Centaurus Metals Limited

ACN 009 468 099

Annual Report
31 December 2018

Centaurus Metals Limited ABN 40 009 468 099

And its controlled entities

Contents

Corporate Directory

Directors

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

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

Mr B R Scarpelli M.Sc, PMP
Executive Director

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

Mr C A Banasik B.App.Sc (Physics), M.Sc (Geology), Dip Ed, GAICD
Non-Executive Director

Company Secretary

Mr P A Bridson B.Com, CA, AGIA, ACIS

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
Level 14, 100 St Georges Tce
Perth WA 6000

Brazil
Banco Inter
Avenida do Contorno, 7.777 – Lourdes Belo Horizonte – MG – CEP: 30.110-051 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: CTMOB)

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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 2018 together with the consolidated financial report and audit report thereon.

1 Directors

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

Mr D M Murcia	Independent Non-Executive Chairman
Mr D P Gordon	Managing Director
Mr B R Scarpelli	Executive Director
Mr M D Hancock	Independent Non-Executive Director
Mr C A Banasik	Independent Non-Executive Director (appointed 28 February 2019)
Mr S A Parsons	Independent Non-Executive Director (resigned 28 February 2019)

Unless otherwise disclosed, all directors held their office from 1 January 2018 until the date of this report.

2 Directors and Officers

Mr Didier M Murcia, AM, B.Juris, LL.B
Non-Executive Chairman, Age 56

Experience and Expertise
Independent non-executive director appointed 16 April 2009 and appointed Chairman 28 January 2010. Lawyer with over 30 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, ACIS, MAICD
Managing Director, Age 47

Experience and Expertise
Managing Director appointed 4 May 2009. Chartered Accountant with over 25 years resource sector experience as a senior finance and resources executive. Mr Gordon was formerly Chief Financial Officer for Gindalbie Metals Limited (1999-2008).

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, resigned 10 May 2018) – Non-Executive Director

Mr Bruno R Scarpelli, M.Sc., PMP
Executive Director, Age 41

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 world class S11D Project.

Special Responsibilities
- Administrator of Centaurus' Brazilian subsidiaries
- Country Manager - Brazil

Mr Mark D Hancock, B.Bus, CA, FFin
Non-Executive Director, Age 50

Experience and Expertise
Independent non-executive director appointed 23 September 2011. Mr Hancock is currently Chief Commercial Officer of Atlas Iron Pty Ltd. He has over 25 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
Nil.

Mr Chris A Banasik, B.App.Sc (Physics), M.Sc (Geology), Dip Ed, GAICD
Non-Executive Director, Age 57

Experience and Expertise
Independent non-executive director appointed 28 Feburary 2019. Mr Banasik is a geologist with more than 30 years' experience across multiple disciplines and commodities. He was a founding Director of WA gold producer Silver Lake Resources (ASX: SLR), where he held the key role of Director of Exploration and Geology from 2007 to 2014. Prior to that, he held a range of senior geological and executive roles for companies including Consolidated Minerals, Reliance Nickel and Western Mining Corporation. He has extensive experience in nickel exploration, project development and operations, having held several geological and management positions with WMC (1986-2001). He was also Senior Mine Geologist with Goldfields Mine Management (2001-2004) and Chief Geologist at the Beta Hunt nickel operations (2004-2007).

Other Directorships
During the last three years Mr Banasik held directorships in the following ASX listed companies:
- First Graphene Ltd (appointed 20 May 2015, resigned 12 February 2018)

Mr Steven A Parsons, B.Sc(Hons) Geology, AusIMM
Non-Executive Director, Age 46

Experience and Expertise
Non-executive director appointed 31 March 2017 and resigned 28 February 2019. Mr Parsons is a geologist with over 20 years' experience in the mining sector. He was formerly the Managing Director of Gryphon Minerals Ltd, which he founded and listed on the Australian Stock Exchange. He is currently Managing Director of ASX Listed, Bellevue Gold Ltd (formerly Draig Resources Ltd).

Other Directorships
During the last three years Mr Parsons held directorships in the following ASX listed companies:
- Bellevue Gold Ltd (formerly Draig Resources Limited) (appointed 31 March 2017) - Executive Director
- Blackstone Minerals Ltd (appointed 30 October 2017) – Non Executive Director
- African Gold Limited (appointed 1 February 2018) – Executive Director

Mr Paul A Bridson, B.Com, CA, AGIA , ACIS
Company Secretary, Age 51

Experience and Expertise
Mr Bridson was appointed as Company Secretary on 3 May 2016. Mr Bridson is a member of the Institute of Chartered Accountants and the Governance Institute of Australia. He has over 25 years' experience in the resources sector.

Special Responsibilities
- Company Secretary

3 Directors Meetings

The number of meetings of the Company's Board of Directors held during the year ended 31 December 2018 and the number of meetings attended by each director were:

	Meetings of Directors	
	Held*	Attended
Mr D M Murcia	3	3
Mr D P Gordon	3	3
Mr B R Scarpelli	3	3
Mr M D Hancock	3	3
Mr S A Parsons	3	3

*Denotes the number of meetings held during the time the director held office (excluding circular resolutions)

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' 2018 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 executive 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:

	2018 $	2017 $	2016 $	2015 $	2014 $
Net Loss	(4,197,361)	(3,632,809)	(2,560,899)	(3,700,866)	(10,460,299)
Change in share price	$0.00	$0.00	$0.002	($0.046)	($0.15)

During the financial year ended 31 December 2018, no fee increases were awarded to non-executive directors, however salary increases were awarded to executive directors and 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.

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 2018 was $327,000. 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 prior periods.

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 2018 was $185,000 reviewed annually. Provision of four weeks annual leave.
- Provision of a company-maintained motor vehicle.
- 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 prior periods.

Non- Executive Directors

Fees and payments to Non-Executive directors 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 prior periods. 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			
	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 %	S300A(1)(e)(vi) Value of Options as Proportion of Remuneration %
Non- Executive Directors									
Mr D M Murcia									
2018	**45,000**	-	-	-	-	**25,812**	**70,812**	-	**36.5%**
2017	45,000	-	-	-	-	39,358	84,358	-	46.7%
Mr M D Hancock									
2018	**30,000**	-	-	-	-	**18,102**	**48,102**	-	**37.6%**
2017	30,000	-	-	-	-	27,685	57,685	-	48.0%
Mr S A Parsons									
2018	**30,000**	-	-	-	-	**17,595**	**47,595**	-	**37.0%**
2017	22,500	-	-	-	-	25,667	48,167	-	53.3%
Executive Directors									
Mr D P Gordon									
2018	**310,680**	**29,152**	-	**25,320**	**15,413**	**52,300**	**432,865**	-	**12.1%**
2017	300,692	8,560	-	19,308	7,306	81,406	417,272	-	19.5%
Mr B R Scarpelli									
2018	**173,806**	**18,643**	-	-	-	**38,718**	**231,167**	-	**16.7%**
2017	164,551	11,912	-	-	-	63,858	240,321	-	26.6%
Total									
2018	**589,486**	**47,795**	-	**25,320**	**15,413**	**152,527**	**830,541**		
2017	562,743	20,472	-	19,308	7,306	237,974	847,803		

(1) Other benefits include 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.

5.3 Equity Instruments

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 as part of their remuneration from entering into arrangements that limit their exposure to losses that would result from share price decreases.

Analysis of Options over Equity Instruments Granted as Compensation

Details of vesting profiles of the options granted in prior periods as remuneration to key management personnel of the Group are detailed below. There were 2,000,000 options with an exercise price of $0.1250 which expired on 31 August 2018. There were no options forfeited during the year. A total of 4,000,000 options with an exercise price of $0.0082 were exercised in June 2018 raising $32,800:

	Number of Options Issued	Grant Date	Expiry Date	Exercise Price	Fair value per option at grant date	% Vest in Year	Financial Year in Which Grant Vests (1)
Mr D M Murcia	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	100%	2018
	2,500,000	31/05/17	31/05/20	$0.0130	$0.0064	-	2017
	2,500,000	31/05/17	31/05/21	$0.0140	$0.0069	100%	2018
	5,000,000	31/05/17	31/05/22	$0.0150	$0.0072	-	2019
Mr D P Gordon	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	100%	2018
	5,000,000	31/05/17	31/05/20	$0.0130	$0.0064	-	2017
	5,000,000	31/05/17	31/05/21	$0.0140	$0.0069	100%	2018
	10,000,000	31/05/17	31/05/22	$0.0150	$0.0072	-	2019
Mr B R Scarpelli	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	100%	2018
	3,750,000	31/05/17	31/05/20	$0.0130	$0.0064	-	2017
	3,750,000	31/05/17	31/05/21	$0.0140	$0.0069	100%	2018
	7,500,000	31/05/17	31/05/22	$0.0150	$0.0072	-	2019
Mr M D Hancock	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	100%	2018
	1,750,000	31/05/17	31/05/20	$0.0130	$0.0064	-	2017
	1,750,000	31/05/17	31/05/21	$0.0140	$0.0069	100%	2018
	3,500,000	31/05/17	31/05/22	$0.0150	$0.0072	-	2019
Mr S A Parsons	1,750,000	31/05/17	31/05/20	$0.0130	$0.0064	-	2017
	1,750,000	31/05/17	31/05/21	$0.0140	$0.0069	100%	2018
	3,500,000	31/05/17	31/05/22	$0.0150	$0.0072	-	2019

(1) The options which vest in 2019 are subject to the satisfaction of service conditions.

Exercise of Options Granted as Compensation

There were 4,000,000 shares issued on exercise of options which were previously granted as compensation to key management personnel.

Options Over Equity Instruments Granted as Compensation

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 2018	Exercised	Lapsed	Held 31 December 2018	Vested During the Period	Vested and Exercisable 31 December 2018
Directors						
Mr D M Murcia	12,500,000	(500,000)	-	12,000,000	3,500,000	7,000,000
Mr D P Gordon	28,000,000	(2,000,000)	-	26,000,000	8,000,000	16,000,000
Mr B R Scarpelli	20,000,000	(1,000,000)	(1,000,000)	18,000,000	5,250,000	10,500,000
Mr M D Hancock	9,000,000	(500,000)	-	8,500,000	2,500,000	5,000,000
Mr S A Parsons	7,000,000	-	-	7,000,000	1,750,000	3,500,000

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	-	900	-
Mr D P Gordon	-	3,600	-
Mr B R Scarpelli	-	1,800	-
Mr M D Hancock	-	900	-
Mr S A Parsons	-	-	-

(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	
		2018	2017	**31 Dec 2018**	31 Dec 2017
Key Management Person	**Transaction**	**$**	$	**$**	$
Mr D M Murcia (1)	Legal fees	**19,392**	56,300	**10,651**	-
Total and current liabilities				**10,651**	-

(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 2018	Purchases (1)	Sales	Other	Held at 31 December 2018
Mr D M Murcia	10,987,968	2,091,494	-	-	13,079,462
Mr D P Gordon	56,675,293	9,107,828	-	-	65,783,121
Mr B R Scarpelli	-	1,000,000	-	-	1,000,000
Mr M D Hancock	3,677,224	943,236	-	-	4,620,460
Mr S A Parsons	3,111,111	-	-	-	3,111,111

(1) Exercise of listed and unlisted options.

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

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 2018	Purchases	Exercised	Expired	Held at 31 December 2018
Director					
Mr D M Murcia	4,091,494	-	(1,591,494)	-	2,500,000
Mr D P Gordon	25,874,705	-	(7,107,828)	-	18,766,877
Mr B R Scarpelli	-	-	-	-	-
Mr M D Hancock	1,756,530	-	(443,236)	-	1,313,294
Mr S A Parsons	1,111,111	-	-	-	1,111,111

6 Principal Activities

During the period the principal activities of the Group consisted of exploration and evaluation activities related to mineral resources in Brazil. 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 2018 $	31 December 2017 $
Interest Income	**67,097**	52,240
Other Income	**19,712**	122,559
	86,809	174,799
Loss before income tax	**(4,197,361)**	(3,632,809)
Loss attributable to members of Centaurus Metals Limited	**(4,197,361)**	(3,632,809)

Financial Performance

During the year ended 31 December 2018 the Group expensed Exploration and Evaluation costs totalling $2,463,216 (2017: $2,120,845) in accordance with the Group's accounting policy. The Exploration and Evaluation costs primarily comprise costs in relation to exploration at the Itapitanga Nickel-Cobalt Project and the Salobo West and Pebas Copper – Gold Projects in Brazil.

Financial Position

At the end of the year the Group had a cash balance of $1,399,910 (2017: $822,132) and net assets of $3,967,189 (2017: $3,482,197). Total liabilities amounted to $492,930 (2017: $579,917) and consisted of trade and other payables and employee benefits.

Strategy

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

The 2018 calendar year saw the acquisition of the Itapitanga Nickel-Cobalt Project in the Carajás Mineral Province in Northern Brazil from a private vendor. The acquisition was made to build on the base metal presence in the Carajás Mineral Province whilst development/divestment options are assessed in relation to the Company's Iron Ore assets.

Project Activities

Overview

The year ending 31 December 2018 was an important period for Centaurus, with the acquisition of the Itapitanga Nickel-Cobalt Project in the Carajás Mineral Province of northern Brazil and the subsequent formation of the Itapitanga Joint Venture with Simulus. The strategic acquisition further expanded and strengthened Centaurus' existing mineral portfolio in the Carajás Mineral Province and opened up an exciting new front for its exploration activities in 2018 alongside its existing Salobo West Copper-Gold and Pebas Copper-Gold Projects.

Carajás Base Metal Projects

Itapitanga Nickel-Cobalt Project

During the period, 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 Itapitanga Project is located primarily on farm land, covers an area of approximately 50km^2 and is located 50km north-east of the regional centre of São Felix de Xingu and 110km west of Vale's operating nickel mine, Onça-Puma.

The Project covers the southern extension of the same ultramafic-mafic intrusive complex that hosts both the Jacaré Nickel-Cobalt Project and several unpublished nickel-cobalt resources held by Vale.

Since securing the Project in late January 2018, the Company has extensively explored the project area, initially commencing with an auger drill program. The auger drilling was successful in defining significant zones of high-grade nickel-cobalt mineralisation from surface and also indicating the interpreted limits of the mineralisation.

At the Northern Target the hand-held auger defined a 3.5km long and 650m wide zone of mineralisation. The auger drilling at the Northern Target also demonstrated that the nickel-cobalt laterite mineralisation occurs from surface, with high grades of both nickel and cobalt mineralisation intersected to depths of 12m prior to drill refusal occurring.

Following the positive auger drilling results the Company commenced its first RC drill program at the Project, comprising 155 vertical drill holes for a total of 4,309m, to test beneath the extensive high-grade nickel-cobalt mineralisation identified by the auger drilling. Drilling culminated in the identification of four significant mineralised targets, with the key target being the Northern Target. Many of the drill intersections commence at, or very close to, surface, which bodes well for a low strip open pit mining case.

With the completion of the drill program at Itapitanga the Company was able to establish a maiden Exploration Target based on the strong and consistent high-grade results.

The Exploration Target comprises 35-45Mt at 0.80% to 1.10% nickel, 0.07% to 0.12% cobalt and 18g/t to 30g/t scandium. Full details of the Exploration Target estimate are set out in the Company's ASX Announcements dated 1 August 2018 and 10 August 2018.

Centaurus cautions that the potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to define a JORC compliant Mineral Resource. It is also uncertain if further exploration and resource development work will result in the estimation of a Mineral Resource.

The Exploration Target estimate for the Itapitanga Project comprises between 280,000-495,000 tonnes of nickel, 24,500-54,000 tonnes of cobalt and 965-2,065 tonnes of scandium oxide.

Processing testwork has demonstrated that the Itapitanga mineralisation is amenable to multiple leaching processes, with metal extractions for nickel consistently over 98% and cobalt over 94%.

Hand-held auger drilling continued to be undertaken at the Project to expand the scale and potential of the discovery including potential new high-grade zones.

Following the positive exploration work completed during the year, the Company was able execute a binding earn-in joint venture arrangement with Australian-based battery metals process leader, the Simulus Group ("Simulus"), covering the future exploration, evaluation and development of Itapitanga.

Under the staged earn-in Agreement, Simulus can earn up to an 80% interest in the project and will manage it through various study phases utilising its extensive in-house capabilities for process design on nickel-cobalt projects with the ultimate aim of delivering a low capital intensity process design and completing a Definitive Feasibility Study.

Centaurus will be free-carried throughout the various exploration, resource evaluation and feasibility phases until project financing is arranged and a decision to mine is made.

With the execution of the binding Term Sheet, the parties will work to complete a formal earn-in Joint Venture and Shareholders Agreement as soon as possible based on the key commercial points agreed in the Term Sheet.

The earn-in will comprise up to four stages as follows:

Stage	Description of Stage	Simulus Deliverable	Timeframe	Simulus Equity on Completion of Stage
1	Scoping Study	Scoping Study Report	6 months from execution of Term Sheet	21%
2a	Feasibility Study Core Disciplines including resource drill out and flowsheet optimisation	FS Progress Report	12 Months of delivering Scoping Study	49%
2b	Definitive Feasibility Study	Final DFS Report	Within 6 Months of delivering FS Progress Report	70%
3	Finalising arms-length financing and decision to Mine	Financing for the Project	No prescribed time frame	80%

The parties have agreed a high-level work plan for each stage which will be finalised as part of the formal documentation process. Should the milestone payments to the original project vendor be triggered during the earn-in phase, these payments will also be met by Simulus. There are only two milestone payments, being:

1. R$1.0 million on the definition of a JORC Resource; and
2. R$1.5 million on grant and gazettal of a Mining Lease.

From the time that Simulus earns its final equity position of 80%, the parties will then contribute to ongoing development costs on a pro rata basis or dilute. Simulus can withdraw at any time.

Since signing the earn-in agreement Simulus have moved quickly to advance the project development requesting 230kg of variability samples of Itapitanga mineralisation and this sample was air-freighted to the Simulus laboratory in Perth in January 2019.

Furthermore, Simulus initiated the collection of a 40-tonne bulk sample that is to be run though their state-of-the-art demonstration plant in Perth, Western Australia. The bulk sample is intended to provide a sufficiently large and representative ore sample for Feasibility Study-level flowsheet optimisation to be undertaken, allowing the flowsheet currently being proposed by Simulus for the Project to be confirmed and the requisite engineering design data to be collected.

Simulus have an active program of works planned for the 2019 year.

Salobo West Copper-Gold Project

The Salobo West Copper-Gold Project consists of two tenements, SW1 and SW2, covering a combined total area of 120km^2 of highly prospective ground only 12km along strike from Vale's giant Salobo Cu-Au Mine. The project is also located in the world-class Carajás Mineral Province of northern Brazil. A total of fifteen (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.

Whilst the SW1 tenement was granted in June 2017, the SW2 tenement was only granted in November 2017. Following the grant of SW2, Centaurus reviewed historical geological, geochemical and geophysical survey data over the tenement and based on the review work generated multiple walk-up drill targets which the Company will look to drill in conjunction with the targets it previously generated on the SW1 tenement. Generally, the priority-1 targets at both SW1 and SW2 focus on coincident geological, structural, geochemical and geophysical targets.

The Company's preliminary drill plan allows for 35 drill holes to test the targets on the SW1 and SW2 tenements.

Salobo West Licensing

In March 2018, the Company lodged its application to clear and drill with the environmental agency responsible for the area (the Chico Mendes Institute for Biodiversity Conservation (ICMBio)) for the first phase of drilling. Centaurus was advised by ICMBio's local field office that the Company's application for a drilling and clearing licence at the Project had initially been denied based on a recent change of interpretation of the relevant environmental regulations.

The Company took steps to elevate consideration of its drilling licence application to higher levels of the ICMBio environmental agency and discussed the ICMBio initial decision with the National Mining Agency (ANM) and the Ministry of Mines, given that there was no new environmental legislation or regulation introduced relevant to the project area since it was last drilled at the end of 2010 by Anglo American.

The ICMBio reconsidered its preliminary finding handed down in May 2018 and cleared the way for the licensing process to resume. The agency confirmed that the Salobo West Project does in fact meet the requirements for clearing and drilling activities to occur, subject to the normal environmental approval process required for exploration in forested areas.

During the September 2018 Quarter, Centaurus received the go-ahead to resume the environmental licensing process for its maiden drill program at Salobo West. As a result, Centaurus recommenced all activities associated with securing the licence – with the main activity being the completion of a vegetation inventory over the areas where clearing and the initial 35-hole drill program is planned to be undertaken.

The ICMBio decision also provided the Company with the confidence to plan the resumption of its non-ground disturbing exploration activities at Salobo West.

The vegetation inventory survey field work covering the areas where clearing and the initial 35-hole drill program is proposed was completed in early November 2018. This was a comprehensive survey covering more than 50km over both tenements at Salobo West. The survey report was completed and lodged with ICMBio for review and approval. This report is an integral part of the site access clearing and drill licence application process for the Project.

Based on the results of the vegetation inventory, Centaurus is comfortable that there should be no impediment to ICMBio granting the required environmental licence for clearing and drilling, with the Company planning for the licence to be secured before the end of the regional wet season in 2019.

Drilling of the SW1 and SW2 Prospects can only be undertaken with an ICMBio approved clearing and drilling licence.

3D VTEM Modelling

Processing of historical Versatile Time Domain Electromagnetic (VTEM) data over the Salobo West Project area during the December 2018 quarter identified multiple new high-priority iron oxide copper-gold (IOCG) exploration targets.

The Company engaged highly-experienced geophysical consultants, Southern Geoscience, to carry out 3D modelling on a selection of profiles from the VTEM survey that was flown by Anglo American in 2009. The survey covered 322 line-kilometres and was run on 200m-spaced profiles with a base frequency of 30Hz.

Preliminary work was carried out on four select sections that cover the SW1-A and SW1-B Prospects on the SW1 tenement. In some cases, the sections were coincident with IP survey lines (also completed by Anglo American in 2009).

The results of the first four sections modelled highlighted a number of outstanding potential high-grade drill targets where the magnetic and EM conductor plates are coincident with IP chargeability anomalies and previously defined Cu-Au(-Co) soil anomalies.

The results from the 3D VTEM modelling have been very encouraging and have provided an excellent platform to allow the exploration team to vector in on the potential high-grade copper-gold mineralisation.

SW2 Tenement

The SW2 tenement at Salobo West was granted in November 2017. During the March 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.

The Company's geological team has 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.

Results from a soil sampling and field mapping program on the SW2 tenement generated further large IOCG targets.

Three prospects were delineated in the 2017 year on the SW1 tenement (SW1-A, SW1-B and Serendipidade) with the soil sampling and mapping on the SW2 tenement in 2018 identifying two additional large-scale, and highly prospective, prospects – the Dom and Gov Prospects.

The Dom Prospect is delineated by an extensive +4.5km long Cu-Au-in-soils anomaly that is up to 800m wide locally with soil values of up to 650ppm Cu and 137ppb Au. The soil signature for the Dom Prospect is comparable to a number of the known IOCG deposits in the Carajás. The Gov Prospect is delineated by a 2.0km long copper-in-soils anomaly that is up to 400m wide with soil values of up to 502ppm Cu.

The southern 70% of the SW2 tenement remains un-sampled. Multiple EM conductors (digitized from Vale's historical exploration reports to the DNPM) and discrete magnetic anomalies are present throughout this area and this highlights the potential for additional quality exploration targets to be generated in the future. The Company is currently operating under a non-ground disturbing exploration licence and, as such, additional soil sampling and mapping over these southern targets can be undertaken in upcoming field campaigns.

Pebas Copper Gold Project

The Pebas Project is located approximately 8km outside of the regional city of Parauapebas and 20km north of the operating Antas Norte copper-gold mine, operated by ASX-100 copper-gold miner Oz Minerals (ASX: OZL), which completed a takeover of fellow ASX-listed miner Avanco Resources in mid-2018.

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

Historical drill results at the Pebas Project by TSX listed INV Metals in 2010 included 146.9m at 0.21% Cu and 0.08 g/t Au from surface in drill hole PRN-DD-37 and 105.0m at 0.23% Cu from surface in drill hole PRN-DD-36 (refer to SMD ASX Announcement dated 10 September 2018).

Centaurus commenced a seven-hole drill program in September 2018 to test three of the four main targets. Drilling intersected the copper-sulphide mineralisation locally as stringer veins but predominantly as disseminations of chalcopyrite within strongly altered host rocks comprised of garnet-chlorite-magnetite-grunerite schists, interpreted to be originally metasediments. This alteration style is typical of a number of IOCG deposits in the region (e.g. Salobo and Furnas).

While the first phase of drilling did not encounter significant massive sulphides, the intense alteration and broad chalcopyrite mineralisation intersected in the drilling was encouraging. Drill holes have been cased which will allow downhole EM survey work to be undertaken in the future if warranted.

Presently, the Company's focus is on the Salobo West Copper Gold Project, the Itapitanga Nickel-Cobalt Project and the Jambreiro Iron Ore Project.

Minas Gerais Iron Ore Projects

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 premium pricing that exists in the market for high grade ore (+65% Fe) such as that which could be produced at Jambreiro.

During the year 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.

Further supply discussions have more recently been held with other potential customers interested in the high-quality product that can be produced from the Jambreiro Project. Each party that has reviewed the product specification has indicated that they would be interested in the supply of the premium Jambreiro product if it was available in the market.

In March 2019, the Company decided that it would rework the 2013 Feasibility on the Project given the significant changes and marked improvements in a number of key parameters since the 2013 Feasibility Study was completed, including:

- Higher prices in the international market for premium 62% Fe ore;
- Lower availability of high-grade iron ore in the Brazilian domestic market compared with 2013;
- Improved domestic market pricing relative to 2013 as a result of the currency impact of a weaker Brazilian Real against the US Dollar;
- Significant premiums being realised for higher grade 65% Fe product, in light of tighter environmental conditions for steel mills across the globe, which didn't present in the domestic market in 2013;
- Greater access to open-access ports, logistics and infrastructure compared with 2013, which should provide a greater opportunity for the Company to consider supply into the export market;
- A number of new potential customers and partners in the domestic market which were not available to the Company in 2013; and
- A new pro-development government in Brazil which should provide strength for the domestic steel industry in Brazil over the coming years.

Conquista Iron Ore Project

During the December 2018 Quarter, Centaurus divested the Conquista Project to private Brazilian mining group, R3M. Under the terms of the Agreement, R3M made an initial payment of R$500,000 (~A$185,000) and has also granted the Company a 12% production royalty on all future production from Conquista and a number of surrounding exploration tenements which are prospective for iron ore. As part of this royalty arrangement, Centaurus will receive an upfront payment of R$1.5 million on the commencement of production from Conquista as an advance of the production royalty.

It should be noted that the Conquista Project is still in the exploration phase and there is no certainty that revenue will be realised from the production royalty.

All proceeds received by Centaurus from the sale of Conquista will be split 75% Centaurus, 25% Terrativa (the original vendor of the Conquista tenements to Centaurus). Terrativa's share of proceeds arises from the termination of its previous royalty interest in the Project.

Corporate

Capital Raisings

In February 2018 the Company completed a share placement at $0.009 per share raising $2.655 million before costs. The placement included one free attaching option for every two new shares issued with an exercise price of $0.015 and an expiry date of 31 January 2020. The Company issued 295,000,000 new shares and 147,500,000 new options.

The proceeds of the share placement were predominately used to progress the exploration of the newly acquired Itapitanga Nickel-Cobalt Project and the Salobo West Copper-Gold Project in the Carajás Mineral Province.

In May 2018 the Company raised $2.27 million from the exercise of listed options. A total of 226,233,707 (ASX: CTMOA) options and 976,223 (ASX: CTMOB) options were exercised both of which were exercisable at $0.01 per share. The CTMOA options expired on 30 April 2018 and the CTMOB options expire on 31 August 2019. A total of 227,209,930 new shares were issued.

In June 2018 the Company raised a further $45,100 via the exercise of 5,500,000 unlisted director and employee options at an exercise price of $0.0082 each.

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 Australasian 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 Target
This report comments on and discusses Centaurus Metals Limited's exploration in terms of target size and type. The information relating 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 or Joint Venture of Iron Ore Projects

The Company's strategy in relation to its remaining iron ore assets is to maximise value from these assets with preference for a joint development scenario. 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 deliver 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 joint venture arrangements in line with the timetable established by the Company.

Emphasis of Matter

The audit opinion for the year ended 31 December 2018 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 value realisation 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

Subsequent to year end Centaurus completed a $2.2 million share placement issuing 400 million shares at $0.0055 per share to sophisticated and professional investors. Each share includes a free attaching option having an exercise price of $0.012 and an expiry date of 31 May 2021. The options are subject to shareholder approval, which will be sought at the Company's Annual General Meeting due to be held before the end of May 2019. Subject to meeting applicable ASX and ASIC requirements, the Company intends to seek quotation of the options.

Other than the above 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	13,079,462	12,000,000	2,500,000
Mr D P Gordon	65,783,121	26,000,000	18,766,877
Mr B R Scarpelli	1,000,000	18,000,000	-
Mr M D Hancock	4,620,460	8,500,000	1,313,294
Mr C A Banasik	750,000	-	-

13 Share Options

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

Expiry Date	Exercise Price	Employee Options		Options	Total Number of Shares Under Option
		Vested	Unvested		
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	-	33,500,000	-	33,500,000
31/01/2020	$0.0150	-	-	167,500,000	167,500,000
		54,000,000	**33,500,000**	**167,500,000**	**255,000,000**

A total of 147,500,000 unlisted options exercisable at $0.015 and expiring on 31 January 2020 were issued as a 1 for 2 free attaching option as part of the share placement announced on 2 February 2018. A total of 20,000,000 unlisted options exercisable at $0.015 and expiring on 31 January 2020 were issued as part of the placement fee.

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
31/08/2019	$0.010	623,049,575

The listed options expiring on 31 August 2019 were issued as 1 for 1 free attaching options as part of the rights issue announced on 12 July 2017. The full terms of the options are set out in the Prospectus lodged with the ASX on 13 July 2017.

14 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 Ordinary Shares if, within a period of 5 years after the date of issue of the Performance Rights (5 September 2017), a JORC-compliant Inferred Resource of 500,000oz of gold or gold equivalent is defined on the Para EP Project tenements;
- Tranche B – 30,000,000 Performance Rights will be converted into 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 Para EP Project tenements;
- Tranche C – 30,000,000 Performance Rights will be converted into 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 Para EP Project tenements.

There are no Performance Rights that remain to be issued. No Performance Rights were converted during the period as the vesting conditions have yet to be met. No Performance Rights have been cancelled.

15 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 Group, 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.

16 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 2018 $	31 December 2017 $
Audit Services		
Auditors of the Company		
Audit and review of financial reports – KPMG	**36,182**	37,059
Services other than statutory audit		
Taxation compliance services – KPMG	**6,150**	6,150

17 Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 23 and forms part of the directors' report for the period ended 31 December 2018.

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

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D P Gordon
Managing Director
Perth
28 March 2019

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 of Centaurus Metals Limited for the financial year ended 31 December 2018 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

28 March 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	31 December 2018 $	31 December 2017 $
Profit or Loss			
Other income		**19,712**	122,559
Exploration expenditure		**(2,463,216)**	(2,120,845)
Impairment of exploration and evaluation	15	**-**	(40,000)
Impairment of other receivables	13	**(64,874)**	(55,525)
Loss on sale of mineral asset		**(66,522)**	-
Employee benefits expense	7	**(723,936)**	(641,268)
Share based payments expense	8	**(191,753)**	(303,848)
Occupancy expenses		**(46,030)**	(49,038)
Listing and share registry fees		**(92,695)**	(77,051)
Professional fees		**(325,276)**	(285,391)
Depreciation		**(9,120)**	(15,062)
Loss on investments		**-**	(20,609)
Other expenses		**(300,748)**	(198,971)
Results from operating activities		**(4,264,458)**	(3,685,049)
Interest income		**67,097**	52,240
Net finance income		**67,097**	52,240
Loss before income tax		**(4,197,361)**	(3,632,809)
Loss for the period		**(4,197,361)**	(3,632,809)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		**(177,353)**	(297,101)
Other comprehensive loss for the period		**(177,353)**	(297,101)
Total comprehensive loss for the period		**(4,374,714)**	(3,929,910)
Earnings per Share		**Cents**	Cents
Basic loss per share	11	**(0.19)**	(0.26)
Diluted loss per share	11	**(0.19)**	(0.26)

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 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	12(a)	**1,399,910**	822,132
Other receivables and prepayments	13	**149,934**	170,165
Total current assets		**1,549,844**	992,297
Non-current assets			
Other receivables and prepayments	13	**97,956**	148,119
Property, plant and equipment	14	**324,461**	361,473
Exploration and evaluation assets	15	**2,487,858**	2,560,225
Total non-current assets		**2,910,275**	3,069,817
Total assets		**4,460,119**	4,062,114
Current liabilities			
Trade and other payables	16	**181,921**	314,169
Employee benefits – annual leave		**180,939**	163,548
Total current liabilities		**362,860**	477,717
Non-current liabilities			
Trade and other payables	16	**-**	7,298
Employee benefits – long service leave		**130,070**	94,902
Total non-current liabilities		**130,070**	102,200
Total liabilities		**492,930**	579,917
Net assets		**3,967,189**	3,482,197
Equity			
Share capital		**116,382,624**	111,776,626
Reserves		**(6,388,926)**	(6,554,464)
Accumulated losses		**(106,026,509)**	(101,739,965)
Total equity		**3,967,189**	3,482,197

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 2018

	Issued Capital $	Share-Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 January 2018	111,776,626	414,399	(6,968,863)	(101,739,965)	3,482,197
Loss for the period	-	-	-	(4,197,361)	(4,197,361)
Foreign currency translation difference for foreign operation	-	-	(177,353)	-	(177,353)
Total comprehensive loss for the period	**-**	**-**	**(177,353)**	**(4,197,361)**	**(4,374,714)**
Share-based payment transactions	-	264,963	-	-	264,963
Issues of ordinary shares	2,655,000	-	-	-	2,655,000
Share options exercised	2,317,199	-	-	-	2,317,199
Share issue costs	(377,456)	-	-	-	(377,456)
Transfer on exercise of options	11,255	(11,255)	-	-	-
Transfer of options lapsed	-	89,183	-	(89,183)	-
Total transactions with owners	**4,605,998**	**342,891**	**-**	**(89,183)**	**4,859,706**
Balance at 31 December 2018	**116,382,624**	**757,290**	**(7,146,216)**	**(106,026,509)**	**3,967,189**
Balance at 1 January 2017	109,419,656	110,551	(6,671,762)	(98,107,156)	4,751,289
Loss for the period	-	-	-	(3,632,809)	(3,632,809)
Foreign currency translation difference for foreign operation	-	-	(297,101)	-	(297,101)
Total comprehensive loss for the period	**-**	**-**	**(297,101)**	**(3,632,809)**	**(3,929,910)**
Share-based payment transactions	-	303,848	-	-	303,848
Issues of ordinary shares	2,616,103	-	-	-	2,616,103
Share issue costs	(259,133)	-	-	-	(259,133)
Total transactions with owners	**2,356,970**	**303,848**	**-**	**-**	**2,660,818**
Balance at 31 December 2017	**111,776,626**	**414,399**	**(6,968,863)**	**(101,739,965)**	**3,482,197**

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 2018

	Note	**31 December 2018 $**	31 December 2017 $
Cash flows from operating activities			
Exploration and evaluation expenditure		**(2,887,884)**	(2,382,926)
Payments to suppliers and employees (inclusive of GST)		**(1,281,868)**	(1,053,737)
Cash receipts from project partners		**21,638**	84,902
Interest received		**66,549**	50,466
Net cash used in operating activities	12(b)	**(4,081,565)**	(3,301,295)
Cash flows from investing activities			
Payments for plant & equipment		**(17,671)**	(13,854)
Payment for project acquisitions		**(221,963)**	-
Proceeds from grant of option over tenement		**-**	84,390
Proceeds from sale of mineral assets		**181,927**	-
Proceeds from sale of plant & equipment		**52,600**	21,820
Net cash from /(used in) investing activities		**(5,107)**	92,356
Cash flows from financing activities			
Proceeds from issue of equity securities		**2,655,000**	2,496,102
Proceeds from the exercise of options		**2,317,199**	-
Capital raising costs		**(304,247)**	(292,930)
Net cash from financing activities		**4,667,952**	2,203,172
Net increase/(decrease) in cash and cash equivalents		**581,280**	(1,005,767)
Cash and cash equivalents at the beginning of the period		**822,132**	1,891,367
Effect of exchange rate fluctuations on cash held		**(3,502)**	(63,468)
Cash and cash equivalents at 31 December	12(a)	**1,399,910**	822,132

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 2018

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 2018 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 28 March 2019.

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; and
- Share based payments are measured at fair value.

Going Concern

The financial statements for the year ended 31 December 2018 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 $4,197,361 with net cash inflows of $581,280. The Group has a working capital surplus of $1,186,984.

The Group's strategy is to realise maximum value for its remaining iron ore projects in south-eastern Brazil which may include some form of development, joint or otherwise, or outright divestment.

The Group plans to rework the 2013 Jambreiro Feasibility Study and continue exploration work at its Salobo West Copper Gold Project during 2019 whilst the Company's Itapitanga Nickel-Cobalt Project will be worked and funded during 2019 by JV partner, Simulus. Centaurus has flexibility to accelerate its work programs or to reduce or defer expenditure.

The Group will require further funding in order to continue its exploration plans and meet planned ongoing costs of the business. The Group intends to fund further exploration with new equity issues or via the development, joint development or outright sale 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 successfully completed a share placement post year end to raise a total of $2.2 million (before costs);
- The Group has the potential to raise additional funds, up to $6.23 million, from the exercise of listed options which are out-of-the-money at this date of this report and due to expire or be exercised at the end of August 2019;

- The prospective nature of the Salobo West Copper Gold Project and the Itapitanga Nickel-Cobalt project where a discovery has been made and an initial Exploration Target of 35-45Mt of Ni/Co mineralisation has been estimated;
- The improved environment domestically in Brazil for the merits of developing the Jambreiro Iron Ore Project. The 2013 economics set out in the 1Mtpa Feasibility Study are likely to have improved over the last 6-12 months;
- The Group entered into a farm-out JV over the Itapitanga Project whereby Simulus are funding the ongoing costs of this project until a decision to mine; and
- The Group has an ongoing value realisation process in place in respect to its Jambreiro Iron Ore Project with a rework of its 2013 Feasibility Study planned to assist in determining the best way forward to deliver maximum value for the Company's shareholders. The Company continues to be engaged in discussions with interested parties and potential customers of the high-grade Jambreiro product.

The form, value and timing of any future transactions that may provide funding – including the exercise of listed options - 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. Accordingly the ability to access funds remains uncertain.

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows for the next 12 months, which includes the equity raise completed subsequent to year end, to meet forecast minimum expenditure required to maintain tenements and meet ongoing costs. The ability of the Company to raise future funding in order to continue its plans represents a 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 13 - Other Receivables and Prepayments;
- Note 15 - 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 21 - 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 2018 is included in Note 15 – 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) 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.

(ii) Share-based Payment Transactions

The fair value of the employee share options is 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 financial 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, at fair value through other comprehensive income and measured at amortised cost.

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 and cash and cash equivalents.

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.

(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) 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. 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 program or by injection of funds to be utilised for such a program 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

A loss allowance for expected credit loss (ECL) is recognised on financial assets measured at amortised cost.

The loss allowances are measured at an amount equal to lifetime ECLs, except for, bank balances which are measured at 12-month ECLs, for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised costs are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised costs are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(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 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) 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.

(iv) 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-vesting 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 recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probably that a significant reversal in the amount of cumulative revenue recognised will not occur.

Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

(k) Finance Income and Finance Costs

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of debt securities measured at fair value through other comprehensive income, changes in the fair value of financial assets at fair value through profit and 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, losses on the disposal of debt securities measured at fair value through other comprehensive income, 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 2018.

- AASB 9 *Financial Instruments*
- AASB 15 *Revenue from Contracts with Customers*

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 largely retains the requirements of AASB 139 for the classification and measurement of financial liabilities. However, it eliminates the previous AASB 139 categories for financial asset of held to maturity, loans and receivables and available for sale.

The adoption of AASB 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

Under AASB 9, on initial recognition, a financial asset is classified as measured at: amortised cost, fair value through other comprehensive income ("FVOCI"); or fair value through profit or loss ("FVTPL"). The classification of financial assets under AASB 9 is generally based on the business model in which the financial asset is managed and its contractual cash flow characteristics.

The following table explains the original measurement under AASB 139 and the new measurement categories under AASB 9 for each class of the Group's financial assets and liabilities as at 1 January 2018.

	Classification under AASB 139	**Classification under AASB 9**
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortised cost
Other receivables	Loans and receivables	Amortised cost
Financial Liabilities		
Trade and other payables	Other financial liabilities at amortised cost	Amortised cost

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments Disclosures* that are applied to disclosure in regards to 2018 but have not generally been applied to comparative information.

AASB 15 Revenue from Contracts with Customers

AASB 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 *Revenue,* AASB 111 *Construction Contracts* and related interpretations.

The group has considered the requirements of AASB 15 *Revenue from Contracts with Customers* and concluded that the adoption of this standard from 1 January 2018 has no impact due to the Group not having any revenue contracts with customers.

(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 2018 but have not been applied in preparing this financial report.

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 January 2019, 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	**2018 Non-current Assets $**	2017 Non-current Assets $
Brazil	**2,905,394**	3,065,314
Australia	**4,881**	4,503
Total	**2,910,275**	3,069,817

Note 7. Employee Benefits Expense

	31 December 2018 $	31 December 2017 $
Salaries, fees and other benefits	**1,678,986**	1,388,072
Superannuation	**82,577**	67,832
Recognised in exploration expenditure expense	**(1,037,627)**	(814,636)
Total	**723,936**	641,268

Note 8. 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 no new options issued to Employees under the ESOP (2017: 74,000,000).

Note 8. Share-based Payments (continued)

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 2018	**Number of Options 2018**	Weighted Average Exercise Price 2017	Number of Options 2017
Outstanding at start of period	**$0.0151**	**98,500,000**	$0.0177	24,500,000
Exercised during the period	**$0.0082**	**(5,500,000)**	-	-
Expired during the period	**$0.1250**	**(2,000,000)**	-	-
Issued during the period	**-**	**-**	$0.0143	74,000,000
Outstanding at balance date	**$0.0133**	**91,000,000**	$0.0151	98,500,000
Exercisable at balance date	**$0.0118**	**54,000,000**	$0.0175	34,500,000

The options outstanding at 31 December 2018 have exercise prices ranging from $0.0082-$0.0150 (2017: between $0.0082-$0.125) and the weighted average remaining contractual life is 2.34 years (2017: 3.13 years).

There were 5,500,000 options exercised during the year (2017: nil). There were no options issued during the year (2017: 74,000,000).

Expenses Arising from Share Based Payment Transactions

	2018 $	2017 $
Total expense recognised as share-based payment – share options	**191,753**	**303,848**

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

Note 9. Income Tax

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

	2018 **$**	2017 $
Loss from continuing operations before income tax expense	**(4,197,361)**	(3,632,809)
Tax at the Australian tax rate of 27.5% (2017: 27.5%)	**(1,154,274)**	(999,023)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Overseas project generation and review costs	**153,405**	141,378
Share-based payments	**52,732**	83,558
Sundry items	**(1,803)**	6,927
	(949,940)	(767,160)
Effect of tax rates in foreign jurisdictions	**(84,607)**	(22,882)
Effect of change in tax rate	**-**	909,315
Under provision from prior year	**329,397**	326,291
Deferred tax assets not recognised	**705,150**	(445,564)
Income tax benefit, being deferred tax	**-**	-

(b) Tax Losses

	2018 **$**	2017 $
Tax losses	**60,730,448**	61,023,016
Potential tax benefit (between 27.5-34%)	**18,224,348**	18,336,210

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

The following deferred tax balances have not been recognised:

	2018 **$**	2017 $
Deferred Tax Assets		
Exploration expenditure	**8,295,797**	8,497,893
Accrued expenses/provisions	**4,571,886**	4,983,933
Transaction costs relating to issue of capital	**37,040**	33,541
Tax losses carried forward (net of tax losses utilised) – Note 9 (b)	**18,224,348**	18,336,210
	31,129,071	31,851,577

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.

Note 10. Dividends

There were no dividends paid or declared during the period (2017: nil).

Note 11. Earnings/(Loss) Per Share

Basic Loss per Share

The calculation of basic and diluted earnings per share at 31 December 2018 was based on the loss attributable to ordinary shareholders of $4,197,361 (2017: $3,632,809) and a weighted average number of ordinary shares outstanding of 2,197,258,184 (2017: 1,377,344,215), calculated as follows:

Loss Attributable to Ordinary Shareholders

	2018 **$**	2017 $
Loss attributable to the shareholders	**(4,197,361)**	(3,632,809)

Weighted Average Number of Ordinary Shares

	2018 **Number**	2017 Number
Issued ordinary shares at beginning of the period	**1,777,272,235**	1,123,246,437
Effect of shares issued	**419,985,949**	254,097,778
Weighted average number of ordinary shares at the end of the period	**2,197,258,184**	1,377,344,215

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 2018 and the exercise of potential shares would not increase that loss.

Note 12 (a). Cash and Cash Equivalents

	2018 **$**	2017 $
Cash at bank and on hand	**60,151**	59,725
Deposits - short term	**1,339,759**	762,407
	1,399,910	822,132

The deposits are bearing floating and fixed interest rates between 2.38% and 6.55% (2017: between 2.47% and 6.64%).

Note 12 (b). Reconciliation of Cash Flows from Operating Activities

	2018 **$**	2017 $
Loss for the period	**(4,197,361)**	(3,632,809)
Adjustments for:		
Depreciation	**19,200**	36,844
Non-cash employee benefits expense– share based payments	**191,753**	303,848
Impairment l of exploration and evaluation assets	**-**	40,000
Impairment of other receivables	**64,874**	55,525
Change in fair value of derivative instruments	**-**	20,609
Loss on sale of mineral asset	**66,522**	-
(Profit)/Loss on sale of plant and equipment	**1,574**	(11,274)
Operating loss before changes in working capital and provisions	**(3,853,438)**	(3,187,257)
Change in other receivables	**25,102**	156,281
Change in trade creditors and provisions	**(253,229)**	(270,319)
Net cash used in operating activities	**(4,081,565)**	(3,301,295)

Note 13. Other Receivables and Prepayments

	2018 $	2017 $
Current		
Other Receivables	**37,551**	62,555
Security deposits	**30,133**	30,133
Prepayments	**82,250**	77,477
	149,934	170,165
Non – Current		
Prepayments	**97,956**	148,119
Other Receivables	**944,058**	945,376
Provision for impairment	**(944,058)**	(945,376)
	97,956	148,119

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. During the year the Company did utilise the PIS-Cofins asset to compensate for the PIS-Cofins liability on the sale of the Conquista project. Taxable profits in the ordinary course of business are not, however, considered probable and therefore the Group has determined to fully impair the value of its PIS-Cofins tax asset. An impairment expense of $64,874 was recognised in profit and loss in 2018 (2017: $55,525). Information about the Group's exposure to credit and market risk and impairment losses for other receivables is included in Note 21.

Note 14. Property, Plant and Equipment

		2018 $	2017 $
At Cost		**703,201**	1,020,959
Accumulated depreciation		**(378,740)**	(659,486)
	14 (a)	**324,461**	361,473

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between beginning and end of the current financial year.

	2018 $	2017 $
Plant and Equipment		
Carrying amount at beginning	**88,562**	125,277
Additions	**17,099**	10,218
Disposals	**(14,832)**	(3,537)
Depreciation	**(19,200)**	(36,844)
Effect of movements in exchange rates	**(5,190)**	(6,552)
Carrying amount at end	**66,439**	88,562
Land		
Carrying amount at beginning	**272,911**	300,651
Effect of movements in exchange rates	**(14,889)**	(27,740)
Carrying amount at end	**258,022**	272,911
Total	**324,461**	361,473

Note 15. Exploration and Evaluation Assets

	2018 **$**	2017 $
Opening net book value	**2,560,225**	2,701,360
Additions	**226,596**	120,000
Disposals	**(191,092)**	-
Impairment of capitalised exploration expenditure	**-**	(40,000)
Effect of movements in exchange rate	**(107,871)**	(221,135)
	2,487,858	2,560,225

During the reporting period the Group acquired the Itapitanga exploration tenements from a private Brazilian vendor.

Further, the Conquista Iron Ore project was divested to R3M Mineração Ltda. Under the terms of the Conquista agreement, R3M Paid R$500,000 and granted the Group a 12% production royalty on all future production from the Conquista and a number of surrounding exploration tenements which are prospective for iron ore. As part of this arrangement, should the project be developed the Group will receive an upfront payment of R$1.5 million on the commencement of production from Conquista as an advance of the production royalty.

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 16. Trade and Other Payables

	2018 **$**	2017 $
Current		
Trade and other creditors	**162,820**	254,877
Accrued expenses	**19,101**	59,292
	181,921	314,169
Non-Current		
Trade and other creditors	**-**	7,298
	181,921	321,467

Note 17. Capital and Reserves

	2018 Number of Shares	2017 Number of Shares
On issue at beginning of period	**1,777,272,235**	1,123,246,437
Issue of ordinary shares for placement at $0.009	**295,000,000**	-
Issue of ordinary shares on exercise of listed options at $0.01 per share	**227,209,930**	-
Issue of ordinary shares on exercise of unlisted options at $0.0082 per share	**5,500,000**	-
Issue of ordinary shares for entitlements issue at $0.004 per share	**-**	624,025,798
Issue of ordinary shares for mineral asset acquisition $0.004 per share	**-**	30,000,000
On issue at the end of the period – Fully paid	**2,304,982,165**	1,777,272,235

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.

Note 17. Capital and Reserves (continued)

Employee Share Options

Information relating to the Employee Share Option Plan, including details of options issued, exercised or lapsed during the financial year and outstanding at the end of the financial year are set out in Note 8.

Listed Options

During the year 226,233,707 listed options (ASX: CTMOA) issued in 2016 and 976,223 listed options (ASX: CTMOB) issued in 2017 were exercised both at a price of $0.01. As at 31 December 2018, 623,049,575 (2017: 850,259,505) listed options (ASX: CTMOB) remain unexercised with an expiry date of 31 August 2019.

	Weighted average exercise price	**2018 Number of Listed Options**	Weighted average exercise price	2017 Number of Listed Options
On issue at beginning of period	**$0.010**	**850,259,505**	$0.013	246,534,373
Options exercised - CTMOA	**$0.010**	**226,233,707**	-	-
Options exercised - CTMOB	**$0.010**	**976,223**	-	-
Options granted	**-**	**-**	$0.010	624,025,798
Options expired	**-**	**-**	$0.050	(20,300,666)
On issue at the end of the period	**$0.010**	**623,049,575**	$0.010	850,259,505

Unlisted Options

In addition to the unissued shares under options disclosed in Note 8, as part of the share placement in February 2018 the Company issued 167,500,000 unlisted options (147,500,000 related to the share placement and 20,000,000 related to the placement fee) with an exercise price of $0.015 and an expiry date of 31 January 2020. As at 31 December 2018, all of these unlisted options remain unexercised.

Nature and purpose of reserves

Share-based Payments Reserve
The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

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 18. Contingent Liabilities

Guarantees
The Company has given guarantees in respect of bank security bonds amounting to $30,133 (2017: $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 19. Capital Commitments

The group has no capital commitments as at the year ended 31 December 2018.

Note 20. Related Parties

(a) Key Management Personnel

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

	31 December 2018 $	31 December 2017 $
Short term employee-benefits	**637,281**	583,215
Long term employee benefits	**15,413**	7,306
Post–employment benefits	**25,320**	19,308
Share-based payments expense	**152,527**	237,974
	830,541	847,803

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**	
		2018	2017	**31 Dec 2018**	31 Dec 2017
Key Management Person	**Transaction**	**$**	$	**$**	$
Mr D M Murcia (1)	Legal fees	**19,392**	56,300	**10,651**	-
Total and current liabilities				**10,651**	-

(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 21. Financial Instruments – Fair Values and Risk Management

The effect of initially applying AASB 9 on the Group's financial instruments is described in Note 5.

Financial Risk Management

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

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

Note 21. Financial Instruments – Fair Values and Risk Management (continued)

(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 2018, 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. During the year the Company did utilise the PIS-Cofins asset to compensate for the PIS-Cofins liability on the sale of the Conquista project.

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:

	2018 **$**	2017 $
Cash and cash equivalents (i)	**1,399,910**	822,132
Other receivables	**70,392**	89,461
	1,470,302	911,593

(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	
	2018 **$**	2017 $
Australia	**32,959**	32,763
Brazil	**37,433**	56,698
	70,392	89,461

These balances are net of provision for impairment (refer to Note 13).

(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.

Note 21. Financial Instruments – Fair Values and Risk Management (continued)

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 2018, the Group has current trade and other payables of $181,921 (31 December 2017: $314,169). 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 2018					
Non- derivative financial liabilities					
Trade and other payables	181,921	(181,921)	(181,921)	-	-
31 December 2017					
Non- derivative financial liabilities					
Trade and other payables	321,467	(321,467)	(256,189)	(57,980)	(7,298)

(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:

	2018	2017
	$	$
Fixed rate instruments		
Financial assets	**800,000**	700,000
Variable rate instruments		
Financial assets	**605,773**	131,573
Trade and other payables	**-**	(123,286)
	1,405,773	708,287

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.

Note 21. Financial Instruments – Fair Values and Risk Management (continued)

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 2017.

	Profit or Loss		Equity	
	100bp Increase	**100bp Decrease**	**100bp Increase**	**100bp Decrease**
31 December 2018				
Variable rate instruments	**(1,405)**	**1,405**	-	-
Cash flow sensitivity (net)	**(1,405)**	**1,405**	-	-
31 December 2017				
Variable rate instruments	**(708)**	**708**	-	-
Cash flow sensitivity (net)	**(708)**	**708**	-	-

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 22. Group Entities

	Country of Incorporation	Ownership interest 2018	Ownership interest 2017
Parent Entity			
Centaurus Metals Limited			
Subsidiaries			
Centaurus Resources Pty Ltd	Australia	**100%**	100%
San Greal Resources Pty Ltd	Australia	**100%**	100%
Itapitanga Holdings Pty Ltd*	Australia	**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%**	100%
Itapitanga Mineração Ltda	Brazil	**100%**	-

*Itapitanga Holdings Pty Ltd was incorporated in December 2018 as a result of the agreement entered into with the Simulus Group to Joint Venture the Itapitanga Nickel-Cobalt Project. Under the terms of the agreement Simulus can earn up to an 80% interest in the project with the Group free carried throughout the various exploration, resource evaluation and feasibility phases until project financing is arranged and a decision to mine is made. The earn-in will be facilitated by the issue of equity in Itapitanga Holdings Pty Ltd which will hold the majority equity in Itapitanga Mineração Ltda, the Brazilian subsidiary which will hold the Itapitanga nickel-cobalt project tenement.

Note 23. Subsequent Events

Subsequent to year end Centaurus completed a $2.2 million share placement issuing 400 million shares at $0.0055 per share to sophisticated and professional investors. Each share includes a free attaching option having an exercise price of $0.012 and an expiry date of 31 May 2021. The options are subject to shareholder approval, which will be sought at the Company's Annual General Meeting due to be held before the end of May 2019. Subject to meeting applicable ASX and ASIC requirements, the Company intends to seek quotation of the options.

Other than the above 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 24. Remuneration of Auditors

	31 December 2018 $	31 December 2017 $
Audit Services		
Auditors of the Company		
Audit and review of financial reports – KPMG	**36,182**	37,059
Services other than statutory audit		
Taxation compliance services - KPMG	**6,150**	6,150

Note 25. Parent Entity Disclosures

As at, and throughout, the financial year ended 31 December 2018 the parent entity of the Group was Centaurus Metals Limited.

	31 December 2018 $	31 December 2017 $
Results of the Parent Entity		
Loss for the period (1)	**(4,842,509)**	(3,027,641)
Total comprehensive loss for the period	**(4,842,509)**	(3,027,641)

(1) During the year ended 31 December 2018 the parent entity provided for an impairment of $2,900,000 (2017: $1,250,000) relating to loans to subsidiaries based on an assessment of recoverability.

Note 25. Parent Entity Disclosures (continued)

	2018 $	2017 $
Financial Position of the Parent Entity at Year End		
Current assets	981,572	811,255
Non-current assets (1)	3,731,620	3,865,099
Total assets	4,713,192	4,676,354
Current liabilities	224,673	240,200
Non-current liabilities	130,070	94,902
Total liabilities	354,743	335,102
Net assets	4,358,449	4,341,252
Share capital	116,382,624	111,776,626
Reserves	668,107	414,399
Accumulated losses	(112,692,282)	(107,849,773)
Total equity	4,358,449	4,341,252

(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.

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 2018 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 2018.

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
28 March 2019

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 2018 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 2018
- Consolidated statement of profit or loss and other comprehensive income, 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 significant 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:

- Evaluating the feasibility of the Group's plans to raise additional shareholder funds to address going concern;
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans 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

Key Audit Matters are those matters that, in our professional judgement, 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.

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.

Capitalised exploration and evaluation assets ($2,487,858)	
Refer to Notes 5(e) and 15 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Group's policy is to capitalise acquisition costs in relation to an area of interest, less any impairment charges recognised. E&E is a key audit matter due to: • the significance of the activity to the Group's business and the balance (being 56% of total assets); and	Our audit procedures included: • evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; • we assessed the Group's determination of its areas of interest for consistency with the definition in the accounting standard. This involved analysing the licenses in which the Group holds an interest and the exploration programmes planned for those;

• the greater level of audit effort to evaluate the Group'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 the Group of the value of E&E assets. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group'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 where significant carrying value of E&E assets exists (i.e. Jambreiro). Given the financial position of the Group, we paid particular attention to: • documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest and the Group'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 economically recoverable mineral resources or reserves.	• for the significant areas of interest, we assessed the Group's current rights to tenure by checking 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; • 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 analysed the Group's determination of recoupment of E&E assets through successful development and exploitation of the area or by its sale by evaluating documentation of planned future activities; including a feasibility study for the Jambreiro project; • we obtained 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.

KPMG

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.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do 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 the 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
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. 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 and Company 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 the 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: https://www.auasb.gov.au/auditors_responsibilities/ar1.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 2018, 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 section 5 of the Directors' report for the year ended 31 December 2018.

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

28 March 2019

Shareholder Information

The shareholder information set out below was applicable as at 21 March 2019.

Substantial Shareholders

The Company has no substantial shareholders.

Class of Shares and Voting Rights

There were 2,658 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 481 holders of listed options over 623,049,575 unissued ordinary shares with an exercise price of $0.01 and an expiry date of 31 August 2019. 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 82 holders of unlisted options over 167,500,000 unissued ordinary shares. These options have an exercise price of $0.015 and expire on 31 January 2020. 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 7 holders of unlisted options over 87,500,000 unissued ordinary shares. 17,000,000 options have an exercise price of $0.0082 and expire on 10 June 2019 (8,500,000 options) and 10 June 2020 (8,500,000 options). 18,500,000 options have an exercise price of $0.013 and expire on 31 May 2020. 18,500,000 options have an exercise price of $0.014 and expire on 31 May 2021. 33,500,000 options have an exercise price of $0.015 and expire on 31 May 2022.

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 702 holders of less than a marketable parcel (being a minimum $500 parcel at $0.007 per share) of ordinary shares.

	Ordinary Shares	Class of Equity Security Listed Options (CTMOB)	Unlisted Options	Unlisted Options (ESOP)	Performance Rights
1 - 1,000	130	11	-	-	-
1,001 - 5,000	105	17	-	-	-
5,001 - 10,000	61	20	-	-	-
10,001 - 100,000	749	135	-	-	-
100,001 and over	1,613	298	82	7	1
	2,658	481	82	7	1

Shareholders

The names of the twenty largest shareholders are listed below:

	Name	Ordinary Shares (CTM) Number Held	Percentage of Issued Shares (%)
1	Mr Bradley Bolin	97,500,088	4.23
2	Terrativa Minerais SA	76,501,476	3.32
3	Mr Darren Gordon	65,783,121	2.85
4	Atlas Iron Limited	60,320,264	2.62
5	Mr Roger Fitzhardinge	53,013,103	2.30
6	Tavarua International Inc	33,898,305	1.47
7	Mr Rison Amin	26,000,000	1.13
8	Citicorp Nominees Pty Limited	25,004,436	1.08
9	J P Morgan Nominees Australia Pty Limited	24,040,232	1.04
10	Mr Luigi Reghelin	20,000,000	0.87
11	HSBC Custody Nominees (Australia) Limited	19,943,655	0.87
12	Ms Tracey Marshall	18,222,111	0.79
13	Mrs Hema Naga Jyothi Danda	18,093,660	0.78
14	Bond Street Custodians Limited	17,714,285	0.77
15	Mr Allen Rahman	16,000,000	0.69
16	Mrs Wei Wang	15,000,000	0.65
17	BNP Paribas Nominees Pty Ltd	13,514,561	0.59
18	Mr Neil & Mrs Fleur Campbell-Atkins	13,442,500	0.58
19	Mr Raymond Toohey	13,000,000	0.56
20	Loxden Pty Ltd	13,000,000	0.56
	Total Top 20 Shareholders	639,991,797	27.75
	Other Shareholders	1,664,990,368	72.25
	Total Number of Issued Shares	2,304,982,165	100.00

Listed Option Holders

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

	Name	Listed Options (CTMOB) Number Held	Percentage of Listed Options (%)
1	Mr Bradley Bolin	70,000,000	11.24
2	Mrs Hema Naga Jyothi Danda	31,844,150	5.11
3	Mr Kevin Press	25,000,000	4.01
4	Equity Trustees Limited	25,000,000	4.01
5	Mr Darren Gordon	18,766,877	3.01
6	Vindin Investments Pty Ltd	15,972,221	2.56
7	Mr Andrew Tate	15,000,000	2.41
8	Mr Roger Fitzhardinge	15,000,000	2.41
9	Mr James Laird	14,757,328	2.37
10	Mr Simon Sein Kwang Niak	13,000,000	2.09
11	Mr Steven Mitter	11,670,921	1.87
12	Prof Paul O'Brien	10,000,000	1.61
13	Mr David & Mr Rohan Fox	8,850,000	1.42
14	Mr John Murphy	7,500,000	1.20
15	Mr Amarjeet Sandhu	7,000,000	1.12
16	Mrs Elisa Brunacci	7,000,000	1.12
17	Sandbelt Investments Pty Ltd	7,000,000	1.12
18	Mr Terence & Mrs Beverley McMahon	6,833,330	1.10
19	Lehav Pty Ltd	6,335,274	1.02
20	A and R Assets Pty Ltd	6,250,000	1.00
	Total Top 20 Optionholders	322,780,101	51.81
	Other Optionholders	300,269,474	48.19
	Total Number of Listed Options	623,049,575	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%
800.338/2016	Aurora	Ceará	100%
831.638/2004	Canavial	Minas Gerais	100%
831.639/2004	Canavial	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%
833.410/2007	Guanhães Regional	Minas Gerais	100%
831.645/2006	Passabém	Minas Gerais	100%
830.588/2008	Passabém	Minas Gerais	100%
851.548/2011	Serra Misteriosa	Pará	100%
850.258/2013	Serra Misteriosa	Pará	100%
850.430/2013	Salobo West I	Pará	100%
850.486/2017	Salobo West I	Pará	100%
850.429/2016	Salobo West II	Pará	100%
850.130/2013	Pebas	Pará	100%
850.475/2016	Itapitanga	Pará	100%(1)

(1) Itapitanga Project joint ventured out to Simulus Group whereby they can earn 80% by free carrying Centaurus to a decision to mine

Australian Tenements

Tenement	Project Name	Location	Interest
EPM14233	Mt Isa	Queensland	10% (1)

(1) 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. Aeon Metals Limited has acquired 80% of Summits Interest giving them a total interest of 72% of the tenement.

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

Project	Ore Reserves as at 31 December 2018						Ore Reserves as at 31 December 2017					
	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

Project	Mineral Resources as at 31 December 2018						Mineral Resources as at 31 December 2017					
	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
Inferred	-	-	-	-	-	-	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**
TOTAL COMBINED	**193.7**	**29.0**	**49.8**	**3.4**	**0.05**	**1.9**	**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. (Tenure relinquished in 2018)*

(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 2018. The Jambreiro Resources estimate has been reported in accordance with the JORC Code 2012 edition and the ASX Listing Rules. The remaining Mineral Resource estimates were prepared and disclosed under the JORC Code 2004 edition. The Jambreiro Ore Reserve was also prepared and disclosed under the JORC Code 2004 edition.

The information prepared for the Jambreiro Reserve and Canavial, 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 2018, 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 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 Australasian 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 Australasian 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.