

24 November 2014

CENTAURUS EXPANDS HIGH-GRADE DSO POTENTIAL AT CANDONGA WEST FOLLOWING SUCCESSFUL GROUND MAGNETIC SURVEY

Drilling to commence in Q1 2015 to define initial resources at newly acquired project adjacent to Candonga

Highlights:

- **Positive ground magnetic survey results highlight potential extensions of the high-grade DSO mineralisation at its recently acquired Candonga West Project¹, located 8km from the 300,000tpa Candonga DSO Project² where first production is planned in Q2 2015.**
- **The magnetic survey has identified potential sub-surface extensions of high grade outcrops as well as new targets. Detailed geological mapping also continues to identify high-grade DSO mineralisation (+64% Fe) outcropping on the Candonga West tenements.**
- **The high-grade mineralisation lies within broader itabirite zones over a total project strike length of +5.0km. An auger drill program is underway with initial diamond drilling planned for Q1 2015 to define JORC resources.**
- **Centaurus has had consistent success historically in developing Mineral Resources in this region where there is a strong correlation between ground magnetic survey results and surface mapping.**

Centaurus Metals (ASX Code: **CTM**) is pleased to advise that it has confirmed the potential for high-grade Direct Ship Ore (DSO) mineralisation at its newly acquired **Candonga West DSO Project** in south-east Brazil after receiving highly encouraging results from a recent ground magnetic survey.

The recently completed survey has confirmed the location of a number of targets identified from the Company's surface mapping program and has also identified new sub-surface anomalies prospective for high-grade DSO mineralisation (See Figure 1).

The Candonga West Project, located just 8km from Centaurus' 100%-owned **Candonga DSO Project**, where first production is planned for Q2 2015, is emerging as an attractive growth project for the Company that could provide the opportunity to either expand or extend the mine life of its proposed 300,000tpa Candonga DSO operation.

The Candonga and Candonga West Projects are located 80-160km from the likely domestic customer base (Figure 2), where the demand for Lump (+6.3mm) products remains strong from integrated steel mills and pig iron producers alike due to the general undersupply of this product type in the domestic market in Brazil. Historical evidence shows that this demand has traditionally resulted in strong prices for lump products in the domestic market, and this trend remains evident today even as prices in international markets are declining.

¹ Refer to [ASX announcement on 7 November 2014](#) for full details of the Candonga West project acquisition.

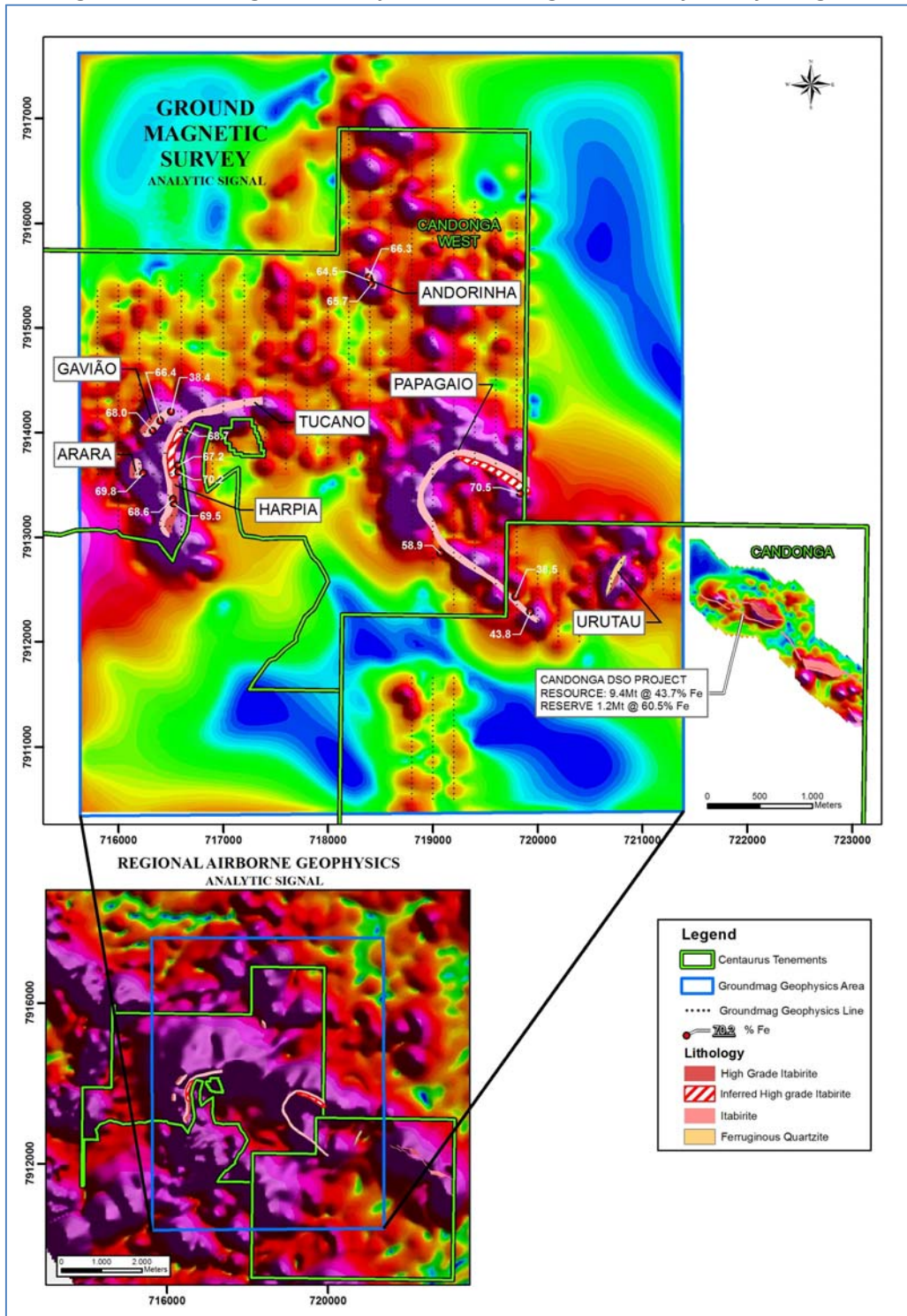
² Refer to [ASX announcements on 30 September 2014](#) for full details of Candonga Feasibility Study and JORC Ore Reserve estimate.



Ground Magnetic Survey

The ground magnetic survey included 74km of survey lines covering an area of approximately 15km². The results have significantly improved the Company’s spatial understanding of the magnetic anomalies and how they correlate with the high-grade DSO targets and broader itabirite mineralisation identified at surface.

Figure 1 – Candonga West Project Ground Magnetic Survey, Analytic Signal³



³ The Candonga West Project ground magnetics survey was completed using a line spacing of 100-200m; the Candonga survey was completed using a spacing of 50m.



In the Guanhães Region and associated geological setting, the Company has had consistent success in developing Mineral Resources where initial exploration demonstrated a strong correlation between ground magnetic survey results and surface mapping.

Encouragingly, the ground magnetic survey at Candonga West has confirmed the potential for sub-surface extensions of high grade outcrop identified at the key Harpia, Arara, Gavião and Papagaio targets and has also identified new sub-surface anomalies. The key targets are shown on the ground magnetic survey results map in Figure 1.

At the **Harpia Target**, detailed geological mapping has confirmed that high-grade material can be traced over a strike length of some 800m. However, the strength of the ground magnetic survey results in this area indicates that the strike length of the Harpia Target could in fact extend over 1,200m and join up with the **Tucano Target**.

Further, the **Arara and Gavião Targets**, located 200m west of the Harpia Target, have had high-grade outcrop and rolled boulders mapped over a combined strike length of some 600m. The magnetic anomaly from the ground magnetic survey indicates that the sub-surface response associated with the mineralisation in this area is up to 900m along strike. New outcrop sample results have been received from these targets returning +66% Fe results with low impurities (see Table 1).

The **Papagaio Target** has a total strike length of some 2.0km with around 600m associated with high-grade mineralisation. Around 1.0km to the east of Papagaio, the ground magnetic survey has identified a new target zone called Urutau. Check mapping at the **Urutau Target** has confirmed the presence of high-grade mineralisation along a strike of some 150m, while the associated ground magnetic signature is around 400m long.

From the ground magnetics work now completed, the potential mineralisation controlling structures and depth indicators can be estimated. The depths of the anomalies that are understood to be related to the high-grade mineralisation are interpreted to exist down to at least 100m.

This Ground Magnetic Survey results along with continued geological mapping and sampling reinforces the original Exploration Target for the Candonga West tenements of 3.5-8Mt of high-grade DSO grading 64-67% Fe, with a further 20-40Mt of itabirite mineralisation grading 35-45% Fe (details provided in Table 2). This Exploration Target is based on mapping completed to date of high grade outcrops and rolled blocks (float), assays from rock chip samples, the knowledge of the regional mineralisation generated from exploration work undertaken by the Company at the Candonga Project and now the Candonga West ground magnetic survey. The Exploration Target quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Future Exploration Work and Drilling

The Company has now commenced an extensive auger drill program at Candonga West. Drill holes in friable itabirite can reach depths of up to 10m. In pastoral areas the Company plans to execute a trenching program similar to that which was very successful at the Candonga Project.

Additionally, the Company is investigating options for a gravity (density) survey. Given the significant difference in bulk density of the high-grade mineralisation compared to the itabirite and quartzite hosts, this type of survey work is expected to produce a very accurate 3D model that will assist in future diamond and RC drill-hole targeting.

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The first exploration drill program at the Candonga West Project is planned to start Q1 2015. Preliminary drill plans include 750m of diamond drilling. The principal landowner agreements have been signed and the environmental applications for the drilling licence have been lodged.

Centaurus Managing Director Darren Gordon said preliminary exploration work at Candonga West was delivering exciting results, increasing the Company's confidence in the potential of the newly acquired tenements to host significant zones of high-grade DSO mineralisation.

"The information from the magnetic surveys and ground mapping has helped us to refine drill targets and design a drill program for the first quarter of next year that will allow us to define initial JORC compliant Mineral Resources at Candonga West," Mr Gordon said.

"As we move towards the development of an efficient, small-scale 300,000tpa DSO operation at Candonga with very low capital and operating costs, we are clearly demonstrating a longer term growth path for the Company at Candonga West, which has the potential to emerge as a second complementary production hub," he said.

-ENDS-

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Competent Person's Statement

Exploration Results

The information in this report that relates to Exploration Results is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited. Roger Fitzhardinge has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Roger Fitzhardinge consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Mineral Resources

The information in this report that relates to Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of Australian Institute of Geoscientists. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel is the Senior Resource Geologist of Micromine do Brasil Consultoria e Sistemas Ltda, independent resource consultants engaged by Centaurus Metals.

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Roger Fitzhardinge and Volodymyr Myadzel consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader who is a professional Mining Engineer and a Member of the Member of Australian Institute of Geoscientists. Beck Nader is the Managing Director of Micromine do Brasil Consultoria e Sistemas Ltda and is a consultant to Centaurus.

Beck Nader has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Beck Nader consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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Figure 2 – Candonga Project Location Map

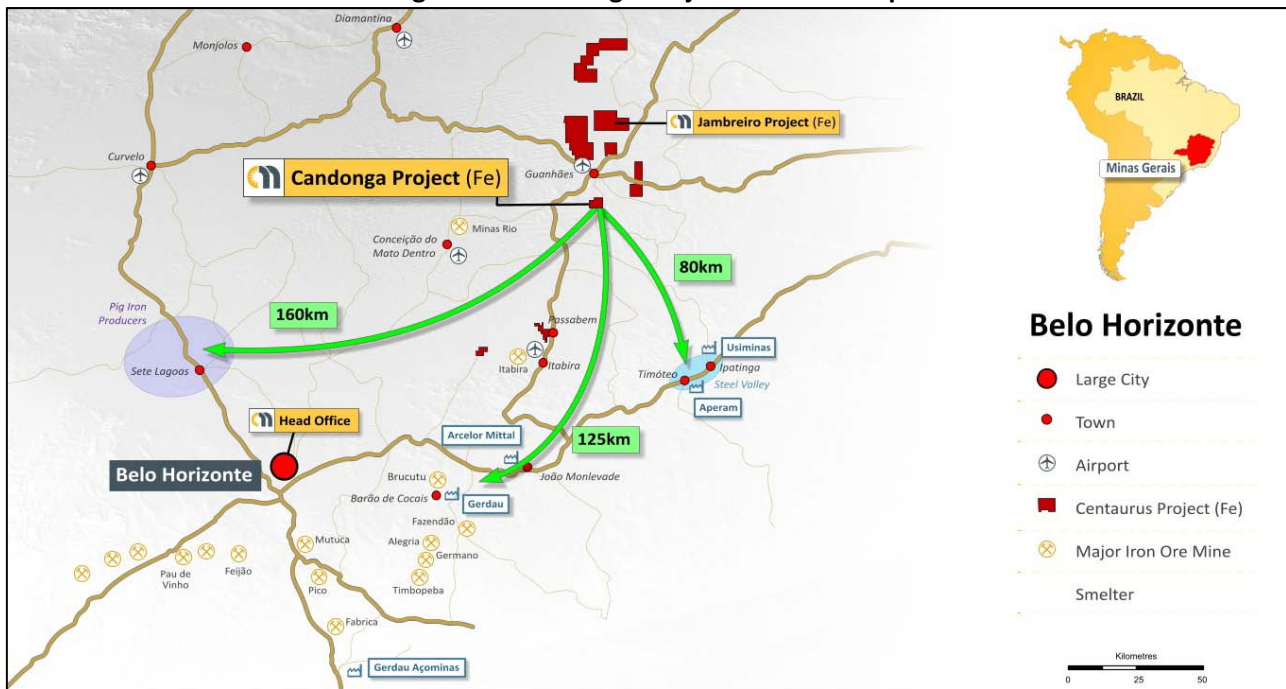


Table 1 – Outcrop and Rock Chip Sample Results – Candonga West Project

| Geo Point | Target | East | North | mRL | Rock Type | Fe% | SiO ₂ % | Al ₂ O ₃ % | P% | LOI% |
|-----------------|-----------|--------|---------|-----|-----------|------|--------------------|----------------------------------|------|-------|
| NEW-MG-13-00639 | Papagaio | 719833 | 7913412 | 882 | DSO | 70.5 | 0.2 | 0.4 | 0.02 | -1.73 |
| NEW-MG-13-00644 | Harpia | 716648 | 7914021 | 822 | DSO | 68.7 | 1.2 | 1.0 | 0.01 | 0.04 |
| NEW-MG-13-00645 | Gavião | 716503 | 7914194 | 803 | Itabirite | 38.4 | 44.0 | 0.2 | 0.03 | 0.76 |
| NEW-MG-13-00658 | Harpia | 716568 | 7913683 | 916 | DSO | 67.2 | 0.4 | 0.6 | 0.01 | -1.32 |
| NEW-MG-13-00659 | Harpia | 716573 | 7913620 | 917 | DSO | 70.2 | 0.2 | 0.4 | 0.01 | -0.08 |
| NEW-MG-14-00698 | Papagaio | 719930 | 7912284 | 858 | Itabirite | 43.8 | 36.9 | 0.2 | 0.02 | 0.14 |
| NEW-MG-14-00699 | Papagaio | 719787 | 7912425 | 884 | Itabirite | 38.5 | 42.7 | 0.8 | 0.08 | 0.84 |
| NEW-MG-14-00716 | Papagaio | 719074 | 7912845 | 921 | Itabirite | 58.9 | 3.1 | 2.6 | 0.22 | 9.08 |
| NEW-MG-14-00818 | Harpia | 716527 | 7913320 | 941 | DSO | 69.5 | 0.2 | 0.4 | 0.02 | -0.17 |
| NEW-MG-14-00840 | Harpia | 716521 | 7913363 | 910 | DSO | 68.6 | 1.1 | 1.0 | 0.06 | -0.25 |
| NEW-MG-14-00887 | Andorinha | 718390 | 7915480 | 817 | DSO | 66.3 | 2.2 | 1.1 | 0.02 | -2.02 |
| NEW-MG-14-00888 | Andorinha | 718414 | 7915420 | 829 | DSO | 65.7 | 2.6 | 1.8 | 0.01 | -1.61 |
| NEW-MG-14-00895 | Andorinha | 718400 | 7915450 | 823 | DSO | 64.5 | 2.2 | 2.7 | 0.01 | -0.53 |
| NEW-MG-14-00925 | Gavião | 716329 | 7914014 | 830 | DSO | 68.0 | 0.8 | 0.8 | 0.11 | 1.19 |
| NEW-MG-14-00926 | Arara | 716402 | 7914110 | 806 | DSO/Canga | 66.4 | 1.9 | 2.2 | 0.02 | -1.35 |
| NEW-MG-14-00917 | Arara | 716237 | 7913609 | 851 | DSO | 69.8 | 0.3 | 0.5 | 0.01 | -0.11 |

All samples were analysed using an XRF fusion method with LOI at 1000°C



Table 2 – Candonga West Project Exploration Target Potential Estimate

| Project | Mineralisation | Target details | Exploration Target |
|---------------|----------------|--|-------------------------------|
| Candonga West | DSO | <p>DSO mineralisation tonnage potential estimation is based on in situ high grade outcrop and concentrations of high grade float:</p> <ul style="list-style-type: none"> • Project includes the six targets shown in Figure 1; • Total mapped occurrences (including inferred): 1.7-2.2km (strike) x 15-30m (width) x 50m (depth); • Density value used for the estimate is 2.8t/m³; • DSO sample grades range between 64-70%Fe. | 3.5 to 8 Mt grading 64-67% Fe |
| Candonga West | Itabirite | <p>Itabirite mineralisation tonnage potential estimation is based on in situ itabirite outcrop, concentrations of itabirite float, mapping of iron rich soils and consideration of the regional magnetic anomalies:</p> <ul style="list-style-type: none"> • Project includes the six targets shown in Figure 1; • Total mapped occurrences (including inferred): 5.0-6.0km (strike) x 25-40m (width) x 50-75m (depth); • Density value used for the estimate is 2.5t/m³; • Itabirite sample grades range between 35-59%Fe. | 20 to 40 Mt grading 35-45% Fe |



APPENDIX A – TECHNICAL DETAILS OF THE CANDONGA WEST PROJECT, JORC CODE, 2012 EDITION – TABLE 1

SECTION 1 SAMPLING TECHNIQUES AND DATA

| Criteria | Commentary |
|--|---|
| Sampling techniques | <ul style="list-style-type: none"> 16 surface rock chip / grab samples were collected from in situ outcrops and rolled boulders for chemical analysis. Additional samples have been taken and are awaiting assay results. Target sample weights are between 3-5kg. |
| Drilling techniques | <ul style="list-style-type: none"> Not Applicable |
| Drill sample recovery | <ul style="list-style-type: none"> Not Applicable |
| Logging | <ul style="list-style-type: none"> All outcrop and sample points were registered and logged in the Centaurus geological mapping points database. |
| Sub-sampling techniques and sample preparation | <ul style="list-style-type: none"> Not Applicable |
| Quality of assay data and laboratory tests | <ul style="list-style-type: none"> Chemical analysis is completed at ALS Laboratories. Metal Oxides are determined using XRF analysis. Fusion disks are made with pulped sample and the addition of a borate based flux. Analysis at ALS is for a 24 element suite. FeO is determined using titration and LOI using loss determination by thermogravimetric analysis at 1000°C. The ALS lab inserts its own standards at set frequencies and monitors the precision of the XRF analysis. These results reported well within the specified 2 standard deviations of the mean grades for the main elements. Additionally the labs perform repeat analyses of sample pulps at a rate of 1:20 (5% of all samples). These compare very closely with the original analysis for all elements. Laboratory procedures are in line with industry standards and are appropriate for iron ore. To date no QAQC samples were inserted by Centaurus for this project. |
| Verification of sampling and assaying | <ul style="list-style-type: none"> Samples were collected by Centaurus field geologists. All assay results are verified by alternative Company personnel and the Competent Person before release. |
| Location of data points | <ul style="list-style-type: none"> The survey grid system used is SAD-69 23S. This is in line with Brazilian Mines Department requirements. All sample and mapping points are collected using a Garmin hand held GPS. |
| Data spacing and distribution | <ul style="list-style-type: none"> Not Applicable |
| Orientation of data in relation to geological structure | <ul style="list-style-type: none"> The extent and orientation of the mineralisation was interpreted based on field mapping and regional magnetic anomalies. |
| Sample security | <ul style="list-style-type: none"> All samples are placed in pre-numbered plastic sample bags and then a sample ticket is placed within the bag as a check. Bags are sealed and placed in larger bags (10 samples per bag) and then transported by courier to the ALS lab in Belo Horizonte. Sample request forms are sent with the samples and via email to the labs. Samples are checked at the lab and a work order is generated by the lab which is checked against the sample request. All sample rejects and pulps are stored at the Guanhães technical office. |
| Audits or reviews | <ul style="list-style-type: none"> Not Applicable |



SECTION 2 REPORTING OF EXPLORATION RESULTS

| Criteria | Commentary |
|---|---|
| Mineral tenement and land tenure status | <ul style="list-style-type: none"> • The Candonga West Project tenements (DNPM 833.185/2006 and 832.776/2006) are 100% owned by Centaurus. • The tenements are part of the Option Agreement. Centaurus will pay a production bonus royalty of US\$1.5 million to the Vendor on first product sold from the tenements. • All mining projects in Brazil are subject to the CFEM royalty, a government royalty of 2% on revenue (less taxes and logistics costs). • Landowner royalty is 50% of the CFEM royalty. • The project is located less than 1km from the state wilderness park of Candonga. Exploration and mining is permitted around the state park limits with approval from park administrators. |
| Exploration done by other parties | <ul style="list-style-type: none"> • Historically the tenement area was mapped for gold and iron ore. Two diamond drill holes were completed by Terrativa in 2009. |
| Geology | <ul style="list-style-type: none"> • The Candonga West Project is located within the Guanhões Group (Lower Proterozoic) of the Mantiqueira Complex. The region is dominated by structurally complex meta-volcanic and meta-sedimentary sequences with duplex fault systems and folding ranging from micro folding in outcrop to large scale regional deformation. • The Itabirite units are part of an iron formation including ferruginous quartzites, quartz mica schists and amphibolites within a metasedimentary sequence. This sequence is emplaced in regional gneissic basement. • The Itabirite mineralisation comprises concentrations of medium - coarse grained friable and compact material that have undergone iron enrichment. The mineralisation is composed of quartz, hematite, magnetite, goethite, limonite, with minor amphibole (Grunerite), Mica (muscovite) and clay minerals. • Itabirite thicknesses vary from 25m to up to 40m. The combined strike length of the mapped mineralisation is approximately 5.0km. • There are localised occurrences of high grade hematite and/or magnetite lenses (up to 30m thick) associated with hydrothermal enrichment along fold axis and/or fault planes. |
| Drill hole Information | <ul style="list-style-type: none"> • Not Applicable |
| Data aggregation methods | <ul style="list-style-type: none"> • Not Applicable |
| Relationship between mineralisation widths and intercept lengths | <ul style="list-style-type: none"> • Not Applicable |
| Diagrams | <ul style="list-style-type: none"> • Refer to Figures 1-2. |
| Balanced reporting | <ul style="list-style-type: none"> • All Exploration Results received by the Company to date are included in this report. |
| Other substantive exploration data | <ul style="list-style-type: none"> • Geological mapping has been carried out by Centaurus geologists. • Ground Magnetic Survey was carried out by Geofbras Geophysical Services. The survey included 74km of survey lines covering 15km². North-south survey lines were spaced 200m along the length of the regional magnetic anomaly. East-West tie-lines were spaced 100m perpendicular to the strike of the key Harpia, Arara and Gavião targets. Survey readings were taken every 10m using a GSM-19WG magnetometer. • Interpretation of Regional Aeromagnetic data that was collected by state agency CODEMIG was completed by geophysics from Intergeo. |

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| Criteria | Commentary |
|---------------------|--|
| Further work | <ul style="list-style-type: none">The Company is completing an auger program across the principal target areas as well as detailed geological mapping. The Company plans to undertake a trenching program. Based on targets generated from these programs, the Company intends to undertake an exploration diamond drill program of around 750 metres. |