

**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

**Contact:**

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# ASX Release – 31<sup>st</sup> January 2018

## December – Activities Report

Centennial Mining Limited (ASX: CTL) (**Centennial** or the **Company**) is pleased to provide a summary of the activities conducted during the Quarter ending 31<sup>st</sup> December, 2017.

The Company has previously provided an Operational Update (refer CTL ASX Announcement dated 24 January, 2018) which outlined activities during the December 2017 Quarter.

### Highlights:

- ❖ **Porcupine Flat Processing Plant throughput increased 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**
- ❖ **CTL continues to deliver the targets of increased production tonnages and mined grades in the second half of the financial year**

## Porcupine Flat Processing Facility

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 during December. 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 during the Quarter a secondary 'cone' crusher, grizzly, screen and conveyors were shipped to Porcupine Flat at the end of December. Subsequent to the end of the Quarter, these were installed and commissioned in early January.



**Figure 1: Loader at Secondary Crusher, Porcupine Flat Processing Facility**

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 in excess of 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 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 in the future. 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.



**Figure 2: Secondary ‘Cone’ Crusher, screen and grizzly, Porcupine Flat Processing Facility**

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 Processing Facility. This was primarily due to the replacement ball mill gearbox enabling the mill to run at higher power levels.

The throughputs being achieved with the secondary crusher, subsequent to the end of the Quarter, 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.

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.

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 to remain at 90% with the higher throughput.

## **A1 Gold Mine**

### **8352 Long Hole Stope**

Mining from the 8352 long hole stope was completed during the Quarter. The grades mined from the stope at the end of its life were lower than previous mining as the final material was at the outer extremity of the economic stope shape.

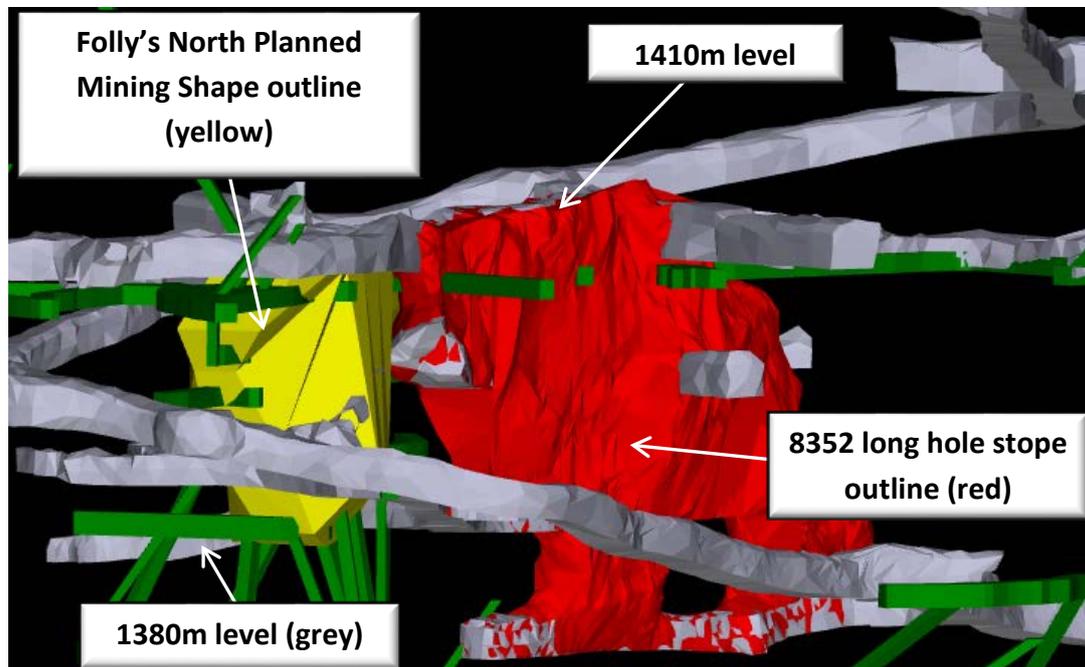
The final stope void was in the order of 35m wide, almost 70m in length and 45m in height.

Towards the end of the Quarter a long hole drop raise was excavated from development above the stope to break into the top of the stope void. A waste tipping point for the trucks was established and backfilling of the stope void, with development waste rock, commenced. This significantly reduced the waste trucking distances as little waste is being trucked to the surface since the tipping point was established.

### **Folly's North Long Hole Stope**

Mechanised jumbo development at the A1 Gold Mine was resumed to access Folly's North in the previous Quarter.

Development of the Folly's North Long Hole Stope was completed during the December Quarter and stoping commenced. The first blast to open up the stope occurred in the first week of October and continued through the Quarter.



**Figure 3: Folly's North Stope (yellow) and 8542 Long Hole Stope Outline (red)**

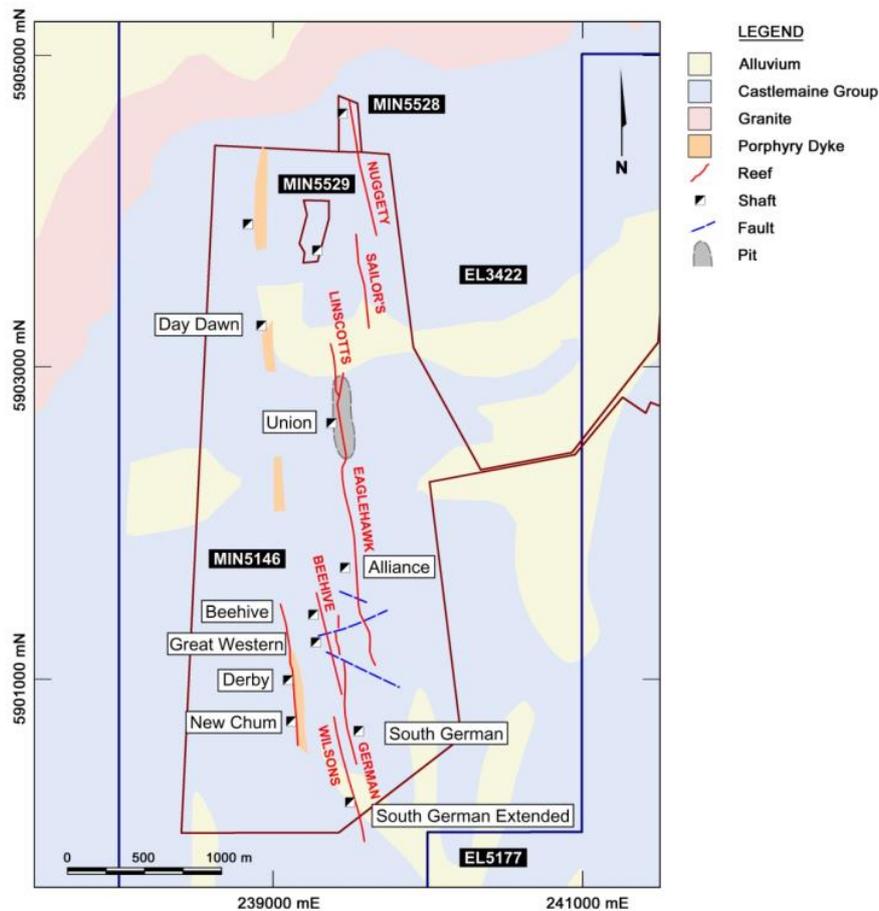
NB: Historical development shown in green. Historical stoping not shown to assist in viewing the area.

Following detailed drilling of the first two levels of the Victory North area decline development was continued past the Folly's Stope towards the area during the Quarter. It is expected stoping will commence from the, higher grade, Victory North long hole stope during the March Quarter.

## **Maldon Gold Operation**

### **Union Hill Underground Development**

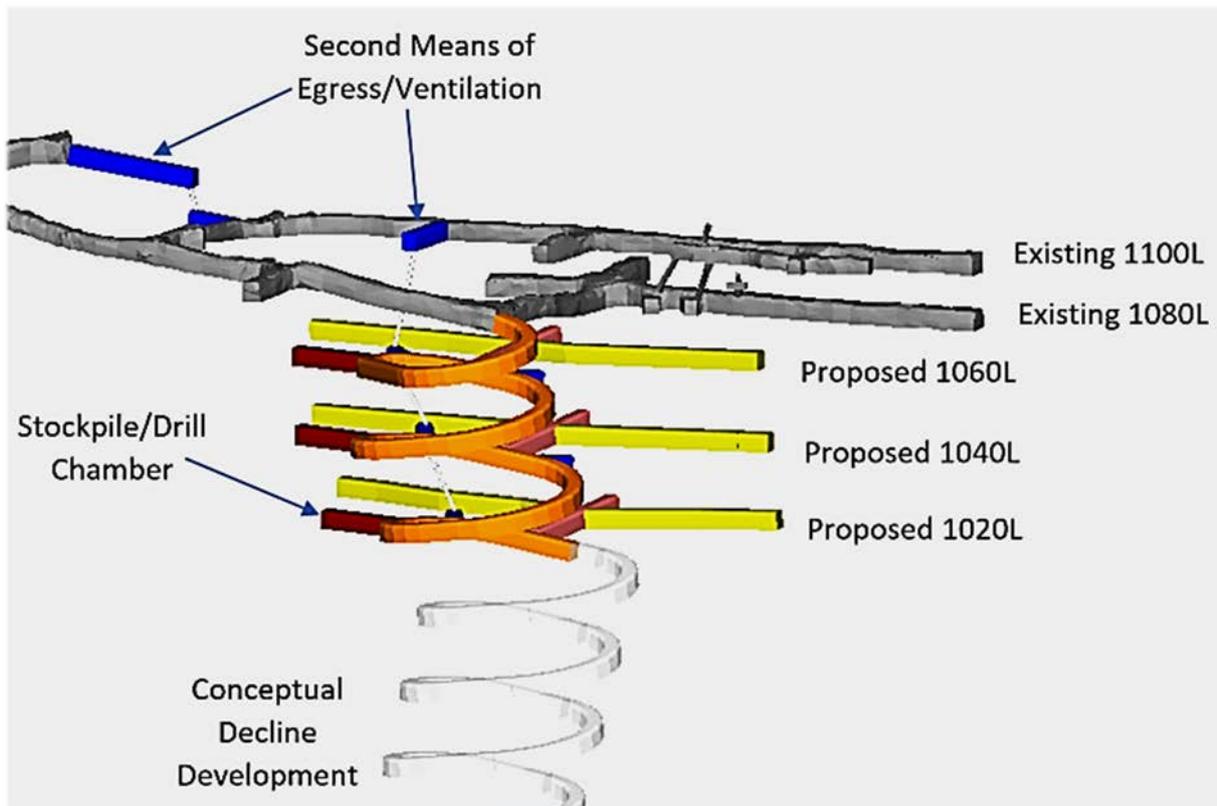
Centennial holds mining licence MIN5146 which covers the historic Maldon Goldfield in Central Victoria (Figure 4). The Maldon Goldfield historically produced 1.47 million ounces of gold between 1854 and 1920. The Eaglehawk Reef (shear zone) was one of the major producers with gold production of 491,400 oz between 1854 and 1911. Alliance South is the most southerly gold shoot on the Eaglehawk Reef. The Alliance South Shoot is a steeply dipping shear zone with quartz veining that hosts gold mineralisation.



**Figure 4: The Geology of the Maldon Goldfield with locations of major gold producing reefs**

To reduce the capital cost of the start-up of the Union Hill Gold Mine much of the old mining equipment at the mine site was recommissioned and supplemented by second-hand equipment purchased several months ago. All spare or backup machinery from the A1 Gold Mine was also transferred to the Union Hill Gold Mine early in the Quarter. While this machinery has fulfilled its purpose, some of the older mining equipment has negatively impacted on development rates and will be replaced as cashflow permits.

The mining and maintenance teams reached the objective of the 1060 Level strike drive at the end of the September Quarter and strike driving of the ore zone continued through the December Quarter. It is anticipated the 1060 Level strike drive will be completed towards the middle of the March Quarter.



**Figure 5: Long Section (Looking East) of Union Hill Mine showing existing Decline, 1100 and 1080 Level strike Drives (Grey). Decline Design (orange) and design of the first three strike drives (yellow) on the 1060, 1040 and 1020 Levels**

A detailed geological sampling and mapping programme was undertaken at the Union Hill Gold Mine during the Quarter to improve the understanding of the resource and thereby ensure optimisation of planned mechanised 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.

Narrow vein mechanised stoping will commence at the Union Hill Gold Mine early in the March Quarter.

## Production

During the December Quarter the Porcupine Flat processing facility milled 30,356 tonnes at 3.63 g/t Au. 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.

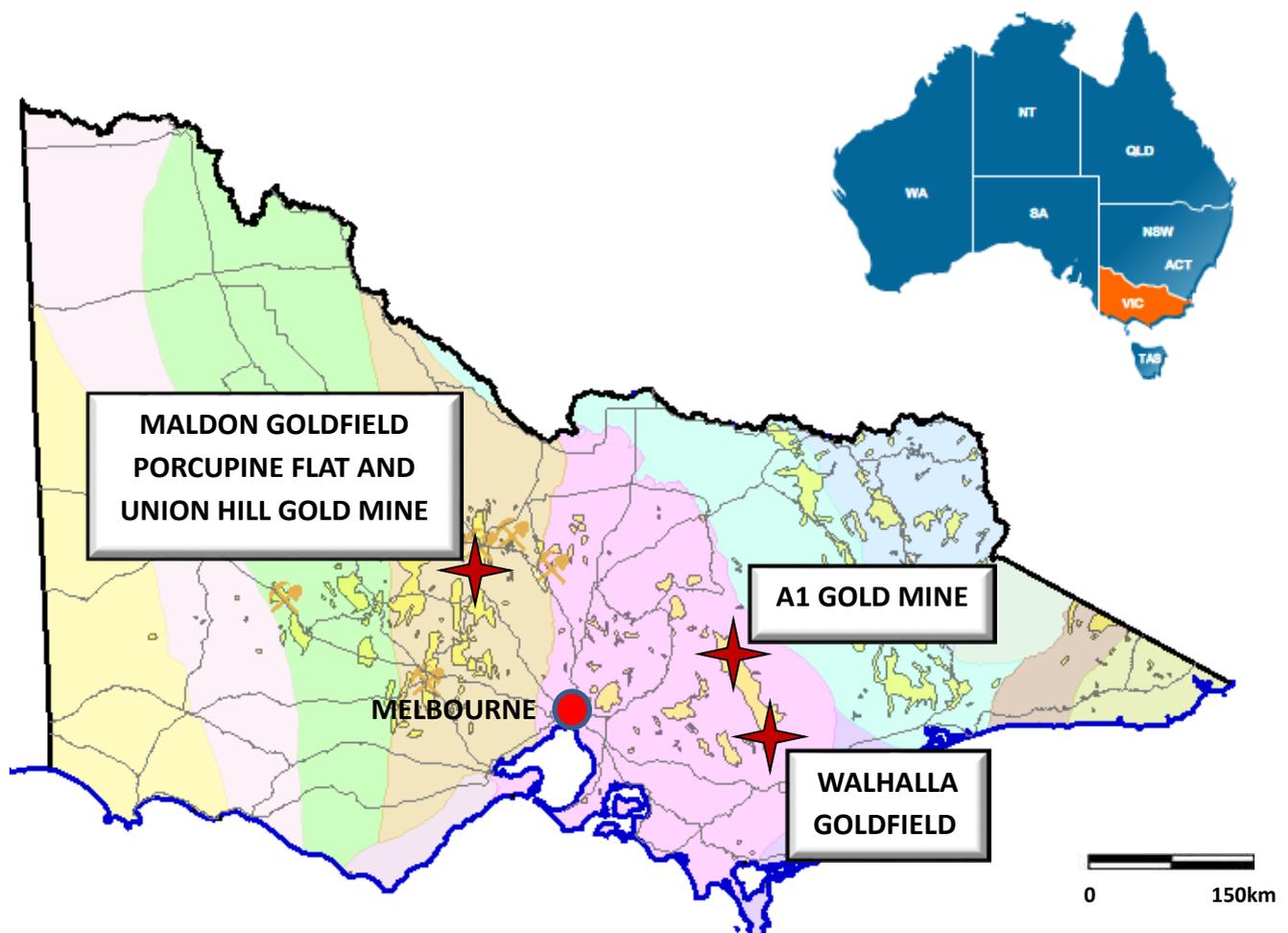
Cash in bank at the end of the Quarter was \$0.564m, not including gold at the Perth Mint of \$0.41 million.

## 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 Underground Gold Mine at Maldon, which is presently being developed, and has entered into an agreement to acquire the Eureka and Tubal Cain deposits<sup>1</sup> 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.

## 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	MIN5464 Bosuns Reef Campbelltown	Mining Tenement 100%	-
1.2	Interest in mining tenements ongoing			
	Centennial Mining Ltd	MIN5294*	Ongoing 100%	100%
		EL5109	Ongoing 100%	100%
		MIN5487**	Ongoing **	**
	Maldon Resources Pty Limited	MIN5146	Ongoing 100%	100%
		MIN5528	Ongoing 100%	100%
		MIN5529	Ongoing 100%	100%
		EL3422	Ongoing 100%	100%
		EL5499	Ongoing 100%	100%

\* An application for Renewal of MIN5294 is with the Victorian Government. The company knows of no legal or material reason why the licence will not be renewed.

\*\* MIN5487 has been purchased by Centennial from Orion Gold (ASX:ORN) subject to a binding agreement 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. Transfer of 100% equity in the tenement is expected following Works Approval of the Mining Plan.

Highlake Resources Pty Limited	MIN5464	Ongoing	100%	100%
	MIN5465	Ongoing	100%	100%
	MIN5563	Ongoing	100%	100%
Matrix Gold Pty Limited	MIN5433	Ongoing	100%	100%