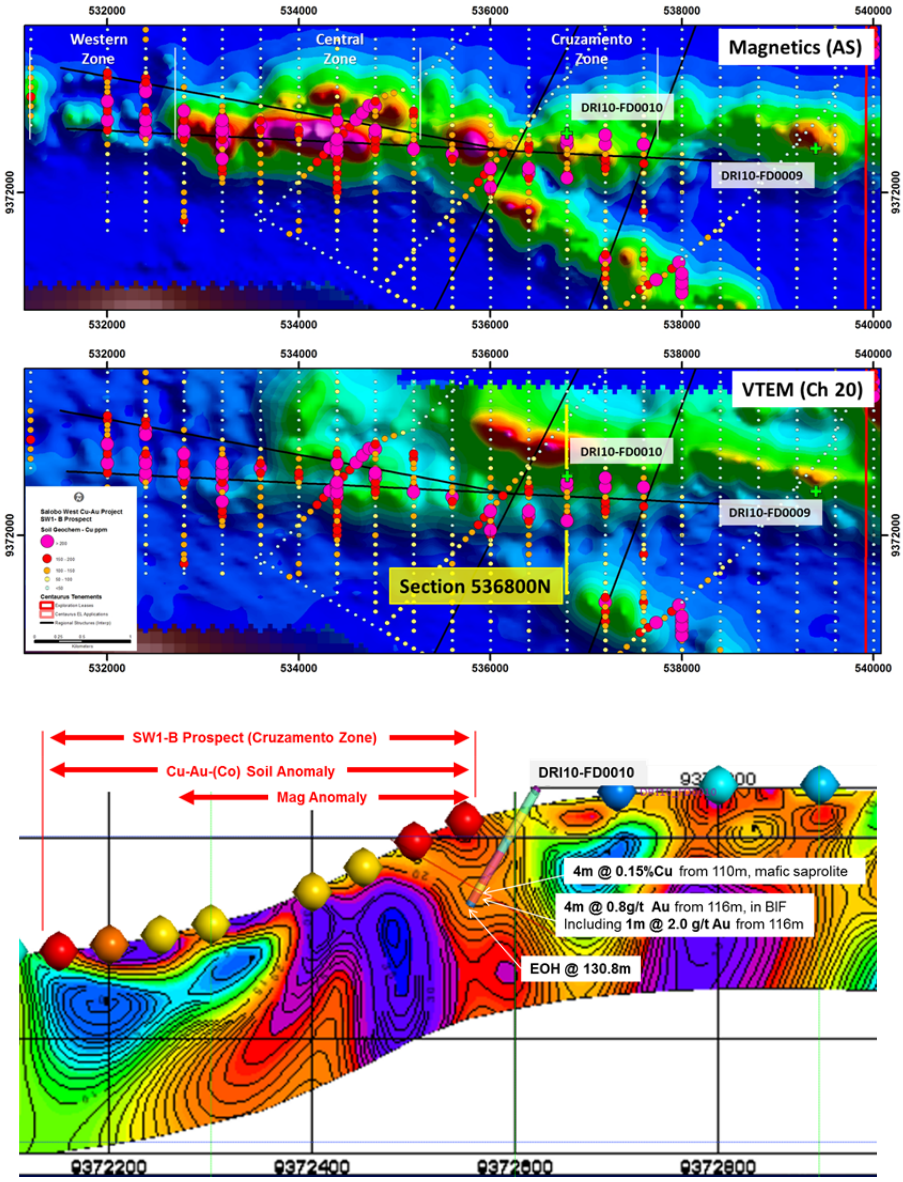
The Salobo West Copper-Gold Project comprises two tenements, SW1 in the north and SW2 in the south of the project area (Figure 8).

SW1 Tenement

Three large prospect areas have been defined on the SW1 tenement, namely SW1-A, SW1-B and Serendipidade. A number of drill targets have been defined on all three prospect areas with one of the high-priority targets being the Cruzamento (convergence) Zone at the SW1-B Prospect (Figure 7), where a coincident soil, magnetic and IP anomaly was historically tested by Anglo American with one drill hole in 2010, being Hole DRI10-FD0010.

The hole encountered, copper, gold and iron ore mineralisation (all excellent indicators of IOCG mineralisation) at the end of the hole (4m @ 0.8g/t Au including 1m @2.0g/t Au with 55% Fe from 116m-120m, preceded by an interval from 110m-115m with copper values between 0.07-0.2% Cu). The hole stopped about 50m short of the strong IP chargeability anomaly (Figure 7). This hole is the only hole drilled to date into the SW1-B Prospect area.

Figure 7 – The SW1-B Prospect Area at Salobo West Project showing Magnetic and VTEM anomalies as well as location of Anglo American historical drill hole DRI10-FD0010 (green cross) which stopped in mineralisation approximately 50m short of strong IP Chargeability anomaly.



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During the Quarter, the Company lodged an application to clear vegetation and to drill on the Salobo West project tenements with ICMBio, the environmental agency in charge of the forested area where the project is located and the agency which previously granted the Company its non-ground disturbing licence to access the area to undertake soil sampling and other non-ground disturbing activities.

The Company is now working with ICMBio to have the clearing and drilling licence granted in the next few months to allow the Company to be able to drill after the end of the wet season and the completion of the RC drilling program at the Itapitanga Nickel-Cobalt Project.

As a result of the seasonal wet season in the region, the focus of activity during the Quarter was on the ongoing review of historical exploration data from the project area to assist with drill target definition and the commencement of the licencing process for drilling.

SW2 Tenement

The SW2 tenement at Salobo West was granted in November 2017. During the Quarter, Centaurus identified and reviewed historical exploration data for the SW2 Tenement, enabling it once again to fast-track its evaluation of the exploration potential of the Salobo West Project by leveraging off historical exploration data.

In this case, a comprehensive review of DNPM (Brazilian Mines Department) archived reports and other historical data for the southern SW2 tenement has significantly enhanced the prospectivity of the area, resulting in the identification of several walk-up drilling targets.

Importantly, an exploration report on the SW2 tenement completed in December 2000 by Rio Doce Geologia e Mineração SA ("Docegeo"), Vale's exploration group at the time of the report, described the work completed by them in the period between 1998 and 2000. This historical work included geological mapping, soil sampling and regional scale geophysical surveys. Below is an extract of the DNPM report that refers to the SW-2 tenement area:

> ***"This anomalous belt represents an association of several EM anomalies with distinct magnetic anomalies and a geological environment favourable to mineralisation, with many characteristics that resemble those observed in the Salobo Cu-Au deposit." –*** *translated from DNPM 850.399/95 Partial Exploration Report dated December 2000.*

This SW2 information represents a significant boost to the Company's copper-gold exploration program at Salobo West.

The Salobo West Project has multiple high-quality copper-gold and copper-gold-cobalt prospects set within 120km^2 of prime exploration ground in the heart of the Carajás Mineral Province and less than 15km along strike from the world-class Salobo Cu-Au Mine (Figure 8).

The Company's geological team has always had a positive view of the prospectivity of the SW2 tenement given its location relative to the Salobo mine and a number of regional structures that are coincident with multiple distinct magnetic anomalies. Data and comments from the historical report have further strengthened this view and identified some new high-priority targets.

The SW2 tenement covers what is regionally described as a sliver of the Itacaiúnas Supergroup, associated with a major regional shear zone that runs WNW from the Salobo Cu-Au Mine and through the northern portion of the SW2 tenement.

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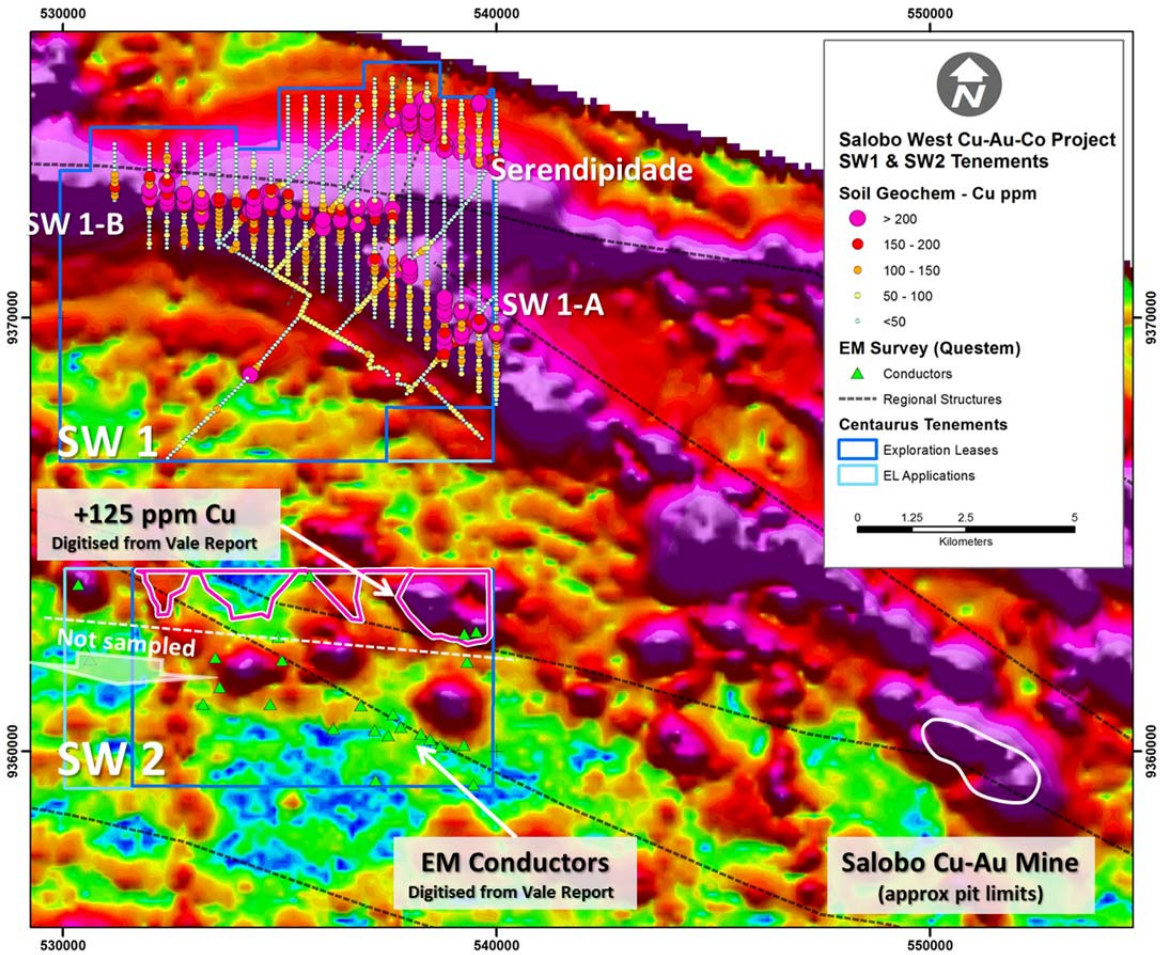
The following comment on the local project geology was translated from the same exploration report referred to above:

> ***"From a geological point of view, the regional structures that cross the area are interesting, as they appear to coincide with the Salobo trend, with strong silicification (felsic-breccia), bordered by granitoids with iron formations and hydrothermally-altered schists intercalations and cataclastic rocks with quartz-magnetite-chlorite alteration ± chalcopyrite" –*** *translated from DNPM 850.399/95 Partial Exploration Report dated December 2000.*

Importantly, the reporting geologist identified lithologies and alteration styles similar to those seen at the Salobo Mine on the SW2 prospect area. From the report it is evident that 137 soil samples were taken along survey lines only in the northern portion of the tenement area, with the highest soil samples returning results of 500ppm Cu. There are also clear and consistent broad copper-in-soil anomalies that run up to +250ppm Cu.

There is no report of soil samples from the southern portion of the SW2 tenement (see Figure 8). Multiple EM conductors and magnetic anomalies, however, can also be seen in this southern part of the SW2 tenement and this provides the Company with more quality exploration targets. Soil sampling over these targets will be undertaken once exploration activities resume after the end of the current wet season.

Figure 8 – Salobo West Project: +125 ppm Cu (pink lines) and EM conductors (green triangles) have been digitised from the historical exploration report. Note that no sample results were reported south of the dashed white line.



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PEBAS COPPER-GOLD PROJECT

The Pebas Project is located approximately 100km east of the Company's large and highly prospective Salobo West Copper Gold Project, ~20km north of the operating Antas Norte copper-gold mine, operated by ASX-listed copper miner Avanco Resources (ASX: AVB), and just 5km outside of the regional city of Parauapebas.

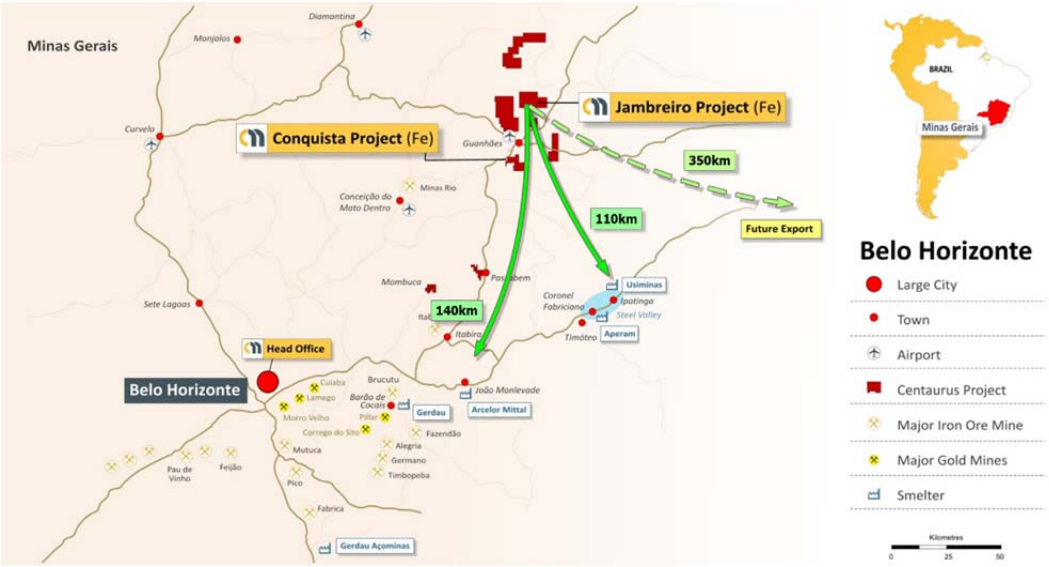
The Project is hosted within the highly prospective Itacaiúnas Supergroup, which hosts all IOCG deposits within the Carajás Mineral Province. The Pebas Project area is wedged between the regionally important Cigano and Estrela Granite Complexes.

Drill targets are currently being assessed, with a round of RC drilling likely to commence following the conclusion of the Itapitanga drilling program using the same Geosenda RC rig. A drilling licence application was lodged during the Quarter.

IRON ORE PROJECTS

The Company holds a number of iron ore tenements in the south-eastern Brazilian state of Minas Gerais. Joint ventures and other divestment opportunities are either in place or being discussed.

Figure 9 – Centaurus Iron Ore Project Locations in south-eastern Brazil.



JAMBREIRO PROJECT

The Company's 100%-owned Jambreiro Project, located in south-east Brazil (Figure 9), 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 premium pricing that exists in the market for high grade ore (+65% Fe) such as that which could be produced at Jambreiro.

During the quarter, Centaurus prepared and delivered a new product sample from Jambreiro to potential steel mill customers in Brazil for testing. The delivered product graded 64.6% Fe with very low impurities (4.7% SiO_2, 0.7% Al_2O_3 and 0.02% P).

Initial feedback from potential customers who tested the product confirm the high grade, low impurity nature of the Jambreiro product and have indicated that the product would be a sought-after source of supply if it was available for purchase in the domestic market. With this information, the Company is now further considering how best to realise value from the Jambreiro Project.

CONQUISTA DSO 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 (see Figure 9). During the June 2017 Quarter, Centaurus granted a 12-month option over the Conquista Project to R3M Mineração Ltda (R3M), a privately-owned Brazilian mining group.

R3M commenced an exploration program at Conquista during the Quarter but this work has been put on hold pending further licencing work necessary to complete the work program in the preferred locations. The Company has therefore agreed to extend the option period whilst this licencing work is being undertaken by R3M.

CORPORATE

Share Placement
Concurrent with the acquisition of the Itapitanga Nickel-Cobalt Project, the Company completed a heavily oversubscribed share placement to raise $2.65 million, before costs, to provide funding for ongoing exploration of the Company's highly prospective and growing tenement package in the Carajás Mineral Province.

Under the placement, the Company issued 295 million shares at $0.009 and 147.5 million unlisted options with an exercise price of $0.015 and an expiry date of 31 January 2020 to sophisticated and professional investors of Peloton Capital Ltd. The securities were issued in one tranche under the Company's existing placement capacity.

Option Underwriting Agreement
Subsequent to the end of the Quarter, Centaurus entered into an underwriting agreement with Peloton Capital Limited to fully underwrite the upcoming exercise of the Company's listed option series (ASX: CTMOA) to raise $2.25 million.

Funds raised from the Underwriting, in conjunction with existing cash reserves, will be used to advance ongoing exploration activities at the Company's highly prospective Itapitanga Nickel-Cobalt Project and Salobo West Copper Gold Project.

Centaurus had 224,562,664 listed CTMOA options on issue at the date of the Underwriting, exercisable at $0.01 on or before 5pm (AWST) on 30 April 2018. It is anticipated that the Company will announce the number of shares (if any) to be issued as a result of this Underwriting on or about 4 May 2018.

Cash Position
At 31 March 2018, the Company held cash reserves of A$2.55 million.

Shareholder Information
At the end of the reporting period the Company had 2,073,899,085 shares on issue with the Top 20 holding 30% of the total issued capital. Directors and Senior Management held approximately 6% of the total issued capital.

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The Company's capital structure as at 31 March 2018 was as follows:

Quoted Securities

Security	Number
Fully paid ordinary shares (CTM)	2,073,899,085
Listed options, exercise price $0.01, expiry date 30 April 2018 (CTMOA)	224,874,914
Listed options, exercise price $0.01, expiry date 31 August 2019 (CTMOB)	623,757,741

Unquoted Options

Expiry date	Exercise price	Employee Options		Options	Total number of shares under option
		Vested	Unvested		
31/08/2018	$0.1250	2,000,000	-	-	2,000,000
10/06/2018	$0.0082	5,500,000	-	-	5,500,000
10/06/2019	$0.0082	8,500,000	-	-	8,500,000
10/06/2020	$0.0082	-	8,500,000	-	8,500,000
31/05/2020	$0.0130	18,500,000	-	-	18,500,000
31/05/2021	$0.0140	-	18,500,000	-	18,500,000
31/05/2022	$0.0150	-	37,000,000	-	37,000,000
31/01/2020	$0.0150	-	-	147,500,000	147,500,000
Total		**34,500,000**	**64,000,000**	**147,500,000**	**246,000,000**

Unquoted Performance Rights

The following Performance Rights were issued on 5 September 2017 and are held by Terrativa Minerais SA under the terms of the Company's Agreement with Terrativa signed in December 2016 in relation to the acquisition of 100% of the Para Exploration Package in Brazil.

Each tranche of Performance Rights will be converted into Ordinary Shares upon the achievement in full of the following vesting conditions:

- Tranche A – 30,000,000 Performance Rights will be converted into 30,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 500,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements;
- Tranche B – 30,000,000 Performance Rights will be converted into 30,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 1,000,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements;
- Tranche C – 30,000,000 Performance Rights will be converted into 30,000,000 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights, a JORC-compliant Inferred Resource of 1,500,000oz of gold or gold equivalent is defined on the Pará Exploration Package Project tenements.

During the Quarter none of the Performance Rights were converted or cancelled and no vesting conditions were met.

Annual General Meeting

The Company's Annual General Meeting is scheduled to be held in Perth at the theatrette of the KPMG Building (Ground Floor, 235 St Georges Terrace Perth) at 10am on Friday, 4 May 2018. The agenda for the meeting is set out in the Notice of Meeting and Explanatory Statement which has been sent to all shareholders. A copy of these documents is available on the Company's website.

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Change of Company Phone and Fax Details

The Company's phone number for its head office in West Perth has changed to +618 6424 8420. Further, there is no longer a fax number for the Company. All other contact details remain the same.

A summary of the contact details for the Head Office is as follows:

Street Address	Level 3, 10 Outram Street West Perth WA 6005
Mailing Address	PO Box 975 West Perth WA 6872
Phone Number:	+618 6424 8420
Email:	office @centaurus.com.au

DARREN GORDON
MANAGING DIRECTOR

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Roger Fitzhardinge who is a Member of the Australasian Institute of Mining and Metallurgy. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited. Roger Fitzhardinge has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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