

19 March 2015

CONQUISTA PROJECT ADVANCES AS TESTWORK CONFIRMS POTENTIAL TO PRODUCE HIGH-GRADE DIRECT SHIP PRODUCTS

Extensive trenching program underway; drilling planned for mid-2015 to define initial resources

Highlights:

- Initial classification testwork of surface material from the Conquista Iron Ore Project (formerly Candonga West) indicates that approximately 60% of the high-grade itabirite mineralisation delivers a direct shipping ore (DSO) Lump product (+6.3mm) grading 64-69% Fe with low impurities.
- The balance of the high grade itabirite mineralisation delivers a coarse DSO Sinter Feed product (-6.3mm) grading 61-69% Fe with low impurities and a +1mm size fraction of more than 60%.
- Positive ground magnetic survey results highlight potential extensions of the high-grade DSO mineralisation at Conquista beyond what has been delineated at surface by geological mapping.
- Centaurus has had consistent success historically in delineating Mineral Resources in this region of Brazil where there is a strong correlation between ground magnetic survey results and surface mapping.
- The high-grade mineralisation lies within broader itabirite zones over a total project strike length of +5.0km. A trenching program is currently underway with initial diamond drilling planned for mid-2015 to underpin a maiden JORC resource.
- The results give Centaurus additional confidence that Conquista, which lies just 8km to the west of the Company's 300,000tpa Candonga DSO Project¹, represents an attractive growth opportunity which will also enhance the Company's ability to secure funding for Candonga.

Centaurus Metals (ASX Code: **CTM**) is pleased to announce that recent ore characterisation and classification test work on surface material from its **Conquista Project**, located 8km from the Candonga DSO Project in south-east Brazil (see Figure 1), has demonstrated that the project can produce high-grade direct shipping ore (DSO) products of similar or better quality to that of Candonga ore.

The results, which were based on recent outcrop and rock chip sampling, show that the high-grade itabirite mineralisation at Conquista can deliver approximately 60% of the mineralisation as a direct shipping ore (DSO) Lump product (+6.3mm) grading between 64% and 69% Fe with very low impurities using the same dry screening process proposed for Candonga.

¹ Refer to [ASX announcements on 30 September 2014](#) for full details of Candonga Feasibility Study and JORC Ore Reserve estimate.



Importantly, the balance of the sample produces a coarse Sinter Feed product grading 61-69% Fe with low impurities. The +1mm size fraction is more than 60% with this coarse material being in high demand in the domestic market as Sinter Feed products are generally becoming finer.

These encouraging results provide further evidence of the commercial potential of the Conquista Project, which represents an attractive strategic growth opportunity for Centaurus alongside its Candonga DSO Project.

The Company sees Conquista as providing the opportunity either to expand or extend the mine life of its proposed 300,000tpa Candonga DSO operation, with the addition of high-grade, high quality tonnes to its resource inventory and mine life potential in the Guanhaes region. Ongoing exploration success at Conquista is also likely to enhance financing and development options for Candonga.

The recently completed ground magnetics survey² has confirmed the location of a number of excellent 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 2).

The Company has established an Exploration Target for the Conquista 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 3). The Exploration Target is based on detailed geological mapping, the auger drill-hole results and is underpinned by the 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.

Ore Characterisation and Classification Test Work

Samples of both in-situ high grade itabirite mineralisation and float were taken from three locations (see Figure 3). Sampling was completed by hand resulting in sample weights ranging from 70-100kg.

Table 1 below shows the average of the dry screening results for the three high-grade itabirite samples taken. Complete results can be found in Table 3:

Table 1 – Average of Dry Screening Results for High Grade Itabirite Feed Samples 1 to 3

Product	Grades (%)						Mass Recovery (%)
	Fe	SiO ₂	Al ₂ O ₃	P	Mn	LOI	
Lump (-31.5 + 16mm)	67.6	1.1	1.1	0.01	0.3	-0.3	34.3
Hematitinha (-16 + 6.3mm)	67.4	1.3	1.2	0.02	0.3	-0.1	25.7
Sinter Feed (-6.3mm)	66.2	2.3	1.6	0.02	0.2	0.3	40.0
Total Products	67.2	1.4	1.3	0.01	0.3	-0.1	100.0

The results of the dry screen process demonstrate that 60% of the material produced was a Lump product (+6.3mm) with an average grade of 67% Fe and very low impurities, with the remaining 40% of the DSO material being classified as Sinter Feed (-6.3mm) at an average iron grade of approximately 66% Fe and with approximately 60% of this material having physical sizing of >1mm.

² Refer to [ASX announcement on 24 November 2014](#) for full details of the Conquista ground magnetics survey.



The Conquista Project ore is similar to that found at Candonga in chemistry, but appears to have a higher lump portion. These initial tests indicate that the Conquista ore may be processed through the proposed Candonga plant.

The proposed Candonga crushing and screening plant has a capacity of 140tph, which is more than sufficient for the proposed 300,000tpa project running on day shift only. If the same plant was run on a 24-hour basis the annualised capacity would be around 850,000tpa and, with a simple upgrade of the primary crusher, capacity could be increased to 1.2Mtpa.

The Candonga and Conquista Projects are well located relative to the likely domestic customer base (Figure 1), 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 have been declining.

Future Exploration Work and Drilling

The Company has now commenced a broad based trenching campaign at Conquista (see Figure 3 for trench programmed locations). The Company is also investigating options to undertake 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.

The first exploration drill program at the Conquista Project is planned to start in mid-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 approved.

Centaurus Managing Director Darren Gordon said the ore characterisation and classification test work results represented a very encouraging and significant step forward for the Company's Conquista DSO Project in south-eastern Brazil.

"These process results indicate that Conquista is likely to produce the same high quality Lump and Sinter Feed products that we are seeing at the Candonga Project, and probably with an even higher lump-to-fines ratio – which is very positive," he said. "This is a great result which confirms the commercial potential of the project and its ability to make a significant contribution to our long-term growth ambitions in this region.

"Given the fact that Conquista is so close to the Candonga project, in the same geological setting and now demonstrating the same ore characteristics, we are really excited about the comparative results considering the potential difference in scale of the projects. We like the idea that the Candonga plant could be used or relocated to Conquista as a low-cost longer term growth opportunity."

"The addition of a significant growth opportunity at Conquista should also enhance the range of funding and future development options available to the Company at Candonga," 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 Reserves’. 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 the 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.

Figure 1 – Conquista and Candonga Project Location Map

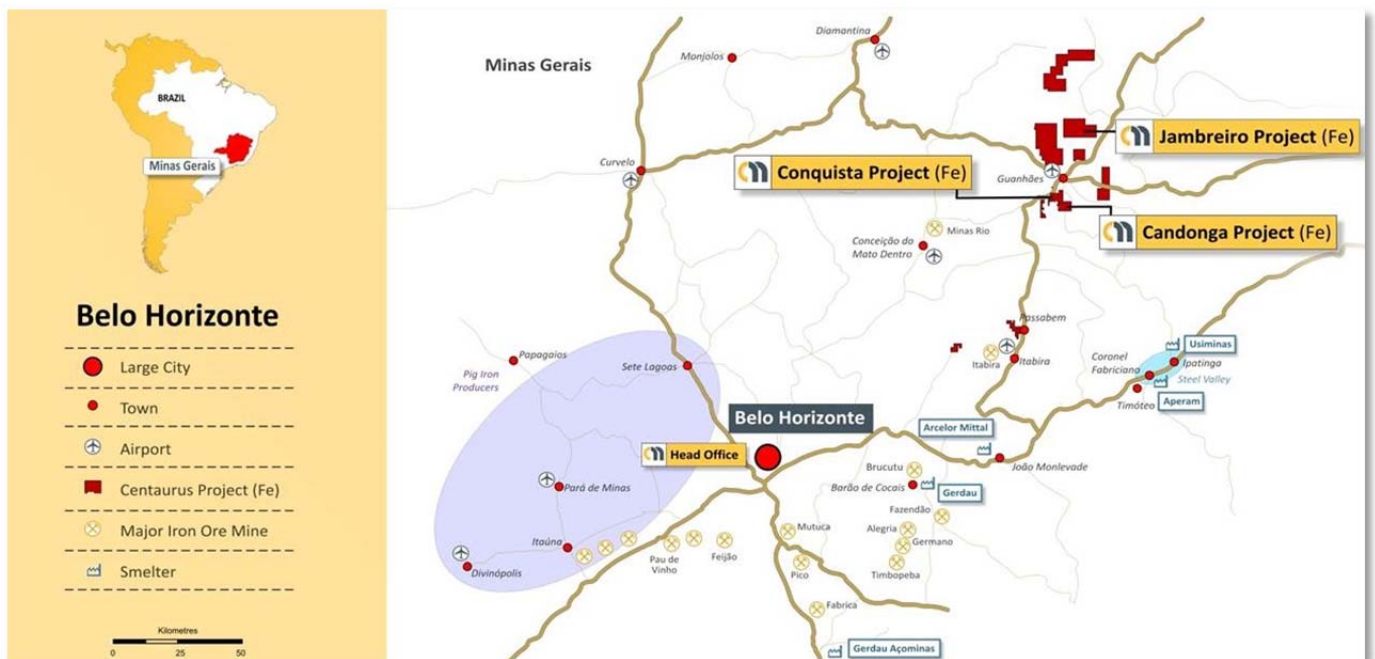
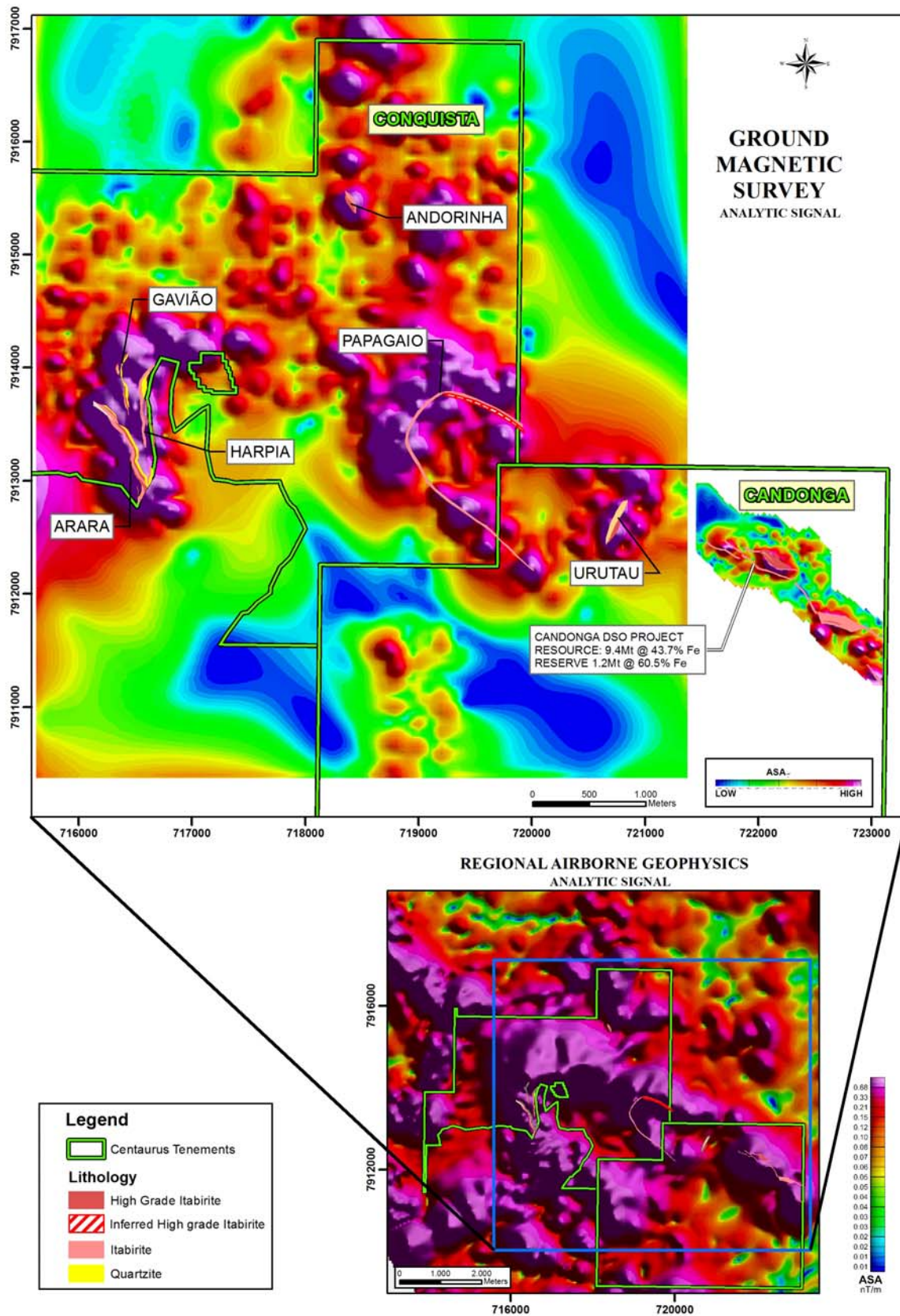




Figure 2: Conquista Project Ground Magnetic Survey, Analytic Signal³



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



Figure 3: Conquista Project – Process Sample Locations and Proposed Trench Program

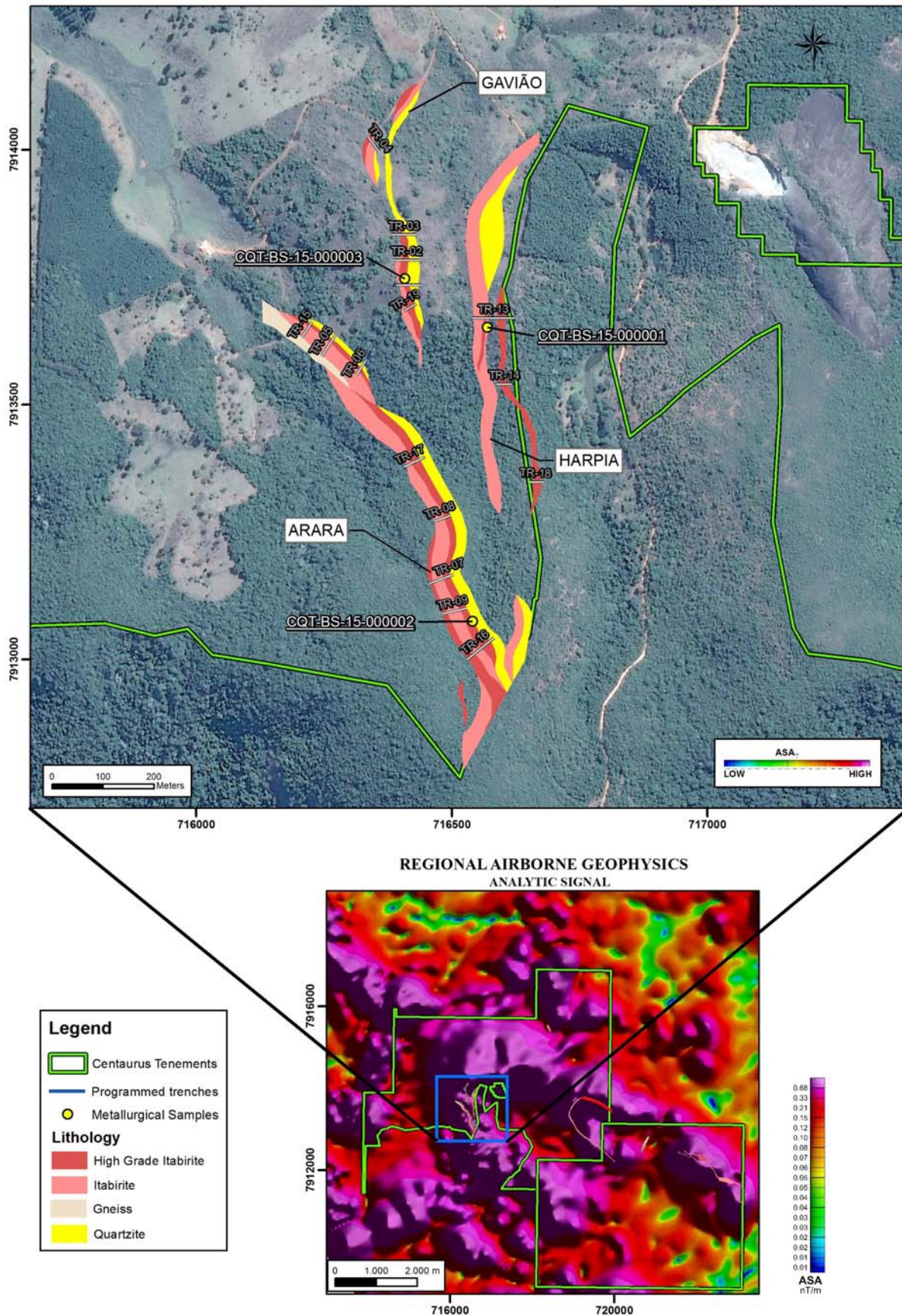




Table 2 – All Conquista Project Classification Dry Test Results

Sample	Product	Grades (%)						Mass Recovery (%)
		Fe	SiO ₂	Al ₂ O ₃	Mn	P	LOI	
CQT-BS-15-000001	Lump (-31.5 + 16mm)	69.6	0.5	0.7	0.01	0.01	0.2	7.5
	Hematitinha (-16 + 6.3mm)	69.1	0.4	0.7	0.01	0.01	0.2	18.2
	Sinter Feed (-6.3mm)	69.5	0.5	0.6	0.01	0.01	0.1	74.4
	Total Products	69.4	0.4	0.6	0.01	0.01	0.1	100.0
CQT-BS-15-000002	Lump (-31.5 + 16mm)	64.6	2.1	1.6	0.74	0.01	-0.5	46.7
	Hematitinha (-16 + 6.3mm)	64.4	2.8	1.9	0.70	0.01	-0.2	28.8
	Sinter Feed (-6.3mm)	60.7	5.6	3.0	0.52	0.01	0.8	24.6
	Total Products	63.6	3.2	2.0	0.67	0.01	-0.1	100.0
CQT-BS-15-000003	Lump (-31.5 + 16mm)	68.7	0.6	1.1	0.23	0.02	-0.6	48.8
	Hematitinha (-16 + 6.3mm)	68.8	0.6	1.1	0.20	0.03	-0.3	30.1
	Sinter Feed (-6.3mm)	68.3	0.9	1.3	0.16	0.03	0.1	21.1
	Total Products	68.6	0.7	1.1	0.21	0.03	-0.4	100.0

Table 3 – Conquista Project Exploration Target Potential Estimate

Project	Mineralisation	Target details	Exploration Target
Conquista	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 2; • 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
Conquista	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 CONQUISTA PROJECT, JORC CODE, 2012 EDITION – TABLE 1

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	<ul style="list-style-type: none"> • 20 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. • For classification test work rock chip and hand samples were collected from outcrops and float targeting samples across the specific lithologies (specifically in situ high grade itabirite). Sample weights were between 70-100kg
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"> • All classification samples were received and prepared at the Centaurus SPF. The samples were received naturally dry. After homogenization the sample was crushed to -31.5mm and water was added to simulate 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. • All geological samples were received and prepared by ALS 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.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • Chemical analysis is completed at SGS or 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.



Criteria	Commentary
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 Conquista Project tenements (DNPM 833.185/2006 and 832.776/2006) are 100% owned by Centaurus. • The tenements are part of an 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. No data is available for these drill holes.
Geology	<ul style="list-style-type: none"> • The Conquista Project is located within the Guanhães 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 1-3.
Balanced reporting	<ul style="list-style-type: none"> • All Exploration Results received by the Company to date are included in this report.

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Criteria	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none">• Geological mapping has been carried out by Centaurus geologists.• Centaurus has carried out an auger drilling program which includes 80 auger holes for a total of 241 metres. Auger holes can reach up to 9 metres deep and are used for geological mapping where the soil and colluvium covers the target lithology.• 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.
<i>Further work</i>	<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.