AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE

14 September 2016

MOMBUCA GOLD PROJECT – DRILLING UPDATE

Centaurus Metals (ASX Code: **CTM**) provides the following update on the ongoing diamond drilling program at its 100%-owned **Mombuca Gold Project** in south-east Brazil.

The program commenced in late July and following some delays due to mechanical breakdowns and challenging ground conditions steady progress has since been achieved.

The first phase of the program was designed to test for mineralisation at the ITZ Prospect (Figure 1), a 1.5km long gold-in-soils geochemical anomaly hosting gold-bearing quartz veins set amongst artisanal workings where multiple IP anomalies were identified.

To date, four drill holes have been completed at the ITZ Prospect. Initial gold and multi-element assay results have been received for the first three holes, MBC-DD-16-001 to MBC-DD-16-003 (see Table 1). The assays included a shallow intercept of low-grade gold mineralisation in MBC-DD-16-002 with no significant assays returned from the other two holes.

Logging of the drill core indicates that all of the holes drilled to date have intersected multiple intervals of silica, sericite and chlorite alteration associated with boxworks from sulphides or iron oxides. These zones are often strongly fractured and brecciated with strong signs of fluid movement and oxidisation along the zone. Stacked quartz veins of up to 20cm occur locally throughout the intervals occasionally with disseminated sulphides associated. This provides evidence of the presence of a hydrothermal mineralising system, even though no significant gold mineralisation was identified in the first three holes.

Core from drill hole MBC-DD-16-004 has been sent for assay with results awaited.

The drill rig is currently working at the Bela Prospect (Figure 1), which is located some 1.5km to the east of the ITZ Prospect. At the Bela Prospect, an extremely high chargeability anomaly has been identified which is open at depth (Figure 2). The anomaly is at its strongest at the base of the survey and is coincident with a resistivity high as well as a significant magnetic low feature surrounded by a larger magnetic high anomaly that can indicate magnetite depletion by sulphide rich fluids.

-ENDS-

Released by:
Nicholas Read
Read Corporate
M: +61 419 929 046

On behalf of:
Darren Gordon
Managing Director
Centaurus Metals Limited
T: +618 9420 4000

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.

Table 1 – Mombuca Project Drill Hole Details

HOLE_ID	Target	Easting	Northing	mRL	Azi	Dip	Depth (m)	STATUS
MBC-DD-16-001	ITZ	674018.5	7850829.9	936.1	325	-60	301.65	Assay Received
MBC-DD-16-002	ITZ	673979.2	7850979.5	914.0	325	-60	158.75	Assay Received
MBC-DD-16-003	ITZ	674327.0	7851107.0	870.0	325	-60	100.20	Assay Received
MBC-DD-16-004	ITZ	674364.7	7851368.4	835.3	325	-65	216.7	Completed; Assays Pending
MBC-DD-16-005	Bela	675539.4	7850562.9	777.2	0	-80	~250	Drilling

Table 2 – Mombuca Project Gold Intercepts

HOLE_ID	From (m)	To (m)	Interval	Au (g/t)	Core Recovery
MBC-DD-16-001	NSR				
MBC-DD-16-002	1.0	3.0	2.0	0.42	95%
MBC-DD-16-003	NSR				

NSR – No Significant Result

Figure 1 – Mombuca Project showing Prospect locations over satellite image

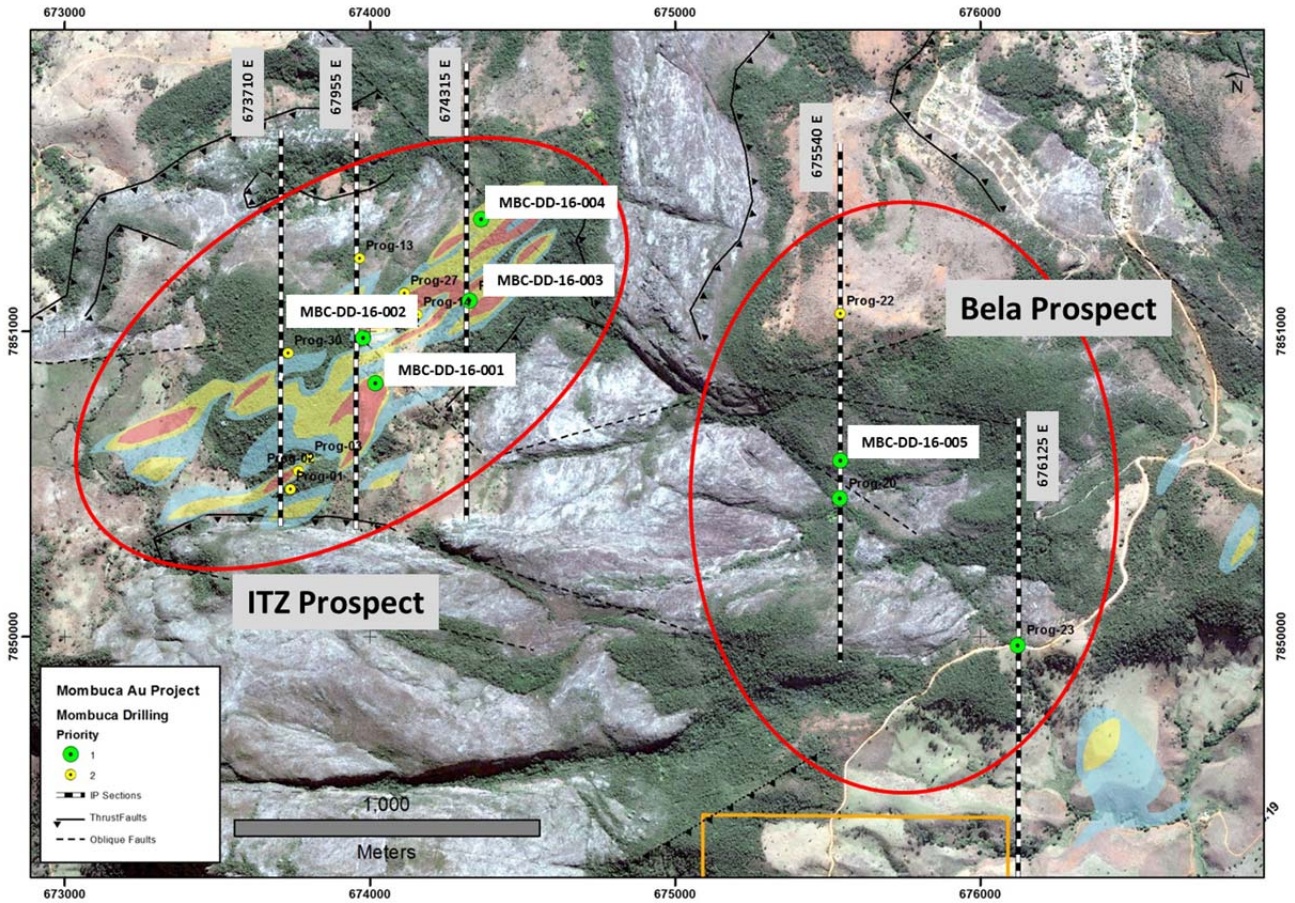
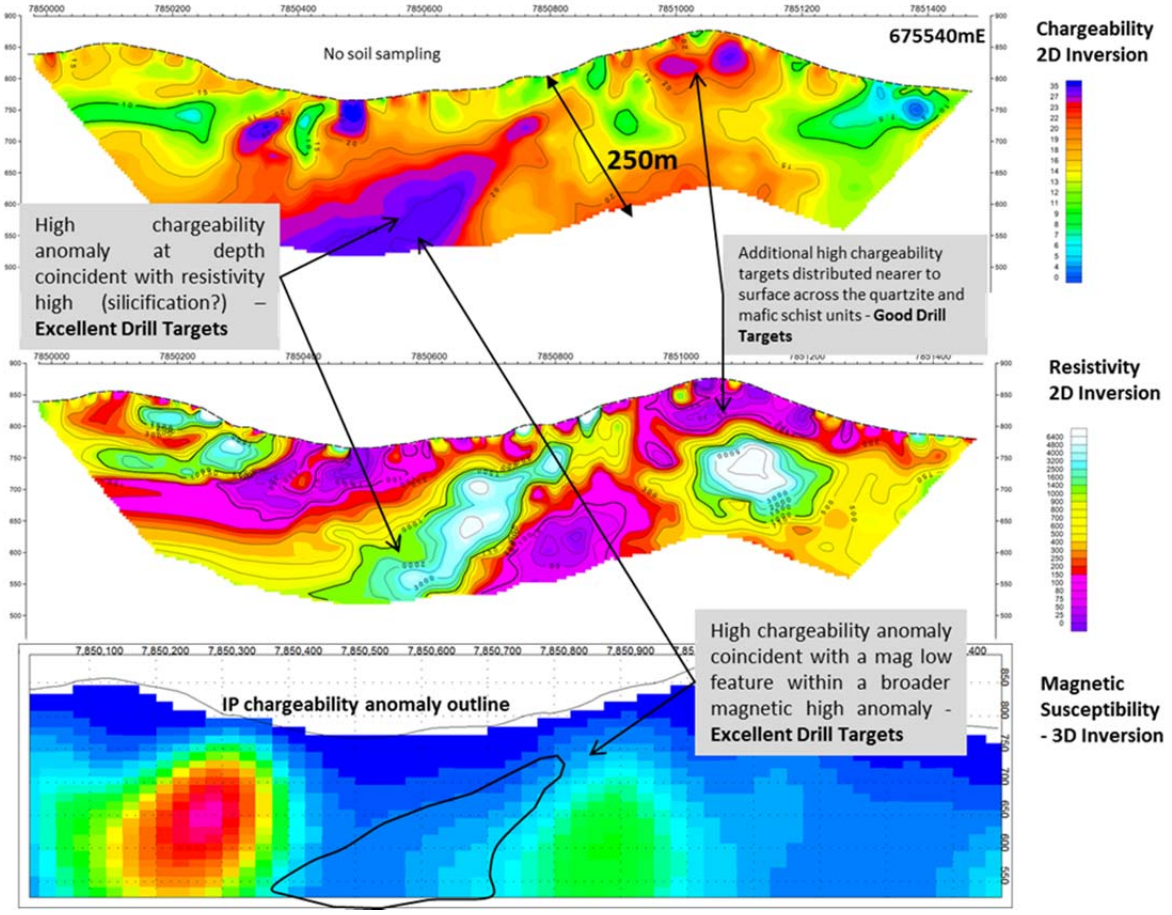


Figure 2 –The Bela Prospect (1.5km east of the ITZ Prospect) shows 2D inverted Chargeability (top) and Resistivity (central) with the 3D inversion of the magnetic susceptibility (bottom)



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

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	• The results relating to this announcement are from half core samples taken at 1.0m intervals or to lithological contacts no less than 0.3m from HQ-NQ core. • The core is securely boxed and sealed in standard trays and transported to the Company's secure core shed facility for logging, splitting & sampling. • The core was marked up for sampling after logging by the project geologists and split for sampling using a diamond-blade core saw. • Individual sample weight varies from about 1.0-3.0kg depending on the core size. Samples were collected and each labelled with a unique number in individual sample bags. • Sampling was supervised by a senior project geologist and senior field technician. • Samples were transported to the ALS laboratory in Belo Horizonte by Centaurus field staff.
Drilling techniques	• There is historical drilling for iron ore on one of the Mombuca tenements. These drill results are not referred to in this announcement. No drilling of the gold targets has been conducted prior to this program.
Drill sample recovery	• For diamond drilling, core recoveries were logged and recorded in the database for all Centaurus diamond holes. Overall recoveries are >95% 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.
Logging	• 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.
Sub-sampling techniques and sample preparation	• 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.
Quality of assay data and laboratory tests	• 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. • Each sample was assayed for gold via Au-ICP22 (fire assay with ICP-AES finish) and 35 multi-element package via ME-ICP41 (Aqua Regia digest with ICP-AES finish). • ALS Laboratories insert their own standards at set frequencies and monitor the precision of analysis. These results reported well within the specified 2 standard deviations of the mean grades for the main elements. Additionally the lab performs repeat analysis of sample pulps at a rate of 1:20 (5% of all samples). These compare very closely with the original analysis for all elements. • 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.
Verification of sampling and assaying	• All samples were collected by Centaurus field geologists. All assay results were verified by alternative Company personnel and the Competent Person before release. • 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	• 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.

Criteria	Commentary
Data spacing and distribution	• 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	• The extent and orientation of the mineralisation was interpreted based on field mapping and historical workings. Drill hole orientation is perpendicular to the main stratigraphic sequence along which mineralisation exists.
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 Centaurus staff to ALS 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.
Audits or reviews	• 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	• The Mombuca Project consists of the tenements DNPM 832.316/2005 (application for Mining Lease), 833.133/2014 (Exploration Licence) and 830.668/2015 (Exploration Licence Application). Granted Exploration Leases have three years of exploration rights that may be extended for a further three years. • The tenement 833.133/2014 was acquired from Terrativa Minerais SA. Under the Acquisition Agreement Centaurus will pay a production royalty of 2% to the Vendor on all product sold from this tenement, with the royalty being capable of being 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 2% on iron ore revenue (less taxes) and 1% on gold revenue (less taxes). • Landowner royalty is 50% of the CFEM royalty. • The project is located circa 15km from the federal wilderness park of the Serra do Cipo. The project is outside the buffer zone and exploration and mining is permitted with appropriate environmental licences as held by Centaurus.
Exploration done by other parties	• Historically the 832.316/2005 tenement area was explored for iron ore by Centaurus. • Exploration for gold on the 832.316/2005 tenement was originally restricted to the adits that were worked by garimpeiros in the 1800s. Centaurus conducted some follow up mapping and sampling of the gold adits in 2009. • There has been historical artisanal mining undertaken in this area. There is no known evidence of exploration for gold done by modern-day companies.
Geology	• The Mombuca Project is located within tectonic sliver from the PaleoProterozoic Serra da Serpentina Group a group that is usually correlated with the Minas Supergroup of the Iron Quadrangle. The sequence is emplaced in Archean gneissic basement. • The project area is located exactly at the interference of two major thrust systems close to a sinistral lateral ramp associated with the most recent west verging Brasiliano thrusting; • The target units are part of a metavolcanic-sedimentary sequence of quartzites, iron formations (itabirite), mafic and ultra-mafic schists; with sericite-carbonate and talc-chlorite alteration; auriferous pyrite bearing quartz veins outcropping within altered and tectonized quartzite and mafic schist. • The sequence generally dips shallowly to the south-south-east and has been affected by some phases of folding. Late-stage thrust faulting is apparent throughout the project area. • Later stage mafic intrusives (gabbro and dolerite) are also present throughout the project area.
Drill hole Information	• Refer to Tables 1 and 2 and Figure 1.

Criteria	Commentary
Data aggregation methods	• 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	• The results reported in this announcement reflect individual sample intervals and no mineralised widths were assumed or stated.
Diagrams	• Refer to Figures 1 and 2.
Balanced reporting	• All exploration results received by the Company to date are included in this report or have been referenced to previous ASX announcements.
Other substantive exploration data	• Historical geological mapping was carried out by Centaurus geologists. • A ground magnetic survey was carried out by Geofbras in November 2015. The survey included 83 line kilometres covering a total area of 18km^2. Survey lines were orientated north-south with section spacing at 200m and surveys taken every 10m. • An Induced Polarisation (IP) survey was completed by WSL\Geomag in March 2016. The survey was completed in the time domain using a pole-dipole array with an electrode spacing of 75m and moves along the line of 50m. The survey was designed to measure to 250 metres depth. The 2D inversion model of the data was completed using Advanced Geoscience (AGI) EarthImager2D. • IP survey data was monitored and assessed for quality assurance on a day to day basis by the WSL\Geomag geophysical field acquisition technician, an office based geophysicist from WSL\Geomag and a Centaurus company representative. Additional QA/QC checks were completed by Robert Ellis, Centaurus' geophysical consultant. • Interpretation of the Ground Magnetics and IP survey data was undertaken by US-based geophysicist, Mr Robert 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.
Further work	• The Mombuca diamond drill program is still in progress any future exploration programs will be based on the results of the current program.