

12 October 2017

## ROCK CHIP ASSAYS OF UP TO 69.6% Fe CONFIRM HIGH-GRADE IRON ORE DISCOVERY AT SALOBO WEST

*Assays from extensive outcrop of high-grade DSO iron ore highlight significant new exploration opportunity for Centaurus at the newly-discovered Canga Prospect*

### Key Points

- **Multiple assays above 65% Fe returned from rock chip samples taken from the outcropping “canga” at the Canga Prospect – a recently discovered high grade iron ore prospect which complements the copper-gold prospects at the Salobo West IOCG Project in northern Brazil.**
- **The Canga Prospect has a strike length of more than 900m, is up to 150m wide, and is located at the eastern end of a regional magnetic anomaly that runs east-west across the granted Salobo West tenement (SW1) for a total continuous strike length of some 7km.**
- **Canga material in the Carajás Mineral Province, typically up to 20m thick, is the common geological marker that sits directly over all the world-class iron ore deposits in the region, including the multi-billion tonne deposits owned by Vale.**
- **Southern Geoscience has commenced processing of regional airborne magnetic and gravity data to compare the magnetic and gravitational deposits over the Canga Prospect with other major deposits in the region. Results are expected within the next week and will assist in establishing an initial Exploration Target for the Canga Prospect.**

Centaurus Metals (ASX Code: **CTM**) is pleased to announce that assay results from rock chip samples taken from the recently discovered **Canga Prospect**, part of its 100%-owned **Salobo West IOCG Project** in the world-class Carajás Mineral Province of northern Brazil, have confirmed the potential for a substantial high-grade DSO iron ore exploration opportunity.

An extensive iron laterite outcrop, known in Brazil as “Canga”, was identified and sampled at the Salobo West Project during the first field visit to the project by Centaurus’ geological team. The outcrop is more than 900m long, is up to 150m wide and has returned **multiple high-grade rock chip assays in the range of 62-69% Fe with low impurities**. Assays were completed by SGS Geosol and all results received are set out in Table 1.

The canga material is a quality Direct Ship Ore (DSO) in its own right but, more importantly, is a consistent strong marker in the Carajás for high grade, enriched hematite ore. Canga can be up to 20m thick and generally overlies the +66% Fe hematite ore that is mined to depths of +300m at Vale’s massive Serra Norte and Serra Sul (S11D) iron ore mines. The canga seen at Salobo West has the same chemical and physical characteristics as the canga that sits over these known iron ore deposits in the Carajás.

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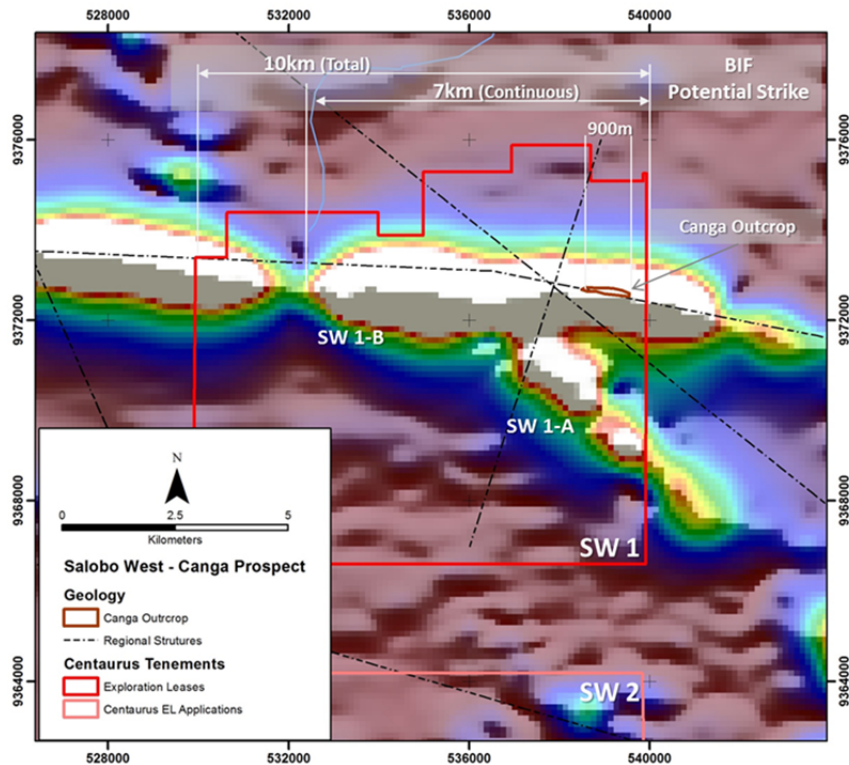
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Importantly, the canga outcrop at Salobo West is located within a regional magnetic anomaly that runs east-west across the tenement area for a continuous strike length of some 7km (see Figure 1 below). The total strike length of the anomaly is 10km but it is cut by a valley towards the western portion of the anomaly.

**Figure 1 – Salobo West Project, Location of the Canga Prospect over Regional Magnetics (AS).**



Centaurus has engaged Southern Geoscience to carry out detailed processing work on the CPBM (Brazilian Geological Survey) airborne magnetic and gravity data to compare the magnetic and gravitational responses over known deposits (both Fe and IOCG) in the Carajás to the Canga and other prospects at Salobo West.

Results from this study are due within the next week and will assist in determining an initial DSO Iron Ore Exploration Target estimate for the Canga Prospect.

Exploration of the Canga Prospect and its potential extensions will be undertaken in parallel with the surface exploration work over the Company’s copper-gold prospect areas on the SW1 tenement at Salobo West. The Company expects that detailed mapping and sampling of the Canga Prospect will be underway before the end of the month with first results expected in November.

**Management Comment**

Centaurus’ Managing Director, Mr Darren Gordon, said the emergence of the Canga Prospect as a significant new exploration opportunity at Salobo West was a positive boost to the Company’s upcoming exploration campaign.

“The high-grade results from the rock chip sampling undertaken during our first field visit have confirmed that this is a very large and potentially transformational exploration opportunity for the Company,” he said.

“While this in no way diminishes the prospectivity of the Salobo West tenements for IOCG copper-gold mineralisation – which is still the main focus of our upcoming exploration efforts – the size, grade and potential of this iron discovery is something we simply cannot ignore,” Mr Gordon said.

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“The next steps for this prospect include the review by Southern Geoscience, which should help us to estimate an initial Exploration Target, together with our maiden ground-based exploration program – which will be underway before the end of the month.”

“We are very excited by the opportunities at Salobo West – which is clearly an extremely well-endowed mineral property offering huge upside for Centaurus.”

**-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.*

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Table 1: Salobo West Canga Prospect – Rock Chip Sample Assays

Waypoint	East	North	mRL	Fe	FeO	SiO2	Al2O3	P	LOI
755	538756	9372732	650	49.8	0.6	8.5	13.1	0.096	7.2
756	538759	9372732	651	65.6	4.3	2.5	2.6	0.039	1.8
757	538882	9372728	651	63.2	0.8	1.6	3.5	0.114	5.4
758	538894	9372693	653	62.5	3.8	2.3	4.5	0.170	4.3
759	539014	9372713	651	65.5	1.1	1.0	1.5	0.041	4.1
760	539240	9372671	646	66.1	1.5	0.7	0.8	0.021	3.8
761	539262	9372738	644	58.0	0.6	2.2	7.4	0.066	7.0
762	539096	9372695	650	66.2	2.7	0.6	2.6	0.019	2.6
763	539103	9372720	636	69.6	5.3	0.3	0.2	0.005	0.9

Figure 2 – Salobo West Canga Outcrop - Location of Rock Chip Samples





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Figure 3 – Rock Chip Samples taken from Canga Outcrop



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Figure 4 – Canga Prospect (clockwise from top left: aerial view of Canga Prospect looking west; Centaurus Senior Geologist inspects the outcrop; small fold shows original bedding; massive hematite zones within the lateritized iron formation)







**APPENDIX B – TECHNICAL DETAILS OF THE SALOBO WEST PROJECT, JORC CODE, 2012 EDITION – TABLE 1**

**SECTION 1 SAMPLING TECHNIQUES AND DATA**

Criteria	Commentary
<b><i>Sampling techniques</i></b>	<ul style="list-style-type: none"> <li>• There is no historical sampling for the Salobo West Project mentioned in this report.</li> <li>• 9 surface rock chip samples were collected from outcrops for chemical analysis. Rock chip samples were taken and submitted to SGS Geosol laboratory in Parauapebas, Brazil.</li> </ul>
<b><i>Drilling techniques</i></b>	<ul style="list-style-type: none"> <li>• There is no historical drilling on the Salobo West Project mentioned in this report.</li> </ul>
<b><i>Drill sample recovery</i></b>	<ul style="list-style-type: none"> <li>• No drill results are included in the release.</li> </ul>
<b><i>Logging</i></b>	<ul style="list-style-type: none"> <li>• All outcrop and sample points were registered and logged in the Centaurus geological mapping points database.</li> </ul>
<b><i>Sub-sampling techniques and sample preparation</i></b>	<ul style="list-style-type: none"> <li>• All geological samples were received and prepared by SGS Geosol Laboratories in Parauapebas, Brazil as 0.5-1.5kg samples. They were dried at 105°C until the sample was completely dry (6-12hrs), crushed to 90% passing 3mm and reduced to 200-300g. The samples were pulverised to 95% passing 150µm and split further to 50g aliquots for chemical analysis.</li> </ul>
<b><i>Quality of assay data and laboratory tests</i></b>	<ul style="list-style-type: none"> <li>• Chemical analysis is completed at SGS in Belo Horizonte. Metal Oxides are determined using XRF analysis (XRF79C). Fusion disks are made with pulped sample and the addition of a borate based flux. Analysis at ALS is for a 10 element suite. FeO is determined using titration and LOI using loss determination by thermo-gravimetric analysis at 1000°C.</li> <li>• The SGS 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.</li> <li>• Laboratory procedures are in line with industry standards and are appropriate for iron ore.</li> <li>• To date no QAQC samples were inserted by Centaurus for this project.</li> </ul>
<b><i>Verification of sampling and assaying</i></b>	<ul style="list-style-type: none"> <li>• Samples were collected by Centaurus field geologists. All assay results are verified by alternative Company personnel and the Competent Person before release.</li> </ul>
<b><i>Location of data points</i></b>	<ul style="list-style-type: none"> <li>• The survey grid system used is SAD-69 22S. This is in line with Brazilian Mines Department requirements.</li> </ul>
<b><i>Data spacing and distribution</i></b>	<ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>
<b><i>Orientation of data in relation to geological structure</i></b>	<ul style="list-style-type: none"> <li>• The extent and orientation of the canga mineralisation was based on field mapping and regional magnetic anomalies.</li> </ul>
<b><i>Sample security</i></b>	<ul style="list-style-type: none"> <li>• All samples are placed in numbered plastic sample bags and then a sample ticket is placed within the bag as a check. 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.</li> </ul>
<b><i>Audits or reviews</i></b>	<ul style="list-style-type: none"> <li>• No audit or review has been conducted on the projects to date.</li> </ul>

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## SECTION 2 REPORTING OF EXPLORATION RESULTS

Criteria	Commentary
<b>Mineral tenement and land tenure status</b>	<ul style="list-style-type: none"> <li>• The Salobo West IOCG Project includes the SW1 exploration licence (850.430/2016) and the SW2 exploration licence application (850.429/2016) for a total of circa 120km<sup>2</sup>.</li> <li>• The tenements are part of an earn-in agreement with Terrativa Minerais SA. Centaurus has now met the minimum earn in obligations under the Agreement and perfected 100% title to the Salobo West tenements. Only the SW1 tenement has been transferred at this stage as the SW2 tenement is yet to be granted. Terrativa retain a production royalty of 2% over any minerals extracted from the tenements. The royalty may be converted to a 25% project interest should it be sold to a third party.</li> <li>• All mining projects in Brazil are subject to a CFEM royalty, a government royalty of 2% on copper and gold revenues and 2-4% on iron ore revenues.</li> <li>• Landowner royalty is 50% of the CFEM royalty.</li> <li>• The project is covered by the Tapirape-aquiri National Forest. Exploration and mining is allowed in the forest with the correct licences. The Company has received the key environmental licences for non-ground disturbing exploration activities.</li> </ul>
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>• Historically the Salobo West tenements have been held by Vale and although it is understood that exploration was carried out, no public exploration data has been found on the tenements to date.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>• The Salobo West tenements are located in the Carajás Mineral Province, located in the south-eastern part of the Amazon craton in northern Brazil. The CMP represents an Archean block divided into two distinct tectonic domains. Salobo West is located in the northern Carajás domain within the Cinzento Shear Zone.</li> <li>• The Salobo West tenements cover a portion of the Itacaiúnas Supergroup where it is contact with Xingu basement rock.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>• There is no historical drilling on the Salobo West Project mentioned in this report.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>• No cut-offs have been applied in reporting of the exploration results.</li> <li>• No aggregate intercepts have been applied in reporting of the exploration results.</li> </ul>
<b>Relationship between mineralisation widths and intercept lengths</b>	<ul style="list-style-type: none"> <li>• There is no historical drilling on the Salobo West Project mentioned in this report.</li> </ul>
<b>Diagrams</b>	<ul style="list-style-type: none"> <li>• Refer to Figures 1-4.</li> </ul>
<b>Balanced reporting</b>	<ul style="list-style-type: none"> <li>• All Exploration Results received by the Company to date are included in this report or can be referenced in previous ASX announcements.</li> </ul>
<b>Other substantive exploration data</b>	<ul style="list-style-type: none"> <li>• The Company is working with the CPRM geological and geophysical regional data sets.</li> </ul>
<b>Further work</b>	<ul style="list-style-type: none"> <li>• The Company has engaged Southern Geoscience Consultancy to carry out comparative work on the regional magnetics data. Target generation and aerial geophysical survey planning is also underway for the Salobo West project.</li> <li>• The Company has started mobilisation of its field team to the Salobo West project to carry out survey line clearing, geological mapping and soils geochemical sampling.</li> </ul>