

29 July 2015

MOMBUCA: OUTSTANDING NEW EXPLORATION TARGETS GENERATED FROM REVIEW OF REGIONAL GEOPHYSICAL DATA

Ground-based magnetic survey set to commence in coming weeks to narrow down drill targets

Key Points

- Extensive regional-scale crustal structures outlined from regional aeromagnetic data within the large (4.8km by 3.5km) high intensity Mombuca magnetic anomaly on the Au-Pd belt of Minas Gerais, Brazil.
- 3D inversion of the aeromagnetic data has identified potential large hidden intrusive bodies at depth.
- Airborne gamma spectrometry at Mombuca has identified Potassium (K) and Potassium/Thorium (K/Th) anomalies which are coincident with known auriferous hydrothermally altered zones but, importantly, also include new untested zones.
- K and K/Th anomalies have historically proven to be good markers for hydrothermal activity, which is known for generating high grade gold and iron mineralisation in the Iron Quadrangle of Brazil.
- An extensive open-ended gold anomaly has been identified from a recent soils survey extending over a length of 1.5km and varying in width from 50-150m. The anomaly is coincident with mineralised quartz veins that returned grades of up to 9.3g/t Au¹.

Centaurus Metals (ASX Code: **CTM**) is pleased to advise that it continues to enhance the gold exploration potential of the **Mombuca Project** in south-east Brazil with results from a desktop review of regional aeromagnetic and gamma spectrometry data highlighting the potential for large hidden intrusive bodies at depth and potential new zones of significant hydrothermal alteration.

The review, which was completed in conjunction with the Company's geophysical consultant, was based on reprocessing regional geophysical data generated by the Government (CODEMIG) in order to identify key target areas ahead of a planned ground magnetics survey planned for August.

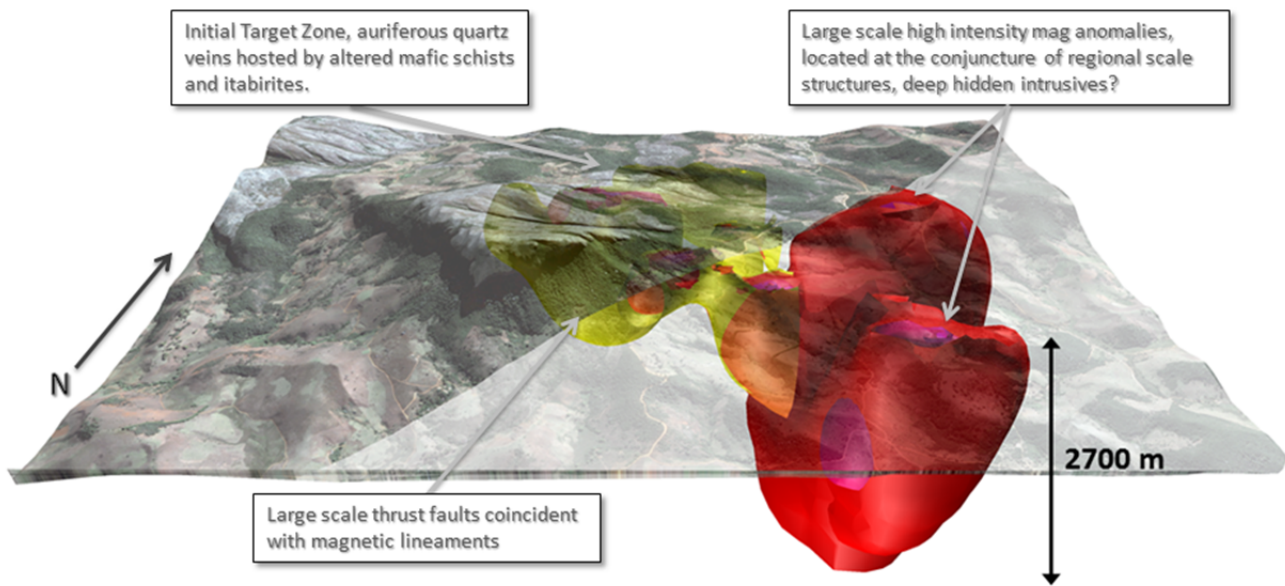
As part of the geophysical work, 3D inversion of the aeromagnetic data was also undertaken, resulting in the identification of potential large hidden intrusive bodies at depth (Figure 1).

The geometry of the anomalies in the area of the Company's recent soil sampling program ("Initial Target Zone or ITZ") in the north-west of the tenement appears consistent with itabirite iron formations or large scale hydrothermal structures, but the strongest anomalies – which are located in the central-eastern zone of the Mombuca Project – demonstrate geometry which is more analogous to large deep intrusive bodies.

¹ Refer to ASX announcement on 9 July 2015 for full details of Mombuca soil sample and exploration program results.



Figure 1: 3D Inversion of Data from Regional Aeromagnetics



The two intrusive bodies are located at the intersection of major regional thrust faults that have been identified from both surface mapping and aeromagnetic interpretations.

The dome-like anomalies are strong near surface and extend to a depth of more than 2.5km. Field mapping in the area to-date has identified gabbro in contact with the mafic schist at surface. The gabbro at surface is locally weakly magnetic and therefore does not account for the intensity of the intrusive anomalies identified. Drilling is going to be required to fully test the anomalies at depth.

The intensity of the Mombuca magnetic anomaly is the strongest in the region, with the total magnetic field reaching around 195nT above the background readings. This makes it stronger and more intense than the anomaly that covers the world-class Itabira Iron Ore Complex, located 20km south-east of the project (see Figure 3).

Further geophysical review work has focused on the First Vertical Derivative (“1VD”) of the aeromagnetic data which emphasizes the near surface (<200m) features. As seen in Figure 2 below, crustal scale magnetic lineaments are evident in the 1VD of both high and low magnetic responses and these responses present excellent exploration targets for a number of reasons.

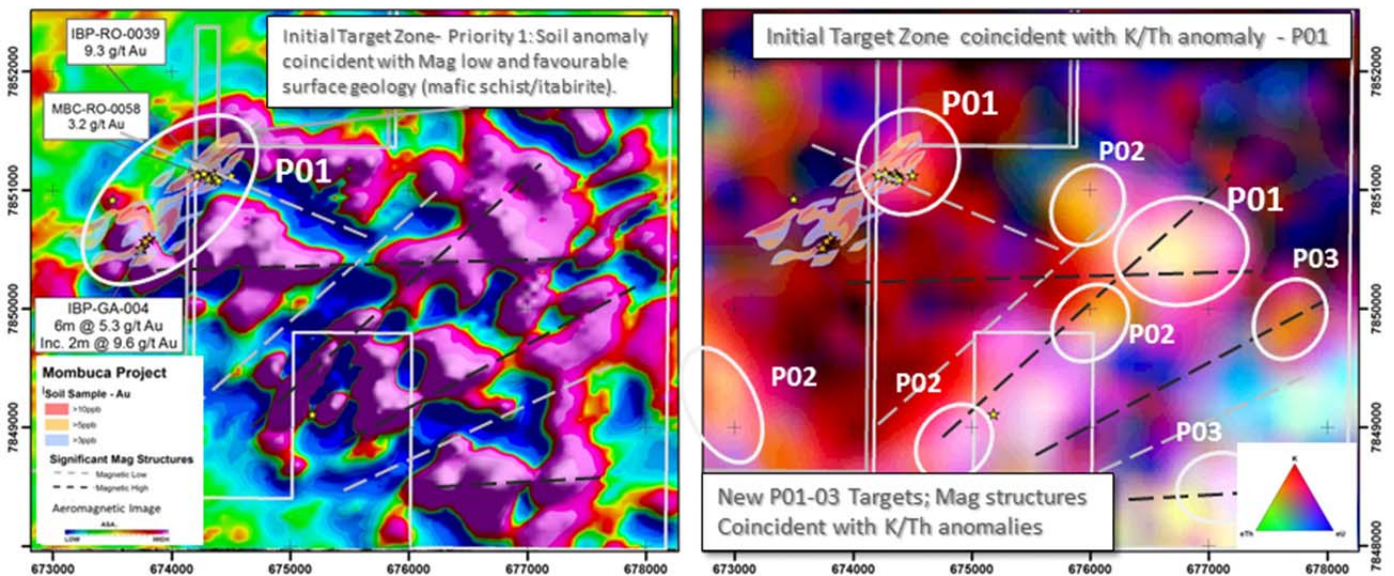
The extreme intensity of the magnetic high anomalies is potentially due to the hydrothermal magnetite development of the Itabirites linked with crustal scale structures (faults and shear zones). The magnetic low features within the anomaly may be associated with either hematite-rich zones caused by hydrothermal upgrade of the itabirite or iron oxide depleted zones due to sulfidation of the itabirite.

In conjunction with the 1VD work, results from airborne gamma spectrometry have identified Potassium (“K”) and Potassium/Thorium (“K/Th”) anomalies coincident with the auriferous hydrothermally altered zones in the Initial Target Zone – ITZ (Figure 2).

K and K/Th anomalies have historically proven very successful in exploration within the Iron Quadrangle, helping to identify hydrothermal activity and in turn gold mineralisation. The combination of the magnetics and gamma spectrometry results has identified new Priority 1-3 exploration targets (see Figure 2).



Figure 2: Aeromagnetics First Vertical Derivative (left) and Gamma Spectrometry-K/Th (right).



The geophysical desktop review work follows the Company’s recently announced assay results from soil sampling programs over the Initial Target Zone (“ITZ”), which returned gold values in soils of up to 0.8 g/t Au and successfully defined an open-ended anomalous zone extending over a strike length of 1,500m and varying in width from 50m to 150m.

Rock chip samples from mineralized quartz veins in the ITZ returned results of up to 9.3g/t Au and historical face sampling of the adits located in the area has returned gold intercepts of up to 6m at 5.3g/t Au (see Figure 4). The ITZ only covers around 10 per cent of the regional scale high intensity magnetic anomaly.

The Mombuca Exploration Program

The ITZ remains a priority exploration target but more detailed work is already being carried out over the very exciting P1 target in the central eastern zone of the project area where the largest K/Th anomaly is coincident with the convergent regional structures and proximal to the location of the large intrusives.

A ground magnetics survey is planned for early August which will play an important role in improving the Company’s geological understanding of the regional-scale structures as well as the hidden intrusives within the project area. Broader exploration activities are continuing on the Mombuca Project including detailed geological surface mapping and additional soil geochemical sampling programs over the central eastern zone P1 target.

Centaurus’ Managing Director, Darren Gordon, said the Mombuca Project was continuing to develop as an exciting exploration opportunity for the Company.

“Our team has been able to adopt an innovative low cost approach, taking advantage of existing geophysical data and undertaking a desktop review which has yielded a significant amount of valuable new information,” he said.

“The presence of large intrusive bodies is an exciting development as are results of the review of the gamma spectrometry survey, which has highlighted the potential for significant hydrothermal alteration in areas not previously tested.”

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“The latest work continues to demonstrate that we are potentially dealing with a very large mineralised system. We will now look to actively test the potential around the large intrusive bodies and assess the nature of the corresponding Potassium/Thorium anomalies,” Mr Gordon said.

“Work on the soils sample program covering the large P1 target is already underway and the ground magnetics program should start in a few weeks. We expect to have more positive results in the coming months that will set us up for a maiden drilling campaign in Q4 2015.”

-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 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.



Figure 3: Mombuca Project Au-Pd Belt of Minas Gerais; Mombuca and Itabira Regional Aeromagnetics Image

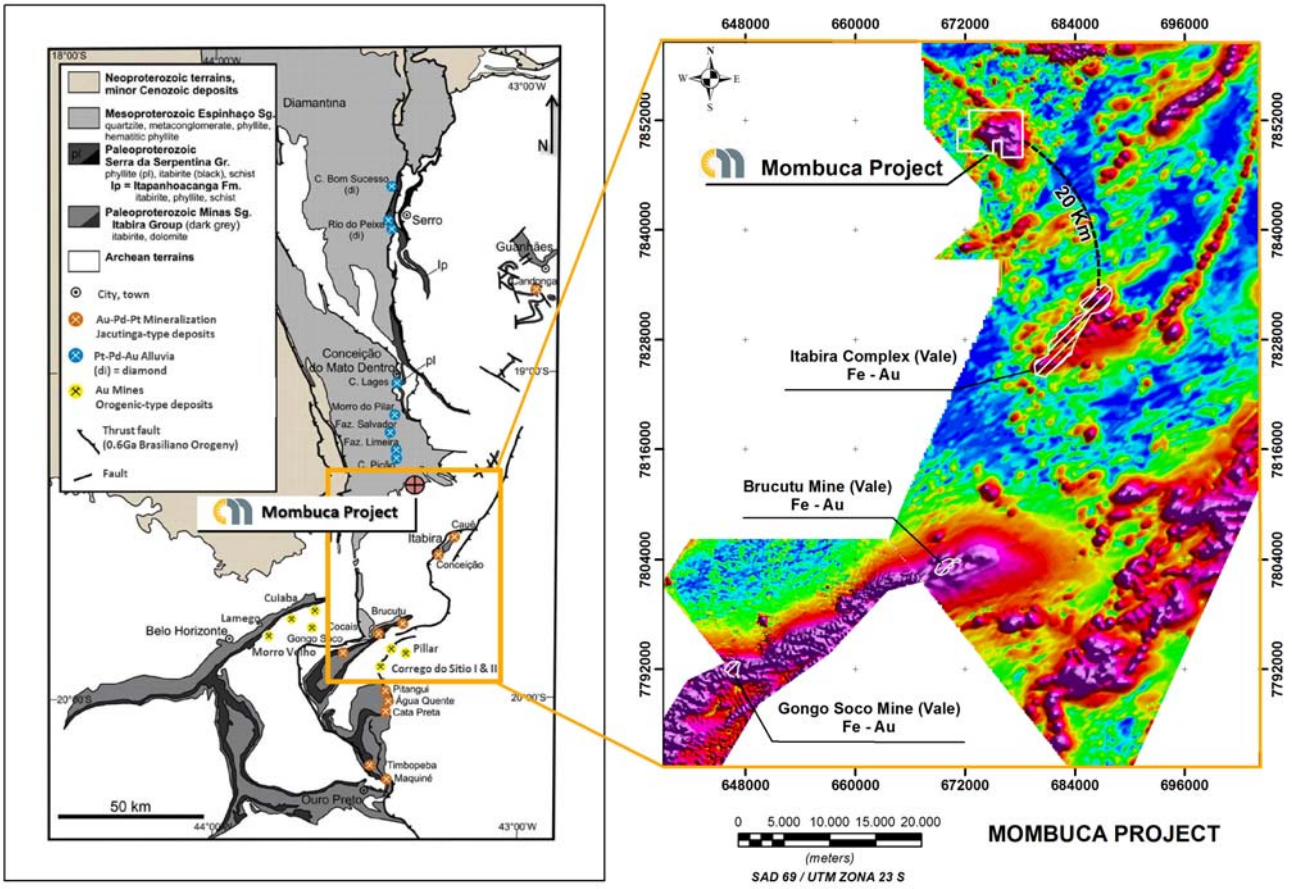
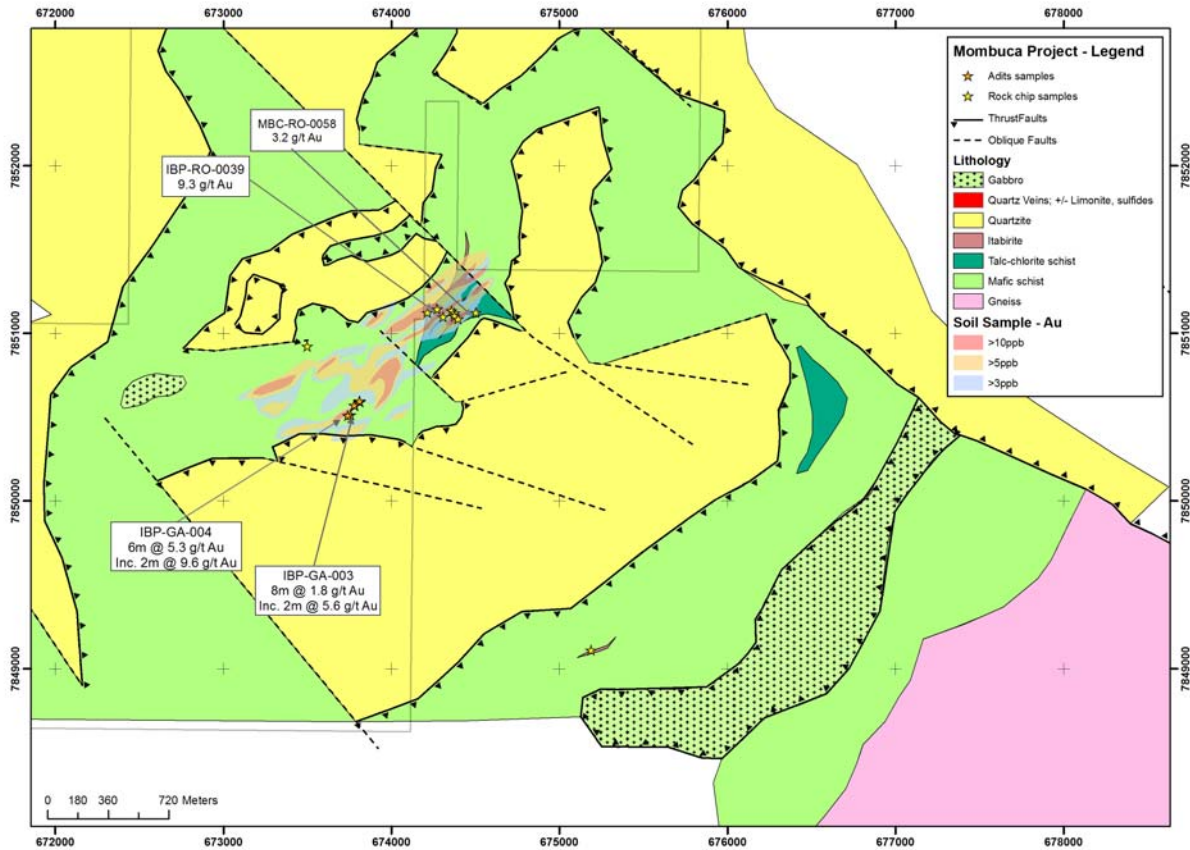


Figure 4: Mombuca Project Geology





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"> • Soil samples were collected at 25m intervals along 100m spaced grid lines. • Surface material was first removed and sample holes were dug to roughly 30cm depth. A 4-5kg sample was taken from the subsoil. The sample was placed in a plastic sample bag with a sample tag before being sent to the lab. • The adits were sampled by continuous channel sampling along the mineralised quartz vein (15-30cm width). Chips were taken from the quartz vein and host rock approximately 20cm either side of the vein, results can be found in ASX announcement on 9 July 2015. • 14 surface rock chip / soil samples were collected from in situ outcrops and rolled boulders for chemical analysis. Results can be found in ASX announcement on 9 July 2015. • Additional samples have recently been taken by the Company and are awaiting assay results.
<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.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • No drilling was conducted.
<i>Logging</i>	<ul style="list-style-type: none"> • All outcrop and soil sample points were registered and logged in the Centaurus geological mapping point database.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • All rock chip and soil samples were sent to the laboratory without any field preparation.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • Analysis of the soil samples was completed at ALS Laboratories. Samples are dried at 100°C and crushed and screened to 80 mesh. The pulp is quartered and an aliquot of 50g is sent for chemical analysis. • Chemical analysis was completed for gold by fire assay and ICP for limit of 0.001ppm as well as multi element using ICP. • For the historical adit sample an ore-grade sample metallic screen fire assay was applied. • ALS and SGS laboratories insert their own standards at set frequencies and monitor 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. • To date no QAQC samples have been inserted by Centaurus for this project.
<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.
<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.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • Soil samples were collected with a spacing of 100m x 25m. • Sample spacing was deemed appropriate for geochemical studies but should not be considered for Mineral Resource estimations.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • The extent and orientation of the mineralisation was interpreted based on field mapping and historical workings. Sample orientation is perpendicular to the main stratigraphic sequence along which mineralisation exists.

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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 the ALS or SGS laboratories 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 is part of the Terrativa Option Agreement. Centaurus will pay a production bonus royalty of US\$1.5 million to the Vendor on first product sold from this or any tenement included in the Agreement. 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 grimeiros in the 1800s. Centaurus conducted some follow up mapping and sampling of the gold adits in 2009 that are reported in this announcement. There is no known evidence of exploration for gold or iron ore done by other parties on the 833.133/2014 tenement.
Geology	<ul style="list-style-type: none"> The Mombuca Project is located within the Espinhaço Super Group (Mesoproterozoic). The target units are part of a metavolcanic-sedimentary sequence of quartzite, ferruginous quartzite, itabirite, mafic and ultramafic schists. This sequence has not been identified in the Brazilian Geological Survey (CPRM) regional mapping and as such it is not fully understood if the sequence is in fact part of the Espinhaço Super Group. The sequence is emplaced in Archean gneissic basement. The sequence generally dips shallowly to the south-east and has been affected by multiple 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. The auriferous quartz veins identified in the adits are generally hosted by the mafic schists and run parallel to the foliation. Iron oxide and sericite alteration is present within the host rock. The host rocks have undergone intense weathering locally. Sericite, carbonate and talc-chlorite alteration is present in the mafic and ultra-mafic schists. The host rocks have been further softened through intense weathering process which has further concentrated the iron oxides through the weathering of sulphides. The vein orientation varies slightly across the three gold adits but is generally orientated SW-NE with varying plunge orientations to the ESE. The itabirite is fine-medium grained and composed of quartz, hematite, magnetite, goethite with minor mica and clay minerals. Itabirite thickness varies from 5 to 20 metres and is more compact at depth. Itabirite grade is between 35-50% Fe.

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Criteria	Commentary
<i>Drill hole Information</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.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> No cut-offs have been applied in reporting of the soil sampling exploration results. No aggregate intercepts have been applied in reporting of the soil sampling exploration results.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> No drilling was conducted.
<i>Diagrams</i>	<ul style="list-style-type: none"> Refer to Figures 1-4.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> All Exploration Results received by the Company to date are included in this report.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> Historical geological mapping was carried out by Centaurus geologists. Interpretation of Regional Aeromagnetic and Gamma Spectrometry data that was collected by state agency CODEMIG was completed by geophysics company Geofbras Exploração Geofísica.
<i>Further work</i>	<ul style="list-style-type: none"> The Company plans to complete further detailed geological mapping, stream sediment sample and pan-concentrate gold colour count program and a ground magnetics survey on 200m N-S line spacings with measurements every 10m. Based on targets generated from these programs, the Company will consider an initial exploration drilling program.