

11 September 2020

Interim Financial Report

Centaurus Metals Limited (ASX: CTM) attaches its Interim Financial Report for the period ended 30 June 2020.

-ENDS-

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Centaurus Metals Limited
and its controlled entities

ABN 40 009 468 099

Condensed Interim Financial Report
30 June 2020

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Directors' Report

Your directors present their interim financial report for 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 half-year ended 30 June 2020.

Directors

The following persons were directors of the Company during the half-year and up to the date of this report:

Mr D M Murcia
Mr D P Gordon
Mr M D Hancock
Mr B R Scarpelli
Mr C A Banasik

Review of Operations

Financial Position

The total comprehensive consolidated loss for the half-year was \$6,868,331 (2019: \$1,528,806). Included in the loss is exploration expenditure of \$3,276,182 (2019: \$714,620).

At the end of the half-year the Group had a net cash balance of \$4,995,582 (2019: \$9,703,718) and net assets of \$6,445,050 (2019: \$11,796,361).

Overview

The half year ending 30 June 2020 was a transformational period for the Company with the formal completion of acquisition of the Jaguar Nickel Project and the definition of a maiden JORC 2012 Indicated and Inferred Mineral Resource Estimate.

Jaguar Nickel Project

In August 2019, Centaurus secured an exceptional exploration, growth and development opportunity in the international nickel sulphide sector after executing a formal Sale & Purchase Agreement with global mining giant, Vale S.A. ("Vale") to acquire the advanced, large-scale Jaguar Nickel Sulphide Project, located in the world-class Carajás Mineral Province of northern Brazil.

The acquisition was formally completed on 8 April 2020 following receipt of approval from the Brazilian National Bank for Economic and Social Development (BNDES) for the assignment from Vale to Centaurus of BNDES' royalty interest in the Project.

Drilling during the period targeted extensions to known high-grade nickel sulphide zones and the identification of new high-grade zones within the Jaguar South, Jaguar Central, Jaguar North, Onça-Preta and Onça Rosa Deposits.

On 29 June 2020, Centaurus reported a maiden JORC 2012 Indicated and Inferred Mineral Resource Estimate (MRE) for the Jaguar Project of 48.0Mt @ 1.08% Ni for 517,500t of nickel¹, confirming Jaguar as an outstanding near-surface nickel sulphide deposit. The maiden MRE includes a significant higher-grade component of 20.6Mt grading 1.56% Ni for 321,400 tonnes¹ of contained nickel, forming the cornerstone of the Company's strategy to establish a high-grade, high-margin nickel sulphide project.

The MRE was completed by independent resource specialists Trepanier Pty Ltd, and was based on more than 65,000m of diamond drilling, including 218 diamond drill holes.

¹ Refer ASX Announcement 29 June 2020. All material assumptions and technical parameters underpinning the Jaguar MRE continue to apply and have not materially changed.

Table 1 – The Jaguar JORC Mineral Resource Estimate (MRE)

Classification	Ore Type	Tonnes		Grade		Contained Metal Tonnes		
		Mt	Ni %	Cu %	Co ppm	Ni	Cu	Co
Indicated	Transition Sulphide	0.3	1.09	0.09	310	3,500	300	100
	Fresh Sulphide	11.2	1.29	0.09	392	145,000	9,800	4,400
	Total Indicated	11.5	1.29	0.09	390	148,500	10,100	4,500
Inferred	Transition Sulphide	0.8	0.99	0.08	287	8,200	700	200
	Fresh Sulphide	35.6	1.01	0.07	255	360,800	24,800	9,100
	Total Inferred	36.4	1.01	0.07	255	369,000	25,500	9,300
Total		48.0	1.08	0.07	288	517,500	35,600	13,800

* Within 200m of surface cut-off grade 0.5% Ni; more than 200m from surface cut-off grade 1.0% Ni; Totals are rounded to reflect acceptable precision, subtotals may not reflect global totals.

Table 2 – The Jaguar JORC High Grade Mineral Resource Estimate (MRE)

Classification	Ore Type	Tonnes		Grade		Contained Metal Tonnes		
		Mt	Ni %	Cu %	Co ppm	Ni	Cu	Co
Indicated	Transition Sulphide	0.2	1.45	0.10	380	2,300	200	100
	Fresh Sulphide	7.0	1.62	0.10	477	113,000	7,100	3,300
	Total Indicated	7.1	1.61	0.10	474	115,200	7,200	3,400
Inferred	Transition Sulphide	0.2	1.69	0.15	457	4,200	400	100
	Fresh Sulphide	13.2	1.53	0.10	369	201,900	12,800	4,900
	Total Inferred	13.4	1.54	0.10	372	206,100	13,200	5,000
Total		20.6	1.56	0.10	407	321,400	20,500	8,400

* Cut-off grade 1.0% Ni; Totals are rounded to reflect acceptable precision, subtotals may not reflect global totals.

This maiden resource will underpin the completion of a Scoping Study for the Jaguar Project development, which is targeted for completion and release to the market in Q1 2021.

The Company currently has three diamond rigs operating on site at Jaguar on a double shift basis and plans to ramp-up to four diamond rigs and one RC rig from late Q3 2020 as part of a strategy to unlock the full potential of the Jaguar Project as quickly as possible.

Jambreiro Iron Ore Project

The Company's 100%-owned Jambreiro Iron Ore Project, located in south-east Brazil, is a shovel-ready iron ore development project. A PFS for a 1Mtpa operation was completed in July 2019 which showed strong project economics based on conservative iron ore pricing².

During the half year, the Company updated the key inputs to the Jambreiro project economics, including:

- Capex for CDE Global's latest proposal for the 1Mtpa modularised plant; and
- FX assumptions for the GBP, AUD and USD against the BRL.

The results of the update showed further improved project economics and these results were included in the Company's June 2020 Quarterly Activities Report, released to the market on 29 July 2020.

The completion of a suitable offtake is required in order for the Company to advance financing discussions for the Project. Consequently, until offtake is advanced to a satisfactory stage to support financing, any development decision in respect to the Project will continue to be deferred though other value realisation options continue to be assessed.

² Refer ASX Announcement 5 July 2019.

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COVID 19 Response

The Company continues to maintain stringent health and safety COVID-19 protocols to protect Group employees and contractors, their families and the wider community while at the same time maintaining business continuity.

These protocols include regular COVID-19 testing, revised team-based working arrangements, supply of suitable PPE and social distancing practices. The Group has also contributed medical supplies to the local municipal health services of Tucumã and São Félix do Xingu to better equip them for the delivery of health services in these communities.

To date, COVID-19 has had minimal impact on the Group's operations with the protocols adopted by the Company presently proving to be highly effective in managing the risk of transmission.

Corporate

In February 2020, the Company announced that it proposed to seek shareholder approval to undertake a 15:1 share consolidation. The consolidation was approved by shareholders at a General Meeting on 31 March 2020.

The Company's Annual General Meeting was held on 29 May 2020. All resolutions were passed unanimously.

ASX Waivers - Performance Rights - Pará Exploration Package

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 – 2,000,000 Performance Rights will be converted into 2,000,000 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 – 2,000,000 Performance Rights will be converted into 2,000,000 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 – 2,000,000 Performance Rights will be converted into 2,000,000 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 reporting period none of the Performance Rights were converted or cancelled and no vesting conditions were met.

Events Subsequent to Reporting Date

On 27 July 2020, Centaurus announced that it had finalised a \$25.5 million share placement via the issue of 60,714,286 shares at \$0.42 per share to sophisticated and institutional investors. The placement included a \$7.0 million cornerstone investment from Canadian-based resource investor, Dundee Goodman Merchant Partners.

Other than the above there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial periods.

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Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the half-year ended 30 June 2020 is set out on page 7.



Darren Gordon
Managing Director

11 September 2020

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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 review of Centaurus Metals Limited for the half-year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.


KPMG



Trevor Hart
Partner

Perth

11 September 2020

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
Other income	434,577	68,168
Exploration expenditure	(3,276,182)	(714,620)
Loss from financial liability at fair value through profit or loss	5 (1,367,190)	-
Impairment of exploration asset	-	(150,000)
Reversal/(Impairment) of other receivables	(100,526)	15,174
Employee benefits expense	(648,243)	(371,003)
Share based payment expense	(206,820)	(38,835)
Occupancy expenses	(19,222)	(22,598)
Listing and share registry fees	(51,521)	(33,119)
Professional fees	(124,353)	(148,877)
Depreciation	(9,266)	(1,919)
Other expenses	(220,303)	(212,514)
Results from operating activities	(5,589,049)	(1,610,143)
Finance income	57,109	23,543
Finance expense	(3,074)	(14,027)
Loss before income tax	(5,535,014)	(1,600,627)
Income tax benefit	-	-
Loss for the period	(5,535,014)	(1,600,627)
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translation of foreign operations	(1,333,317)	71,821
Other comprehensive income/(loss) for the period	(1,333,317)	71,821
Total comprehensive loss for the period	(6,868,331)	(1,528,806)
Earnings per Share		
	Cents	Cents
Basic loss per share	(2.16)	(0.90)
Diluted loss per share	(2.16)	(0.90)

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

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Condensed Consolidated Statement of Financial Position

As at 30 June 2020

	Note	30 June 2020 \$	31 December 2019 \$
Current assets			
Cash and cash equivalents		4,995,582	9,703,718
Other receivables and prepayments		186,356	253,446
Total current assets		5,181,938	9,957,164
Non-current assets			
Other receivables and prepayments		27,507	59,116
Property, plant and equipment		482,332	604,595
Exploration and evaluation assets	4	8,763,788	2,265,049
Total non-current assets		9,273,627	2,928,760
Total assets		14,455,565	12,885,924
Current liabilities			
Trade and other payables		783,336	557,572
Financial Liability – Jaguar Project Acquisition	5	3,560,024	-
Lease Liability		33,967	45,273
Employee benefits		302,298	249,734
Total current liabilities		4,679,625	852,579
Non-current liabilities			
Financial Liability – Jaguar Project Acquisition	5	3,117,792	-
Lease Liability		38,508	70,906
Employee benefits		174,590	166,078
Total non-current liabilities		3,330,890	236,984
Total liabilities		8,010,515	1,089,563
Net assets		6,445,050	11,796,361
Equity			
Share capital	6	129,993,295	128,538,655
Reserves		(7,889,691)	(6,618,754)
Accumulated losses		(115,658,554)	(110,123,540)
Total equity		6,445,050	11,796,361

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

Condensed Consolidated Statement of Changes in Equity

For the half-year ended 30 June 2020

	Issued Capital \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2020	128,538,655	675,904	(7,294,658)	(110,123,540)	11,796,361
Loss for the period	-	-	-	(5,535,014)	(5,535,014)
Foreign currency translation difference for foreign operations	-	-	(1,333,317)	-	(1,333,317)
Total comprehensive loss for the period	-	-	(1,333,317)	(5,535,014)	(6,868,331)
Share-based payment transactions	-	206,820	-	-	206,820
Share options exercised	310,200	-	-	-	310,200
Issue of ordinary shares	1,000,000	-	-	-	1,000,000
Share issue costs	-	-	-	-	-
Transfer on exercise of options	144,440	(144,440)	-	-	-
Total transactions with owners	1,454,640	62,380	-	-	1,517,020
Balance at 30 June 2020	129,993,295	738,284	(8,627,975)	(115,658,554)	6,445,050

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

Condensed Consolidated Statement of Changes in Equity (Continued)

For the half-year ended 30 June 2019

	Issued Capital \$	Share-Based Payments Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2019	116,382,624	757,290	(7,146,216)	(106,026,509)	3,967,189
Loss for the period	-	-	-	(1,600,627)	(1,600,627)
Foreign currency translation difference for foreign operations	-	-	71,821	-	71,821
Total comprehensive loss for the period	-	-	71,821	(1,600,627)	(1,528,806)
Share-based payment transactions	-	108,623	-	-	108,623
Shares options exercised	69,700	-	-	-	69,700
Issue of ordinary shares	2,222,000	-	-	-	2,222,000
Share issue costs	(249,262)	-	-	-	(249,262)
Transfer on exercise of options	22,327	(200,693)	-	178,366	-
Total transactions with owners	2,064,765	(92,070)	-	178,366	2,151,061
Balance at 30 June 2019	118,447,389	665,220	(7,074,395)	(107,448,770)	4,589,444

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

Condensed Consolidated Statement of Cash Flows

For the half-year ended 30 June 2020

	30 June 2020 \$	30 June 2019 \$
Cash flows from operating activities		
Exploration and evaluation expenditure	(3,641,397)	(875,234)
Payments to suppliers and employees (inclusive of indirect taxes)	(746,159)	(606,406)
Cash receipts from joint venture partners	-	221,613
Other receipts	55,177	-
Interest received	64,363	20,250
Net cash used in operating activities	(4,268,016)	(1,239,777)
Cash flows from investing activities		
Payments for plant & equipment	(56,749)	(8,522)
Buy back of project royalty	-	(40,979)
Acquisition of exploration assets	(349,573)	-
Net cash used in investing activities	(404,322)	(49,501)
Cash flows from financing activities		
Proceeds from issue of equity securities	-	2,222,000
Proceeds from the exercise of options	310,200	69,700
Capital raising costs	-	(149,469)
Net cash from financing activities	310,200	2,142,231
Net increase/(decrease) in cash and cash equivalents	(4,362,138)	852,953
Cash and cash equivalents at the beginning of the half-year	9,703,718	1,399,910
Effect of exchange rate fluctuations on cash held	(345,998)	8,973
Cash and cash equivalents at the end of the half-year	4,995,582	2,261,836

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

Notes to the Condensed Consolidated Interim Financial Statements

For the half-year ended 30 June 2020

Note 1. Reporting Entity

Centaurus Metals Limited is a company domiciled in Australia. These condensed consolidated interim financial statements ('interim financial statements') as at and for the six months ending 30 June 2020 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the exploration for and evaluation and development of mineral resources.

Note 2. Basis of Preparation

Statement of Compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and IAS 34 *Interim Financial Reporting*.

They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2019.

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 September 2020.

Judgements and Estimates

In preparing these interim financial statements, management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty, other than the estimations required for the asset acquisition (refer to note 5) were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2019.

Going Concern

The interim financial statements for the period ended 30 June 2020 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.

Note 3. Significant Accounting Policies

Changes in Accounting Policy

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2019. A number of new standards are effective from 1 January 2021 but they are not expected to have a material effect on the Group's financial statements.

Accounting Standards

The Group has adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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The adoption of the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for current or prior periods.

Note 4. Exploration and Evaluation Assets

	2020	2019
	\$	\$
Opening net book value	2,265,049	2,487,858
Additions	7,508,723	-
Disposals	(40,000)	-
Impairment of capitalised exploration expenditure	-	(150,000)
Effect of movements in exchange rate	(969,984)	(72,809)
	8,763,788	2,265,049

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. The disposal during the period relates to the divestment of the Salobo West project as part of the Jaguar Project acquisition transaction.

Acquisition of Jaguar Nickel Project

The Jaguar Sale & Purchase Agreement formally closed (settled) on 8 April 2020, following the approval from Brazil's National Bank for Economic and Social Development (BNDES) for the transfer of the Jaguar royalty interest from Vale to Centaurus.

Total consideration for the acquisition of Jaguar consisted of:

Up-front Consideration

- Up-front consideration on closing;
- US\$250,000 cash; and
- The transfer of all Salobo West Exploration Licenses to Vale.

Deferred Consideration

- US\$1.75 million on the commencement of a Bankable Feasibility Study, or construction funding being secured, or 3 years from agreement signing, whichever occurs first;
- US\$5.0 million on First Commercial Production;
- A Net Operating Revenue production royalty of 0.75% on all concentrate production from the project; and
- Centaurus to take on Vale's obligation to BNDES for a 1.8% Net Operating Revenue production royalty.

Vale and Centaurus agreed to enter into a future Off-take Agreement whereby Vale can purchase 100% of the production from the Project (with the product or products from the project to be determined during future Feasibility Study work). Under the proposed key off-take terms, Vale would acquire all production from any future operation at Jaguar on standard arm's length prevailing market prices and they may consider a pre-purchase of product to support Centaurus' funding of the project.

A key component of the purchase consideration for the Jaguar Project acquisition was the unencumbered transfer of Centaurus' Salobo West Copper-Gold Project to Vale.

The Salobo West Project tenements were originally acquired from the privately-owned Brazilian resource development group, Terrativa Minerais SA, which retained a 2% production royalty over the tenements or the right to elect to receive a 25% share of sale proceeds in the event Centaurus divested the Project to a third party.

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Terrativa elected to convert its royalty interest such that Centaurus could transfer the Salobo West title to Vale on an unencumbered basis at the time of closing (settlement).

Centaurus agreed to pay Terrativa up to A\$3.5 million over a period of 2.5 years. On closing, A\$1.0 million of the consideration was settled through the issue of ordinary shares in Centaurus on 9th April 2020. The shares were issued at the 10-day VWAP price of Centaurus shares immediately prior to the date of the announcement regarding the acquisition of the Jaguar Nickel Sulphide Project (6 August 2019).

Centaurus will pay Terrativa A\$500k in cash every six months over 30 months, with the first instalment payable on the 8 October 2020. Alternatively, at Centaurus' election, the Company may pay a lump sum cash amount of A\$2.0 million at any time prior to the first of the above instalments falling due.

Further, Terrativa is entitled to two bonus payments contingent on the following milestones being met:

- (a) If during the 36-month period after Closing, Centaurus' market capitalisation exceeds A\$50 million for 90 days in any 6-month period, Centaurus will pay Terrativa A\$1.25 million in cash (or A\$1.4 million in Centaurus shares should Terrativa elect to receive shares). If Terrativa elects to take the payment in shares, the shares will be issued as soon as the milestone is achieved and any shareholder approval for the issue of shares has been obtained. The issue price of the shares will be the 15-day VWAP immediately prior to the achievement of the milestone. If Terrativa elects to take the payment in cash, the payment will be made 60 days after the milestone is achieved but no earlier than 12 months after Closing.
- (b) If during the 36-month period after Closing, Centaurus' market capitalisation exceeds A\$100 million for 90 days in any 6-month period, Centaurus will pay Terrativa a further A\$1.25 million in cash (or A\$1.4 million in Centaurus shares should Terrativa elect to receive shares). If Terrativa elects to take the payment in shares, the shares will be issued as soon as the milestone is achieved and any shareholder approval for the issue has been obtained. The issue price of the shares will be the 15-day VWAP immediately prior to the achievement of the milestone. If Terrativa elects to take the payment in cash, the payment will be made 60 days after the milestone is achieved but no earlier than 12 months after Closing.

The transaction is not a business combination as the assets acquired did not meet the definition of a business as per AASB 3 at the date of acquisition. The fair value of the purchase consideration has been allocated to the asset acquired as shown below. The fair value of the contingent consideration included in the asset is the fair value at acquisition date with the movement in fair value to balance date recognised in the consolidated statement of profit or loss.

	2020 \$
Assets	
Exploration and evaluation assets additions	7,508,723
Foreign exchange	(436,203)
	<u>7,072,520</u>
Consideration	
Consideration settled in equity	1,000,000
Consideration settled in cash	347,573
Consideration to be settled	4,532,113
Fair value of contingent consideration at acquisition	1,192,834
Fair value of purchase consideration	<u>7,072,520</u>

Note 5. Financial Liability – Jaguar Project Acquisition

	30 June 2020	31 December 2019
Financial Liability	\$	\$
Current	3,560,024	-
Non Current	3,117,792	-
Total	<u>6,677,816</u>	<u>-</u>

Current Financial Liabilities includes the current portion of the cash consideration due to Terrativa for the Salobo West royalty extinguishment of \$1,000,000 (which forms part of the acquisition of the Jaguar Nickel Project – refer Note 4) and the fair value of Terrativa's contingent consideration associated with the royalty extinguishment at balance date (\$2,560,024).

The contingent consideration is tied to the achievement of certain market capitalisation milestones outlined at the date of acquisition – see Note 4.

The fair value of the contingent consideration at the date of acquisition was \$1,192,834 and this has been recorded as part of the cost of the Jaguar acquisition (Note 4). This amount was estimated by using a Monte Carlo valuation based on the probability of the market capitalisation targets being achieved as at acquisition date. Subsequent changes in the fair value estimates are recognised in the statement of profit and loss in accordance with AASB 9. At 30 June 2020 the contingent consideration has been revalued, lifting the associated Financial Liability to \$2,560,024 with the resulting increase of \$1,367,190 being recognised in the condensed consolidated statement of profit or loss.

The Non-Current Financial Liability includes the present value of the US\$1.75m deferred consideration payment due to Vale and the non-current portion of the cash consideration due to Terrativa for the extinguishment of the Salobo West royalty. The Vale payment is due on the commencement of a Bankable Feasibility Study, or construction funding being secured, or 3 years from agreement signing, whichever occurs first.

Note 6. Share Capital

	30 June 2020	30 June 2019
	Number of Shares	Number of Shares
On issue at the start of the period	3,790,971,362	2,304,982,165
1 for 15 Share Consolidation	(3,538,238,970)	-
Issue of ordinary shares for Salobo West Royalty extinguishment at \$0.1425 per share	7,017,544	-
Issue of ordinary shares on exercise of unlisted options at \$0.123 per share	566,667	-
Issue of ordinary shares on exercise of unlisted options at \$0.195 per share	1,233,335	-
Issue of ordinary shares for share placement at \$0.055 per share	-	404,000,000
Issue of ordinary shares on exercise of unlisted options at \$0.0082 per share	-	8,500,000
On issue at the end of the period	<u>261,549,938</u>	<u>2,717,482,165</u>

Note 7. 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 of 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.

	30 June 2020	31 December 2019
	Non-Current Assets	Non-Current Assets
Geographical Segment Information	\$	\$
Brazil	9,204,699	2,850,050
Australia	68,928	78,710
Total	9,273,627	2,928,760

Note 8. Contingent Liabilities

The terms of the Jaguar Sale and Purchase Agreement with Vale give rise to the following contingent liabilities related to the Jaguar Project Acquisition (2019: Nil).

- US\$5.0 million on first commercial production from the project payable to Vale;
- a royalty of 0.75% on Net Operating Revenue generated from any future concentrate production from the project payable to Vale; and
- a royalty of 1.8% on Net Operating Revenue generated from any future concentrate production from the project payable to BNDES.

Note 9. Subsequent Events

Subsequent to the half-year end, on 27 July 2020, Centaurus announced that it had finalised a \$25.5 million share placement via the issue of 60,714,286 shares at \$0.42 per share to sophisticated and institutional investors. The placement included a \$7.0 million cornerstone investment from highly experienced Canadian-based resource investor, Dundee Goodman Merchant Partners.

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Directors' Declaration

For the half-year ended 30 June 2020

In the directors' opinion:

- (a) the condensed consolidated financial statements and notes set out on pages 8 to 17 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Centaurus Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Darren Gordon
Managing Director

11 September 2020



Independent Auditor's Review Report

To the shareholders of Centaurus Metals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Centaurus Metals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Centaurus Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 30 June 2020
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Centaurus Metals Limited (the Company) and the entities it controlled at the Interim Period's end or from time to time during the half-year.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

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

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Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the interim period ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Centaurus Metals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Trevor Hart
Partner

Perth

11 September 2020

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