

ASX Release – 13th October 2017

Operational Update

**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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Centennial Mining Limited (ASX: CTL) (**Centennial** or the **Company**) is pleased to provide a summary of the highlights for the Quarter ending 30th September, 2017.

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

Highlights:

Corporate

- ❖ **Commercial Production declared at A1 Gold Mine**
- ❖ **Executive Team recruited**

A1 Gold Mine

- ❖ **Folly's North Long Hole Stope identified**
- ❖ **Magenta Zone Exploration Target identified**
- ❖ **Victory North, part of Magenta Zone drilled**

Maldon Gold Operation

- ❖ **Development of Union Hill Mine (Maldon) reaches 1060L of Alliance South Zone**
- ❖ **Black Reef (Whela) Open Cut Feasibility undertaken and mining permitted**
- ❖ **Positive Economic assessment completed on Nuggetty Underground Mine (Maldon)**

Corporate

Commercial Production Declared for A1 Gold Mine

Centennial announced that commercial production was declared at its A1 Gold Mine during the Quarter.

Having achieved the production and infrastructure criteria determined by the Board, the A1 Gold Mine was, with effect from 1 July 2017, moved to commercial production.

This is an important milestone for any mining project as it signifies the end of the development phase and transition to an operating Project.

Executive Team Recruited

Recruitment of Centennial's Executive team was completed and announced during the Quarter. The following personnel were appointed:

- Mr Peter Crooks as Chief Operating Officer;
- Dr John Clout as General Manager Development; and
- Mr Gideon Janssen as Financial Controller.

There has been significant work over the last 12 months to upgrade the Mine services and networks at the A1 Gold Mine including recommencing development, commencing long hole stoping operations, the transition from contractor to "owner operating", ramping up to achieve several quarters of record production, development of the Union Hill Underground Mine, work on the identification and evaluation of additional ore sources, permitting and approvals and identification of the Magenta Exploration Target.

The strong outcomes achieved to date have been in large measure due to the efforts of a highly experienced and credentialed Executive Management team in Mr Peter Crooks, Dr John Clout and Mr Gideon Janssen.

A1 Gold Mine

Folly's North Long Hole Stope

A new long hole stoping panel, called Folly's North, was identified at the A1 Gold Mine during the Quarter. Folly's North is close to the existing 8532 long hole stope that has provided the bulk of tonnes produced from the A1 Gold Mine over the past year.

The Folly's North stope is expected to produce in excess of 30,000 tonnes of ore at a grade of just under 4 g/t Au. Combined with feed from airleg mining and other sources Folly's North adds a further 5 months of mill feed at an improved throughput rate targeting +150,000 tpa through the Porcupine Flat Gold Processing Facility.

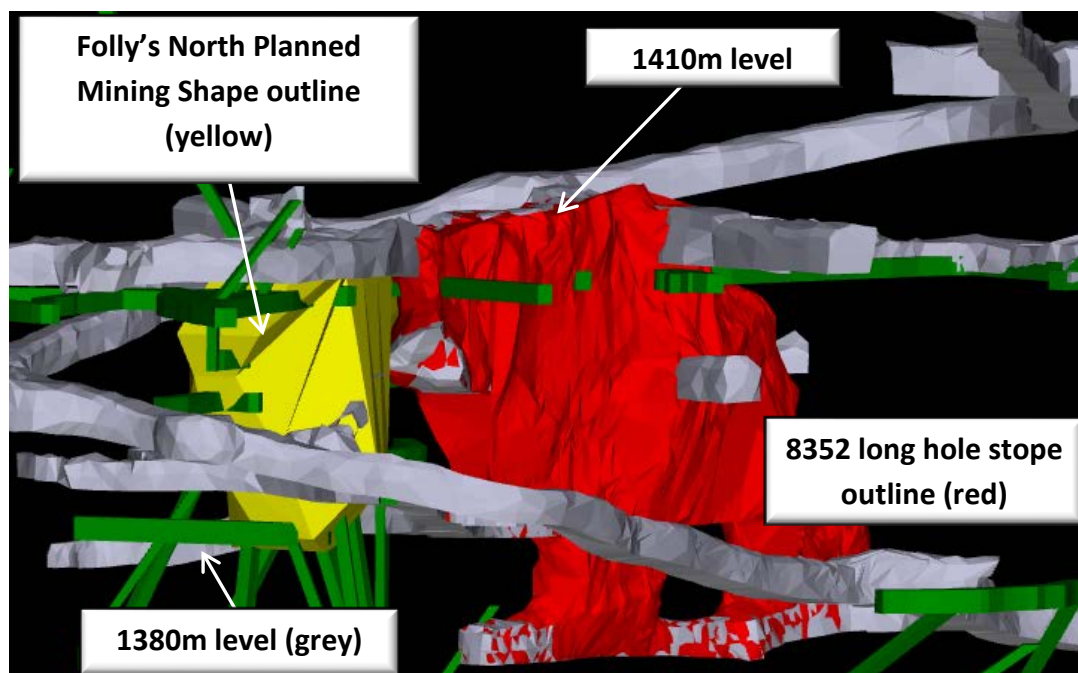


Figure 1: Folly's North planned Stope (yellow) and 8542 Long Hole Stope Outline (red)

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

As a result of this discovery mechanised jumbo development at the A1 Gold Mine was resumed to access Folly's North in August. Jumbo development had previously been wound back at the A1 Gold Mine early in the Quarter, to conserve cash, as development of the Union Hill Underground mine commenced.

The Folly's North long hole stope was accessed along the 1380 level. The first blast to open up the stope occurred in the first week of October, subsequent to the end of the Quarter.

Mining from the 8352 long hole stope (red) continued with a blast of ~12,000 tonnes early in the Quarter. The grade of this material is lower than previous mining as it is towards the outer limits of the stope shape.

The long hole stope void is now approaching 30m in width, almost 70m in length and 45m in height. As a result a significant amount of oversize material was generated from the last blast. This blocky material, containing very few fines, caused throughput at the Porcupine Flat Processing Facility to slow, during the last two months of the Quarter, to as low as 11 to 12 tonnes per hour. Subsequent to the end of the Quarter, with alternate ore feeds becoming available mill throughput increased to well over 18 tonnes per hour.

Magenta Zone

During the Quarter it was announced that geological interpretation and modelling of historic mining and drilling data identified a near-development Exploration Target of approximately 300,000 to 500,000 tonnes grading in the range of 3.8 to 5.6 g/t Au (depending on the lower cut-off grade applied), within a broader mineralised zone referred to as the "**Magenta Zone**". The potential quality and grade of this Exploration Target is 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 (refer to CTL ASX Announcement dated 10 October 2017).

The Magenta Zone extends at depth below the existing long hole stopes at the A1 Gold Mine. Recent drilling indicates the Magenta Zone is a broad steeply plunging zone of gold mineralisation containing a number of higher grade Exploration Targets potentially suitable for long hole stoping, including;

- **Victory North Exploration Target**
 - approx. 50 – 70,000 tonnes grading 3.5 – 5g/t Au
- **Mahoney’s Exploration Target**
 - approx. 20 – 25,000 tonnes grading 3.5 to 4.5g/t Au, and
- **Queen’s Exploration Target**
 - approx. 60 – 70,000 tonnes grading 6 – 7 g/t Au

The potential quality and grade of these Exploration Targets is 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.

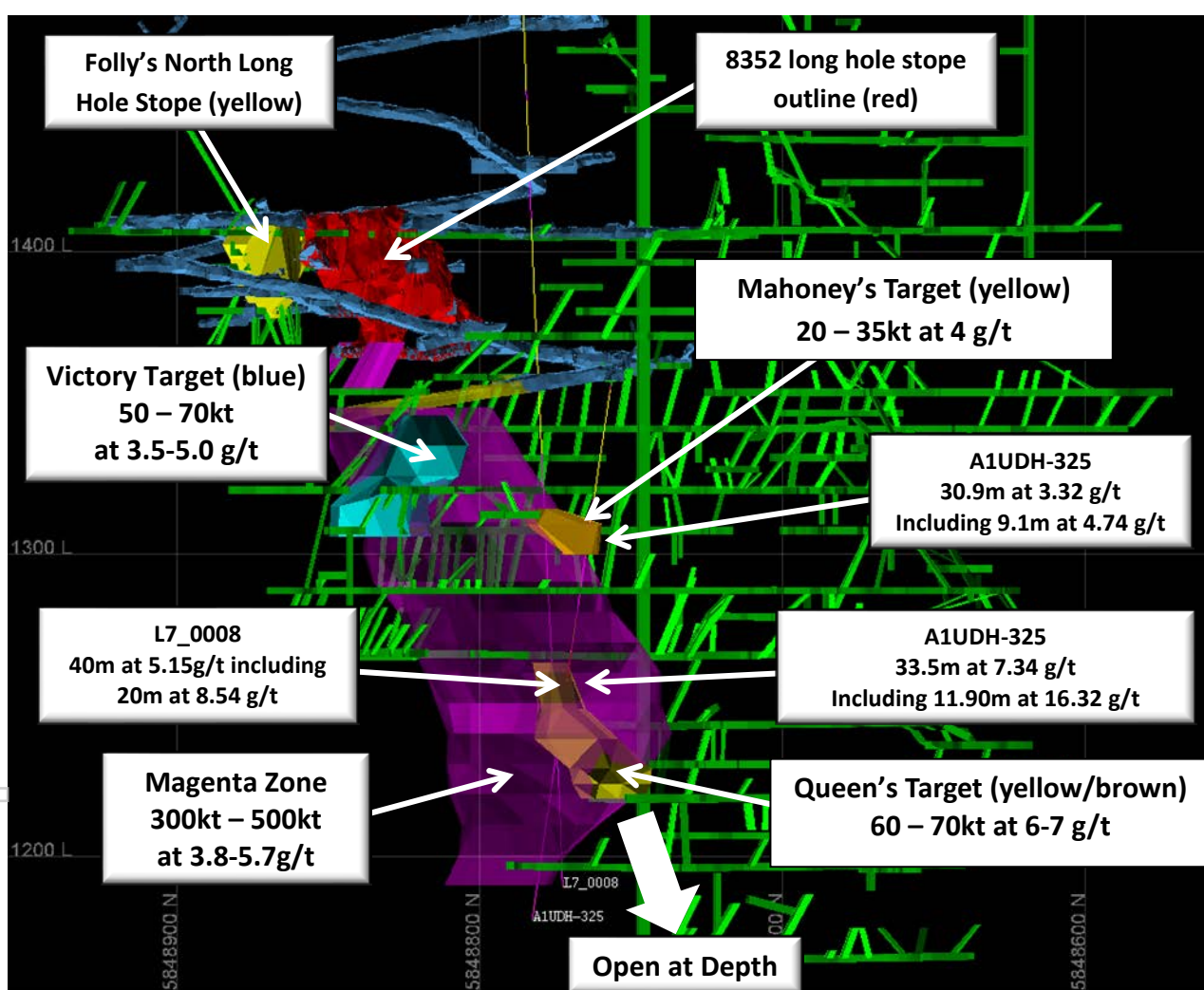


Figure 2: Long Section showing the Magenta Zone and relationship of Victory North, Mahoney’s and Queen’s Exploration Targets

Victory North Target

The Victory North Exploration Target is the shallowest Exploration Target within the Magenta Zone, being only 10 vertical metres below the current decline position and less than 35 metres laterally to the north east (Figure 2). The Victory North Target has been defined by four recent drill intersections and two older intersections, as shown in Table 1 below. Full details for each diamond drill hole listed in Table 1 can be found in CTL ASX Announcement dated 10 October 2017.

Drill Hole Id	Length (m)	Grade (g/t)
L7_0027W1	14.15	3.67
L7_0046	6.5	3.28
A1UDH-316	20.3	3.45
A1UDH-231	15.7	3.38
A1UDH-321	6.0	3.47
A1UDH-322	36.4	2.05

Table 1: Summary of Intersections associated with the Victory North Target

The Victory North Exploration Target extends from 1345m RL to at least the 1305m RL, is open at depth and has not had the lateral extents fully defined with drilling.

Because the Victory North Target is so close to existing development, subject to drilling, it may become the next long hole stoping area after the 8352 and Folly's North Stopes are completed.

Queens' and Mahoney's Target Areas

Further potential long hole stoping targets within the Magenta Zone have been identified including the Mahoney's and Queen's Exploration Targets.

The Queens' Exploration Target is associated with historic drill hole L7_0008 (**20.0m grading 8.54 g/t Au from 431.0m down-hole**), which is located approximately 65 metres below the current base of the Victory North Exploration Target (Figure 2).

Diamond drill-hole A1UDH-325 was completed during the Quarter to test the veracity of the L7_0008 intersection and the Mahoney's Exploration Target area. This drill hole has intersected a broad width of gold mineralisation associated with Mahoney's (**30.9m grading 3.32 g/t Au from 59.1m, including 9.1m grading 4.74 g/t Au from 79.9m**) and confirmed both the original high-grade nature of the Queens' L7_0008 assays and improved the length of disseminated mineralisation (**33.5m grading 7.34 g/t Au from 104.3m**) including a central high-grade core (**11.9m grading 16.32 g/t Au from 107.9m**).

Details of the drill holes listed above can be found in CTL ASX Announcement dated 10 October 2017.

Maldon Gold Operation

Union Hill Underground Development

Centennial holds mining licence MIN5146 which covers the historic Maldon Goldfield in Central Victoria (Figure 3). 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.

Octagonal Resources Ltd completed a decline access from the Union Hill open cut to the Alliance South Shoot and in 2014/15 developed the interpreted top of the shoot on the 1100 and 1080 levels. Following a structural re-interpretation of the area, the Company commenced development of the Alliance Shoot below the 1080 level in the June Quarter.

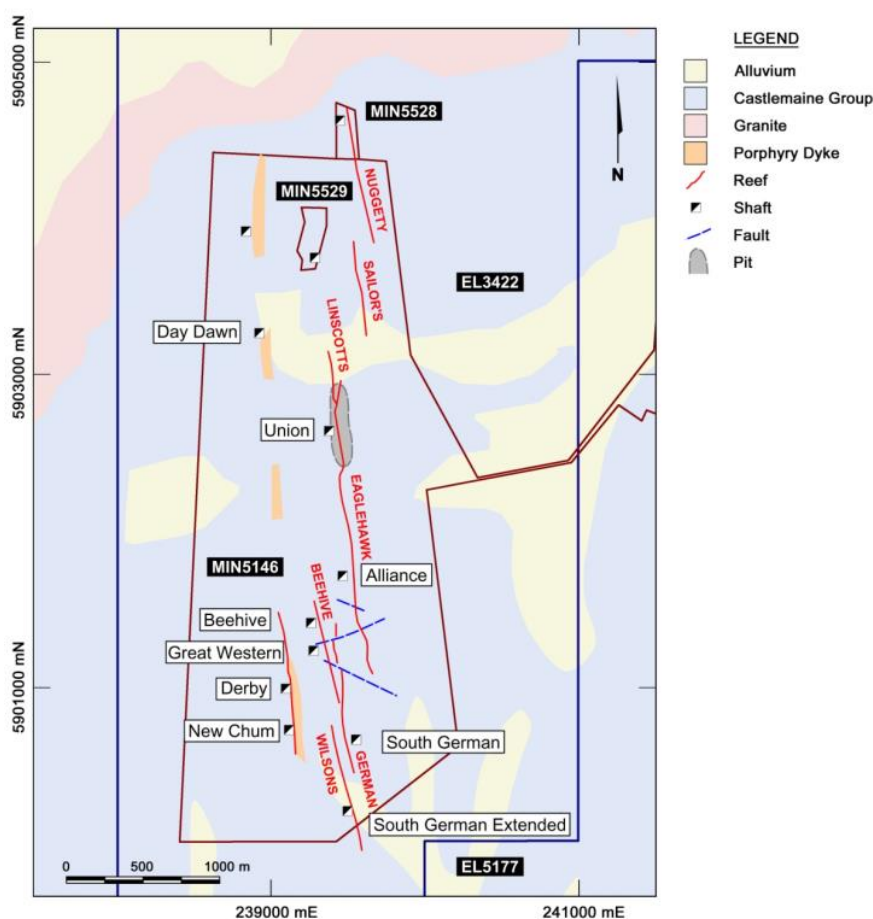


Figure 3: The Geology of the Maldon Goldfield with locations of major gold producing reefs

Prior to commencing mechanised development at the Union Hill Mine almost two months were spent refurbishing the Mine's support networks and systems including electrical and ventilation, check scaling and re-entry of the workings, pumping, re-installation of the explosives magazine and refurbishing the old mining equipment at the site.

Development of the main Decline from the 1080 level commenced mid-way through the June Quarter after several weeks delay waiting for the necessary approvals to recommission the underground explosives magazine.

To reduce the capital cost of these works much of the old mining equipment at the Union Hill Mine 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 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 require replacement as cashflow permits. Despite these obstacles the mining and maintenance teams reached the objective of the 1060 level strike drive by the end of the Quarter.

Figure 4, below, shows the design of the first three stoping levels at the Union Hill Mine on the 1060, 1040 and 1020 levels. The run-of-mine (ROM) ore trucked to the Porcupine Flat Processing Facility to date is from where the Alliance South Shoot was intersected at right angles by the 1060 Level waste cross cut from the Decline (orange). The Company will now, over the next several months, develop the 1060 Level by strike driving on the Alliance South structure to the north and south (yellow) and installing rises as a second means of egress and for ventilation.

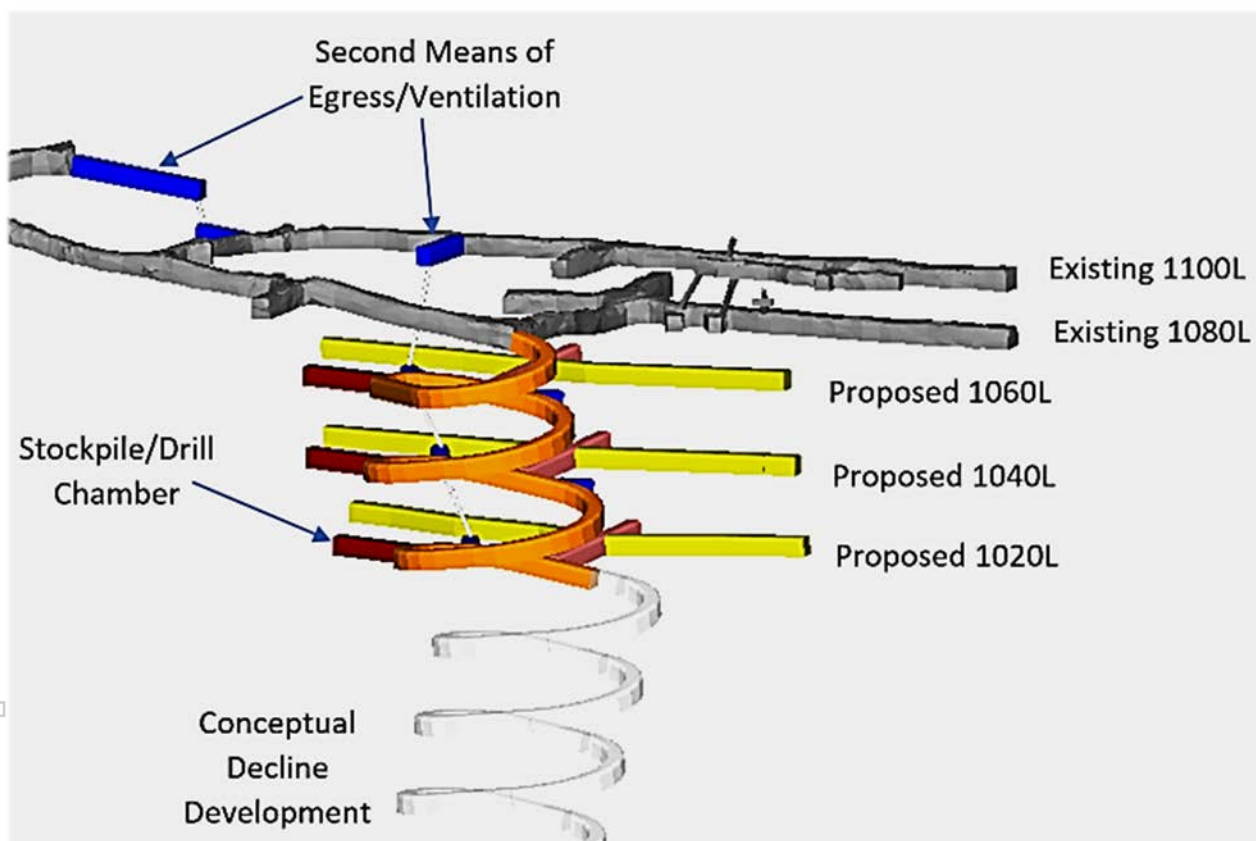


Figure 4: Long Section (Looking East) of Union Hill Mine showing existing Decline, 1100 and 1080 Level strike Drives (Grey). Decline Design (orange) and design of the first three strike drives (yellow) on the 1060, 1040 and 1020 Levels

The intersection in the 1060 cross cut is in a lower grade portion of the shoot and is being milled as a trial to verify the sampled face grades. Typically, the mineralisation is between 1m and 3.5m in width. Strike driving on the 1060 Level will enable the higher grade areas of the shoot to be identified and selectively mined using narrow long hole stopes.

Other Ore Sources

During the Quarter significant work on feasibility studies for new ore sources was completed. An economic assessment of a small open cut of approx. 7,000 – 8,000 tonnes of mill feed at Black Reef, near Whela, demonstrated positive results.

Following the successful outcome of this work vegetation offsets were purchased to enable mining and the mine was permitted during the Quarter. Subject to finance, it is planned to commence development of Centennial's first open cut mine within the coming months.

In addition, an economic assessment of the Nuggetty Mine, located immediately north of the Union Hill Mine (Maldon), and less than 4 kilometres from the Porcupine Flat Gold Processing Facility was undertaken. As a result this mining lease was renewed during the Quarter and the Company is completing a programme of work to submit to Government seeking permitting and approval to commence small-scale mining at Nuggetty.

Both of these mines will, in time, provide mill feed to Porcupine Flat. Planning and approvals for these mines are in line with the Company's stated aim of having multiple ore sources feeding the central gold processing facility at Maldon.

Production

Gold production and gold sales for the September Quarter were 3,404 ounces delivered to the Mint. Mill throughput was reduced during the Quarter as a result of large amounts of oversized rock coming from the last firing in the 8532 long hole stope at the A1 Gold Mine and the delay in accessing ore from the Union Hill Underground Mine near Maldon. Development to the Alliance South shoot was achieved at the end of the Quarter. Subsequent to the end of the Quarter mining of the Folly's North long hole commenced and there was an immediate and significant change in mill throughput at Porcupine Flat from less than 12 tonnes per hour to over 18 tonnes per hour.

High grade airleg dirt from the A1 Gold Mine was restricted during the month as the best performing airleg stope, on the 1410 level, steepened. In order to continue mining the stope the broken ore was left in the stope enabling the airleg miner to stand on the ore to access the working face. As a result most of the ore mined during the Quarter remained within the stope to provide a working platform for the miner. Milling of ore from this stope started again subsequent to the end of the Quarter.

With an average gold sale price of \$1,614.79 per ounce for the Quarter, revenue generated was \$5.5 million. Cash in bank and gold at the Perth Mint at the end of the Quarter was ~\$0.5 million, the Company has commenced upgrading its mining fleet and will upgrade further equipment as cashflow permits.

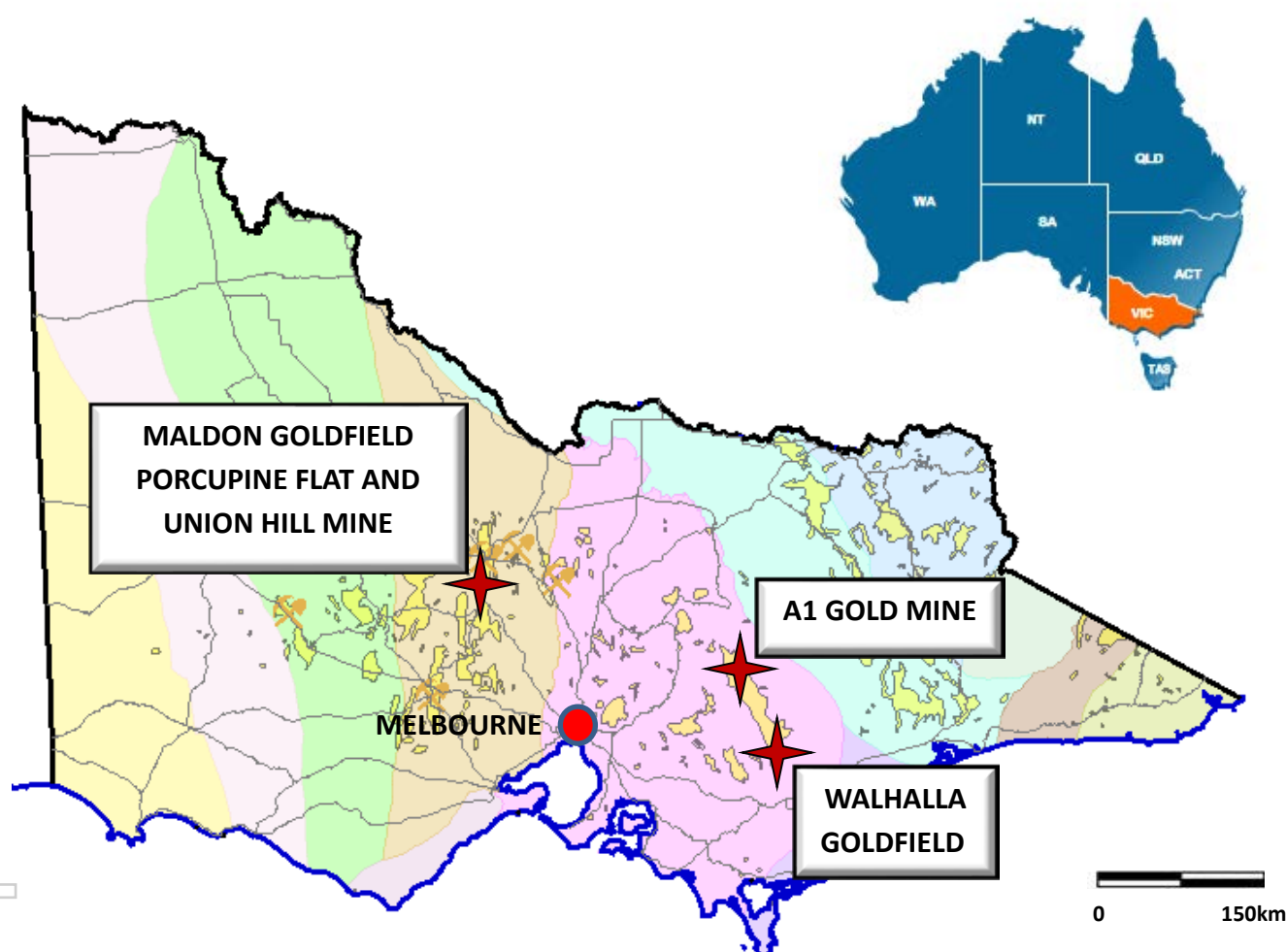
Production guidance for the December Quarter is 4,300 to 4,600 ounces of gold with expenditures forecast to reduce compared to previous Quarters particularly as a result of the significant reduction in working capital seen from the waste development at the Union Hill Mine.

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.

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter de Vries, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists. Mr Peter de Vries is a consulting geologist to Centennial Mining Ltd. Mr de Vries consents to the publishing of the information in this report in the form and context in which it appears.

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 on 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.