

7 July 2017

INITIAL DRILLING INDICATES PRESENCE OF LARGE MINERALISATION SYSTEM AT SERRA MISTERIOSA, BRAZIL

3 holes completed so far of 19-hole, 3,500m diamond drill program – drill performance improving

Key Points

- **The first three drill holes at Serra Misteriosa have intersected broad brecciated zones with intense silica alteration and including pyrite and arsenopyrite zones, indicating the presence of a large shear-hosted hydrothermal system with the potential to host significant gold mineralisation.**
 - **All drilling to date has been completed on Section 2000, being the eastern limit of the main 2.0km long +100ppb gold-in-soils anomaly. Results demonstrate the presence of gold mineralisation in an area that is interpreted to be at the eastern limit of the main mineralised zone.**
 - **Drill-hole SRM-DD-17-004 is set to commence in the heart of the main +100ppb gold-in-soils anomaly on Section 1000, 1km to the west of the initial line of holes. The drill program provides for a further 15 holes to be completed.**
 - **The delays experienced to date in the drill program as a result of seasonal rains, poor drill contractor performance and logistics and access issues have now been resolved and production from the rig has increased significantly over the last 2 weeks. Planning is underway to mobilise a second rig to site to further boost drilling rates.**
 - **Serra Misteriosa is the most advanced project within the highly prospective Pará Exploration Package in Brazil which, together with the Salobo West Cu-Au Project includes a 750km² ground position between the world-class Carajás IOCG province and the 5Moz Volta Grande gold deposit.**
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Centaurus Metals (ASX Code: **CTM**) is pleased to advise that its recently commenced diamond drilling program at the highly prospective **Serra Misteriosa Gold Project** in northern Brazil is now gathering momentum with the first three holes completed and a fourth set to commence in the centre of the main anomaly. Drilling to date indicates the presence of a large, shear-hosted hydrothermal system with potential for significant gold mineralisation.

These holes are the first of a program that will comprise ~3,500m of diamond drilling and will test a number of excellent coincident geochemical and geophysical targets to depths of 300m below surface.

Drilling commenced on Section 2000, which is at the eastern limit of the main 2.0km long +100ppb gold-in-soils anomaly (see Figure 1). The three drill holes on this section, which were drilled first for ease of access, have intersected multiple hydrothermal breccia zones with intense quartz veining and sulphide mineralisation (pyrite and arsenopyrite) throughout (see Figures 2 and 3).

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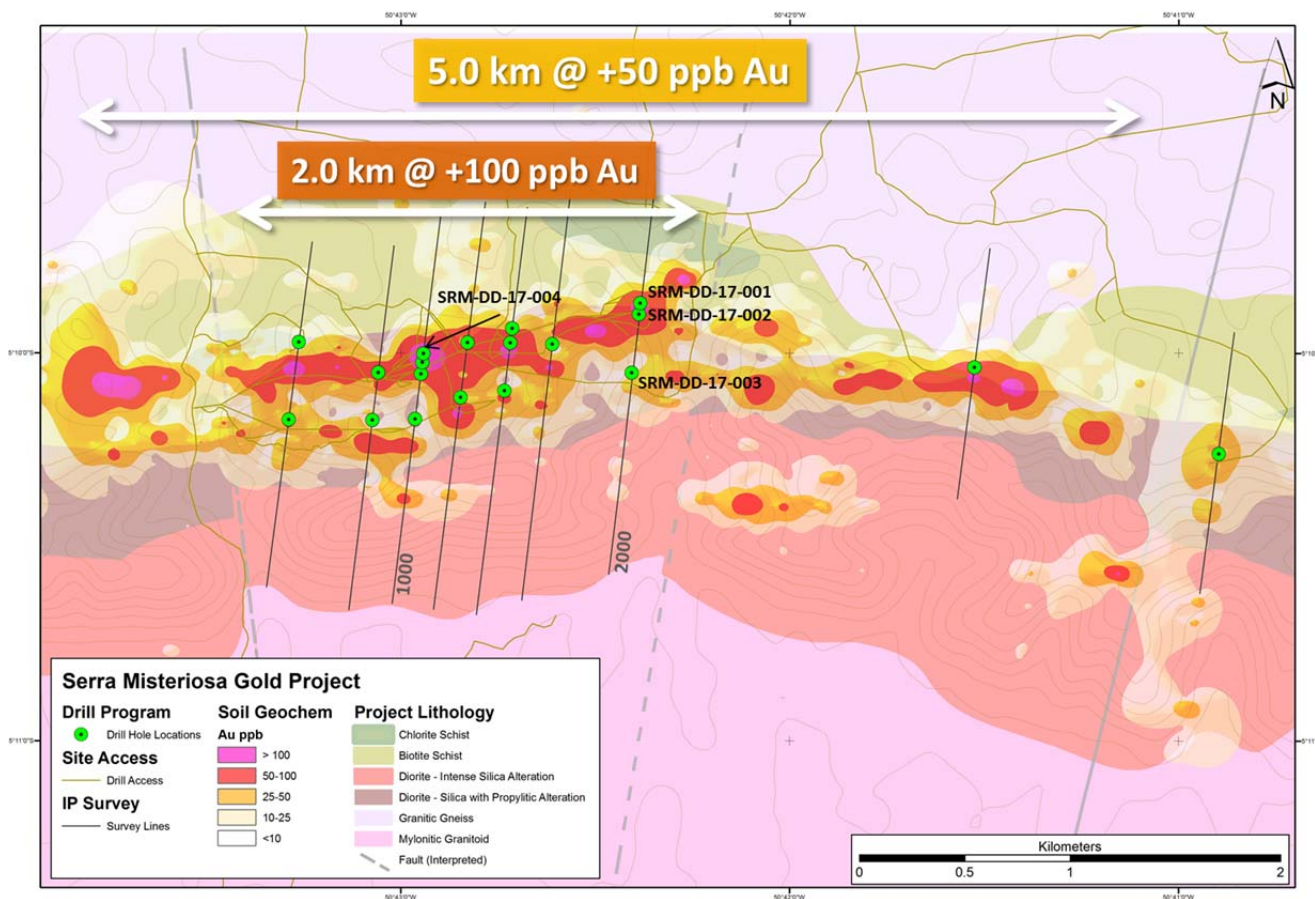
Carbonate and sericite alteration zones were also present locally. The structures have been identified across all drill holes and are dipping steeply to the north at the contacts of the diorite intrusive with the meta-sedimentary sequence (chlorite/biotite schists and quartzites).

Initial results are encouraging, confirming the presence of a large hydrothermal system within a significant shear zone as well as improving the geological and structural understanding of the project area.

Assays have been received for the first drill hole (complete) and the second drill hole (down to 142m). Drill hole SRM-DD-17-001 encountered weak gold mineralisation (20.3m at 0.05g/t Au from 241.7m) while SRM-DD-17-002 intersected 6m at 0.7g/t Au from 84m, including 2m at 1.4g/t Au. Both intersections are associated with the aforementioned breccia zones at the hanging wall contact of the diorite.

These intervals are interpreted to be part of the weakly mineralised distal zone of a larger mineralised system. Assays for the bottom half of SRM-DD-17-002 and 003 are pending. Laboratory turnaround time is currently at around 3 weeks.

Figure 1 – Serra Misteriosa Gold Project – Drill-hole locations



Section 2000 is located at the eastern extent of the main +100 ppb Au anomaly and on the side of a valley wall that is interpreted as the location of a late stage N-S fault.

Importantly, with improved access drilling is now set to commence on Section 1000, 1km to the west of the initial line of holes in the middle of the main anomaly and where the Company has encountered some of the highest gold-in-soils anomalies (+200 ppb Au) at the project.

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The Company continues to work closely with the drill contractor to further increase production rates following the improvement seen in the last 2 weeks. Many of the logistical and land access issues experienced early in the campaign have also been resolved, allowing the Company to plan for a second rig to be mobilised to further assist in increasing the production rate of drilling in the central zone.

Centaurus' Managing Director, Mr Darren Gordon, said the Company was highly encouraged by the initial results, which indicated that Serra Misteriosa has the potential to be host to a significant mineralised system.

"We have already seen enough evidence from the very first drill holes into the Project to indicate that there is a significant hydrothermal system here that has the potential to carry economic gold mineralisation," he said.

"We continue to improve our geological and structural understanding of the Serra Misteriosa Project with every hole drilled and we are confident that, with the drilling now moving into the heart of the main target area, we have a great chance of identifying significant gold mineralisation".

-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.

Table 1 – Significant Drill Intersections

HOLE_ID	East_PRG	North_PRG	RL_PRG	DIP	AZIM	DEPTH	Significant Intersections			
							From	To	Interval	Au g/t
SRM-DD-17-001	532,537	9,429,139	345	-60	187	309.0	241.7	262.0	20.3	0.05
SRM-DD-17-002	532,531	9,429,087	360	-55	187	297.0	84.0	90.0	6.0	0.66
						<i>including</i>	84.0	86.0	2.0	1.35
							131.0	142.0	11.0	0.08
							142.0	297.4	Assays pending	
SRM-DD-17-003	532,496	9,428,809	421	-60	187	215.9	Assays pending			



Figure 2 – SRM-DD-17-001 from 242.3m brecciated quartz veining, intense silica alteration and localised carbonate alteration plus sulphides (20.3m at 0.05g/t Au from 241.7m).



Figure 3 – SRM-DD-17-002 intersected a hydrothermal breccia with silica and muscovite alteration plus sulphides (6m at 0.7g/t Au from 84m, including 2m at 1.35 g/t Au; photo: 84.3m – 1.8g/t Au)



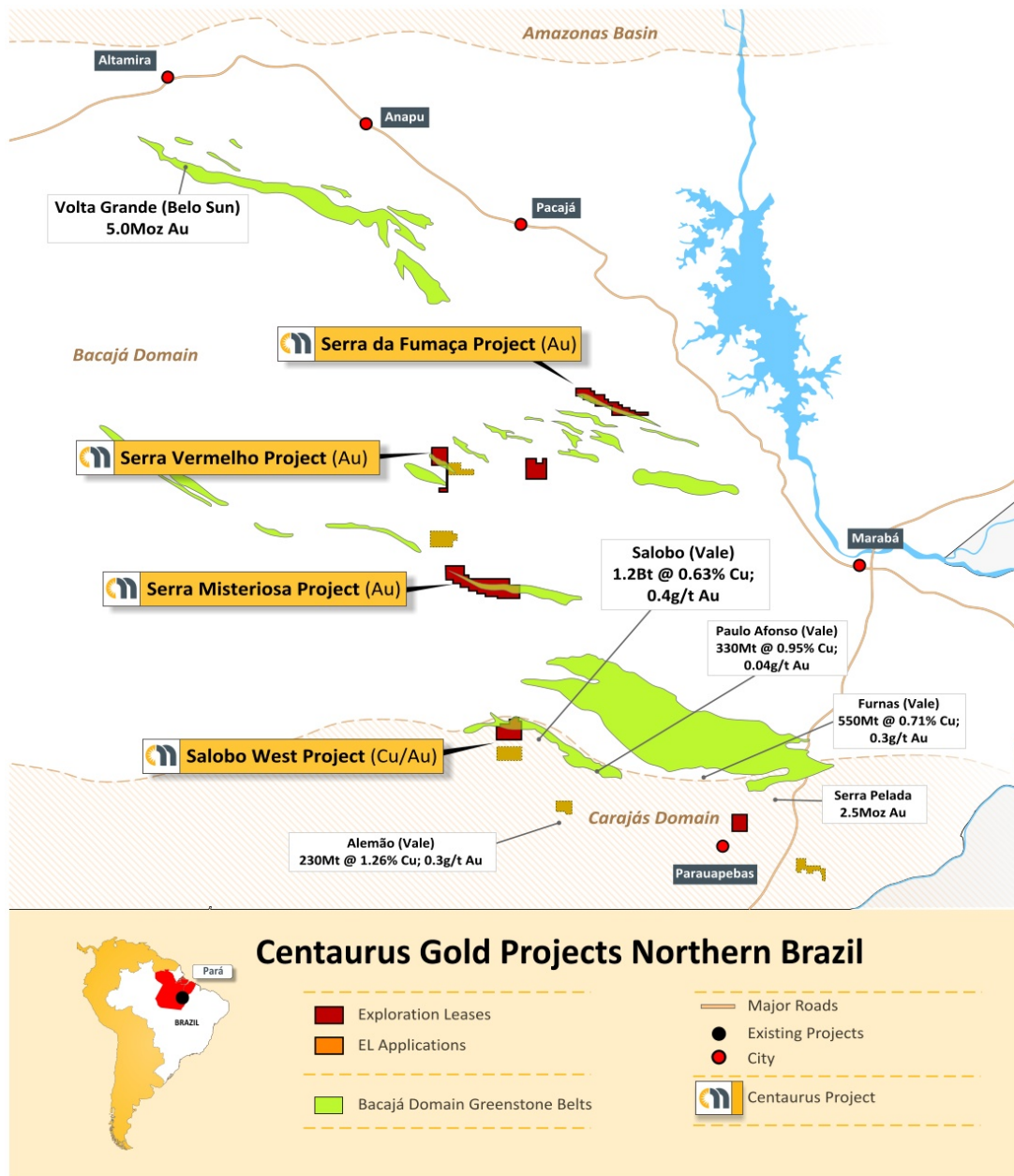


The Pará Exploration Package

The Serra Misteriosa Gold Project forms part of the +750 km² Pará Exploration Package (“Pará EP”) of tenements located in Brazil’s mineral-rich State of Pará¹. The extensive tenement package is located between several world-class mineral deposits – the 5Moz Volta Grande Gold Project, owned by Belo Sun Mining, to the north and the giant Carajás IOCG province to the south (see Figure 4).

The Pará EP group of tenements include prospective gold targets for both Volta Grande-style gold and Carajás-style copper-gold deposits. The Serra Misteriosa Gold Project is the most advanced project and where the Company commenced its maiden drill program in May 2017.

Figure 4 – Location of Serra Misteriosa Gold Project and the Broader Pará Exploration Package



¹ Refer to [ASX announcement on 5 October 2016](#) for details of Serra Misteriosa Gold Project and the Pará EP agreement terms.



**APPENDIX A – TECHNICAL DETAILS OF THE SERRA MISTERIOSA GOLD 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 and 50m intervals along 100 or 200m spaced grid lines along the strike of the project. 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. • Centaurus has collected 505 soil samples to date. • All 1,105 historical samples were collected by Terrativa. • Stream sediment samples were collected at selected points and sieved down to 1.0-1.5 kg samples using a 100 mesh sieve. 41 stream sediment samples were collected. • 60 surface rock chip/soil samples were collected from in situ outcrops and rolled boulders for chemical analysis.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • All drilling was carried out with a wireline LY-44 hydraulic rig, drilling NQ and HQ core
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • For diamond drilling, core recoveries were logged and recorded in the database for all Centaurus diamond holes. Overall recoveries are >90% and there are no core loss issues or significant sample recovery problems. • To ensure adequate sample recovery and representivity a Centaurus geologist or field technician was present during drilling and monitored the sampling process.
<i>Logging</i>	<ul style="list-style-type: none"> • All outcrop, stream sediment and soil sample points were registered and logged in the Centaurus geological mapping point database. • All drill holes have been logged geologically and geotechnically by Centaurus project geologists. • Logging for both forms of drilling is qualitative and quantitative in nature. • All Centaurus diamond core has been photographed.
<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. • Stream sediment samples were sieved down to 1.0-1.5kg using a 100 mesh sieve. • Diamond Core (HQ) was cut with a specialized sampling tool where friable or using a core saw where compact (HQ and NQ), half core was sampled.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • Analysis of the soil samples was completed at SGS Geosol 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. • Drill core samples were prepared and analysed at ALS Laboratories. Samples are dried at 100°C crushed to 70% <2mm then pulverized and screened to 85% < 75µm being homogenized and quartered between each step. • Chemical analysis for drill core, soil and stream sediment samples was completed for gold by fire assay and ICP for limit of 0.001ppm as well as multi element using ICP. • SGS Geosol 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. • Stream sediment samples are first dried in an oven at 60°C and then homogenised before crush and screening to 80 mesh. The pulp is quartered and an aliquot of 50g is sent for chemical analysis. • Centaurus inserted standard samples every 20 samples (representing 5%). Mean grades of the standard samples are well within the specified 2 standard deviations. • Laboratory procedures are in line with industry standards.

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Verification of sampling and assaying	<ul style="list-style-type: none"> All recent soil samples (since November 2016) were collected by Centaurus field geologists. All assay results were verified by alternative Company personnel and the Competent Person before release. All historical samples were collected by Terrativa field geologists. All assay results were verified by alternative Terrativa personnel. No twin holes have been completed to date. All primary data is stored in the Centaurus Exploration office in Brazil. No adjustments were made to the assay data apart from resetting the below detection level values to half of the detection limit.
Location of data points	<ul style="list-style-type: none"> The survey grid system used is SAD-69 22S. This is in line with Brazilian Mines Department requirements. All sample and mapping points were collected using a Garmin hand held GPS.
Data spacing and distribution	<ul style="list-style-type: none"> Soil samples were collected on 25m or 50m spacing on section with distance between sections of 100m, 200m and 400m depending on location. Stream sediment samples were collected at sample points planned by Terrativa geologists to represent catchment areas of between 500-1,000ha. Drill holes reported in this announcement were surveyed using hand held GPS. Final survey-pick up will be completed once the drill program is complete.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> The extent and orientation of the mineralisation was interpreted based on field mapping. Sample orientation is perpendicular to the main geological features sequence along which mineralisation exists.
Sample security	<ul style="list-style-type: none"> All samples were 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 SGS Geosol laboratories in Parauapebas, PA. 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 Serra Misteriosa project includes two exploration leases (851.548/2011 and 850.258/2013) for a total of circa 180km². Granted Exploration Leases have three years of exploration rights that may be extended for a further three years. The tenements are part of an earn-in agreement with Terrativa Minerai SA. Under the agreement Centaurus has to meet minimum expenditure of R\$2.5M in 24 months to gain the right to acquire 100% of the tenements via the issue of 30M CTM shares, 90M Performance Shares (3 tranches of 30M with vesting based on certain resource based performance milestones) and a production royalty of 2%. The royalty may be converted to a 25% project interest should it be sold to a third party. All mining projects in Brazil are subject to a CFEM royalty, a government royalty of 1% on gold revenue (less taxes). Landowner royalty is 50% of the CFEM royalty. The project is covered by a mix of cleared farm land and natural vegetation. The project is not located within any environmental protection zones and exploration and mining is permitted with appropriate environmental licences.
Exploration done by other parties	<ul style="list-style-type: none"> Historically the Serra Misteriosa tenement area was explored for gold by Terrativa. All data from this exploration has been passed to Centaurus. There has been small scale historical artisanal gold mining undertaken in this area. There is no known evidence of exploration for gold by other modern-day companies other than Terrativa.

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Criteria	Commentary
Geology	<ul style="list-style-type: none"> The Serra Misteriosa Gold Project is located in the Southern Bacaja Domain within the Eastern Amazonian Craton. The project is located on a ridge of WNW-ESE trending Upper Proterozoic greenstone between gneissic and granitic complexes that has been intruded by syntectonic dioritic and granodioritic plutons; The project area is covered extensively by a rich red saprolite and fresh rock outcrop is limited. Gold has been identified in panning and diorite fresh rock samples where SEM results demonstrated gold is associated with arsenopyrite/pyrite; The main gold in soils geochem target is a 10km x 600m (+25ppb Au) anomaly. The zone is also anomalous for As, Sb and magnetic soils. Within this anomaly there is a 5.0km x 250m +50ppb Au zone, with a number of smaller +150ppb Au zones. The Au geochem anomaly is associated with a sheared contact of diorite with host greenstones and granites. The diorite has been intensively silicified +/- sericite and propylitic alteration.
Drill hole Information	<ul style="list-style-type: none"> Refer to Figure 1 and Table 1.
Data aggregation methods	<ul style="list-style-type: none"> No cut-offs have been applied in reporting of the exploration results. No aggregate intercepts have been applied in reporting of the exploration results.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> The results reported in this announcement reflect individual down hole sample intervals and no mineralised widths were assumed or stated.
Diagrams	<ul style="list-style-type: none"> Refer to Figures 1 -4.
Balanced reporting	<ul style="list-style-type: none"> All exploration results received by the Company to date are included in this report or can be referenced in previous ASX announcements.
Other substantive exploration data	<ul style="list-style-type: none"> Historical geological mapping was carried out by Terrativa geologists. The IP and resistivity surveys were undertaken by WSL/Geomag. The survey included +20km of survey lines and utilised a pole-dipole array with an electrode spacing of 50m. The survey was designed to measure to a depth of 250m. The QAQC and interpretation of the IP survey was undertaken by Centaurus's geophysical consultant, Mr Robert B. Ellis.
Further work	<ul style="list-style-type: none"> The Company is undertaking the maiden exploration drilling program.