

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

Maldon Gold Operations

Operational 140 - 180,000tpa gold processing facility, Union Hill Mine, including underground development & infrastructure

Executive Chair

Dale Rogers

Non-Executive Director

Anthony Gray

Company Secretary

Dennis Wilkins

Capital Structure:

1,044,434,244 Ordinary Shares

288,557,631 Listed Options

94,500,000 Unlisted Options

Contact:

Dennis Wilkins

Tel: +61 8 9389 2111

admin.mine@centennialmining.com

ASX Release – 14 February 2019

December Quarter – Activities Report

Centennial Mining Limited (ASX: CTL) (**Centennial** or the **Company**) is pleased to provide a summary of activities for the Quarter ended 31st December, 2018.

Key Points:

- ❖ **Production 30,868 tonnes @ 3.71 g/t Au at 91.1% recovery**
- ❖ **Gold deliveries of 3,500 oz at an average price of \$1,720 per ounce Au for \$6 million in revenue**
- ❖ **Delay in finalising audit and the implementation of the refinancing plan impacted operations**
- ❖ **Negotiations continuing with major shareholder and lenders to restructure loans and finalise a recapitalisation proposal**

Operations Snapshot

Gold deliveries for the December Quarter were 3,500 ounces Au. The average price of gold sold during the Quarter was \$1,720 per ounce Au and revenue was \$6.0 million.

Mill throughput for the Quarter was 30,868 tonnes at 3.71 g/t Au and 91.1% recovery. Activities were impacted during the Quarter due to a lack of working capital following the repayment of the 2015, Convertible Notes ('Notes') in the September Quarter and the inability of the Company to progress the planned Rights Issue (refer to CTL ASX Announcement dated 15 August 2018).

Operations

Long Hole stoping recommenced in the 1360 Area of the A1 Gold Mine during the Quarter, after a hiatus of some 10 months. This small stope was completed by the middle of the December Quarter. As a result, the Company has been reliant on higher cost ore development on the 1320 and 1300 levels of the Victory North area for the majority of tonnes milled during the latter half of the Quarter.

To reduce costs and due to the significant upside demonstrated in the Victory North area activities at the Union Hill Gold Mine were reduced during the Quarter with available resources reallocated to focus on the Victory North area of the A1 Gold Mine.

Victory North 1320 Level

Mine development on the 1320 Level has produced over 30,000 tonnes of ore to the end of the Quarter. Over 25,000 tonnes of this ore has been processed at the Porcupine Flat Gold Processing Facility, near Maldon, between July and November 2018, averaging +4.5 g/t gold. This ore parcel includes both low and high-grade gold zones mined during development of the 1320 Level. The average grades processed through the Porcupine Flat mill during this time were lower due to other material blended into the feed during that time.

Production in January improved from December's numbers with 10,499 tonnes treated at 4.71g/t for 1,455 ounces Au recovered and 1,520 ounces Au delivered. As a result of the improved grades the Company generated positive cashflow during January.

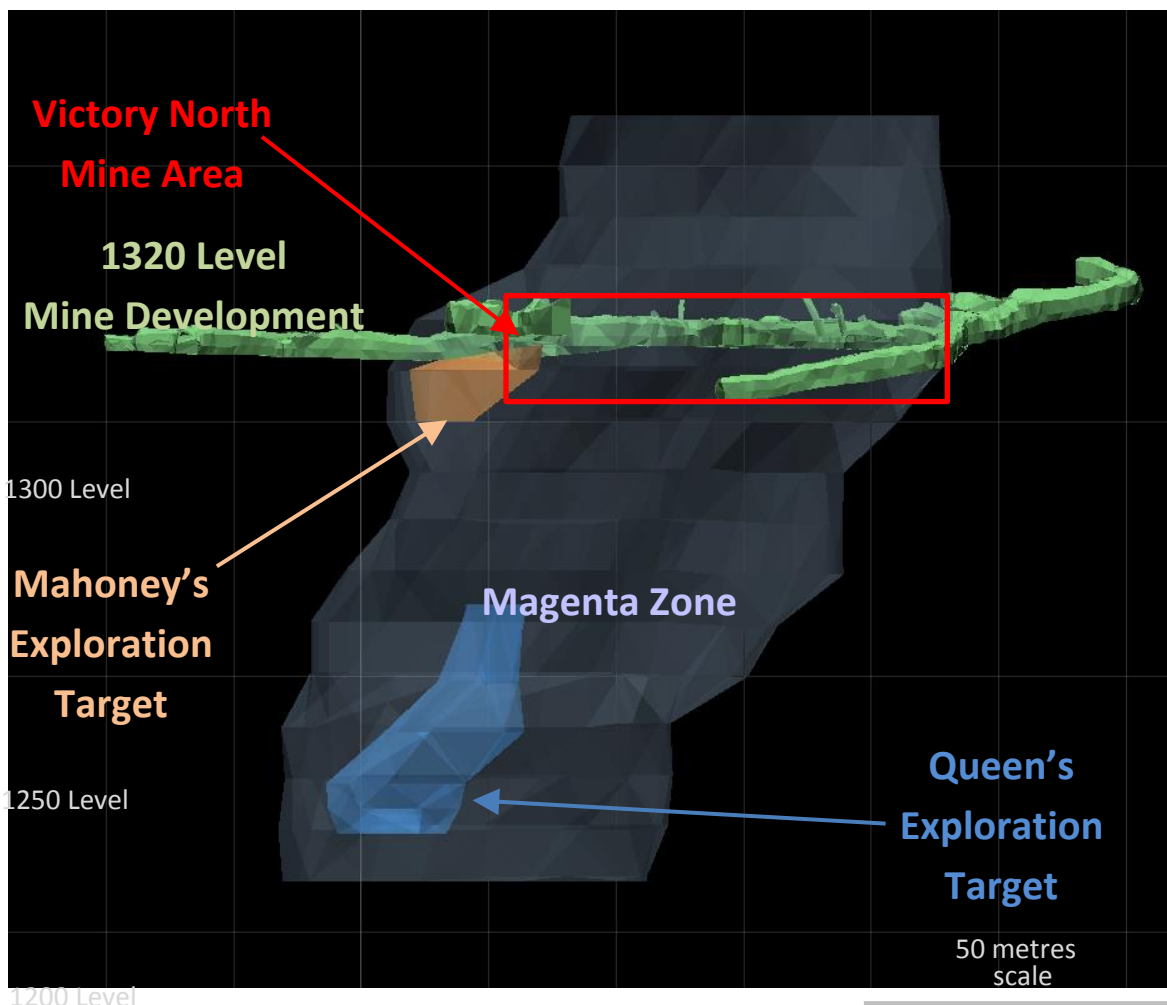


Figure 1: Magenta Zone - Long-section (Looking West) of 1320 Level mine development completed to November 2018 with position of Victory North mine area and Mahoney's and Queens Exploration Target areas

Ore production from the 1320 level of the Victory North Area has significantly exceeded expectations. In order to prove and quantify this upside diamond drilling is required. Diamond drilling is also needed to accurately define long hole stoping shapes above the 1320 level and to target the present gap, caused by a lack of drilling, interpreted between the Mahoney's and Queen's targets (Figure 1).

Future Work

Diamond drilling is critical to the future profitability of the A1 Gold Mine because it allows for the optimisation of mine planning and definition of ore blocks, with a focus on gold grade.

Over the past three Quarters revenue of circa \$6.0 million per quarter from an average of between 3.0 and 3.72 g/t ore (refer to table in Porcupine Flat Processing Facility section of this report). The ability to achieve a better average mine grade has been hampered by a lack of working capital to fund diamond drilling. The Company has a capacity to mine and process 40,000 tonnes per quarter against a well known cost structure. Grade sufficient to produce 4,500 ozs per quarter would significantly enhance operations.

Additional diamond drilling from the 1320 Level is planned, subject to funding, to test the size potential of the 1300 and 1270 Level stope areas (50 vertical metres below the current level development). Approximately 1,000 metres of drilling are initially planned and have the potential to define in excess of 18 months of mine production (subject to favourable drilling results).

Diamond drilling would take approximately two months to complete and results would be used to estimate an updated Mineral Resource for the estimation of Ore Reserves, and is subject to the Company being able to successfully conclude the restructuring of and recapitalisation of the Company.

The southern end of the 1320 Level has developed across the top of the Mahoney's Exploration Target area (refer to CTL ASX Announcement dated 10 October 2017) and remains on ore over 100 metres South of the present Mineral Resource boundary. As the dyke that hosts most of the gold mineralisation at the A1 Gold Mine extends a further 150m past this development and there are no known records of drilling or exploration results in the area, the southern dyke area presents a significant target for future drill testing.

Results from recent mine development in the Victory North area indicate the potential for a substantial change to the A1 Gold Mine development plan. If the potential is realised, the significant increase in tonnes per vertical metre would result in reduced decline development costs (per tonne of ore mined), reduced stoping costs (due to larger more contiguous stopes) and a step change in the profitability of the operation.

Maldon Gold Operation

Union Hill Gold Mine

Development at the Union Hill Gold Mine was halted during the December Quarter to reduce costs and allow available resources to focus on the Victory North area of the A1 Gold Mine.

The existing stopes were completed late in the Quarter with milling of the final low grade stockpiles from the Union Hill Gold Mine extending into the March Quarter.

Corporate

During the September Quarter, the Company sourced funding (circa \$2.1m) from Centennial's largest shareholder Octagonal Resources Pty Ltd and its related entities ('Octagonal Loan') enabling the Company to pay out the Convertible Notes issued in 2015 (Refer to CTL ASX Announcement dated 15 August 2018). In order to pay the full amount of the Notes (principal and interest) the Company also utilised all available cash reserves.

Following repayment of the Notes, the Company sourced additional short term loans ('Additional Funds'), intended to be on a secured basis, from employees and suppliers to a total of approximately \$1.5 million, in addition to the Octagonal Loan.

The time taken to release the first ranking security charge from the Notes delayed access to the Additional Funds until late August and prolonged the restart phase to the mining operations. The delay also impacted the finalisation of matters relating to the annual audit, a notice of meeting and the independent experts report all of which are required to support resolutions to be put to shareholders relating to the previously announced Rights Issue (refer to CTL ASX Announcement dated 15 August 2018), and the issue of new convertible notes to replace the short term loans.

During the December Quarter, an entity associated with Octagonal Resources Pty Ltd assisted in financing the Company by providing additional funding to support the Company.

The Company continued discussions with the auditors, short term lenders and the Company's major shareholder in an effort to advance the recapitalisation of the Company.

The delay has resulted in a further deterioration of the Company's financial position where it has become apparent that continuing operations in the present manner is less than optimal. Drilling out the resource to provide the requisite confidence for at least 2 years of mining is considered a priority.

Negotiations are continuing with the major shareholder and key creditors to garner support for the strategic priorities and the necessary accommodation to allow the recapitalisation of the Company to proceed.

Porcupine Flat Processing Facility

The December Quarter saw a reduction in tonnes milled as a result of critical work required at the Porcupine Flat mill and because development of the A1 Gold Mine was hampered in the absence of sufficient drilling information. A full reline of the ball mill at Porcupine Flat was completed over a period of a week late in the Quarter.

| Quarter | Dec' Q 17 | Mar' Q 18 | June Q 18 | Sept' Q 18 | Dec' Q 18 |
|---------------------------------|------------|------------|------------|------------|------------|
| Tonnes | 30,356 | 34,641 | 40,285 | 34,640 | 30,868 |
| Grade (grams per tonne) | 3.6 | 4.6 | 3.0 | 3.72 | 3.71 |
| Recovery (%) | 86.1 | 91.9 | 89.6 | 91.3 | 91.1 |
| Gold Production (oz Au)* | 2,957 | 4,732 | 3,480 | 3,657 | 3,500 |
| Gold Price (\$/oz Au) | 1,657 | 1,696 | 1,723 | 1,660 | 1,720 |
| Gold Revenue (\$m) | 4.9 | 8.0 | 6.0 | 6.0 | 6.0 |

* Gold Production are ounces delivered to the Perth Mint for the Quarter, not ounces recovered.

Mill throughput for the Quarter was 30,868 tonnes at 3.71 g/t Au. Metallurgical recovery was 91.1% for the Quarter compared to the average for the year of 90.2%.

Gold deliveries for the December Quarter were 3,500 ounces Au. The average price of gold sold during the Quarter was \$1,720 per ounce Au and revenue was \$6.0 million.

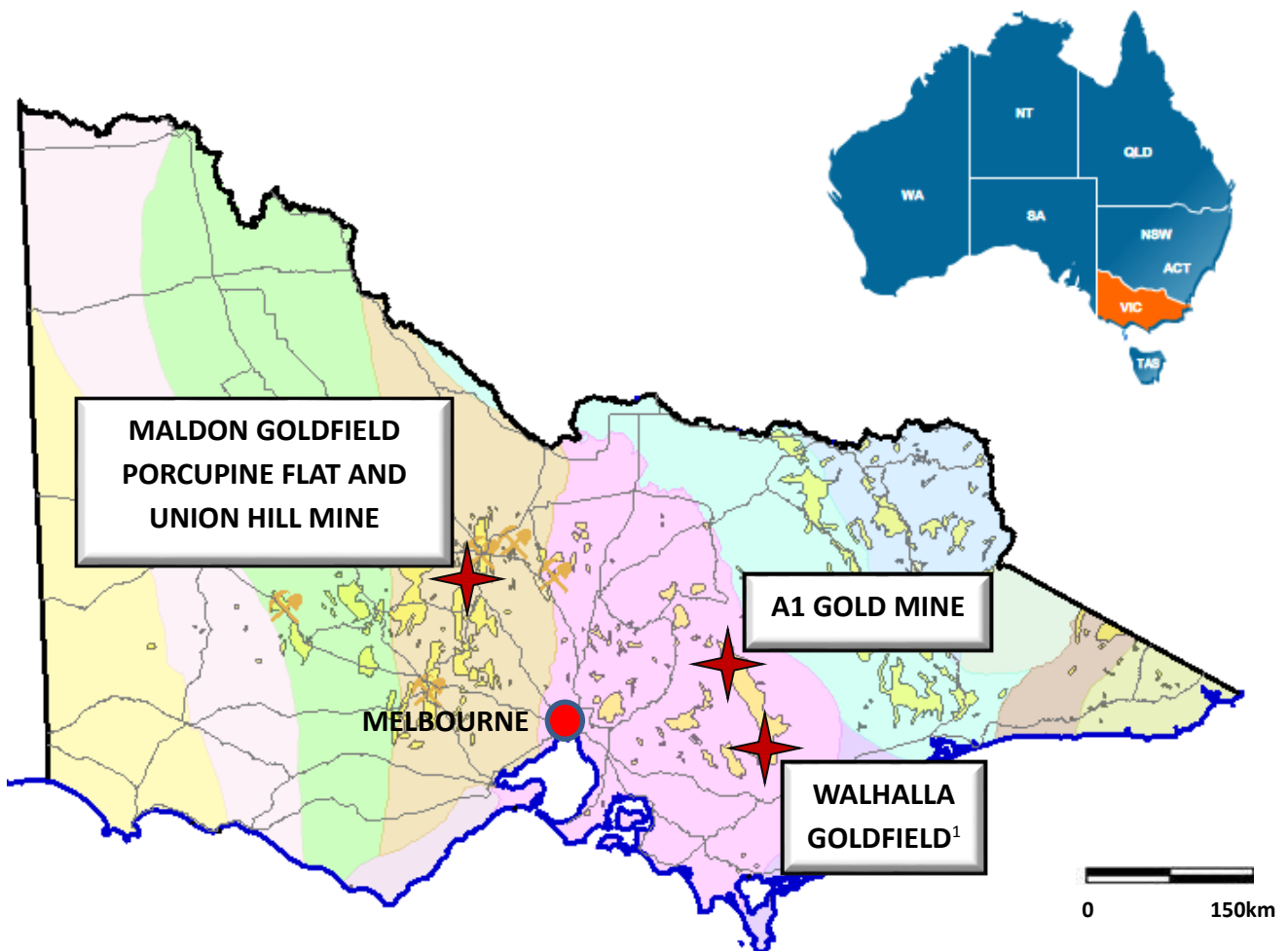
Cash in bank at the end of the Quarter was \$0.27 million, not including gold at the Perth Mint of \$0.41 million.

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 Gold 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.

Competent Person's Statement

The information in this announcement that relates to Exploration Targets is extracted from the Company's ASX announcement dated 10 October 2017 and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and that the form and context in which the Competent Person's findings are presented have not been materially modified.

The potential quality and grade of the Exploration Targets within the Magenta Zone are conceptual in nature as there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

The information in this announcement that relates to A1 Gold Mine Mineral Resources between the 1260mRL and 1400mRL levels is extracted from the Company's ASX announcement dated 7 November 2018 and is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement, that all material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed, and that the form and context in which the Competent Person's findings are presented have not been materially modified.

The information in this announcement that relates to A1 Gold Mine Mineral Resources from surface to the 1400mRL level and below the 1260mRL level is extracted from the Company's ASX announcement dated 12 May 2014 and is available to view on the Company's website. The Company has depleted this resource using the surveyed void shapes as mined since the Mineral Resource estimate. The Company confirms that, other than mining depletion, it is not aware of any new information or data that materially affects the information included in the original announcement, that all material assumptions and technical parameters underpinning the estimates in the original announcement continue to apply and have not materially changed, and that the form and context in which the Competent Person's findings are presented have not been materially modified.

The information in this announcement that relates to Exploration Results is extracted from the Company's ASX announcement dated 10 October 2017 which is available to view on the Company's website. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original announcement and that the form and context in which the Competent Person's findings are presented have not been materially modified.

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.

Appendix 1 - Changes in Interests in Mining Tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter | |
|-----|---|-------------------------------|----------------------------------|----------------------------|------|
| 1.1 | Interests in mining tenements relinquished, reduced or lapsed | | | | |
| | Centennial Mining Ltd | EL5109 | Expired | 100% | 0% |
| | Matrix Gold Pty Ltd | MIN5433 | Sold | 100% | 0% |
| 1.2 | Interest in mining tenements ongoing | | | | |
| | Centennial Mining Ltd | MIN5294 | Ongoing | 100% | 100% |
| | | MIN5487 | Ongoing | * | * |
| | Maldon Resources Pty Ltd | MIN5146 | Ongoing | 100% | 100% |
| | | MIN5528 | Ongoing | 100% | 100% |
| | | MIN5529 | Ongoing | 100% | 100% |
| | | EL5499 | Ongoing | 100% | 100% |
| | Highlake Resources Pty Ltd | MIN5465 | Ongoing | 100% | 100% |
| | | MIN5563 | Ongoing | 100% | 100% |

* MIN5487 is subject to a binding agreement to purchase from Orion Gold (ASX:ORN) announced to the ASX on 30 December 2015. The acquisition of the Tenement by Centennial is subject to the grant of consents required under the Mineral Resources (Sustainable Development) Act.