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CENTAURUS SELLS CONQUISTA IRON ORE PROJECT IN BRAZIL AS IT MAINTAINS FOCUS ON BASE METAL EXPLORATION IN THE CARAJÁS

Options also being explored to crystallise value from shovel-ready Jambreiro Project against the backdrop of an improved iron ore price environment

Centaurus Metals (ASX Code: **CTM**) ("Centaurus" or "Company") is pleased to advise that it has divested its **Conquista Iron Ore Project** in south-east Brazil to privately-owned Brazilian mining group, R3M Mineração Ltda ("R3M"), as part of the continuing value realisation process from its Brazilian iron ore portfolio.

The transaction is consistent with the Company's corporate focus on base metal exploration in the world-class Carajás Mineral Province of northern Brazil.

Under the terms of the Agreement, R3M will pay R$500,000 (~A$185,000) to Centaurus in mid-December 2018 and has also granted the Company a 12% production royalty on all future production from Conquista and a number of surrounding exploration tenements which are prospective for iron ore. As part of this arrangement, Centaurus will receive an upfront payment of R$1.5 million on the commencement of production from Conquista as an advance of the production royalty.

Centaurus' Managing Director, Mr Darren Gordon, said the Company was pleased to be able to crystallise value from the sale of the Conquista Project to R3M, with the privately owned group being ideally placed to take the asset forward given the ownership group is already operating in the immediate region at the nearby Candonga DSO Project which was acquired from Centaurus in 2016.

"R3M understand the domestic iron ore and pig iron markets and see the potential to bring niche DSO assets into production relatively quickly," he said. "Importantly for Centaurus, we will maintain exposure to the success of the project and its potential future cash flows via a strong production royalty.

"Assuming that Conquista ultimately reaches production levels similar to those seen at the neighbouring Candonga Project, and based on the current Conquista Project Exploration Target, the royalty has the potential to deliver significant value to us even with conservative assumptions on average mine gate sales prices over the next 5-6 years.

"We will continue to drive the process of extracting value from our iron ore asset base – the next step in which would involve a transaction relating to our development-ready Jambreiro Iron Ore Project, which we believe could generate very significant cash flows in the current iron ore market environment where significant premiums exist for high grade, low impurity ore."

About the Conquista Project

Centaurus has historically completed extensive exploration work on the Conquista Project, allowing it to establish an Exploration Target of 3.5-8Mt of high-grade DSO grading 64-67% Fe, with a further 20-40Mt of itabirite mineralisation grading 35-45% Fe. The Exploration Target quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a JORC Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

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The Exploration Target is, as previously announced, based on detailed geological mapping and sampling, trenching, auger drill-hole results, a detailed ground magnetic survey and Centaurus' extensive knowledge of the local geology following the Feasibility Study completed on the Candonga DSO Project formerly held by Centaurus, which is located only 8km to the east of Conquista.

About the R3M Mineração Group

R3M is a private mining group in Brazil with experience in small-scale domestic iron ore operations and downstream processing. The ownership group of R3M has a portfolio of mining projects in Brazil and established relationships in the Brazilian steel and pig iron markets. The ownership group secured the rights to the Candonga DSO Iron Ore Project from Centaurus in 2016 and has recently commenced operations at this project.

Continuing Strategic Management of Iron Ore Project Portfolio

Outside of Conquista, Centaurus retains 100% ownership of the larger, shovel-ready Jambreiro Iron Ore Project, which is fully licensed for 3Mtpa of production.

Interest in domestic iron ore projects in Brazil has been increasing recently with the significant recovery in iron ore prices over the past 12 months and the premium that exists in the market for high grade (+65% Fe), low impurity product. This has been supported by renewed optimism in Brazil's economy following the recent Presidential election with the change of government likely to drive domestic demand.

At current iron ore prices, the economics of the development-ready Jambreiro Project remain very attractive. The original Feasibility Study on the project was completed in late 2013 and was based on an average sales price of iron ore into the domestic steel industry of R$82.70/tonne to show total Life-of-Mine EBITDA of R$699 million and annual free cash flows of R$19.4 million over an 18-year period. Refer to the ASX Announcements of 20 December 2013 and 13 January 2014 for full details of the Feasibility Study and Project Economics. The Company does not consider there have been any changes in the material assumptions underpinning the Ore Reserve which was based on a very conservative set of assumptions.

Centaurus is of the view that, since the completion of the Feasibility Study, the economics of the Jambreiro Project have improved for a variety of reasons but principally due to the weakening BRL exchange rate against the US Dollar since the time of the Feasibility Study.

The Company is currently exploring options to realise value from Jambreiro via innovative joint venture arrangements for the development of the project, whereby it would be free-carried to production while continuing to focus its exploration efforts on its base metal projects in the world-class Carajás Mineral Province of northern Brazil.

-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 Australasian 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.

Exploration Target

This Report comments on and discusses Centaurus Metals Limited's exploration in terms of target size and type. The information in relation to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Mineral Resources or Ore Reserves. It is uncertain if further exploration work will result in the determination of a Mineral Resource or Ore Reserve.

Detail of the Conquista Exploration Target

The Conquista Exploration Target tonnage and grade potential is based on the following data:

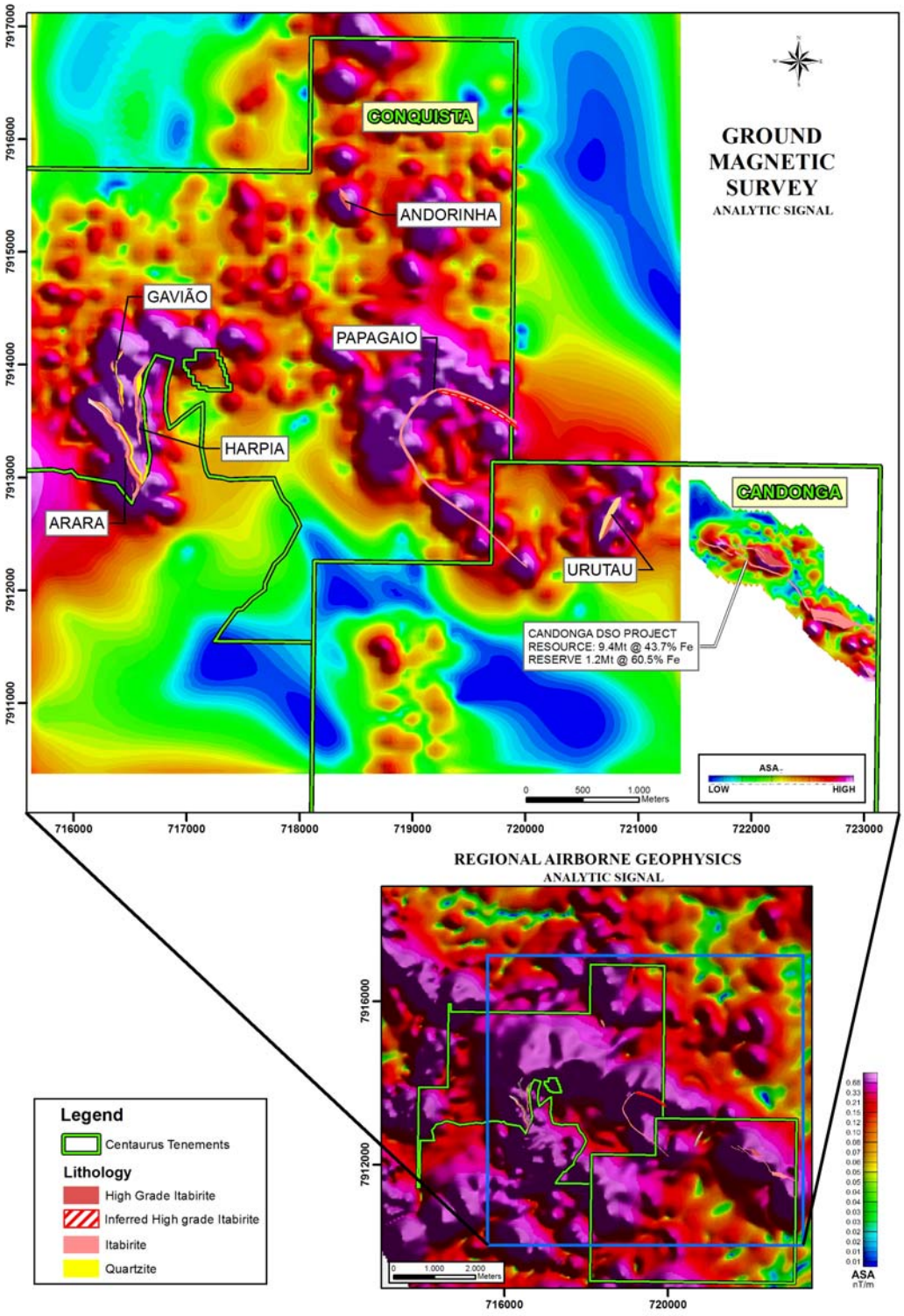
- Extensive trenching and auger drilling database for mineralisation width and grade ranges across the six main targets;
- The depth of mineralisation is primarily based upon comparison with known deposits that sit in the same iron formations. The lower range is a conservative estimate of the mineralisation width and depth. The upper range recognises the potential for additional mineralisation where the targets remain open along strike and potentially at depth;
- The grade ranges for iron are based on the grades intersected in the trenches and auger drilling;
- This auger drilling was completed primarily on 200m lines along strike of the Arara and Harpia Targets, with 40m spacing between holes. Trenches are located along the main target where clearing was possible.
- A detailed ground magnetic survey was completed over the main targets on 100-200m line spacing's. Ground magnetics have proved very successful in delineating iron mineralisation in the area (Candonga).
- Surface mapping, soil sampling and geophysical images were used for interpretation of areas that have not been auger drill or trench tested due to access issues;
- A dry bulk density value of 2.8t/m^3(DSO) and 2.5t/m^3 (itabirite) based on tests completed on in-situ mineralisation; and
- A digital terrain model from SRTM survey (30m resolution).

The Conquista Iron Ore Project Exploration target results are outlined in Table 1 below.

Table 1 – Conquista Project Exploration Target Potential Estimate

Project	Mineralisation	Target details	Exploration Target
Conquista	**DSO**	DSO mineralisation tonnage potential estimation is based on in situ high grade outcrop and concentrations of high-grade float: • Project includes the six targets shown in Figure 1; • 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/m^3; • DSO sample grades range between 64-70%Fe.	**3.5 to 8 Mt** **at 64-67% Fe**
Conquista	**Itabirite**	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: • 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/m^3; • Itabirite sample grades range between 35-59%Fe.	**20 to 40 Mt** **at 35-45% Fe**

Figure 1: Conquista Project Ground Magnetic Survey, Analytic Signal[1]



[1] 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.

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

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	• 80 auger samples are taken by a hand-held auger. Sections are 100-200m apart with 50-100m between holes. Care is taken to try to remove up hole contamination from the auger bit during sampling. A 3-5kg sample was taken from the bit. The sample is placed in a plastic sample bag with a sample tag before being sent to the laboratory. • 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. • 18 trenches were completed. Channel samples were taken along the trenches, generally perpendicular to the mineralisation profile. Approximately 3-5kg of sample was collected. • 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	• Auger drilling was completed using a hand-held auger with a 200mm auger bit. Drilling depth is determined by drill refusal. • All holes drilled to date have been vertical.
Drill sample recovery	• Not Applicable.
Logging	• All auger holes, trenches, outcrop and sample points were registered and logged in the Centaurus geological mapping points database.
Sub-sampling techniques and sample preparation	• 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	• 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	• 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	• 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	• Auger drilling was completed on 100-200m line spacing with 50-100m between holes.
Orientation of data in relation to geological	• The extent and orientation of the mineralisation was interpreted based on field mapping and regional

structure	and detailed magnetic anomalies.
Sample security	• 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	• Not Applicable.

SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
Mineral tenement and land tenure status	• At the time of the execution of the sale agreement to R3M the Conquista Project comprised the following tenements: 833.185/2006 and 832.776/2006. • 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	• 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	• 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 metasedimentry 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	• Not Applicable.
Data aggregation methods	• Not Applicable.
Relationship between mineralisation widths and intercept lengths	• Not Applicable.
Diagrams	• Refer to Figure 1.
Balanced reporting	• All exploration results received by the Company to date are included in this report or can be referenced to previous ASX releases.
Other substantive exploration data	• 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

Criteria	Commentary
	and colluvium covers the target lithology. • Ground Magnetic Survey was carried out by Geofbras Geophysical Services. The survey included 74km of survey lines covering 15km^2. 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.
Further work	• No future work is planned by Centaurus.