

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE



29 September 2016

MOMBUCA GOLD PROJECT – EXPLORATION UPDATE

Initial phase of drilling indicates presence of hydrothermal mineralising system; strong IP chargeability anomalies remain unexplained – data being reviewed with further drilling planned

Centaurus Metals (ASX Code: **CTM**) advises that the first round of exploration drilling has been completed at its 100%-owned **Mombuca Gold Project** in south-east Brazil with the drill rig demobilised for the time being while the Company assesses and interprets the first batch of results.

This initial round of drilling saw five deep diamond drill holes completed over the two prospect areas at Mombuca (the ITZ and Bela Prospect). The results included a shallow intercept of low-grade gold mineralisation in MBC-DD-16-002 with no significant assays returned from the other four holes.

The drilling targeted large, extremely high chargeability anomalies coincident with resistivity highs and magnetic lows. These anomalies are typically excellent geophysical targets for disseminated sulphide mineralisation, with the targets also associated with geochemical signatures and artisanal gold workings.

IP anomalies of these dimensions and with chargeability readings of up to 20msec (considered very high) are generally associated with significant amounts (1-5%) of disseminated sulphides, iron oxides or other geological conditions that can explain the anomalies (e.g. graphitic schists, black shale units, etc).

The diamond drill holes that targeted these IP anomalies only returned trace amounts of disseminated sulphides and iron oxides or boxworks of the same within intervals of silica, sericite and chlorite alteration. The zones were often locally fractured and brecciated with strong signs of fluid movement and oxidisation along the zone.

Logging of the core by experienced geologists identified strong evidence of the presence of a substantial hydrothermal mineralising system. This together with the absence of any other geological features which could explain the high chargeability signals means that the IP anomalies remain unexplained, especially considering their strength.

Before any further exploration drilling is undertaken, Centaurus will collate all geological, structural, geochemical, petrographic and geophysical data and undertake a comprehensive review of all data in conjunction with its geological and geophysical experts. The Company will analyse the results relative to the interpreted position of the anomalies and structural controls of the project. From this work, additional exploration programs – including further drilling – will be planned in an attempt to explain the strength of the geophysical targets and vector into potential accumulations of sulphides.

Management Comment

Centaurus' Managing Director, Mr Darren Gordon, said that while the first phase of drilling had not delivered commercially significant assay results, the Company was sufficiently encouraged by the geological and geophysical indicators seen to date to undertake a comprehensive review of all data returned to date.

"There are strong signs of the presence of a significant hydrothermal mineralising system, and we now need to work with our geophysical experts to assess the results in advance of further work," he said.

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“With the strong chargeability anomalies remaining unexplained, it is entirely possible with such a large system that the diamond holes may have missed the areas containing sulphides or been drilled at the wrong orientation relative to the dip or plunge of the structure,” he said.

“Many major gold deposits around the globe were not identified in the first round of drilling and it is with this knowledge that we remain optimistic that, after expert analysis and further quality exploration work, we will be able to develop a better understanding of where we should be targeting our drilling in this large and prospective area.

“We therefore look forward to continuing the exploration effort at the Mombuca Gold Project and we will keep the market updated as we review the results of the initial program and plan our next steps,” Mr Gordon said.

-ENDS-

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Competent Person Statement

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 mineralisation and type of deposit under consideration and to the activity which he is 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 his information in the form and context in which it appears.

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Table 1 – Mombuca Project Drill Hole Details

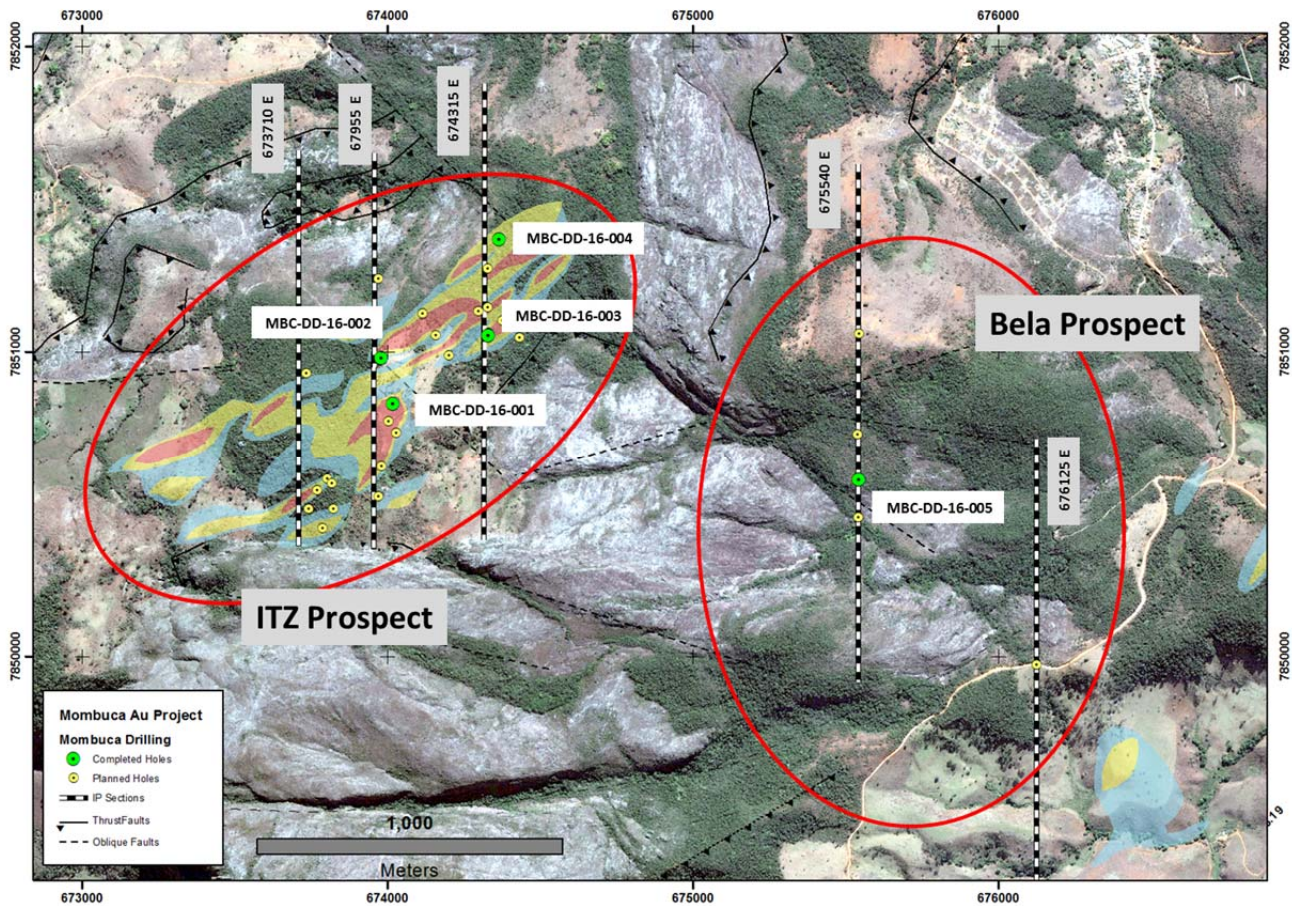
HOLE_ID	Target	Easting	Northing	mRL	Azi	Dip	Depth (m)	STATUS
MBC-DD-16-001	ITZ	674018.5	7850829.9	936.1	325	-60	301.65	Assay Received
MBC-DD-16-002	ITZ	673979.2	7850979.5	914.0	325	-60	158.75	Assay Received
MBC-DD-16-003	ITZ	674327.0	7851107.0	870.0	325	-60	100.20	Assay Received
MBC-DD-16-004	ITZ	674364.7	7851368.4	835.3	325	-65	216.7	Assay Received
MBC-DD-16-005	Bela	675539.4	7850562.9	777.2	0	-80	247.8	Assay Received

Table 2 – Mombuca Project Gold Intercepts

HOLE_ID	From (m)	To (m)	Interval	Au (g/t)	Core Recovery
MBC-DD-16-001	NSR				
MBC-DD-16-002	1.0	3.0	2.0	0.42	95%
MBC-DD-16-003	NSR				
MBC-DD-16-004	NSR				
MBC-DD-16-005	NSR				

NSR – No Significant Result

Figure 1 – Mombuca Project Showing Prospect Locations Over Satellite Image



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APPENDIX A – TECHNICAL DETAILS OF THE MOMBUCA 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"> • The results relating to this announcement are from half core samples taken at 1.0m intervals or to lithological contacts no less than 0.3m from HQ-NQ core. • The core is securely boxed and sealed in standard trays and transported to the Company's secure core shed facility for logging, splitting & sampling. • The core was marked up for sampling after logging by the project geologists and split for sampling using a diamond-blade core saw. • Individual sample weight varies from about 1.0-3.0kg depending on the core size. Samples were collected and each labelled with a unique number in individual sample bags. • Sampling was supervised by a senior project geologist and senior field technician. • Samples were transported to the ALS laboratory in Belo Horizonte by Centaurus field staff.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • There is historical drilling on one of the Mombuca tenements for iron ore. These drill results are not referred to in this announcement. No drilling of the gold targets has been conducted prior to this program.
<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 >95% and there are no core loss issues or significant sample recovery problems. • To ensure adequate sample recovery and representivity a Centaurus geologist or field technician was present during drilling and monitored the sampling process.
<i>Logging</i>	<ul style="list-style-type: none"> • All drill holes have been logged geologically and geotechnically by Centaurus project geologists. • Logging for both forms of drilling is qualitative and quantitative in nature. • All Centaurus diamond core has been photographed.
<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 (HQ and NQ), half core was sampled.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • Drill core samples were prepared and analysed at ALS Laboratories. Samples are dried at 100°C crushed to 70% <2mm then pulverized and screened to 85% < 75µm being homogenized and quartered between each step. • Each sample was assayed for gold via Au-ICP22 (fire assay with ICP-AES finish) and 35 multi-element package via ME-ICP41 (Aqua Regia digest with ICP-AES finish). • ALS Laboratories insert their own standards at set frequencies and monitor the precision of analysis. These results reported well within the specified 2 standard deviations of the mean grades for the main elements. Additionally the lab performs repeat analysis of sample pulps at a rate of 1:20 (5% of all samples). These compare very closely with the original analysis for all elements. • Centaurus inserted standard samples every 20 samples (representing 5%). Mean grades of the standard samples are well within the specified 2 standard deviations. • Laboratory procedures are in line with industry standards.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • All samples were collected by Centaurus field geologists. All assay results were verified by alternative Company personnel and the Competent Person before release. • No twin holes have been completed to date. • All primary data is stored in the Centaurus Exploration office in Brazil. • No adjustments were made to the assay data apart from resetting the below detection level values to half of the detection limit.
<i>Location of data points</i>	<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.

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Data spacing and distribution	<ul style="list-style-type: none"> • Drill holes reported in this announcement were surveyed using hand held GPS.
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 historical workings. Drill hole orientation is perpendicular to the main stratigraphic sequence along which mineralisation exists.
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 Centaurus staff to ALS 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.
Audits or reviews	<ul style="list-style-type: none"> • No audit or review has been conducted on the project to date.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • The Mombuca Project consists of the tenements DNPM 832.316/2005 (application for Mining Lease), 833.133/2014 (Exploration Licence) and 830.668/2015 (Exploration Licence Application). Granted Exploration Leases have three years of exploration rights that may be extended for a further three years. • The tenement 833.133/2014 was acquired from Terrativa Minerai SA. Under the Acquisition Agreement Centaurus will pay a production royalty of 2% to the Vendor on all product sold from this tenement, with the royalty being capable of being converted to a 25% project interest should it be sold to a third party. • All mining projects in Brazil are subject to a CFEM royalty, a government royalty of 2% on iron ore revenue (less taxes) and 1% on gold revenue (less taxes). • Landowner royalty is 50% of the CFEM royalty. • The project is located circa 15km from the federal wilderness park of the Serra do Cipo. The project is outside the buffer zone and exploration and mining is permitted with appropriate environmental licences as held by Centaurus.
Exploration done by other parties	<ul style="list-style-type: none"> • Historically the 832.316/2005 tenement area was explored for iron ore by Centaurus. • Exploration for gold on the 832.316/2005 tenement was originally restricted to the adits that were worked by garimpeiros in the 1800s. Centaurus conducted some follow up mapping and sampling of the gold adits in 2009. • There has been historical artisanal mining undertaken in this area. There is no known evidence of exploration for gold done by modern-day companies.
Geology	<ul style="list-style-type: none"> • The Mombuca Project is located within tectonic sliver from the PaleoProterozoic Serra da Serpentina Group a group that is usually correlated with the Minas Supergroup of the Iron Quadrangle. The sequence is emplaced in Archean gneissic basement. • The project areas are located exactly at the interference of two major thrust systems close to a sinistral lateral ramp associated with the most recent west verging Brasiliano thrusting. • The target units are part of a metavolcanic-sedimentary sequence of quartzites, iron formations (itabirite), mafic and ultra-mafic schists; with sericite-carbonate and talc-chlorite alteration; auriferous pyrite bearing quartz veins outcropping within altered and tectonized quartzite and mafic schist. • The sequence generally dips shallowly to the south-south-east and has been affected by some phases of folding. Late-stage thrust faulting is apparent throughout the project area. • Later stage mafic intrusives (gabbro and dolerite) are also present throughout the project area.
Drill hole Information	<ul style="list-style-type: none"> • Refer to Tables 1 and 2 and Figure 1.
Data aggregation	<ul style="list-style-type: none"> • No cut-offs have been applied in reporting of the exploration results.

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Criteria	Commentary
methods	<ul style="list-style-type: none"> No aggregate intercepts have been applied in reporting of the exploration results.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> The results reported in this announcement reflect individual sample intervals and no mineralised widths were assumed or stated.
Diagrams	<ul style="list-style-type: none"> Refer to Figure 1.
Balanced reporting	<ul style="list-style-type: none"> All exploration results received by the Company to date are included in this report or have been referenced to previous ASX announcements.
Other substantive exploration data	<ul style="list-style-type: none"> Historical geological mapping was carried out by Centaurus geologists. A ground magnetic survey was carried out by Geofbras in November 2015. The survey included 83 line kilometres covering a total area of 18km². Survey lines were orientated north-south with section spacing at 200m and surveys taken every 10m. An Induced Polarisation (IP) survey was completed by WSL\Geomag in March 2016. The survey was completed in the time domain using a pole-dipole array with an electrode spacing of 75m and moves along the line of 50m. The survey was designed to measure to 250 metres depth. The 2D inversion model of the data was completed using Advanced Geoscience (AGI) EarthImager2D. IP survey data was monitored and assessed for quality assurance on a day to day basis by the WSL\Geomag geophysical field acquisition technician, an office based geophysicist from WSL\Geomag and a Centaurus company representative. Additional QA/QC checks were completed by Robert Ellis, Centaurus' geophysical consultant. Interpretation of the Ground Magnetics and IP survey data was undertaken by US-based geophysicist, Mr Robert Ellis. Mr Ellis specialises in South American gold and base metals projects and has previously worked with AngloGold, Kinross, Codelco and Barrick (amongst others) and has extensive experience in Brazil working with Yamana.
Further work	<ul style="list-style-type: none"> The Company will collate all geological, geochemical, petrographic and geophysical information from exploration field work and the drill program and work with independent experts to evaluate the results before any further exploration. It is expected that this work will generate new exploration programs that may include structural and geological mapping, geochemical sampling and geophysical surveys ahead of further drilling.