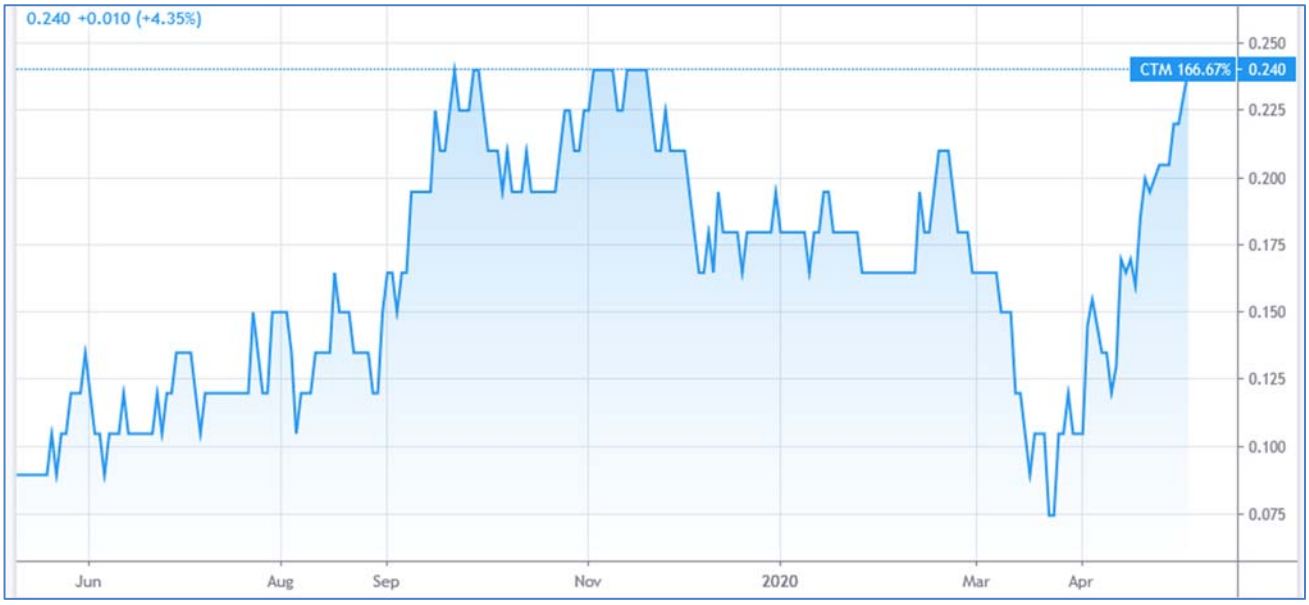
minelife

RESOURCE BULLETIN by Gavin Wendt

Wednesday 13th May, 2020

Portfolio Stock Developments

Centaurus Metals - (ASX: CTM, Share Price: $0.24, Market Cap: $57m, coverage initiated @ $0.135 in May 2017 – *current gain of 78%*)



Key Catalyst

Significant new drilling results that continue to demonstrate the consistency of high-grade shallow semi-massive to massive nickel sulphide mineralisation at Onça Preta and Onça Rosa.

CTM is reaping the rewards of maintaining a robust level of exploration activity in Brazil. CTM has capitalised on its company-changing acquisition with respect to Vale's 100%-owned Jaguar Nickel Sulphide Project in Brazil. Jaguar is an at-surface nickel sulphide project that hosts a non-JORC compliant resource of 40.4Mt at 0.78% Ni (at a 0.5% Ni cut-off) for 315kt of contained nickel metal. CTM is currently in the midst of a maiden 10,000-metre diamond drilling program at Jaguar, which represents the first systematic drilling by outside of the current non-JORC mineral resource envelope. Encouragingly, initial results have proven to be outstanding, confirming a significant down-dip extension of the mineralization. Meanwhile, initial metallurgical test-work on Jaguar ore has also proven to be encouraging, with results boosting metal production by +25% compared to previously announced historical test-work.

Latest Activity

Jaguar Nickel Project Update

CTM is in the midst of its much-anticipated maiden drilling program at its 100%-owned Jaguar Nickel Sulphide Project, located within the world-class Carajás Mineral Province of northern Brazil.

The drilling program commenced during November 2019 and is expected to take 4-5 months to complete, comprising 55 diamond drill holes for a total of 10,000m. Three rigs are on site and are operating on double-shift, with drilling ongoing at the Onça Rosa Prospect, as well as at the Jaguar South and Onça-Preta Deposits. The objective of the program is to extend known high-grade zones of nickel sulphide mineralisation and to identify new high-grade zones within the Jaguar and Onça-Preta Deposits, as well as the Onça-Rosa Prospect.

Onça Preta Deposit

In-fill and extensional resource drilling continues to confirm the consistency and continuity of the high-grade nickel sulphide mineralisation from surface to depths of up to 300m, with high-grade mineralisation remaining open at depth and along strike to the east.

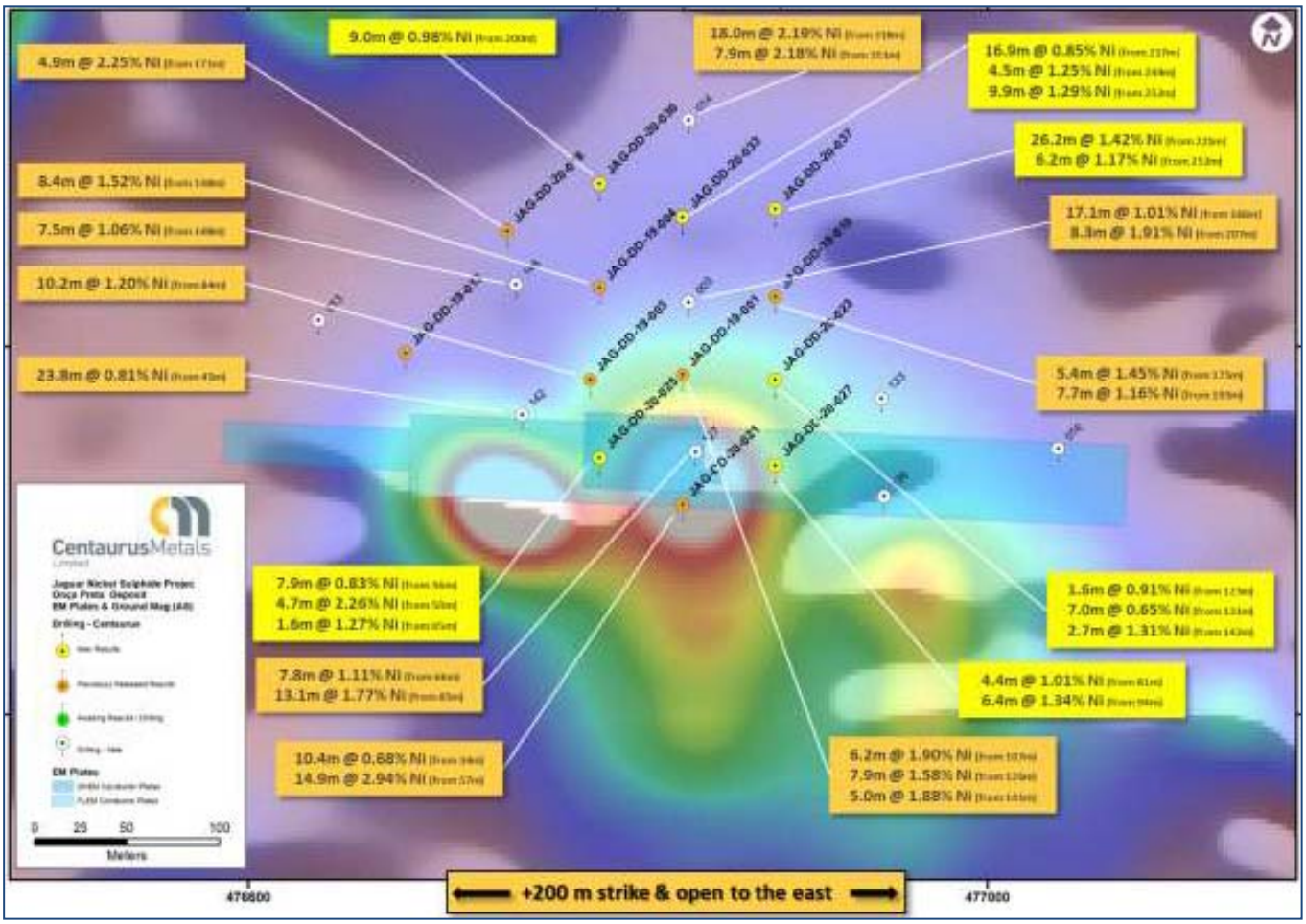


Figure 1: The Onça Preta Deposit with DHEM (darker blue) and FLEM (Lighter blue) conductor plates overlaid on the Ground Magnetics Survey results (Analytic Signal).

Drill-hole JAG-DD-20-021, announced during March, is located at the centre of the Onça Preta ridge and returned 14.9m at 2.94% Ni (including 9.6m at 4.19% Ni from 62.2m). The latest results include assays from shallow drill-holes that were completed 50m east and west of JAGDD-20-021, with both holes intersecting high-grade nickel sulphide mineralization.

Hole JAG-DD-20-025 (50m to the west of JAG-DD-20-021) returned intercepts of 7.9m at 0.83 % Ni, 0.05% Cu and 0.04% Co from 35.8m; 4.7m at 2.26% Ni, 0.08% Cu and 0.22% Co from 49.6m; and 1.6m at 1.27% Ni, 0.09% Cu and 0.09% Co from 65.3m.

Hole JAG-DD-20-027 (50m to the east of JAG-DD-20-021) returned intercepts of 4.4m at 1.01 % Ni, 0.05% Cu and 0.11% Co from 81.5m; 6.4m at 1.34% Ni, 0.20% Cu and 0.15% Co from 93.8m (including 4.2m at 1.76% Ni, 0.28% Cu and 0.20% Co from 96.0m).

Separately, has also completed its deepest drill-holes at Onça Preta, with all holes returning thick intersections of high-grade nickel sulphide mineralization. For example, Hole JAG-DD-20-037 intersected 26.2m at 1.42 % Ni, 0.08% Cu and 0.07% Co from 220.5m;, while Hole JAG-DD-20-033 intersected 16.9m at 0.85 % Ni, 0.06% Cu and 0.04% Co from 217.1m; 4.5m at 1.25 % Ni, 0.08% Cu and 0.12% Co from 243.6m; and 9.9m at 1.29 % Ni, 0.13% Cu and 0.11% Co from 251.9m.

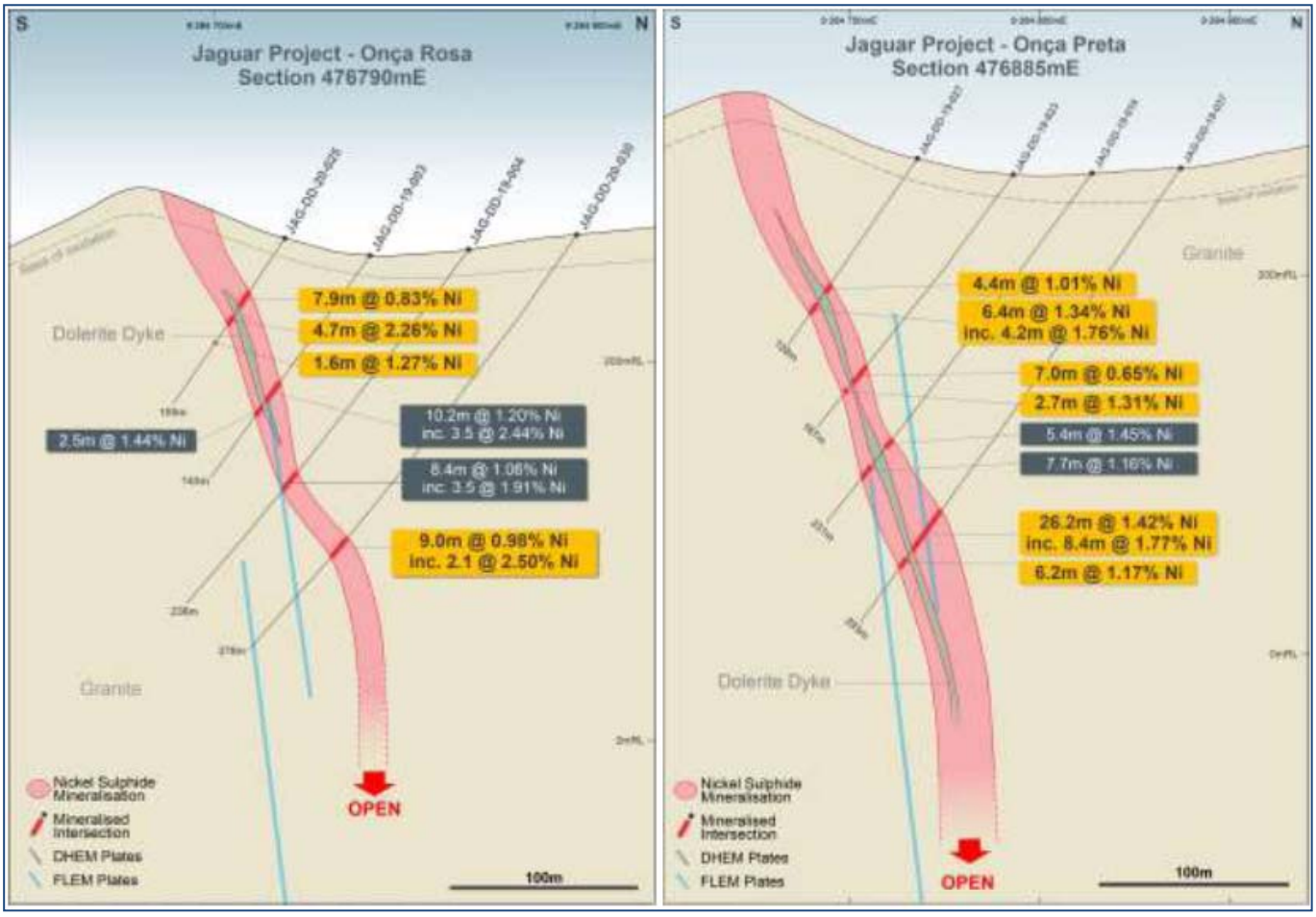


Figure 2: The Onça Preta Deposit: Cross-Sections 476790mE (left) and 476885mE (right) showing the new drill intersections (in dark yellow) with FLEM conductor plates in light blue.

Technical Significance

The Onça Preta Deposit comprises a consistent, tabular body of high-grade nickel sulphides and intense magnetite alteration, set within a competent granite host rock. Mineralisation, which presents at surface as nickeliferous magnetite outcropping along the 250m long Onça Preta Ridge, is coincident with a broad 300m long FLEM conductor plate and strong ground magnetic anomaly.

Significantly, the base of oxidation lies between 5m and 20m depth, so the shallow fresh high-grade sulphide zones will require only minimal waste stripping to access – thus presenting excellent start-up open-pit mining opportunities.

From a longer-term perspective, the geometry of the Onça Preta mineralisation and the competent host granite also bode well for potential underground operations – as the deepest drill-hole so far at Onça Preta, PKS-JAGU-DH0014, has returned 18.0m @ 2.19% Ni from 318m down-hole, as well as 7.9m @ 2.18% Ni from 352m down-hole. The mineralisation remains open both at depth and to the east, where it appears to be plunging to the north-northeast below historical shallow drilling.

The nature of the hydrothermal mineralisation at the Jaguar Project points to a deep plumbing system that remains to be tested. The results from historical Vale hole PKS-JAGU-DH0014 indicates that grade may increase with depth, although further drilling is required to confirm this.

Onça Rosa Prospect

Historical drilling on section 476040mE intersected high-grade semi-massive and massive sulphides including pyrite, pentlandite, millerite and chalcopyrite along with intense magnetite alteration, returning an intercept of 7.9m at 5.27% Ni from 247.0 metres in hole PKS-JAGU-DH00158.

CTM has drilled 40m down-dip of PKS-JAGU-DH00158 and intersected more massive sulphides, returning an outstanding intercept of 9.3m at 3.13% Ni from 281.8m in hole JAG-DD-19-017, which was the deepest drill hole on the Onça Rosa Prospect at the time.

Recent deeper drilling results have now successfully increased the strike extent of the high-grade semi-massive and massive mineralisation to more 100m. Drill hole JAG-DD-20-043, which is located 45m to the east of JAG-DD-19-017, intersected 3.6m at 2.38 % Ni, 0.14% Cu and 0.07% Co from 271.7m; and hole JAG-DD-20-045, located 55m to the west of section 476040mE, intersected two zones of semi-massive sulphides, with the deeper interval hosting massive nickel sulphides.

Importantly, modelling of DHEM surveys recently completed by Southern Geoscience on both JAG-DD-20-043 and JAG-DD-20-045 have revealed a strong continuous EM conductor plate that intersects the massive sulphide mineralisation seen across the 100m of strike. The main plate is over 150m long and extends to more than 150m down-dip of the deepest drilling.

Technical Significance

CTM has now tested the strike extent of the Onça Rosa Prospect with shallower drilling to the west, consistently intersecting the mineralising structure across more than 400m of strike. Although high-grade mineralisation was not always intersected, the results do demonstrate the continuity of the mineralisation structure.

The intersection of 3.9m at 3.19 % Ni in JAG-DD-20-038 is interesting as it is very close to surface, immediately below the oxide zone and located beneath an extensive magnetite gossan sub-crop. Additional shallow drilling will be planned to test the extension of this near-surface mineralisation in the future.

In line with what has been seen across the entire project area, the DHEM surveys conducted on the shallow drilling at the western end of the Onça Rosa Prospect have produced multiple EM conductor plates below the deepest drilling that indicates the potential for semi-massive and massive sulphides at depth. Future step-out drilling of these sections are being planned.

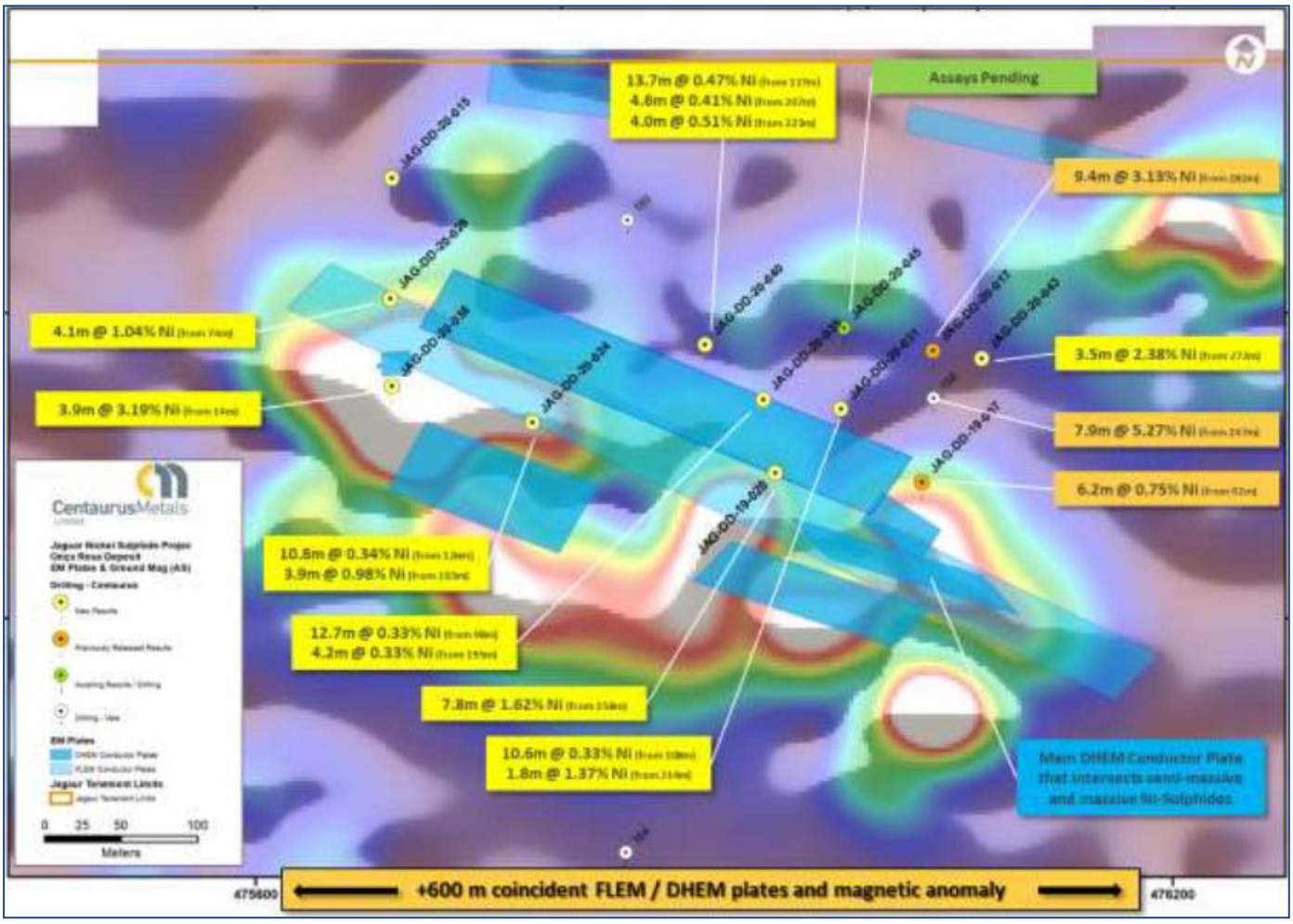


Figure 3: The Onça Rosa Prospect with DHEM (darker blue) and FLEM (lighter blue) conductor plates overlaid on the Ground Magnetics Survey results (Analytic Signal).

Jaguar Central and Jaguar North Deposits

The two rigs operating on site are currently located at the Jaguar Central and Jaguar North Deposits, with first results expected during June. DHEM survey work is currently being undertaken at Jaguar Central, Jaguar North and Onça Rosa. The company is finalising the drill-hole database that will underpin the Jaguar Project's geological model and the delivery of the company's maiden JORC Mineral Resource Estimate, which is also planned for June.

Project Overview

The Jaguar Nickel Sulphide Project is located within the world-class Carajás Mineral Province of northern Brazil. Logistically, the project lies just 35km north of the regional centre of Tucumã (population +50,000) with a 230kVA sub-station located 15km southeast of the project at Vale's Onça-Puma Nickel Mine.

Jaguar is an at-surface nickel sulphide project with a current non-JORC compliant resource of 40.4Mt at 0.78% Ni (at a 0.5% Ni cut-off) for a total of 315kt of contained nickel metal. The resource is underpinned by more than 55,000m of historic diamond drilling and an extensive geological and geophysical database. Within the historical resource drilling, multiple shallow massive to semi-massive sulphide zones have been identified with high-grade intersections such as 34m at 3.31% Ni from 56m in hole PKS-JAGU-DH00065.

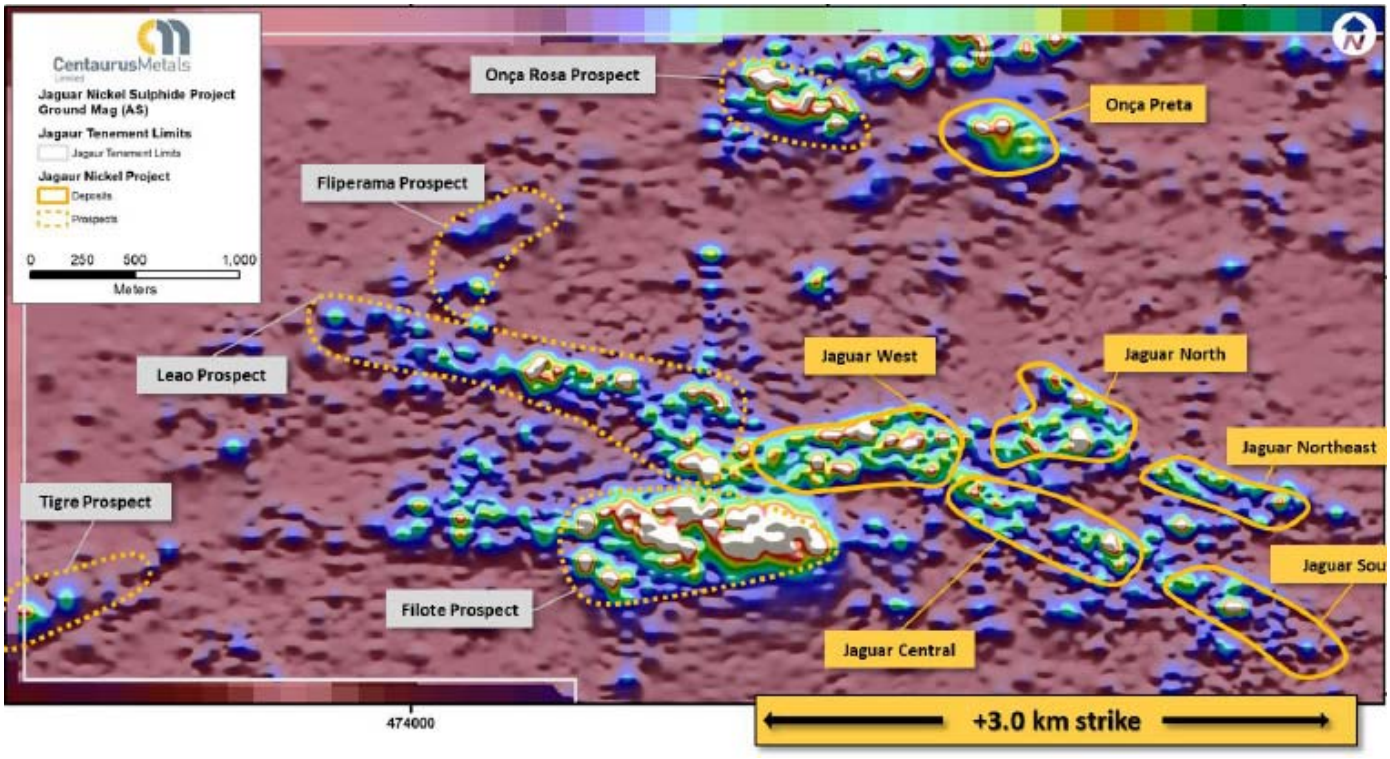


Figure 4: Jaguar Nickel Project – Deposit and Prospect Locations overlain on the Ground Magnetics Survey (Analytic Signal).

Apart from the current non-JORC Resource estimate, Jaguar hosts multiple nickel sulphide deposits and an extensive suite of exploration targets for high-grade nickel, copper-gold and PGEs. Previous metallurgical test-work has also proven to be encouraging, with historical preliminary test-work

demonstrating that the sulphide mineralisation is recoverable by conventional flotation, producing a high-grade +23% nickel concentrate at 64% recovery.

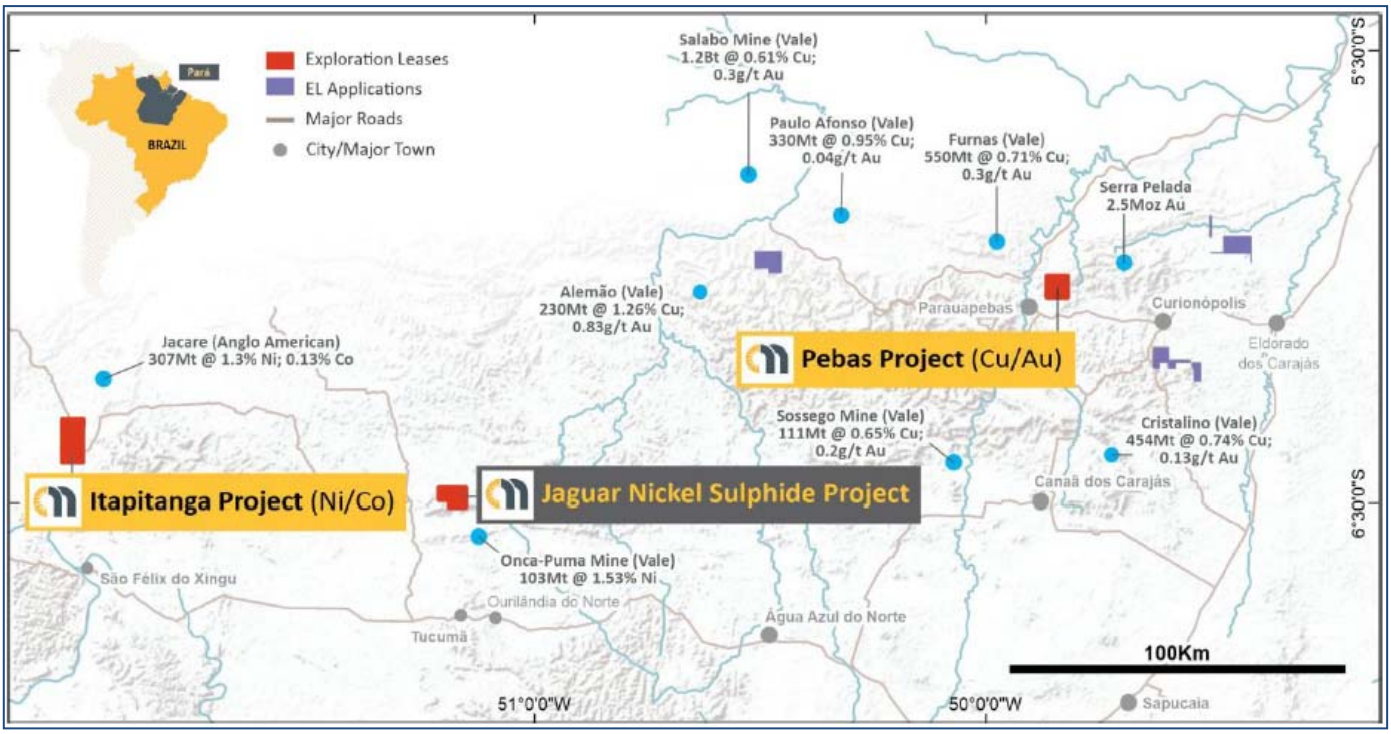


Figure 5: Jaguar Nickel Sulphide Project Location Map

Given the near-surface resources of 40.4Mt at 0.78% Ni for 315,000t of contained nickel, the acquisition has the potential to lift CTM into the nickel sulphide development space. Along these lines, CTM's initial focus is on the high-grade open-pit potential of the deposits, with the aim of progressing these zones towards production as rapidly as possible. Underpinned by a high-quality database, there is a clear development path that could result in a number of significant project milestones over a relatively short period. These will include drilling results, metallurgical results and a maiden JORC Resource to support future project development work.

Recent re-processing of the EM survey data over the Onça Preta Deposit and Onça Rosa Prospect by Southern Geoscience has shown excellent correlation between the location of the EM plates at these Deposit/Prospect areas and known high-grade nickel mineralisation seen in historical Vale drilling.

Summary

The Jaguar project provides CTM with the opportunity to pursue development of an advanced and well-located nickel sulphide project that offers high-grade open-pit development potential.

The latest drilling results highlight the significant potential for an initial high-grade open-pit and longer-term underground mine at the Onça Preta Deposit, which is expected to form part of the company's upcoming maiden JORC Mineral Resource estimate, along with the emerging high-grade massive sulphide potential at the Onça Rosa Prospect.

Nickel sulphide deposits like Jaguar are extremely rare globally and for CTM to be able to successfully acquire such an asset is a game-changer. The deal was assisted by CTM's solid working relationship with Vale and their belief in the mutual benefits that can be realised under their recently rolled out 'mini-mines' model for base metals.

CTM remains well funded and is on target to deliver its maiden JORC Mineral Resource Estimate for the Jaguar Project by the end of June.CTM remains firmly within our coverage Portfolio.