

## MARCH 2017 QUARTERLY ACTIVITIES REPORT

*Centaurus gears up for maiden drilling program at Serra Misteriosa Gold Project in Pará, Brazil. Preliminary exploration almost doubles strike length of high-grade gold-in-soils anomaly to 4.4km*

13 April 2017



### MARCH QUARTER HIGHLIGHTS

#### GOLD EXPLORATION – SERRA MISTERIOSA GOLD PROJECT

- ▶ Strike length of the high-grade (+50ppb) gold-in-soil anomaly at Serra Misteriosa increased from 2.4km to 4.4km as a result of detailed mapping and geochemical sampling program.
- ▶ The high-grade zone lies within a broader +25ppb Au anomaly with a total strike length of 10km.
- ▶ Multiple high-grade (+100ppb Au) zones correlate well with the Induced Polarisation (IP) chargeability anomalies (+40mV/V) identified in the recently completed IP survey, further enhancing the excellent walk-up drill targets already identified.
- ▶ Mapping and additional soil sampling focusing on the central target zone at Serra Misteriosa continues ahead of the maiden drill program, which is planned to commence in the second half of April 2017, towards the end of the regional wet season.

#### CORPORATE

- ▶ Highly respected Australian mining executive Steve Parsons appointed to the board as a non-executive Director. Mr Parsons was the founding Managing Director of Gryphon Minerals, which he listed on the Australian Securities Exchange and grew into an ASX-200 company.
- ▶ Subsequent to the end of the Quarter, Centaurus granted a 12 month option over the Conquista Iron Ore Project in south-east Brazil to interests associated with the privately-owned Brazilian mining group Ecosinter, paving the way for the next phase of exploration and potential future development of the Conquista Project.
- ▶ The Ecosinter Group to fund exploration program during the option period, which will include 1,000 metres of drilling, with the program to be managed by Centaurus.
- ▶ On exercise of the option, Centaurus will be entitled to a royalty of 12% on all production from the Conquista tenement package with R\$3 million being paid on exercise as a non-refundable royalty advance.

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## OVERVIEW

The March 2017 Quarter was a positive and productive period for Centaurus, with strong initial results received from the Company’s maiden field exploration activities at the newly-acquired Serra Misteriosa Gold Project, which forms part of the highly prospective Pará Exploration Package in Northern Brazil (see Figure 1 below).

Centaurus completed an Induced Polarisation (IP) survey during the Quarter and commenced a soil sampling program, with both sets of results enhancing the size and scope of the high-grade gold zone, which now measures 4.4km in strike.

A maiden drilling program is scheduled to commence at Serra Misteriosa in late April 2017, targeting areas where strong and distinct IP chargeability anomalies correlate well with high-grade geochemical targets.

Also during the Quarter, the Company was pleased to announce the appointment of highly-experienced mining executive Steve Parsons as a Non-Executive Director.

Subsequent to the end of the reporting period, Centaurus announced that it had granted an option over the Conquista Iron Ore Project in south-east Brazil to privately-owned Brazilian mining group Ecosinter. The structure of the Agreement provides Centaurus with the ability, at no cost, to undertake the required drilling to advance the Conquista Project before potentially generating a strong revenue stream from a 12% production royalty on any production from the project tenements.

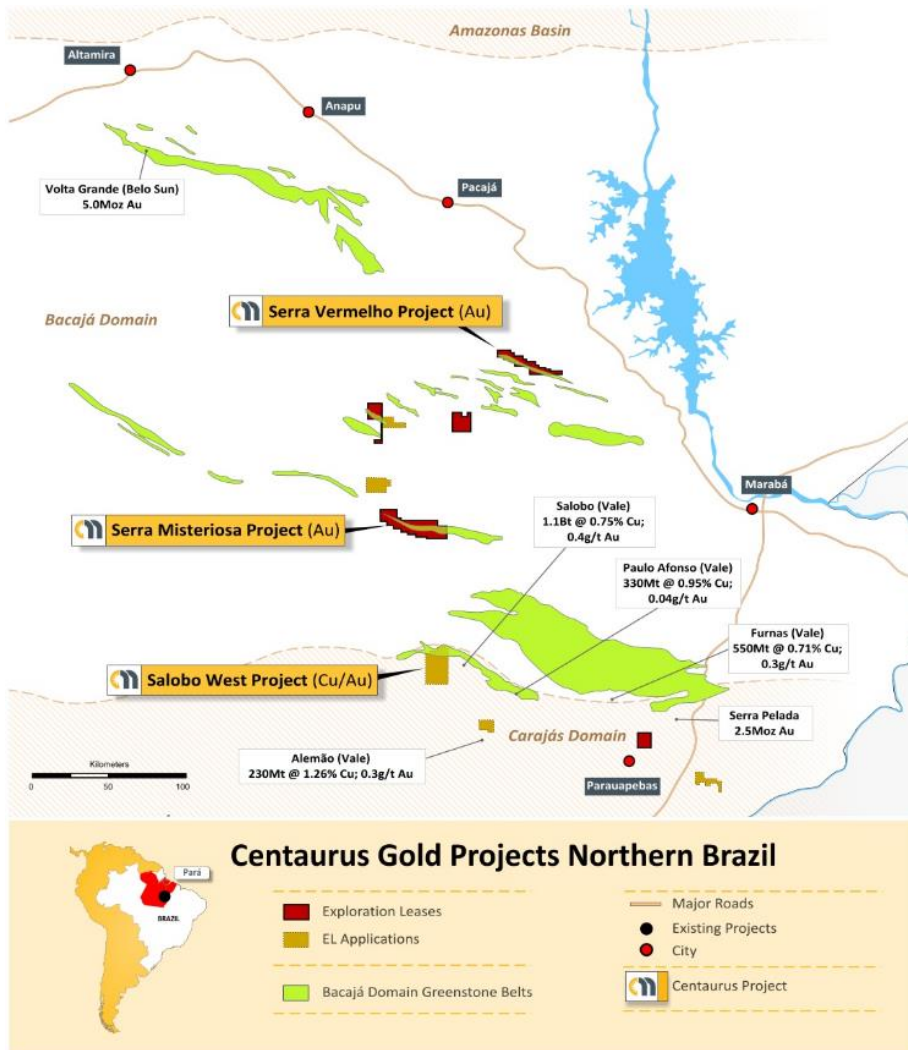


Figure 1: Location of Serra Misteriosa Gold Project and the broader Pará Exploration Package



## GOLD EXPLORATION

### SERRA MISTERIOSA GOLD PROJECT

During the Quarter, Centaurus completed a major Induced Polarisation survey and commenced a geochemical soil sampling program over key areas of the Serra Misteriosa Gold Project in Northern Brazil. Results from both of these programs were very positive, increasing the size and enhancing the overall continuity of the high-grade (+50ppb Au) gold anomaly, which has now been defined over a 4.4km strike length.

#### IP Survey

The maiden ground-based Induced Polarisation (IP) survey was completed at Serra Misteriosa in late January, with final interpretation of the survey results confirming numerous high-priority gold drill targets where a strong geophysical signature is coincident with an extensive high-grade surface gold-in-soils anomaly.

The survey covered the primary target area at Serra Misteriosa, which was at the time of the survey, delineated by a continuous 2.4km long high-grade gold-in-soils anomaly (+50ppb Au). Two additional reconnaissance survey lines were also carried out to cover satellite targets that sat within a broader +5km long (+25ppb) gold geochemical anomaly.

The QAQC and interpretation of the IP survey was completed by highly experienced US-based geophysicist, Mr Robert B. 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.

Mr Ellis confirmed that the survey data quality was excellent with depth of investigation exceeding 250 metres, and has identified multiple well-defined drill targets with characteristics that were favourable for higher grade mineralisation.

Because of the association of sulphides (arsenopyrite and pyrite) with the gold mineralisation identified in surface samples at Serra Misteriosa, the IP survey is an important tool to enhance the Company's drill targeting. The high chargeability (IP) anomalies are directly coincident with the high grade gold-in-soils anomaly (+100ppb Au) as well as an extremely high chargeability (+40mV/V) anomaly that is offset slightly to the north. Both zones represent excellent, high-priority drill targets.

Additionally, the sub-vertical high resistivity features that coincide with the top of the diorite ridge and continue to depth are interpreted to represent different intrusive and/or alteration phases. The contacts zones of these anomalies also present excellent targets for higher grade gold mineralisation that will be part of the first pass drilling plan.

#### Soil Sampling Program

Centaurus commenced a soil sampling program at Serra Misteriosa following the completion of the IP survey, with the initial results from this program almost doubling the strike extent of the high-grade (+50ppb Au) gold-in-soils anomaly to 4.4km (see Figure 2), as well as validating historical data and enhancing the overall continuity of the anomaly. The anomaly sits within a broader +25 ppb Au anomaly which has a total strike length of ~10km along the Serra Misteriosa ridge.

The soil sampling results also correlate very well with the strong chargeability anomalies (+40mV/V) identified from the IP survey (see above), supporting the walk-up drill targets which the Company will test as part of its upcoming maiden drill program, scheduled for the second half of April 2017.

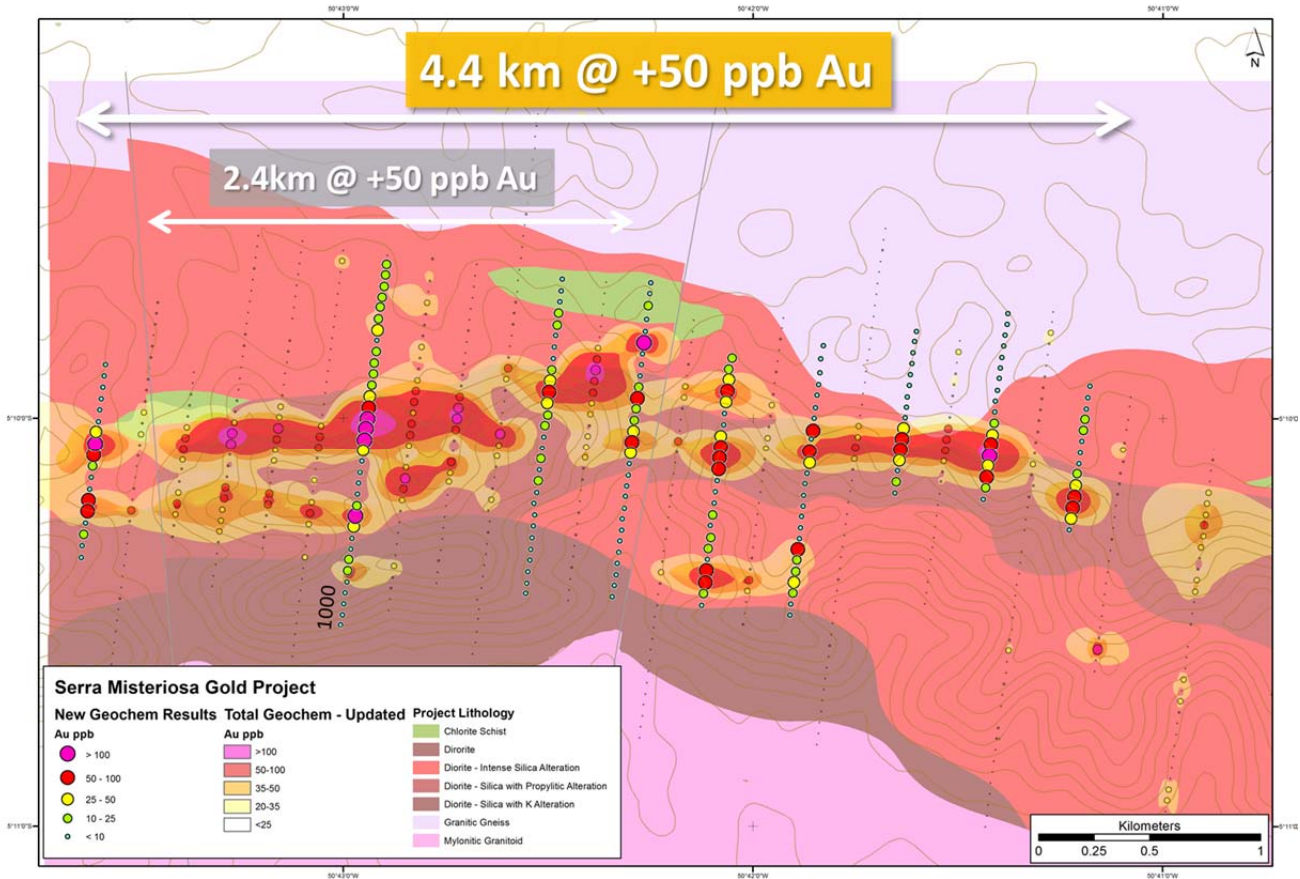


Figure 2: Serra Misteriosa, Soil Geochemistry (Au) showing new (bold) and historical (smaller) soils results

The map in Figure 2 above shows the new results (lines of bold and larger circles), together with the historical data over the interpolated gold-in-soils anomaly and project lithology. The new soil sampling results are from lines that have tightened the central zone sample grid to 200m spacing and extended it in both directions. The main geochemical signature is now 4.4km long with significant potential to further extend the strike length of the +50ppb Au anomaly with additional sampling lines. Sampling of these lines is already underway.

The robust geochemical anomaly demonstrates excellent correlation with a number of chargeability anomalies seen in the recently completed IP survey. The fact that there are gold and arsenic anomalies directly above these high chargeability zones indicates the potential for gold bearing disseminated sulphides at depth. This is very encouraging. Section 1000 in Figure 3 below is an example of this relationship.

Centaurus commissioned highly-respected geologist, Mr Grant “Rocky” Osborne, to conduct a detailed review of the Serra Misteriosa Gold Project. Mr Osborne has extensive gold and base metals exploration experience on projects in Brazil and Australia, having worked for over 17 years in Brazil with BP Minerals and Western Mining Corp (WMC) and more recently with a number of juniors in Australia. He is responsible for gold and base metal discoveries in both countries.

Mr Osborne’s independent review concluded that the Serra Misteriosa Gold Project represents a very robust geological, geochemical and geophysical target for Intrusion-related gold mineralisation hosted within a shear zone. This is supported by a consistent mineral zoning of Gold (Au), Arsenic (As), Antimony (Sb) and magnetic susceptibility over a long interval combined with relatively simple geology and geophysics (IP and Magnetics).

Mr Osborne has recommended that the project be drilled and has highlighted a number of high priority drill hole locations to be included in the Company’s maiden drill program set to get underway in April.

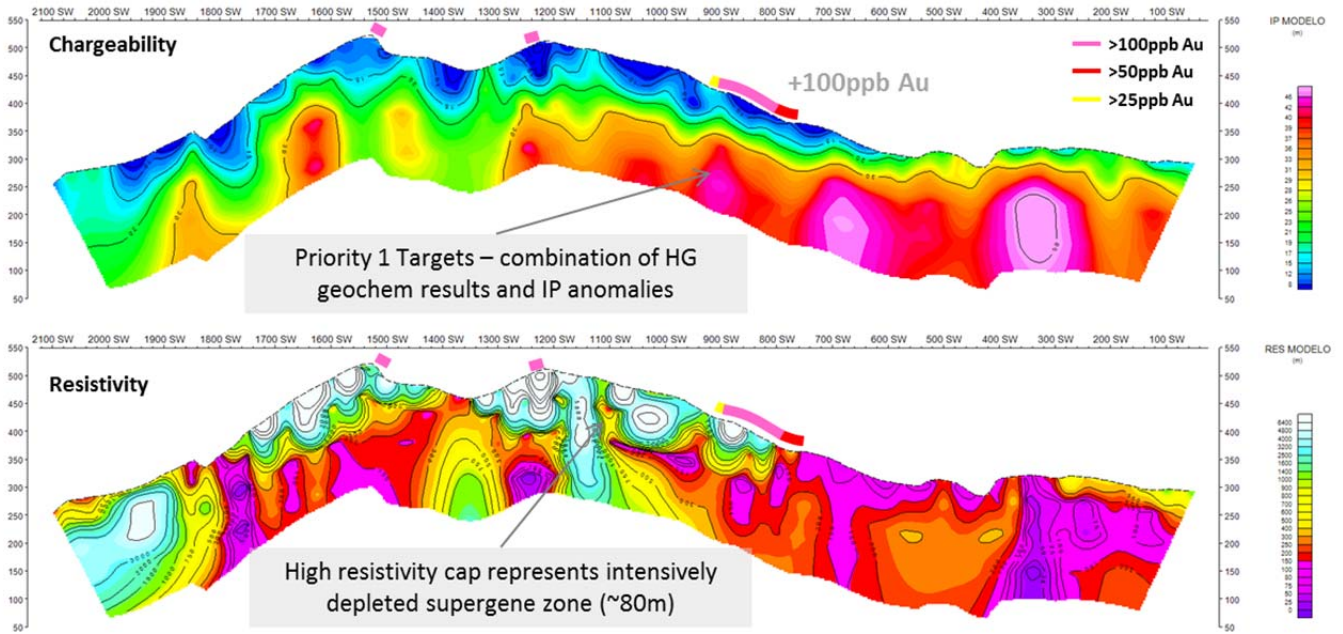


Figure 3: Serra Misteriosa, IP Section 100 with projected soil geochemistry (Au)

The field team continues to work on the in-fill and extensional soil geochemistry programs and further detailed mapping. The Company plans to undertake additional mapping, stream sediment and soils sampling over the strike extent of the Serra Misteriosa ridge (see Figure 4), until drilling commences.

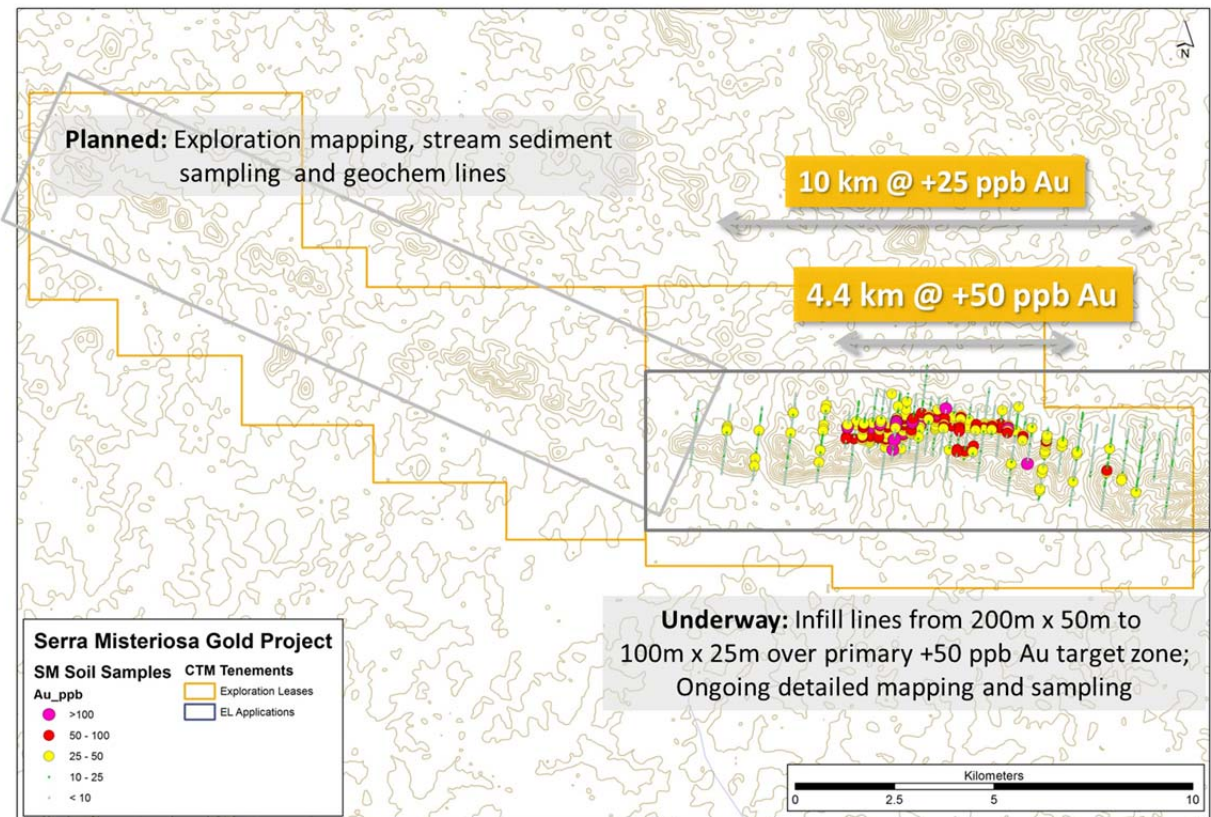


Figure 4: Serra Misteriosa – Exploration work fronts



## IRON ORE PROJECTS

### CONQUISTA DSO PROJECT

The Conquista Project comprises a portfolio of highly prospective tenements with extensive Direct Ship Ore (DSO) mineralisation located just 8km along well maintained gravel roads from the Company’s previously divested Candonga DSO Iron Ore Project (see Figure 5).

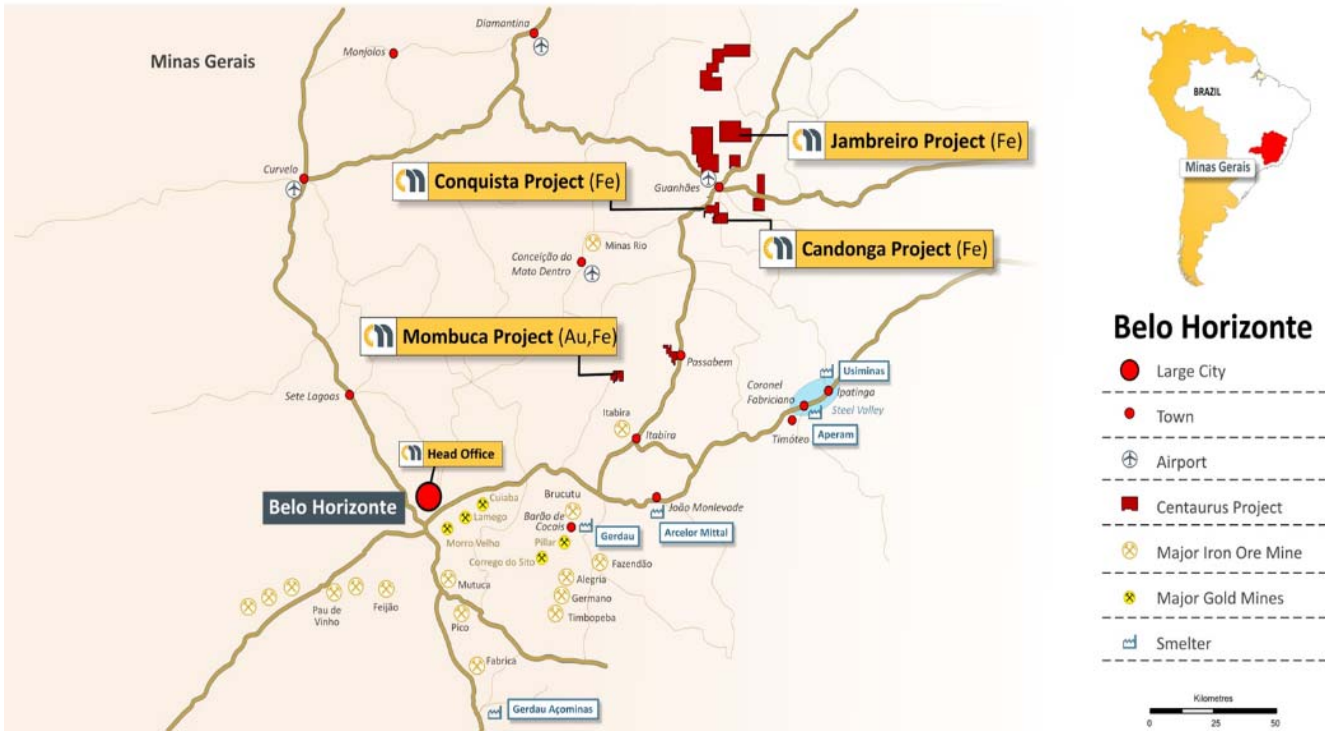


Figure 5: Centaurus project locations in south-east Brazil

Subsequent to the end of the reporting period, Centaurus granted an option over the Conquista Project to interests associated with the privately-owned Brazilian mining group, Ecosinter - Indústria de Beneficiamento de Resíduos Ltda (“Ecosinter Group”), paving the way for the next phase of exploration and potential future development of the Conquista Project. For further details of this option agreement, see the Corporate Section below.

As originally announced on 11 November 2014, Centaurus has completed extensive exploration work on the Conquista Project, which has allowed the Company 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.

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

Under the Option Agreement, the Ecosinter Group will undertake further exploration on the project tenements including 1,000 metres of drilling to test the existing Exploration Target from both a tonnage and grade perspective.



Centaurus has applied to the Brazilian Mines Department (DNPM) for a trial mining license (GU) for the Conquista Project. Once approved, this GU will allow initial production of 300ktpa from the Conquista Project tenements. Given the size of the Exploration Target established for the Conquista Project, it is expected that a larger scale full mining license application will be made once the Qualifying Program is undertaken to confirm the project's resource potential.

## JAMBREIRO IRON ORE PROJECT

The Company's 100%-owned Jambreiro Project, located in south-east Brazil (Figure 5), is a shovel-ready development project that is licenced for 3Mtpa of wet production and which represents a strategic asset in the Brazilian domestic iron ore and steel sector, particularly with the recent increase in iron ore prices and the premium pricing that exists in the market for high grade ore (+65% Fe) like that which could be produced at Jambreiro.

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 (A\$350 million) and annual free cash flows of R\$19.4 million over an 18 year period. See the ASX Announcements of 20 December 2013 and 13 January 2014 for full details of the Feasibility Study and Project Economics.

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.

Centaurus intends to pursue opportunities to extract value from the Jambreiro Project via either an outright sale or joint development proposition.

## NOVA POTASH JOINT VENTURE

During the Quarter, Centaurus agreed to transfer its 50% interest in Nova Potash Pty Ltd to its joint venture partner, Tavarua International Inc. The Board decided that the Company's focus should remain on its gold and copper assets in Brazil, and specifically the highly prospective Serra Misteriosa Gold Project in the short term given the positive results being generated from initial exploration work.

As a result, Centaurus has no further equity interest in Nova Potash Pty Ltd. Centaurus maintains an excellent ongoing relationship with Tavarua.

## CORPORATE

### Appointment of Steve Parsons as Non-Executive Director

Centaurus has appointed highly respected Australian mining executive, Mr Steve Parsons, to its board as a non-executive Director.

Mr Parsons was the founding Managing Director of Gryphon Minerals, which he listed on the Australian Securities Exchange and grew into an ASX-200 company.

During this time, he oversaw the discovery and delineation of a 3.6 million ounce resource at Banfora Gold Project in Burkina Faso and the subsequent takeover of the company for \$100 million by a significant North American gold company in late 2016, crystallising significant value for shareholders.

Centaurus is delighted to have attracted someone of Mr Parsons' skillset to join the board for what the Company anticipates will be an exciting phase of growth, centred around gold exploration at Serra Misteriosa.



### Option over Conquista DSO Project

Subsequent to the end of the reporting period, Centaurus granted an option over the Conquista Project to interests associated with the privately-owned Brazilian mining group, Ecosinter - Indústria de Beneficiamento de Resíduos Ltda (“Ecosinter Group”), paving the way for the next phase of exploration and potential future development of the Conquista Project.

The option agreement marks another milestone in Centaurus’ ongoing strategy to realise value from its extensive Brazilian iron ore portfolio by partnering with experienced domestic iron ore operators with the operational capability and established market connections and access to take projects into production.

Under the terms of the Agreement, the Ecosinter Group has paid R\$200,000 (~A\$85,000) for a 12 month option over the Conquista Project, will undertake a specified exploration program which has been designed in conjunction with Centaurus’ technical team (“Qualifying Program”) and will keep the tenements in good standing.

It is estimated that the Qualifying Program will cost in the order of R\$1.15 million (~A\$500,000) over the 12 month option period. The Ecosinter Group may exercise the option at any time during the 12 month option period though it is currently expected that the Qualifying Program will be completed first with such work to include approximately 1,000m of drilling. All exploration work undertaken in connection with the Qualifying Program will be managed by Centaurus during the option period.

If the Ecosinter Group elects to exercise the option, it will grant a 12% gross production royalty to Centaurus on future production from the Conquista Project tenements (“Royalty”), with an amount of R\$3 million (~A\$1.25 million) being immediately payable on exercise by way of non-refundable Royalty pre-payment.

The option may be extended for a further 6 months at the end of the original option period if the Ecosinter Group has met the Qualifying Program requirements and pays a further option fee of R\$200,000 (~A\$85,000). If the Ecosinter Group decide not to exercise its option to the Conquista Project by the end of the option period, it will not retain any rights in relation to the Conquista Project and all technical data will be retained by Centaurus.

### Share Sale Facility

In December, Centaurus established a Share Sale Facility for holders of Unmarketable Parcels of shares in the Company to enable the sale of their shares without incurring any brokerage or handling costs that could otherwise make a sale of their shares uneconomic or difficult. By making this Facility available the Company aimed to reduce the administrative costs associated with maintaining a number of small holdings. The ASX Listing Rules defines an “Unmarketable Parcel” as those with a market value of less than A\$500.

The Share Sale Facility was closed on 23 January 2017. The final number of shares sold under the Facility, being 24,723,276 shares from 2,507 shareholders represented 59% of the total number of shareholders holding shares at that date. The shares were sold to sophisticated and professional clients of CPS Capital Ltd for \$0.0065 per share.

### Cash Position

At 31 March 2017, the Company held cash reserves of A\$1.29 million.

### Shareholder Information

At the end of the reporting period the Company had 1,123,246,437 shares on issue with the Top 20 holding 37.2% of the total issued capital. Directors and Senior Management held 7.1% of the total issued capital.





During the Quarter, the Company advised that the following listed options (ASX: CTMO) over its fully paid ordinary shares were not exercised prior to their expiry date and have now expired:

Number	Exercise Price	Expiry Date
20,300,666	\$0.05	31 March 2017

The Company's capital structure after expiry of the abovementioned options is now as follows:

*Quoted Securities*

Security	Number
Fully paid ordinary shares (CTM)	1,123,246,437
Listed options, exercise price \$0.01, expiry date 30 April 2018 (CTMOA)	226,233,707

*Unquoted Options*

Expiry date	Exercise price	Vested	Unvested	Total number of shares under option
31/08/2018	\$0.125	1,000,000	1,000,000	2,000,000
10/06/2018	\$0.0082	5,500,000	-	5,500,000
10/06/2019	\$0.0082	-	8,500,000	8,500,000
10/06/2020	\$0.0082	-	8,500,000	8,500,000
<b>Total</b>		<b>6,500,000</b>	<b>18,000,000</b>	<b>24,500,000</b>

**DARREN GORDON**  
**MANAGING DIRECTOR**

**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.*

**Exploration Targets**

*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.*