

**Centennial Mining
Limited**
ABN 50 149 308 921

ASX: CTL

Investment Highlights:

A1 Gold Mine

Operating mine site including underground development and infrastructure

Mineral Resources in accordance with the JORC Code (2012)

Indicated – 250,000 t @ 5.1 g/t for 41,200 oz Au

Inferred – 1,170,000t @ 6.4 g/t for 240,000 oz Au

Maldon Gold Operations

Operational 120 - 150,000tpa gold processing facility, Union Hill Mine, including underground development & infrastructure

Executive Chairman

Dale Rogers

Non-Executive Directors

Jamie Cullen

Anthony Gray

Company Secretary

Dennis Wilkins

Capital Structure:

705,444,920 Ordinary Shares

288,557,631 Listed Options

111,000,000 Unlisted Options

71,428,565 Convertible Notes

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ASX Release – 24th January 2018

Operational Update and ASX LR 10.11 compliance

Centennial Mining Limited (ASX: CTL) (**Centennial** or the **Company**) is pleased to provide a summary of the highlights for the Quarter ended 31st December, 2017.

A more detailed Activities report will be included with the Quarterly Cash flow statement at the end of January.

Highlights:

- ❖ **CTL continues to deliver the targets of increased production tonnages and mined grades in the second half of the financial year**
- ❖ **Porcupine Flat Processing Plant throughput increased by over 60%**
 - **Replacement mill gearbox installed mid Quarter enabling throughput to increase ~15%**
 - **Secondary crusher trial commenced, second week of January, increasing throughput a further ~45%**
- ❖ **Development of Folly's North Long Hole Stope at the A1 Gold Mine completed and mining commenced**
- ❖ **The top two stoping levels of Victory North (part of Magenta Zone) drilled with indications of the block continuing at depth**
- ❖ **Development towards Victory North Long Hole Stope progressed during the Quarter**
- ❖ **Development of Union Hill Mine (Maldon) continued on the 1060L of Alliance South Zone**
- ❖ **Narrow vein mechanised stoping scheduled to commence at Union Hill in March Quarter**

During the Quarter, the ball mill gearbox at the Porcupine Flat Processing Plant, near Maldon, was replaced. This replacement gearbox was ordered early in 2017 and arrived on site towards the middle of the Quarter.

Due to the age and condition of the old ball mill gearbox, and noise generated, the mill had been run at a reduced speed for several quarters while a replacement was manufactured. Following installation of the replacement gearbox and a run-in period in November the ball mill was sped up to more optimal speeds at the end of the Quarter. This saw the mill throughput increase by approximately 15% from previous levels. It also resulted in a reduction in noise levels from the gearbox.

Following the capital raising in the Quarter a secondary 'cone' crusher and screen were shipped to Porcupine Flat at the end of December. Subsequent to the end of the Quarter, these were installed and commissioned in the first week of January.

The introduction of the secondary crusher has enabled the mill to be converted back to its designed operational parameters, from a semi-autogenous mill to a ball mill. **This had an immediate and significant impact on the throughput of the Porcupine Flat Mill with an increase of a further ~50%. The mill has now demonstrated the capability of milling at rates up to 24 tonnes per hour, instant, with further potential through optimisation. This equates to increasing annual milling capacity from ~110,000tpa to in excess of 160,000tpa.**

The secondary crusher circuit being trialled at the Porcupine Flat is portable as, subject to the success of the trial, the intent is to relocate the circuit to the A1 Gold Mine Site. This will prove more cost effective for the handling of oversize material and haulage in the short term. Over the longer term relocation of crushing to the A1 Gold Mine also aligns with the strategy of installing some form of pre-treatment or gravity circuit at the A1 Gold Mine to reduce the road haulage volumes and cost to the Company.

The Company intends to trial various forms of pre-treatment of the A1 Gold Mine ores during the March Quarter to assess the most viable and cost-effective alternative.

Despite interruptions from the above operational enhancements, the mill throughput for the Quarter of 30,356 tonnes (at an average grade of 3.63g/t) set a new Quarterly record for the Porcupine Flat Plant. This was due to the replacement ball mill gearbox. The throughputs being achieved with the secondary crusher equate to a Quarterly throughput of +40,000 tonnes. This is the throughput targeted to achieve the nominated gold production levels in the second half of this financial year, where the focus will be improving grades as Victory North and other ore sources are brought on line.

Early in the Quarter mill throughput was reduced, while repairs were carried out to one of the leach tanks at the plant, in order to reduce the impact to recoveries during those repairs. Mill recovery for the Quarter was 86.1%, a reduction from the 89 – 90% typically seen.

Late in the Quarter a trial was conducted with small amounts of a nitrate compound added to the reagent mix. This trial showed considerable promise in improving recoveries of gold presently unable to be recovered through the Plant. The improvement seen was in the order of 1 – 1.5% to the overall recovery

at lower throughput rates. This work will continue and may enable mill recoveries remain at 90% with the higher throughput.

The bulk of the tonnes mined from the A1 Gold Mine during the Quarter were from the Folly's long hole stope. This stope is lower grade and as it is coming towards the end of its life the grades have trended lower.

Following detailed drilling of the first two levels of the Victory North area development towards the first of the long hole stoping levels commenced during the Quarter. It is expected stoping will commence from the, higher grade, Victory North long hole stope towards the middle of the March Quarter.

A detailed geological sampling and mapping programme was undertaken at the Union Hill Gold Mine, near Maldon, to improve the understanding of the resource and thereby ensuring optimisation of planned long hole stoping at the mine. The 1060L Sth ore drive was developed under tight control along the structure, to identify the position of optimal grades within a broad mineralised zone. Long hole stoping will commence at the Union Hill Gold Mine early in the March Quarter.

By achieving a step change in production levels, unit cost reductions will be realised which in turn will unlock lower grade ores for mining and processing. This should increase the minable resources at both the A1 Gold Mine and the Union Hill Gold Mine.

Gold deliveries for the Quarter were 2,957 ounces Au realising revenue of \$4.9 million. A significant increase in gold deliveries is expected during the March Quarter following the step change to mill throughput and an expected increase in grades in the second half of the March Quarter.

The full Quarterly Report, inclusive of expenditure, will be available in the 4th week of January.

Listing Rule 10.11 – Issue to Related Party

Centennial advises that in November 2017, as part of the Top Up Placement, 6,000,000 fully paid ordinary shares were inadvertently issued, following payment, and allotted to Mr C Rogers, an adult, independent son of Mr Dale Rogers (a director of the Company) in Tranche 1 of the Top Up Placement at the placement issue price of \$0.011419.

As soon as the oversight was discovered, the Company volunteered the information to ASX who confirmed that it considers the placement to Mr C Rogers was in breach of ASX Listing Rule 10.11, on the basis that Mr C Rogers is a related party of the Company and could therefore not participate in the placement without obtaining prior shareholder approval under Listing Rule 10.11. The placement of 6,000,000 shares represents 0.61% of the Company's issued capital and was issued on the same terms as to all unrelated participants in the Top Up Placement.

The Company is taking corrective action to remedy the breach by procuring that the shares be disposed of by 23 February 2018 and that the net proceeds (if any) of the disposal be donated to an entity that is registered with the Australian Charities and Not-for-profits Commission as a charity.

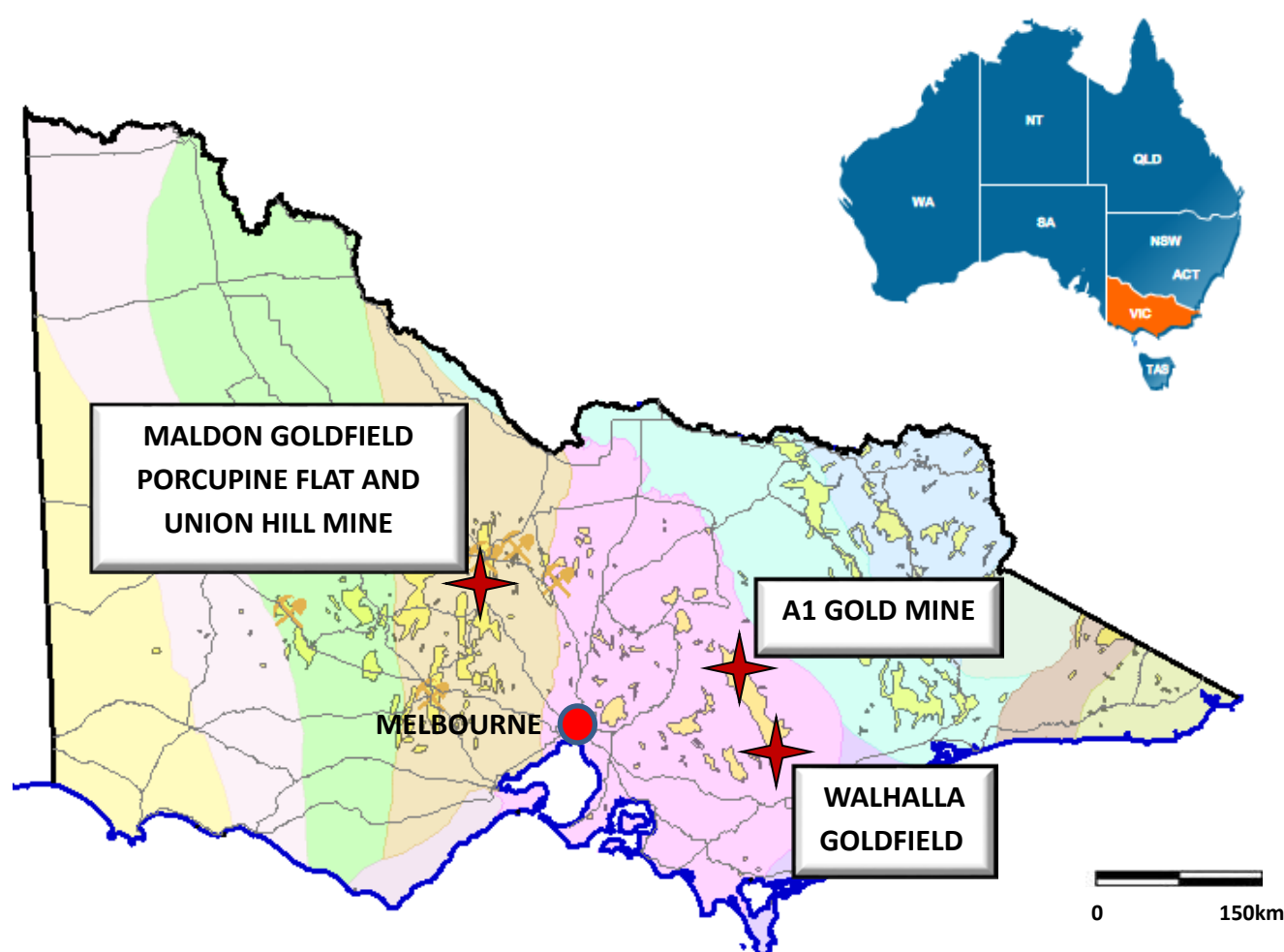
The Company advises that a holding lock has been placed on the shares. Mr C Rogers has not profited from the placement and the Company regrets the oversight.

About the Company

Centennial Mining Limited is an emerging junior Victorian gold producer that is developing and producing from the A1 Gold Mine near Woods Point, Victoria. Ore mined from the A1 Gold Mine is trucked to the Company's fully permitted and operations processing facility at Porcupine Flat, near Maldon.

The Company also owns the Union Hill Underground Mine at Maldon, which is presently being developed, and has entered into an agreement to acquire the Eureka and Tubal Cain deposits¹ near Walhalla.

Location of Projects



Note 1. Refer to Orion Gold NL (ASX: ORN) ASX Announcements dated 11 August 2015 and 30 December 2015. The acquisition of the Licence by the Company is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act and the terms of the Agreement.

Caution Regarding Forward Looking Information

This document may contain forward looking statements concerning Centennial Mining Limited. Forward looking statements are not statements of historical fact and actual events and results may differ materially from those described in the forward looking statements as a result of a variety of risks, uncertainties, and other factors. Forward looking statements are inherently subject to business, economic, competitive, political, and social uncertainties and contingencies. Many factors could cause the Company's actual results to differ materially from those expressed or implied in any forward looking information provided by the Company, or on behalf of, the Company. Such factors include, among other things, risks relating to additional funding requirements, metal prices, exploration, development and operating risks, competition, production risks, regulatory restrictions, including environmental regulation and liability and potential title disputes. Forward looking statements in this document are based Centennial Mining's beliefs, opinions and estimates of Centennial Mining's as of the dates the forward looking statements are made, and no obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future development.