

**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 – 22 February 2019

# Recapitalisation Update

Centennial Mining Limited (ASX: CTL) (**Centennial** or the **Company**) refers to the December Quarter Activities Report of 14 February 2019 and its announcements of 15 August 2018, 17 October 2018 and 27 November 2018.

The delays in finalising the audit have proven to be circular in nature. In order to complete the audit, the Company needs to finalise a recapitalisation plan, and assess the impact upon operations. As a result of this process it has become apparent that the previously announced recapitalisation needs to be both upscaled, restructured and repriced.

Octagonal Resources Pty Ltd and its related companies (**Octagonal Group**) are the Company's largest shareholder and largest single creditor. The Octagonal Group has conditionally agreed to a majority debt to equity swap by way of participation in a proposed rights issue that would involve an up to \$5m equity investment in the Company. This may result in the Octagonal Group becoming a 20% to 25% shareholder, depending on subscription levels by other shareholders. The support of the Octagonal Group is conditional on, among other things, the re-capitalisation plan being agreed to in principle by all stakeholders including all other creditors prior to 1 March 2019.

The Company has completed significant development works to commence mining the Victory North/Magenta Zone (refer to CTL ASX announcements dated 14 February 2019, 7 November 2018 and 10 October 2017 for more information on Victory North / Magenta Zone). It is now presenting as significantly greater in size than previously modelled. It has become apparent that a drilling programme is required to both better define the ore body envelope and more specifically create precision around the grade of blocks of ore to be mined.

Drilling is also required to understand the gap between Victory North and the Queens Exploration Target area (refer to CTL ASX Announcement dated 10 October 2017). The aim of the drilling programme is to provide the Company with the necessary information to formulate an 18 month to 2-year mine plan where ore mined will minimise dilution to improve grade

recovered. While the drilling programme is being completed, background work and studies will be undertaken to drive efficiencies and ensure that operations are appropriately resourced.

In the next 12 month period, the Company has capacity to deliver 40,000 tonnes per quarter against a well known cost structure. Operations beyond that period will be subject to the results of the drilling programme mentioned above. If the Company can achieve a grade of 4.5 g/t+, it has the potential to generate 5,000 oz to 5,400 oz of gold production per quarter, which with A\$ spot gold price at circa \$1,850, would imply revenue well ahead of the cost experiences of the Company.

The Board is most appreciative of Octagonal Group's support and believes that this leadership can be a catalyst to completely restructure the finances of the Company so as to render its balance sheet liability free with cash of circa \$5m to both drill and optimise mining strategy. Such a recapitalisation will require the support of creditors by conversion of debt to equity and afford shareholders the opportunity to equitably support their Company.

Upon completion of the recapitalisation, new additions to the Board will be made so as to best position the Company in its move forward, with the Executive Chair, Mr Dale Rogers, stepping down to address health issues. Mr Rogers has agreed to make himself available for an orderly transition period of 6 months.

In addition to the time limitation mentioned above, the support of Octagonal Group for the recapitalisation is conditional upon, amongst other things, the Company emerging with the balance sheet contemplated above and agreed Board re-structuring. The immediate support of key creditors and support of all creditors is vital to enable the Company to progress the financial restructuring and recapitalisation. To this end, Mr Rogers, who has not drawn a salary for 3 years, has conditionally volunteered to support the proposed re-structuring by rolling employment entitlements accrued over the past three years into the process.

The Company has engaged Patersons Securities Limited to assist with the recapitalisation and, together with the leadership provided by Octagonal Group, facilitate a transactional framework that deals with the extinguishment of liabilities, affords shareholders the opportunity to equitably support their investment and provides the Company with the necessary personnel to implement its strategy. The Company is also engaging with ASX to ensure that the restructure and recapitalisation is appropriate and acceptable to support reinstatement to the official list on successful completion.

Buy-in by all stakeholders is critical to the Company's future and prompt engagement by key stakeholders will be crucial in finalising the recapitalisation proposal. Should stakeholders not agree, then the Company will need to consider more formal avenues to restructure the Company's finances, such as voluntary administration.

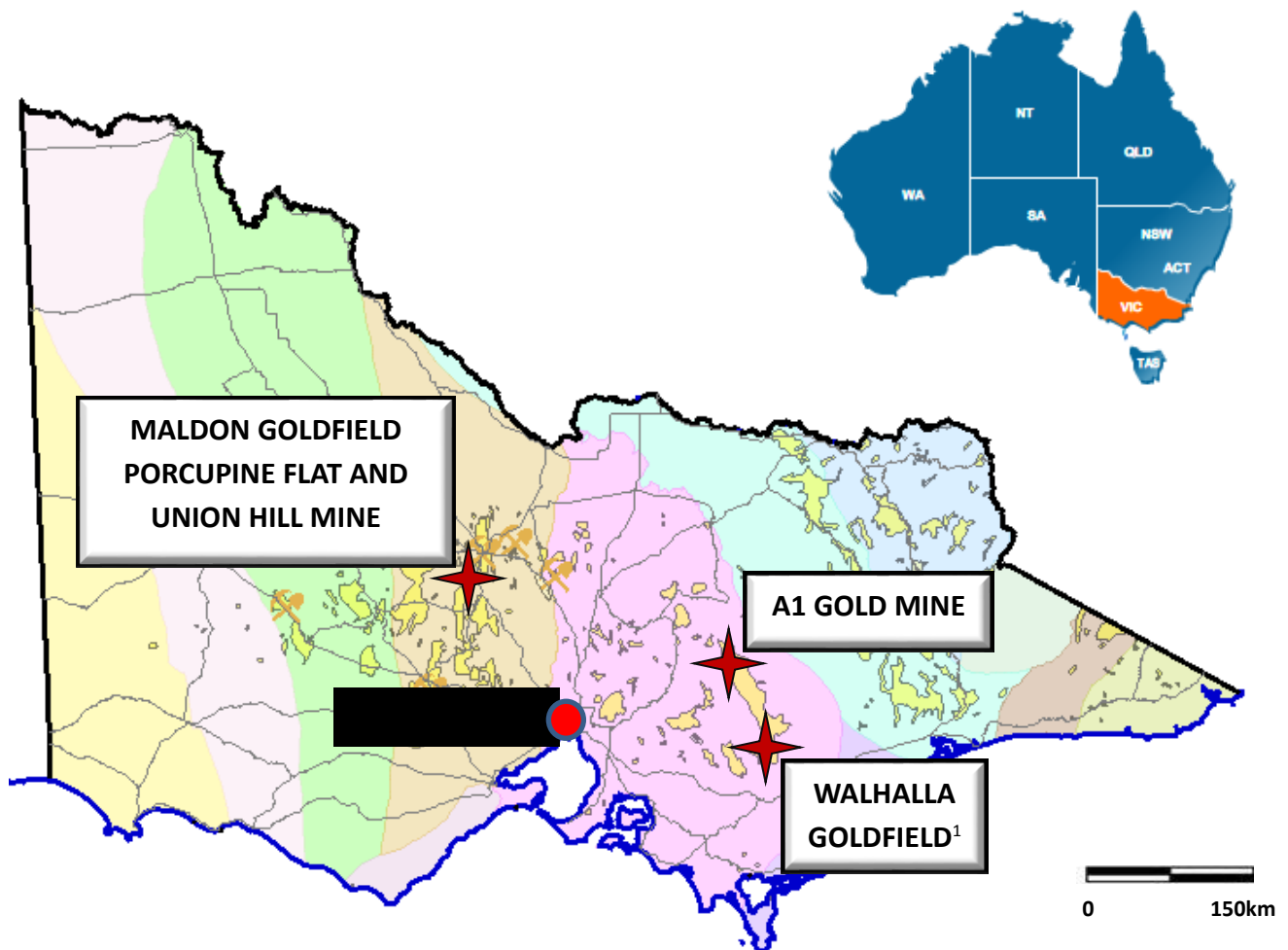
Further updates will be provided as the recapitalisation process takes shape.

## 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 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.