



DECEMBER 2014 QUARTERLY ACTIVITIES REPORT

30 January 2015



DECEMBER QUARTER HIGHLIGHTS

CANDONGA IRON ORE PROJECT

- ▶ The Final Exploration Report for the Candonga Project was approved by the Brazilian Department of Mines (DNPM), allowing the Company to lodge its full Mining Lease application on 6 January 2015. Initial operations at Candonga will commence at 300,000tpa¹ under a Trial Mining Licence (GU).
- ▶ Numerous mine development activities were advanced, including negotiations with suppliers of crushing and screening plants, mining contractors and landowners.
- ▶ Highly experienced local product marketing executive engaged.
- ▶ Candonga bulk sinter feed product sample delivered to potential off-taker for testing.

CONQUISTA IRON ORE PROJECT (formerly named Candonga West)

- ▶ The Conquista tenement package was acquired which includes high-grade DSO mineralisation identified over a strike length of +2.0km immediately adjacent to Candonga, providing an attractive near-term growth opportunity.
- ▶ An initial ground magnetic survey has highlighted potential extensions to the high-grade DSO mineralisation at Conquista, with initial diamond drilling planned for Q2 2015 to define JORC resources.

JAMBREIRO IRON ORE PROJECT

- ▶ A non-binding Memorandum of Understanding (MOU) was signed with the Brazilian mining and logistics company, Manabi SA, for potential funding and off-take arrangements.
- ▶ A new high grade bulk product sample was prepared for delivery to potential off-takers for testing.

¹ Refer to ASX announcements on 30 September 2014 for full details of Candonga Feasibility Study and JORC Ore Reserve estimate. The Company is not aware of any new information or data that materially affects the information in the Feasibility Study release of 30 September 2014.



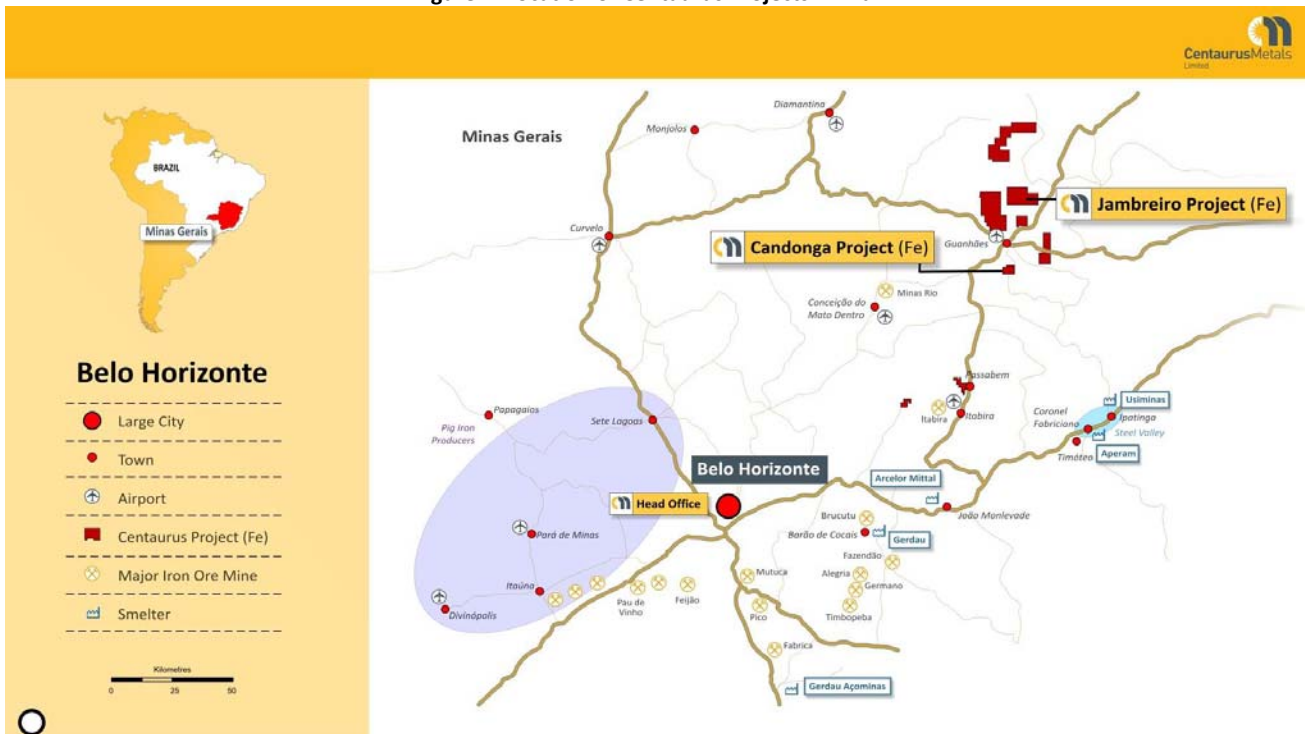
CORPORATE

- ▶ In early January 2015, Centaurus entered into an exclusive mandate with leading international resource financier RMB Resources Limited (“RMBR”) to arrange a Working Capital Facility of up to A\$6 million to underpin the Candonga Project development. RMB has commenced its due diligence activities.

BRAZILIAN IRON ORE PROJECTS

Centaurus is focused on developing a long-term iron ore business in the south-eastern region of Brazil, specifically in the state of Minas Gerais.

Figure 1: Location of Centaurus Projects in Brazil



CANDONGA IRON ORE PROJECT

Centaurus is fast-tracking the development of the Candonga DSO Project. The Company’s near-term strategy is to secure the necessary approvals and funding for Candonga and to commence operations as soon as possible to generate early cash flow and become self-funded.

The Candonga Project is situated in the municipality of Guanhões, 15km by road from the town centre, 35km by road from the Jambreiro Project and about 250km north-east of the state capital, Belo Horizonte (Figure 1).

The Candonga Project comprises the Coruja Deposit and the Água Prospect.

Mines Department Approvals

During the Quarter, the Company achieved an important milestone in the permitting process for Candonga, with the Final Exploration Report for the tenement that covers the project approved by the Brazilian Department of Mines (DNPM).

The approval of the Final Exploration Report supports the quality of the exploration and project development work undertaken by Centaurus and provides a strong degree of confidence that the DNPM is satisfied with the viability of a future full-scale mining operation.



While Centaurus plans to commence production at Candonga in mid-2015 at the rate of 300,000tpa under a Trial Mining Licence (Guia de Utilização – “GU”) lodged in April 2014, approval of the Final Exploration Report cleared the way for the Company to lodge the full Mining Lease application for Candonga.

The full Mining Lease application, known as the PAE, was lodged with the DNPM on 6 January 2015. Based on the Company’s experience with its fully licensed Jambreiro Iron Ore Project, it should take some 6-9 months for the full Mining Licence to be approved.

The Trial Mining Licence process is well advanced with the DNPM. The DNPM completed a site visit in September 2014 and final approval of the licence is expected in Q1 2015 ahead of the planned mid-year start-up date.

Environmental Approvals

The Company has also lodged a combined Preliminary Licence/Installation Environmental Licence application (LP/LI) for the Candonga Project in May 2014, which is now awaiting approval. The Company expects the relevant approval to be received in Q2 2015. The Company is not expecting any issues with the approval process as the Project is located on pasture land that does not require any native vegetation to be removed.

Furthermore, the strong social and economic benefits that will flow to the region from the development of the Candonga Project have also helped create a very positive relationship with local communities and stakeholders.

Product Marketing

The Candonga Project is set to produce high-grade, low impurity lump and sinter feed products, which are in high demand from the local steel and pig iron industries.

The Company remains in discussions with a number of groups in respect to the supply of Candonga product. During the quarter, a 1 tonne sample of sinter feed was sent to one of the larger local integrated steel mills for them to undertake relevant testwork in advance of negotiating a supply contract.

The Company has engaged the services of Mr Luciano Tanure to assist with marketing of the suite of products from the Candonga Project. Mr Tanure has extensive experience in the marketing of iron ore products in Brazil and has worked in the industry for over 35 years, initially with MBR and Vale and more recently with Arcelor Mittal.

Project Development

Key highlights of the Candonga Feasibility Study completed in September 2014 included low forecast mine gate cash operating costs (C1 + Royalties) of A\$14.9/tonne from a very low pre-production capital cost of A\$3.6 million.

During the course of the Quarter, the Company advanced a number of key project development activities including negotiation of

- the supply of the crushing and screening plant;
- the cost structure and services of the Mining Contractor;
- the supply of diesel for the Project; and
- the land purchase agreement.

The Company plans to contract these services during the first quarter of 2015.

CONQUISTA PROJECT (formerly named Candonga West)

During the Quarter, Centaurus took the first step towards expanding its DSO business in south-east Brazil after securing an option to acquire a 100% interest in a portfolio of highly prospective tenements with extensive Direct Ship Ore (DSO) mineralisation located just 8km along well maintained gravel roads from the Candonga Project.



Initial surface exploration programs on two of the new ELs, now known as the Conquista Project, have already confirmed a substantial strike length of DSO mineralisation, providing an attractive exploration target for the Company for 2015 and laying the foundations for it to either expand or extend the mine life of its 300,000tpa Candonga DSO operation.

As part of the Company’s initial field activities at Conquista, a number of rock chip samples were collected from the areas where in situ outcrop (Figures 2 and 3) and rolled blocks have been identified and mapped. The high grade itabirite samples returned iron grades between 64% and 70% with low levels of impurities. A full list of the rock chip samples collected from the initial field work is provided in the Company’s ASX Announcement dated 11 November 2014.

Figure 2: In-situ Outcrop and Rolled Blocks at the Harpia Target of the Conquista Project



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 1). The Exploration Target is based on mapping completed to date of high grade outcrops and rolled blocks (float), assays from rock chip samples and the knowledge of the regional mineralisation generated from exploration work undertaken by the Company at the nearby Candonga Project. It has been further underpinned by the ground magnetic survey results described later in this report. 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.



Table 1 – 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 3; • 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 8Mt 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 3; • 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 40Mt grading 35-45% Fe

The new tenement package has been secured under a flexible, low-cost 6-month option agreement, giving Centaurus the ability to test the mineralisation and full potential of the ground before committing significant funds. The two ELs that form the Conquista Project are located immediately along strike from the Candonga high-grade DSO Ore Project which has a JORC 2012 Ore Reserve estimate of 1.2Mt at 60.5% Fe (Figure 3).

The overall tenement package secured under the option includes four granted ELs for a total of 4,051 hectares, as well as twelve tenement applications and three tender applications for a total of 11,786 hectares. A list of all of the tenements is set out in the Company’s ASX Announcement dated 11 November 2014.

Ground Magnetic Survey

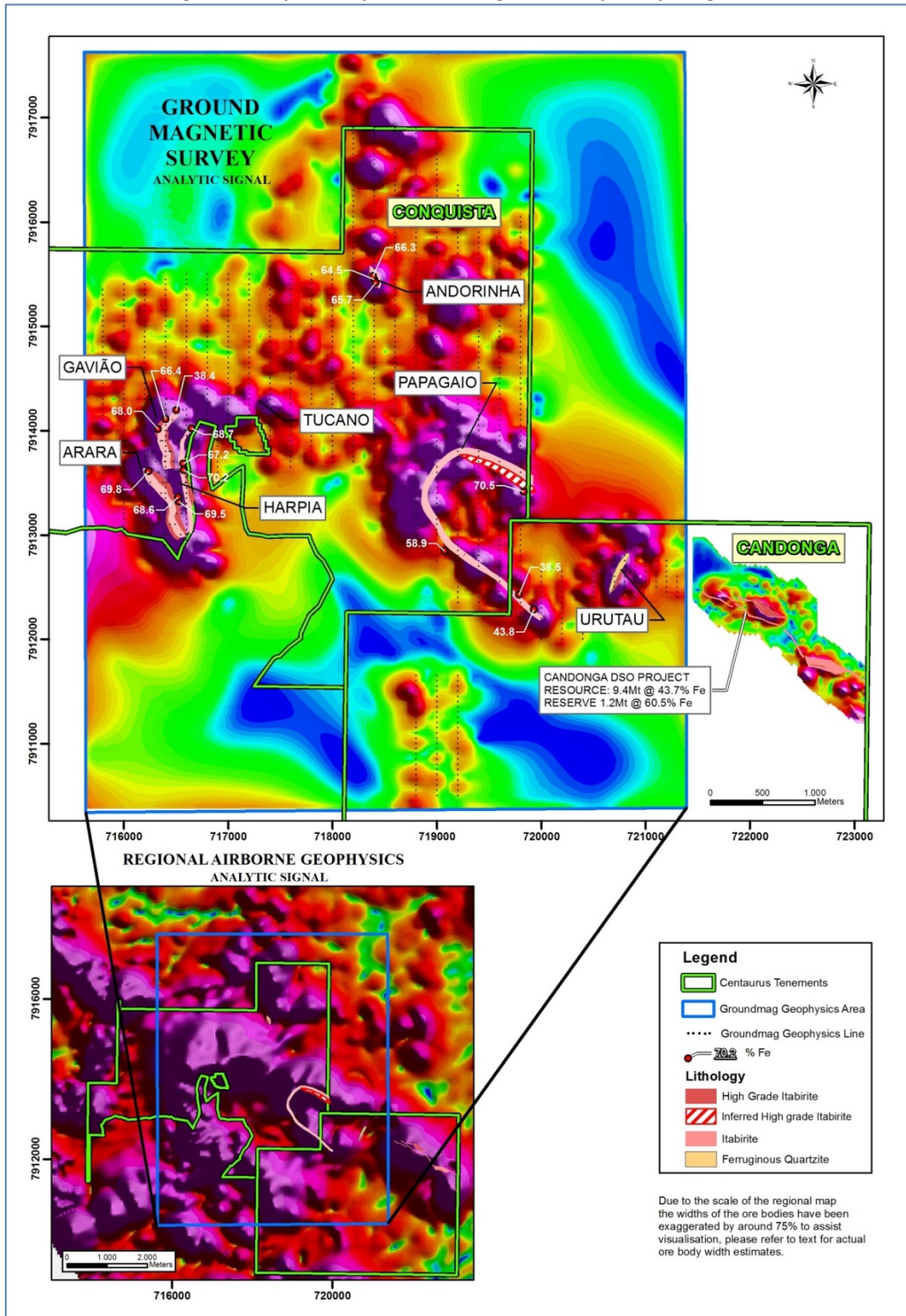
A ground magnetic survey was completed at the Conquista Project during the Quarter, designed to follow up the strong regional airborne magnetic signature and the high-grade in situ outcrops identified from a first-pass ground mapping program over the tenure (see Figure 3).

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

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



Figure 3: Conquista Project Ground Magnetic Survey, Analytic Signal²



Encouragingly, the ground magnetic survey at Conquista has confirmed the potential for sub-surface extensions of high grade outcrop identified at the key Harpia, Arara, Gavião and Papagaio Targets and has also identified new sub-surface anomalies. The key targets are shown on the ground magnetic survey results map in Figure 3.

² 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.



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

Further, the Arara and Gavião Targets, located 200m west of the Harpia Target, have had high-grade outcrop and rolled boulders mapped over a combined strike length of some 600m. The magnetic anomaly from the ground magnetic survey indicates that the sub-surface response associated with the mineralisation in this area is up to 900m along strike. New outcrop sample results have been received from these targets returning +66% Fe results with low impurities (full details of the sample results are provided in the Company’s ASX Announcement dated 24 November 2014).

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

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

Future Exploration Work and Drilling

The Company has commenced an extensive auger drilling program that is scheduled to be completed in February 2015. To date 68 holes have been completed for a total of 210m. This drilling supports the detailed geological mapping process as the ore is often covered by a thin layer of colluvium. In pastoral areas the Company plans to execute a trenching program similar to those that were successfully undertaken at the Candonga Project.

Figure 4: CTM staff complete auger drilling at the Conquista project



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



The first exploration drill program at the Conquista Project is planned to start in Q2 2015. The preliminary drill plan includes 750m of diamond drilling. The principal landowner agreements have been signed and the environmental applications for the drilling licence have been lodged.

JAMBREIRO IRON ORE PROJECT

Jambreiro remains one of the few fully permitted, development-ready greenfields iron ore projects in Brazil. Discussions with a number of parties in relation to off-take and other potential transactions progressed during the Quarter, leading to a non-binding Memorandum of Understanding (MOU) with Brazilian mining and logistics company, Manabi S.A., for potential project financing and iron ore off-take from Jambreiro.

Under the terms of the MOU, Centaurus and Manabi will investigate the potential to establish a long term off-take agreement for Jambreiro utilising Manabi's planned infrastructure, as well as the potential to provide financing for the Jambreiro Project.

Manabi is planning to construct a private port terminal in Linhares, on the coast of the State of Espírito Santo, and has entered into an Investment Agreement and a transportation agreement with Vale S.A., in the latter's capacity as concessionaire responsible for the operation of the Vitória-Minas Railway ("EFVM"), which links the states of Minas Gerais and Espírito Santo, where Manabi's North Port project is planned to be located.

During the Quarter, the Company also completed new pilot plant testwork at Fundação Gorceix to generate further samples for testing by potential customers. Final product is now ready to be dispatched to customers for testing.

CORPORATE

Mandate for Debt Funding Arrangement

Subsequent to the end of the Quarter, Centaurus entered into an exclusive mandate with leading international resource financier RMB Resources Limited ("RMBR") to arrange a Working Capital Facility from RMB Australia Holdings Ltd of up to A\$6 million to underpin the development of the Candonga Project.

The facility will also be used to support ongoing exploration programs including at Centaurus' rapidly emerging Conquista Project and for general working capital requirements.

Arrangement of finance by RMBR remains subject to the terms and conditions of the Indicative but non-binding Term Sheet. Any final Offer of Finance will remain conditional upon the completion of detailed due diligence and RMBR's Final Investment Committee credit approval.

The Company expects RMBR to complete its due diligence processes over the course of January 2015 and, subject to satisfactory completion of that due diligence, be in a position to provide an approved Offer of Finance by the end of February 2015.

RMB Resources has offices in Sydney, Melbourne, London, Johannesburg, Denver and New York and is the resource financing business of one of the largest financial services groups in the southern hemisphere, the FirstRand Group. At 30 June 2014, the total asset position of the FirstRand group was approximately US\$89 billion.



Cash Position

At 31 December 2014, the Company held cash reserves of A\$0.9 million.

Shareholder Information

At 31 December 2014, the Company had 239,987,919 shares on issue with the Top 20 holding 61.6% of the total issued capital. Directors and Senior Management held 3.6% of the total issued capital.

**DARREN GORDON
MANAGING DIRECTOR**

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 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.

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.