

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
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26 August 2014

CANDONGA RESOURCE UPDATE ON TRACK FOLLOWING MORE HIGH-GRADE DIAMOND DRILLING RESULTS

Exploration drilling expanded to include nearby high priority targets

Key Points

- **Additional high grade results received from current diamond drilling program: best intersections include 15.1m @ 62.1% Fe, 14.6m @ 61.4% Fe and 9.1m @ 66.8% Fe.**
- **JORC 2012 Mineral Resource Estimate update on track for completion by the end of August 2014.**
- **Diamond drilling continuing on high priority exploration targets located close to the existing Mineral Resource which offer potential upside for the Candonga Project.**
- **Feasibility Study on DSO operation well underway and scheduled for completion by September 2014: production targeted to commence in Q1 2015.**

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to report further high-grade results from the second batch of assays received from recent diamond drilling at its 100%-owned **Candonga Iron Ore Project** in south-east Brazil (Figure 1), with the results to be incorporated into the impending JORC 2012 Mineral Resource update for the project.

Diamond drilling has now been extended to test some neighbouring high priority exploration targets located along strike from the existing high-grade Mineral Resource.

The results from the current batch of assays will enable the Company to finalize the updated Mineral Resource Estimate by the end of August 2014. This updated Mineral Resource will, in turn, underpin the Candonga DSO Feasibility Study which is scheduled for completion by the end of September 2014.

The Feasibility Study will enable Centaurus to make an investment decision on the Candonga Project in Q4 2014 with first production targeted to commence in Q1 2015.

The second batch of assays relate to eight drill holes from the recent resource drill-out program that targeted the limits of the mineralisation to close off sections. Highlights of the results include the following continuous intersections (see Figure 2 for drill-hole locations and Table 2 for a full list of the current drill results):

- **15.1m @ 62.1% Fe, 9.6 SiO₂, 0.9% Al₂O₃ and 0.02% P** in drill hole CDG-DD-14-00016 from 3.3m;
- **14.6m @ 61.4% Fe, 11.1 SiO₂, 0.6% Al₂O₃ and 0.03% P** in drill hole CDG-DD-14-00014 from 3.0m;
- **9.1m @ 66.8% Fe, 1.9 SiO₂, 1.3% Al₂O₃ and 0.01% P** in drill hole CDG-DD-14-00017 from 2.0m;
- **8.0m @ 63.8% Fe, 6.0 SiO₂, 0.9% Al₂O₃ and 0.03% P** in drill hole CDG-DD-14-00013 from 7.2m;
- **6.0m @ 61.5% Fe, 5.1 SiO₂, 4.0% Al₂O₃ and 0.03% P** in drill hole CDG-DD-14-00018 from surface;
- **4.8m @ 63.1% Fe, 4.1 SiO₂, 2.3% Al₂O₃ and 0.04% P** in drill hole CDG-DD-14-00011 from 6.9m; and
- **4.1m @ 67.4% Fe, 1.5 SiO₂, 0.8% Al₂O₃ and 0.01% P** in drill hole CDG-DD-14-00015 from 4.8m;

Australian Office
Centaurus Metals Limited
Level 1, 16 Ord Street
WEST PERTH WA 6005

Brazilian Office
Centaurus Brasil Mineração Ltda
Rua Pernambuco, 1.077 - 5 - Funcionários
Belo Horizonte - MG - CEP: 30.130-150
BRAZIL

ASX: CTM
ACN 009 468 099
office@centaurus.com.au
Telephone: +61 8 9420 4000

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Previous high grade results¹ that will be included in the updated Mineral Resource Estimate include the following continuous intersections (see Figure 2 for drill-hole locations):

- **24.6m @ 64.4% Fe, 5.5 SiO₂, 1.2% Al₂O₃ and 0.03% P** in drill hole CDG-DD-14-00007 from surface;
- **20.3m @ 62.3% Fe, 8.8 SiO₂, 1.0% Al₂O₃ and 0.03% P** in drill hole CDG-DD-14-00009 from 13.0m;
- **20.0m @ 66.0% Fe, 4.1 SiO₂, 0.5% Al₂O₃ and 0.04% P** in drill hole CDG-DD-14-00006 from 9.3m;
- **16.4m @ 62.0% Fe, 6.4 SiO₂, 2.9% Al₂O₃ and 0.02% P** in drill hole CDG-DD-14-00003 from surface;
- **15.5m @ 62.7% Fe, 4.9 SiO₂, 3.1% Al₂O₃ and 0.03% P** in drill hole CDG-DD-14-00010 from surface;

The diamond drill program at Candonga has confirmed the presence of a near-surface, generally flat lying lens of high grade itabirite within a broader zone of friable Itabirite mineralisation that extends up to 30m from surface.

The high grade mineralisation sits immediately below a zone of mineralised colluvium that varies between a depth of 1m and 6m (See Figures 3 and 4).

The current Indicated and Inferred Mineral Resource Estimate stands at 11.9Mt grading 43.0% Fe², which includes 0.9Mt of high grade mineralisation grading 58.6% Fe with low impurities (see Table 1 for a full breakdown of the 2013 Mineral Resource Estimate). The new resource will focus on the high grade mineralisation portion of the global resource.

The geological database and interpretations have been validated and passed on to the Company's independent resource geologist, BNA Micromine, with the new Mineral Resource Estimate expected to be completed by the end of August.

The Company has recently expanded its drilling program to test a number of high priority near-mine targets directly along strike from the current Mineral Resource. Results from this exploration drilling are expected in the next 2-3 weeks.

Size Classification Test Work

As reported recently, product sizing classification results received to date from diamond drilling samples have demonstrated that the high grade itabirite mineralisation at Candonga delivers 20-25% as a Lump product (+6.3mm) with an average iron grade of 65.7% Fe³ using a simple dry screening process.

The remaining DSO material is classified as a Sinter Feed product (-6.3mm) with an average iron grade of 65.5% Fe, and with approximately 60% of the Sinter Feed product having a physical sizing of +1mm.

Full results from the current product sizing classification test work program are expected over the next few weeks.

Centaurus' Managing Director, Mr Darren Gordon, said the Candonga Project was advancing rapidly with the JORC 2012 Mineral Resource Estimate update on track for completion by the end of August, underpinning the recently commenced Feasibility Study.

¹ Refer to ASX announcement on 11 August 2014 for full details of the Candonga Diamond Drilling Results.

² Refer to ASX announcement on 8 August 2013 for full details of the Resource estimate. This Resource Estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since last report.

³ Refer to ASX announcement on 18 August 2014 for full details of the classification test work.

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“Once we have finalised the new resource on the high grade Candonga mineralisation, we will start work immediately on mine planning and calculation of an Ore Reserve estimate,” he said. “We have already had five mining contractors on site and we expect to tie down the estimated mining costs over the next couple of weeks.

“All going well, the Feasibility Study will be delivered by the end of September allowing a Final Investment decision to be made in Q4 2014 once the requisite approvals and licences have been secured,” Mr Gordon continued.

“We still have a rig on site and we have taken advantage of this to test some interesting high priority targets located directly along strike from the current resource base.

“If this drilling is successful, we may be able to expand the DSO resource base and therefore extend the life of the Candonga operation,” he said.

-ENDS-

Released by:

Nicholas Read
Read Corporate
M: +61 419 929 046

On behalf of:

Darren Gordon
Managing Director
Centaurus Metals Limited
T: +618 9420 4000

Competent Person’s Statement

The information in this report that relates to Exploration Results and 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 BNA Micromine Consultoria Limited, 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.

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Figure 1 – Candonga Project Location Map

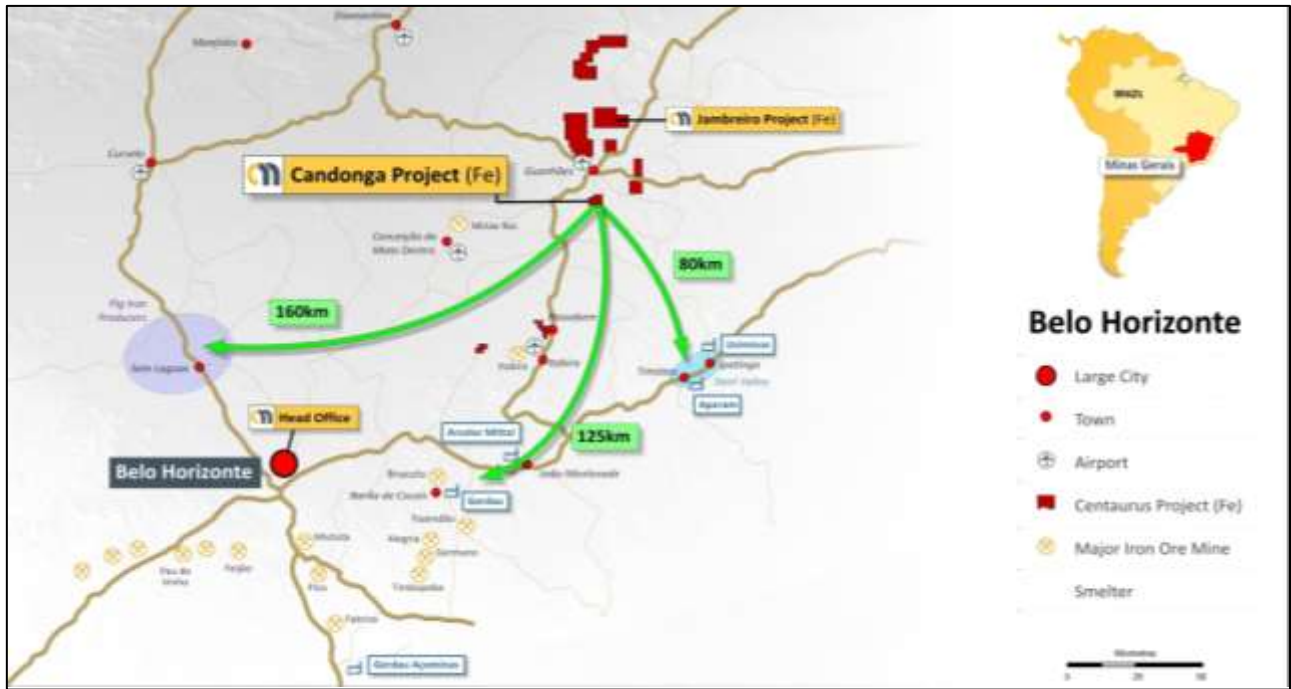
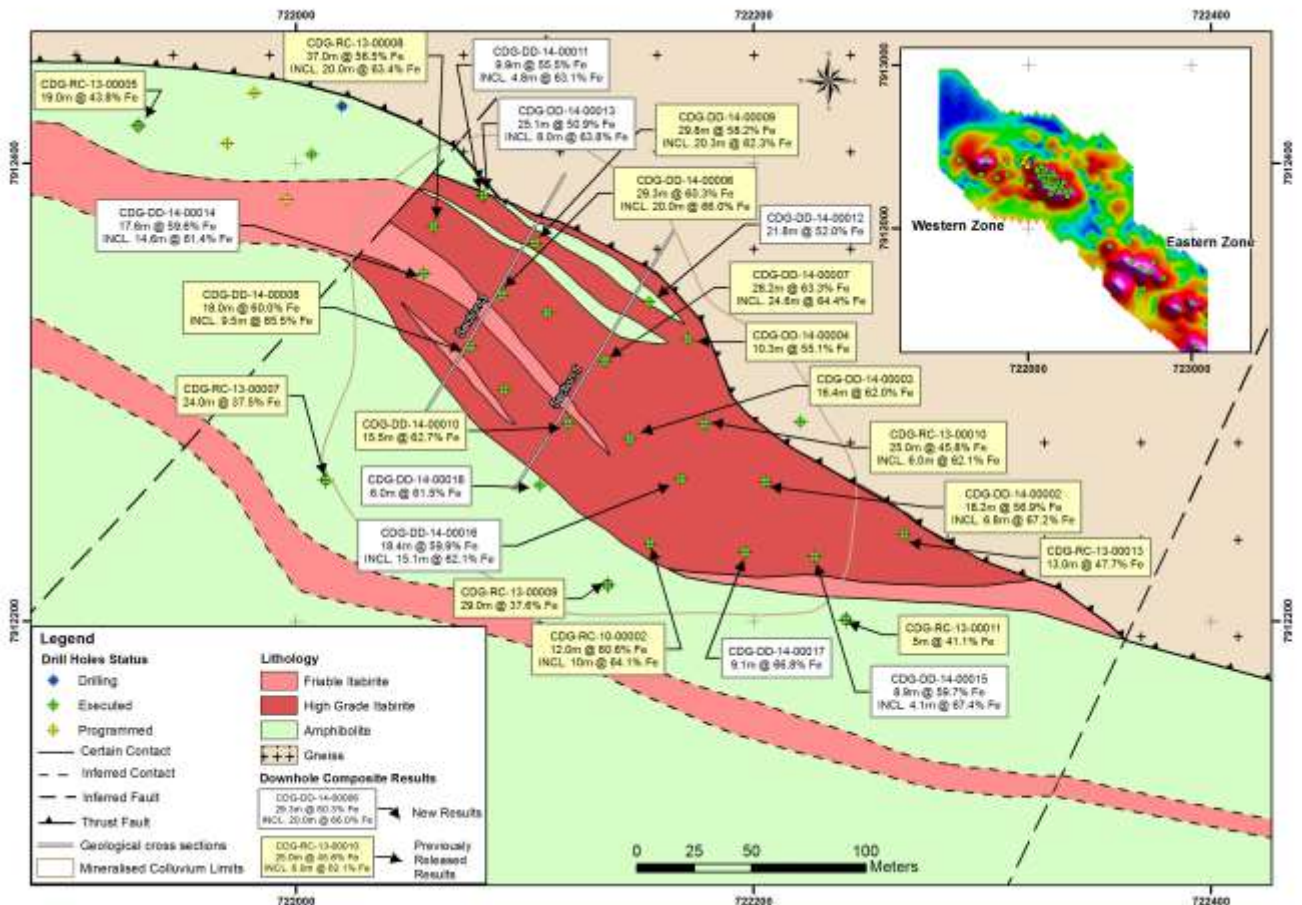


Figure 2 – Candonga Project Map – Drill Results with Analytical Signal Image– August 2014



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Figure 3 – Candonga Iron Ore Project – Schematic Cross Section 3

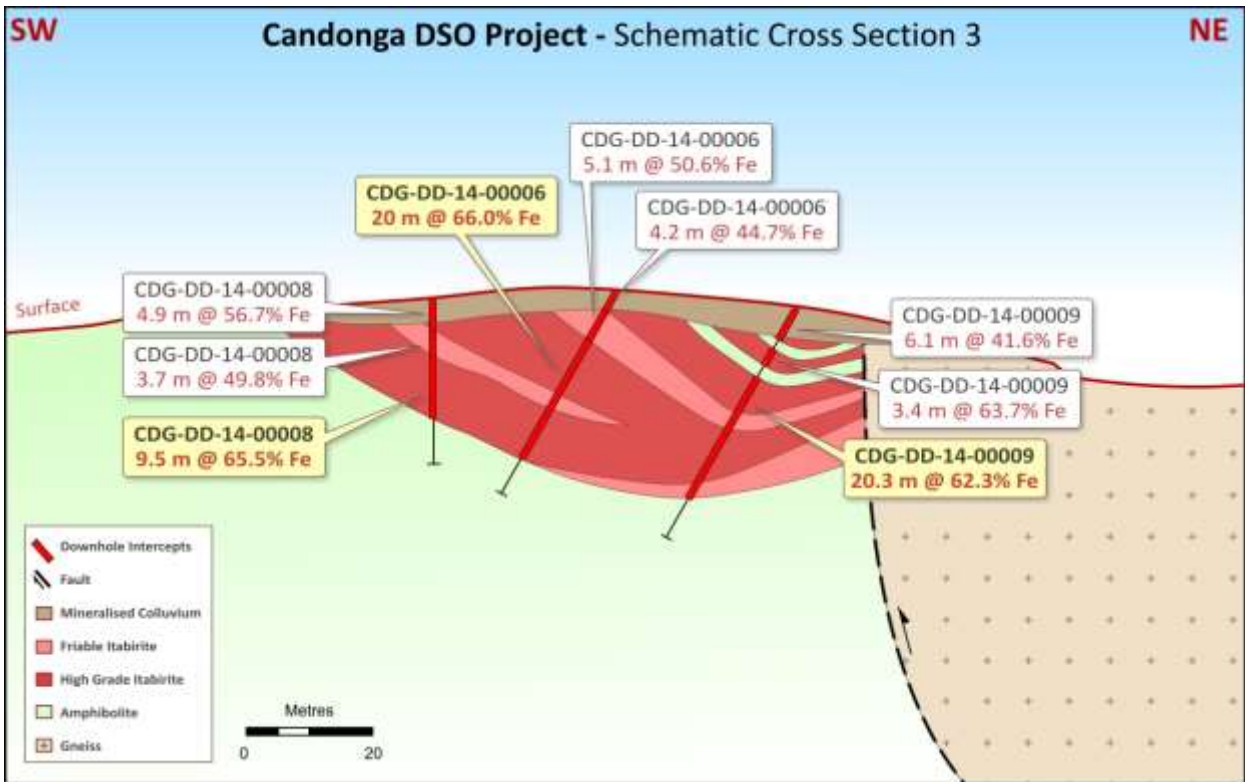
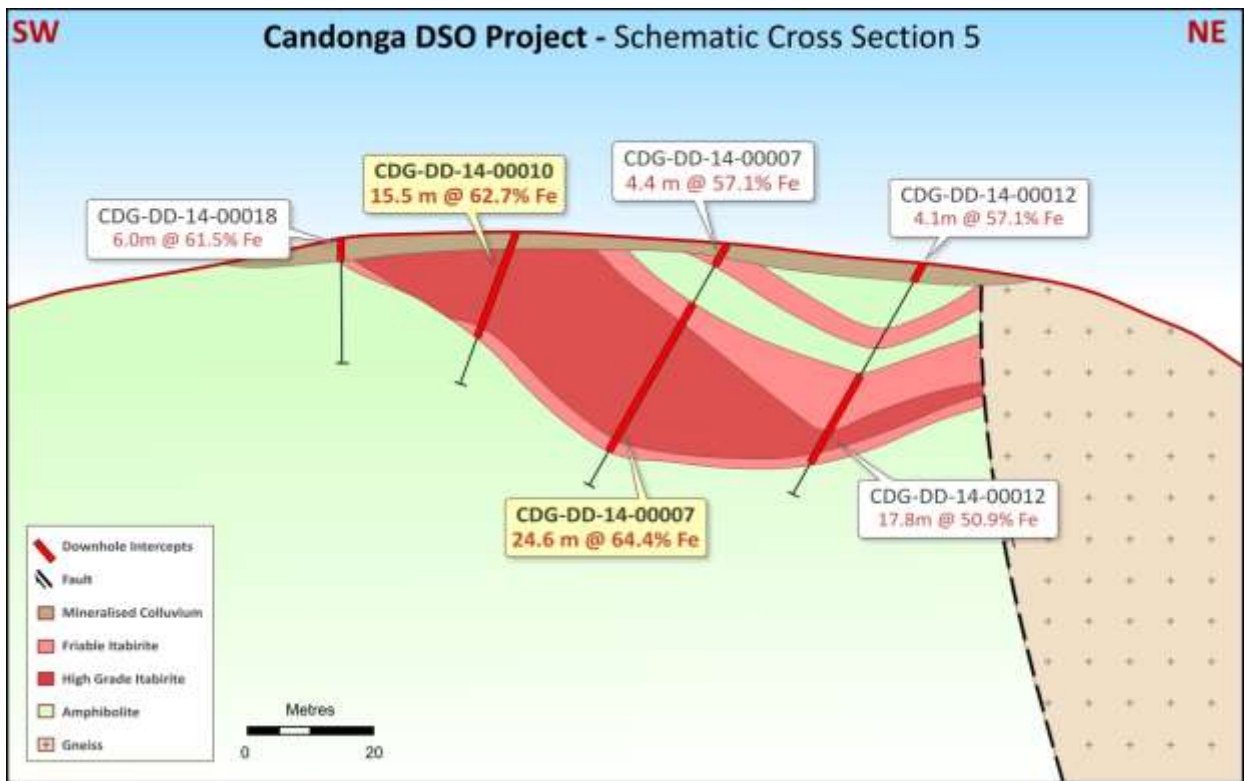


Figure 4 – Candonga Iron Ore Project – Schematic Cross Section 5



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Table 1 – Candonga Project Mineral Resource Estimate – August 2013

Material	JORC Category	Million Tonnes	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
High Grade Itabirite	Indicated	0.7	58.4	11.9	2.5	0.03	0.9
	Inferred	0.2	59.7	10.3	2.2	0.03	0.7
	TOTAL	0.9	58.6	11.6	2.4	0.03	0.9
Friable Itabirite	Indicated	3.0	42.3	29.7	4.1	0.09	3.1
	Inferred	5.2	42.2	30.2	4.3	0.07	3.1
	TOTAL	8.2	42.2	30.0	4.2	0.08	3.1
Compact Itabirite	Indicated	-	-	-	-	-	-
	Inferred	2.8	40.1	31.3	4.5	0.08	3.3
	TOTAL	2.8	40.1	31.3	4.5	0.08	3.3
Grand Total	Indicated	3.7	45.5	26.2	3.8	0.08	2.7
	Inferred	8.2	41.8	30.2	4.4	0.08	3.1
	TOTAL	11.9	43.0	29.0	4.2	0.08	3.0

20% Fe Cut-off

Table 2 – Candonga Project New Diamond Drill Results – August 2014

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Rock Type	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
CDG-DD-14-000011							1.8	6.9	5.2	Friable Itabirite	48.5	24.0	1.7	0.11	3.85
CDG-DD-14-000011							6.9	11.7	4.8	High Grade Itabirite	63.1	4.1	2.3	0.04	0.71
CDG-DD-14-000011	722073	7912386	866	-70	210	11.7	Downhole composite		9.9		55.5	14.4	2.0	0.08	2.34
CDG-DD-14-000012							0.0	4.1	4.1	Ferruginous Colluvium	57.1	8.6	5.6	0.05	2.03
CDG-DD-14-000012							18.5	36.3	17.8	Friable Itabirite	50.9	24.3	1.0	0.04	-0.02
CDG-DD-14-000012	722155	7912340	895	-60	210	40.8	Downhole composite		21.8		52.0	21.4	1.9	0.04	0.36
CDG-DD-14-000013							2.9	7.2	4.4	Friable Itabirite	44.0	29.7	1.9	0.10	0.30
CDG-DD-14-000013							7.2	15.2	8.0	High Grade Itabirite	63.8	6.0	0.9	0.03	0.16
CDG-DD-14-000013							15.2	27.9	12.7	Friable Itabirite	45.2	29.1	3.3	0.04	0.24
CDG-DD-14-000013	722082	7912386	866	-90	210	34.7	Downhole composite		25.1		50.9	21.8	2.3	0.05	0.22
CDG-DD-14-000014							0.0	3.0	3.0	Ferruginous Colluvium	51.0	18.3	3.5	0.08	4.87
CDG-DD-14-000014							3.0	17.6	14.6	High Grade Itabirite	61.4	11.1	0.6	0.03	0.06
CDG-DD-14-000014	722056	7912352	866	-70	210	24.6	Downhole composite		17.6		59.6	12.3	1.1	0.04	0.88
CDG-DD-14-000015							0.0	4.8	4.8	Ferruginous Colluvium	53.1	21.8	1.7	0.01	0.44
CDG-DD-14-000015							4.8	8.9	4.1	High Grade Itabirite	67.4	1.5	0.8	0.01	-1.47
CDG-DD-14-000015	722227	7912229	915	-60	210	14.9	Downhole composite		8.9		59.7	12.5	1.3	0.01	-0.44
CDG-DD-14-000016							0.0	3.3	3.3	Ferruginous Colluvium	49.6	17.8	6.9	0.03	3.55
CDG-DD-14-000016							3.3	18.4	15.1	High Grade Itabirite	62.1	9.6	0.9	0.02	-0.06
CDG-DD-14-000016	722165	7912257	909	-90	210	26.4	Downhole composite		18.4		59.9	11.1	2.0	0.02	0.59
CDG-DD-14-000017							2.0	11.1	9.1	High Grade Itabirite	66.8	1.9	1.3	0.01	-1.00
CDG-DD-14-000017	722197	7912230	916	-60	210	17.1	Downhole composite		9.1		66.8	1.9	1.3	0.01	-1.00
CDG-DD-14-000018							0.0	6.0	6.0	Ferruginous Colluvium	61.5	5.1	4.0	0.03	1.12
CDG-DD-14-000018	722107	7912260	899	-90	210	14.4	Downhole composite		6.0		61.5	5.1	4.0	0.03	1.12

Intervals calculated using 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

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Table 3 – Historical Candonga Project Drill Results

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
CDG-DD-10-00001	721685	7912380	854	60	90	88.5	3.0	60.0	57.0	40.0	35.7	1.1	0.07	1.95
CDG-DD-10-00001	721685	7912380	854	60	90	88.5	60.0	88.5	28.7	32.3	44.2	0.7	0.04	1.89
CDG-RC-10-00002	722155	7912234	909	-60	30	80.0	1.0	13.0	12.0	60.6	5.6	4.2	0.02	0.11
CDG-RC-10-00002	722155	7912234	909	-60	30	80.0	<i>includes from 1.0m</i>		10.0	64.2	3.4	2.3	0.02	-0.79
CDG-RC-10-00003	721715	7912380	859	-60	90	53.0	0.0	53.0	53.0	45.6	27.6	1.5	0.12	4.38
CDG-RC-13-00001	721712	7912332	855	-90	0	95.0	0.0	5.0	5.0	36.3	27.9	11.6	0.09	8.32
CDG-RC-13-00001	721712	7912332	855	-90	0	95.0	24.0	27.0	3.0	32.1	26.3	14.6	0.07	7.35
CDG-RC-13-00002	721744	7912438	857	-90	0	80.0	0.0	12.0	12.0	42.0	22.4	8.5	0.07	5.47
CDG-RC-13-00003	721810	7912312	867	-90	0	80.0	0.0	58.0	58.0	45.6	27.4	2.6	0.11	4.08
CDG-RC-13-00004	721828	7912376	874	-90	0	52.0	0.0	11.0	11.0	37.4	34.2	7.4	0.04	4.45
CDG-RC-13-00004	721828	7912376	874	-90	0	52.0	14.0	29.0	15.0	41.7	27.8	6.6	0.10	3.80
CDG-RC-13-00004	721828	7912376	874	-90	0	52.0	37.0	42.0	5.0	22.8	29.7	22.4	0.21	10.47
CDG-RC-13-00005	721929	7912416	886	-90	0	65.0	26.0	45.0	19.0	43.9	28.4	4.1	0.13	3.75
CDG-RC-13-00006	721872	7912329	874	-90	0	58.0	0.0	14.0	14.0	43.9	25.3	6.0	0.09	4.73
CDG-RC-13-00007	722012	7912261	850	-90	0	58.0	30.0	54.0	24.0	37.5	39.5	1.7	0.10	0.01
CDG-RC-13-00008	722062	7912374	861	-90	0	60.0	0.0	37.0	37.0	56.5	14.2	2.0	0.06	1.85
CDG-RC-13-00008	722062	7912374	861	-90	0	60.0	<i>includes from 13.0m</i>		22.0	63.4	7.7	0.6	0.03	0.45
CDG-RC-13-00009	722136	7912216	898	-90	0	75.0	0.0	7.0	7.0	32.0	27.5	15.2	0.23	7.96
CDG-RC-13-00009	722136	7912216	898	-90	0	75.0	34.0	56.0	22.0	39.4	34.5	3.5	0.10	2.93
CDG-RC-13-00010	722178	7912286	901	-90	0	60.0	0.0	25.0	25.0	45.9	21.4	7.7	0.10	3.38
CDG-RC-13-00010	722178	7912286	901	-90	0	60.0	<i>includes from 4.0m</i>		6.0	62.0	8.4	1.8	0.02	0.06
CDG-RC-13-00011	722241	7912200	909	-90	0	70.0	0.0	5.0	5.0	41.1	25.4	8.5	0.19	5.03
CDG-RC-13-00012	721580	7912429	817	-90	0	60.0	1.0	27.0	26.0	45.3	13.4	8.6	0.03	6.89
CDG-RC-13-00013	722266	7912237	905	-90	0	57.0	0.0	4.0	4.0	48.9	18.2	7.6	0.04	0.27
CDG-RC-13-00013	722266	7912237	905	-90	0	57.0	4.0	13.0	9.0	47.3	28.5	2.5	0.04	0.21
CDG-RC-13-00015	722619	7911913	962	-90	0	67.0	44.0	56.0	12.0	45.3	31.9	1.3	0.07	0.21
CDG-RC-13-00015	722619	7911913	962	-90	0	67.0	56.0	60.0	4.0	29.5	42.0	1.0	0.07	0.09
CDG-RC-13-00017	722764	7911797	962	-90	0	53.0	0.0	4.0	4.0	34.7	38.1	7.6	0.05	0.48
CDG-RC-13-00017	722764	7911797	962	-90	0	53.0	7.0	25.0	18.0	46.9	28.9	0.8	0.05	0.25
CDG-RC-13-00018	722744	7911737	936	-90	0	51.0	0.0	23.0	23.0	39.4	31.9	5.0	0.09	2.55
CDG-RC-13-00020	722821	7911698	929	-90	0	40.0	0.0	27.0	27.0	38.6	38.1	1.3	0.05	1.09
CDG-RC-13-00021	722999	7911546	930	-90	0	50.0	0.0	4.0	4.0	33.6	35.9	10.5	0.03	0.58
CDG-RC-13-00022	723066	7911632	914	-90	0	55.0	6.0	16.0	10.0	37.9	31.8	8.0	0.06	1.36
CDG-RC-13-00024	723030	7911280	886	-90	0	52.0	0.0	32.0	32.0	48.4	25.5	1.4	0.08	2.21
CDG-DD-14-00002	722202	7912260	910	-60	210	35.4	1.2	8.0	6.8	67.2	2.1	0.7	0.02	0.14
CDG-DD-14-00002	722202	7912260	910	-60	210	35.4	8.0	16.2	8.2	46.0	28.3	3.7	0.02	1.41
CDG-DD-14-00002	722202	7912260	910	-60	210	35.4	16.2	19.4	3.2	63.3	5.6	1.2	0.04	-0.74
CDG-DD-14-00003	722143	7912278	903	-60	210	40.2	0.0	6.5	6.5	55.9	12.7	4.7	0.03	2.19
CDG-DD-14-00003	722143	7912278	903	-60	210	40.2	6.5	16.4	9.9	65.9	2.3	1.8	0.02	0.47
CDG-DD-14-00004	722171	7912325	899	-60	210	34.0	0.0	4.7	4.7	57.8	13.3	2.5	0.02	1.05
CDG-DD-14-00004	722171	7912325	899	-60	210	34.0	4.7	10.3	5.6	52.9	21.7	1.5	0.04	0.62
CDG-DD-14-00006	722088	7912344	880	-60	210	36.4	0.0	4.2	4.2	44.7	22.4	6.5	0.11	5.04
CDG-DD-14-00006	722088	7912344	880	-60	210	36.4	4.2	9.3	5.1	50.6	26.0	0.8	0.03	0.37
CDG-DD-14-00006	722088	7912344	880	-60	210	36.4	9.3	29.3	20.0	66.0	4.1	0.5	0.04	-0.10
CDG-DD-14-00007	722131	7912313	896	-60	210	43.0	0.0	4.4	4.4	57.1	10.0	4.5	0.03	1.57
CDG-DD-14-00007	722131	7912313	896	-60	210	43.0	10.6	35.1	24.6	64.4	5.5	1.2	0.03	0.30
CDG-DD-14-00008	722074	7912319	878	-90	210	25.1	0.0	4.9	4.9	56.7	13.0	3.4	0.03	1.47
CDG-DD-14-00008	722074	7912319	878	-90	210	25.1	6.1	9.7	3.6	49.8	27.1	1.1	0.02	0.66
CDG-DD-14-00008	722074	7912319	878	-90	210	25.1	9.7	19.2	9.5	65.5	4.3	0.9	0.03	-0.02
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	0.0	6.1	6.1	41.6	24.8	8.8	0.04	4.56
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	7.0	10.4	3.4	63.7	6.4	1.3	0.04	0.38
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	13.0	30.0	17.0	64.2	6.0	1.0	0.03	-0.09
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	30.0	33.3	3.3	52.3	23.0	1.2	0.03	0.33
CDG-DD-14-00010	722113	7912286	897	-70	210	25.1	0.0	3.5	3.5	59.6	6.6	4.7	0.05	2.74
CDG-DD-14-00010	722113	7912286	897	-70	210	25.1	3.5	15.5	12.0	63.7	4.4	2.6	0.02	0.60

Intervals calculated using 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

Table 4 – Historical Candonga Project Trench Results

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI%
CDG-TR-11-00001	721733	7912379	861	-9	250	36.0	0.0	36.0	36.0	46.6	24.7	4.0	0.08	3.35
CDG-TR-11-00002	722139	7912327	889	-5	30	30.0	0.0	30.0	30.0	57.6	10.3	4.1	0.03	1.60
CDG-TR-11-00003	723033	7911435	884	-11	30	40.0	2.0	40.0	38.0	39.5	29.3	6.8	0.08	5.17
CDG-TR-11-00004	722220	7912228	913	12	260	42.0	0.0	42.0	42.0	52.2	17.1	4.5	0.04	1.83
CDG-TR-11-00004	722220	7912228	913	12	260	42.0	<i>includes from 16.0m</i>		12.0	62.3	7.5	1.6	0.02	-0.58
CDG-TR-11-00005	722401	7912424	893	0	75	20.0	0.0	20.0	20.0	40.5	31.5	5.7	0.03	3.40
CDG-TR-11-00006	722108	7912252	898	3	65	88.0	0.0	88.0	88.0	55.8	12.5	4.2	0.03	1.85
CDG-TR-11-00006	722108	7912252	898	3	65	88.0	<i>includes from 0.0m</i>		22.0	61.5	5.1	3.6	0.03	0.77
CDG-TR-13-00007	722212	7912249	919	9	210	70.0	0.0	70.0	70.0	64.0	5.1	1.9	0.02	0.11
CDG-TR-13-00007	722212	7912249	919	9	210	70.0	<i>includes from 0.0m</i>		52.0	65.6	3.6	1.3	0.02	-0.23
CDG-TR-13-00008	722168	7912307	900	2	220	86.0	0.0	86.0	86.0	62.0	6.4	3.0	0.03	1.00
CDG-TR-13-00009	722091	7912313	885	-3	200	26.0	0.0	26.0	26.0	57.6	8.7	4.7	0.05	3.22
CDG-TR-13-00009	722091	7912313	885	-3	200	26.0	<i>includes from 14.0m</i>		12.0	60.2	4.5	5.1	0.04	3.04

Intervals calculated using 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

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

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> • All trenches in the 2013 program were cut down to 2.2m. Continuous cut channels were sampled on 2m intervals or to lithological contacts. The 3-5kg samples were split and pulverised to $\pm 50g$ samples for XRF and titration analysis. • RC samples were taken at 1m intervals from which 3-5kg samples were split, prepared and analysed as above. • Diamond samples were taken at maximum 1.3m intervals or to lithological contacts no less than 0.3m from which $\frac{1}{4}$ core (3-5kg) was sampled, prepared and analysed as above. • The Candonga Project has a regular drill hole spacing of around 40mx25m over the high grade itabirite zone, drilling on the other areas is irregular. • Field duplicate samples were taken at a set frequency of one every 20 samples (5% of total samples) from the splitter to monitor sample representivity. • All of the data used for the resource estimation is based on the logging and sampling of historical trenches, RC and diamond core drilling and excludes results from the 2014 DD program and the 2013 trench program which will be included in the forthcoming resource up date. • Classification testwork samples from drill core were continuous with the minimum sample interval being 1.0m. A $\frac{1}{4}$ core sample was taken, minimum sample weight was 3.5kg with maximum sample weight being 25kg. All sample intervals are described in ASX announcement dated 18/08/14. • For classification bulk samples a small excavator was used to target samples of specific lithologies (in situ itabirite and mineralised colluvium). Sample weights were between 250-270kg
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • Historically two diamond holes (HQ) were drilled by Cenibra for a total of 95m in 2007. • Centaurus completed 1 diamond drill hole (HQ) for a total of 88m in 2010. • RC drilling employed a 5.5" face hammer. Centaurus completed 26 RC holes (5.5") for a total of 1,603m in 2010 and 2013. • At the date of this announcement Centaurus completed 23 diamond drill holes (HQ) for a total of 686 of the current program. 6 drill holes have assays pending. • Hole depths range from 20 to 95m.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • For diamond drilling, core recoveries were logged and recorded in the database for all Centaurus diamond holes. Overall recoveries are >85% and there are no core loss issues or significant sample recovery problems. • For RC drilling geologists or field assistants recorded sample weights and calculated sample recovery during drilling. No significant issues were detected. • To ensure adequate sample recovery and representivity a Centaurus geologist or field technician was present during drilling and monitored the sampling process. • No relationship between sample recovery and grade has been demonstrated. No bias to material size has been demonstrated.
<i>Logging</i>	<ul style="list-style-type: none"> • All trenches and drill holes have been logged geologically and geotechnically to a level of detail appropriate to support the Mineral Resource estimate as well as metallurgical and mining study support for iron ore. • Logging for both forms of drilling is qualitative and quantitative in nature. • All Centaurus trenches, RC chip trays and diamond core have been photographed. Historical drilling was not photographed. • The total length of drilling to the date of this announcement is 2,472m, 100% has been logged. The total length of trenches is 438m, 100% has been logged.

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Criteria	Commentary
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • Diamond Core (HQ) was cut with a specialized sampling tool where friable or using a core saw where compact. A quarter core was sampled. • RC samples were collected on 1m down hole intervals reduced using a 3-tier riffle splitter reducing the sample size to 3-5kg. Sample weight/split analysis shows that on average a 12.5% split ratio was achieved. • The majority of mineralised samples from RC drilling were dry. • All samples were received and prepared by ALS, SGS or Intertek Labs in Belo Horizonte, Brazil as 3-5kg samples. They were dried at 105°C until the sample was completely dry (6-12hrs), crushed to 90% passing 2mm and reduced to 500g via a Jones riffle splitter. The 500g samples were pulverised to 95% passing 104µm and split further to 50g aliquots for chemical analysis. • Field control sample insertion included field duplicates taken every 25 samples. Results from the duplicate samples show the data has an acceptable precision, indicating that the sampling technique is appropriate for the deposit. • The sample size is considered to be appropriate to correctly represent the mineralisation as well as the thickness and consistency of the mineralised intersections. • Classification samples for the Candonga DSO Project have been taken from the first 17 holes of the 2014 diamond program. This announcement refers to samples taken from the first 9 holes, assays are pending from the final 8 holes. The remaining drill holes are part of an exploration program. • All metallurgical samples were received and prepared at the Centaurus SPF. The samples were received naturally dry. After homogenization the sample was crushed to -32mm and water was added to simulate 4% and 7% natural moisture. • Dry sieve analysis was completed using a screening plant for the following size fractions: -31.5mm, -19.0mm and, -6.3mm. • The product samples were split to 1kg then pulverised and split further to a 100g aliquots that were sent to SGS Geosol for chemical analysis.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • All chemical analysis was completed at ALS, SGS or Intertek Labs. Laboratory duplicates were completed every 10-20 samples and standards were completed every 20-25 samples dependent on the laboratory. • Laboratory control sample insertion included blank samples at the start of every new hole then every 50 samples. Standard samples (CRMs from Geostats Australia) are inserted every 20 samples. A number of different standards at a range of grades are used to monitor analytical precision of the assay results. Field duplicates were inserted every 25 samples. • Metal Oxide is determined using XRF analysis. Analysis at ALS was for a 24 element suite while at Intertek analysis was for 11 elements. FeO is determined using Titration and LOI using Loss Determination by Thermogravimetric analysis. • Laboratory procedures are in line with industry standards and are appropriate for iron ore. • Acceptable levels of precision have been achieved with all standard assays reporting within 2 standard deviations of the certified mean grade for the main elements of interest. • The ALS, SGS and Intertek labs insert their own standards at set frequencies and monitor the precision of the XRF analysis. These results also reported well within the specified 2 standard deviations of the mean grades for all main elements. Additionally the labs performed 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. • Analysis of field duplicates and lab pulp duplicates have returned an average correlation coefficient of over 0.96 confirming that the precision of the samples is within acceptable limits. • Centaurus sends a selection of pulps to umpire laboratories (Acme and ALS) for independent verification. To date comparison of results between laboratories did not reveal any issues and analytical precision was considered acceptable. • Centaurus QAQC procedures and results are to industry standard and are of acceptable quality.

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Criteria	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> • All significant intersections are verified by alternative Company personnel before release. As part of Resource estimation processes, drill hole data was independently reviewed by BNA Micromine. • No twin holes have been completed to date. • All primary data is stored in the Centaurus Exploration office (Guanhães, Brazil). All data is entered into a Micromine Geobank database which is administrated by a Database Geologist. • No adjustments were made to the assay data apart from resetting the below detection level values to half of the detection limit.
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 survey collars and trenches were surveyed using a Total Station. There were no down hole surveys completed. • Complete topographical survey pickup of the area was done using a Total Station with pickup completed on 10x10m spacing. • Drill holes reported in this announcement were surveyed using hand held GPS. Final survey-pick up is planned for late August.
Data spacing and distribution	<ul style="list-style-type: none"> • Drill sections run perpendicular to the high grade itabirite mineralisation at spacing between 30-40m. Drill spacing way from the High Grade zone is irregular. Drill holes on section are generally 25-30m apart. Due to local topographical constraints the spacing is sometimes not achievable. • The data spacing and distribution is considered adequate to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation and classifications applied under the JORC 2012 code. • No sample compositing has been applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • The orientation of the mineralisation is understood and drill holes were designed to intersect the mineralisation at an appropriate angle. This is demonstrated in the geological cross-sections (see Figures 3-4). • All significant intersections have been reported as downhole widths and not true widths. • The trenches by nature are oblique to the mineralisation angle and as a result return accentuated mineralised interval. • No drilling orientation and sampling bias has been recognized at this time and is not considered to have introduced a sampling bias.
Sample security	<ul style="list-style-type: none"> • All samples are placed in pre-numbered plastic samples 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 ALS or Intertek labs 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 remnant diamond core, RC chip trays, sample rejects and pulps are stored at the Guanhães technical office.
Audits or reviews	<ul style="list-style-type: none"> • As part of the previous Resource estimation process drill hole data was independently reviewed by Volodymyr Myadzel the BNA Micromine Senior Resource Geologist and project Competent Person. The report finds the sample techniques and data collection and management to be in line with current industry standards.

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SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> The Candonga Project tenement (DNPM 831.629/2004) is 100% owned by Centaurus. The tenement is part of the Cenibra-Centaurus Agreement. Centaurus will pay a vendor royalty of 0.85% of gross revenue on any product sold from the tenement. All mining projects in Brazil are subject to the CFEM royalty, a government royalty of 2% of revenue (less taxes and logistics costs). Landowner royalty is 50% of CFEM royalty. The project is not located within national or state wilderness or historical parks. The Final Exploration Report was submitted on 27 November 2013. An application for a Trial Mining License was submitted on 11 April 2014. The licence allows for the mining and dry processing of 300ktpa of ROM per license.
Exploration done by other parties	<ul style="list-style-type: none"> Cenibra conducted geological mapping and a small diamond drill program in 2007 to satisfy Brazilian Mine Department requirements.
Geology	<ul style="list-style-type: none"> The Candonga 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 5m to up to 40m generally dipping 30-55° to the N-NE. The combined strike length of the mapped mineralisation is around 1,500m. Itabirite has been intersected at depths up to 88m with friable itabirite intersected up to 60m. There are localised occurrences of high grade itabirite or magnetite lenses (up to 30m thick) associated with hydrothermal enrichment along fold axis and fault planes.
Drill hole Information	<ul style="list-style-type: none"> At the date of announcement a total of 52 holes for 2,472m have been completed on the Candonga Project including 26 diamond holes for a total of 869m and 26 RC holes for a total of 1,603m. From the current drilling 17 holes have been announced and 6 holes have assays pending. Refer to Table 2 for full list of significant intersection and drill hole data from recent drilling. Refer to Table 3 for full list of historical drilling.
Data aggregation methods	<ul style="list-style-type: none"> Continuous sample intervals are calculated via weighted average using a 20% Fe cut-off grade with 3 metre minimum mining widths. High grade intervals within a continuous sample interval may be reported inclusive. (For example: CDG-RC-13-0008 37m @ 56.5% Fe, including 20m @ 63.4% Fe) Further details of the intersections can be found in the drill hole results table. No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> The orientation of the mineralisation is well understood and drill holes were designed to intersect the mineralisation at an appropriate angle representing the true widths. Where the true width is not intersected it is stated and also demonstrated in cross sectional diagrams. The trenches by nature are oblique to the mineralisation angle and as a result return accentuated mineralised interval.

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Criteria	Commentary
Diagrams	<ul style="list-style-type: none"> Refer to Figures 1-4.
Balanced reporting	<ul style="list-style-type: none"> All new Exploration Results received by the Company to date have been included in this report. Historical results can be found in the relevant aforementioned ASX announcements.
Other substantive exploration data	<ul style="list-style-type: none"> Geological mapping was carried out by Centaurus geologists. Ground magnetics survey was carried out using a G-856 Magnetometer on 50m N-S line spacings with measurements every 10m. Interpretation was completed by geophysicists from Intergeo Geosciences. A JORC 2004 Resource estimate has been completed on the Candonga Project. Refer to ASX announcement on 8 August 2013 for full details of the estimate. Classification test work has been carried out on the Candonga high grade itabirite mineralisation. See ASX announcement on 18 August 2014 for full details of the most recent results. Refer to ASX announcement on 19 January 2012 for full details of the historical trench results referenced in this announcement.
Further work	<ul style="list-style-type: none"> The Company plans to update the current Candonga Resource estimate to JORC 2012 standards; complete characterisation testwork on diamond samples; carryout a comprehensive tender process for third party mining and pant operations and complete a Feasibility Study.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

Not Applicable – There has been no material change to the current JORC 2004 Mineral Resource estimate for the Candonga Project. Refer to ASX announcement on 8 August 2013 for full details of the JORC 2004 Mineral Resource Estimate.