AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE

1 September 2014

CENTAURUS LAYS STRONG FOUNDATIONS FOR CANDONGA DEVELOPMENT WITH 33% INCREASE IN DSO RESOURCE

Feasibility Study on track for completion in September 2014: approvals advancing

Key Points

- **Updated DSO Mineral Resource (High Grade Itabirite and Mineralised Colluvium) for the Candonga Project of 1.2Mt grading 63.2% Fe, of which 1.0Mt grading 63.3% Fe is in the Measured and Indicated categories.**
- **DSO Resource forms part of the global Candonga Mineral Resource estimate, which now stands at 9.4Mt grading 43.7% Fe (see Table 1 below).**
- **Upgraded DSO resource forms the basis of the Feasibility Study on a proposed DSO operation at Candonga, which is scheduled for completion by September 2014: production targeted to commence in Q1 2015.**
- **Mining and Environmental Licence applications lodged with the Mines Department (DNPM) and Environmental Agency (Supram), allowing development of a 300,000tpa DSO operation.**

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to report a substantial increase in the DSO Mineral Resource for its 100%-owned **Candonga Iron Ore Project** in south-east Brazil following the recent successful drilling program, marking another step in its fast-track development strategy for the project.

The updated JORC 2012 Mineral Resource estimate for the DSO (Direct Shipping Ore) component (High Grade Itabirite and Mineralised Colluvium) of the Candonga Project now stands at **1.2 million tonnes (Mt) grading 63.2% Fe**, of which 1.0Mt grading 63.3% Fe is in the Measured and Indicated categories.

This updated DSO Mineral Resource will underpin the Candonga DSO Feasibility Study which is scheduled for completion by the end of September 2014.

The latest DSO Resource estimate represents a +33% uplift in DSO Resource tonnes and a +7.5% increase in the DSO Resource iron grade compared with the previous Mineral Resource estimate of August 2013, which included 0.9Mt of high-grade itabirite mineralisation grading 58.6% Fe[1].

Product sizing classification results received to date from diamond drilling and bulk trench sampling have demonstrated that the high grade itabirite and mineralised colluvium at Candonga can deliver 25-40% of the mineralisation as a Lump product (+6.3mm) with an average iron grade of +64% Fe[2] using a simple dry screening process. The remaining DSO material is classified as a Sinter Feed product (-6.3mm) with an average iron grade of +64% Fe.

[1] Refer to ASX announcement on 8 August 2013 for full details of the previous JORC 2004 Resource estimate.
[2] Refer to ASX announcements on 31 March 2014 and 18 August 2014 for full details of the relevant classification test work.

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The DSO Resource is part of the global Candonga Mineral Resource estimate, which now stands at **9.4 million tonnes (Mt) grading 43.7% Fe**. The Candonga JORC 2012 Mineral Resource estimate is set out in Table 1 below, with additional detail provided in Table 2. Additional technical details of the Resource are provided in Appendix A.

Table 1 – Candonga Project JORC 2012 Mineral Resource Estimate by Resource Category, August 2014

Mineralisation Type	JORC Category	Tonnes ('000)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
DSO	**Measured**	**606**	**63.2**	**5.9**	**1.8**	**0.03**	**0.51**
(High Grade Itabirite**	**Indicated**	**400**	**63.3**	**6.6**	**1.3**	**0.03**	**0.28**
+ Mineralised Colluvium*)	**Measured + Indicated**	**1,006**	**63.3**	**6.2**	**1.6**	**0.03**	**0.42**
	Inferred	**176**	**62.6**	**6.9**	**1.7**	**0.03**	**0.44**
	TOTAL	**1,182**	**63.2**	**6.3**	**1.6**	**0.03**	**0.42**
Friable Itabirite***	Measured	189	51.4	23.5	1.3	0.04	0.81
	Indicated	2,673	40.9	32.3	3.8	0.08	3.12
	Measured + Indicated	2,862	41.6	31.7	3.7	0.08	2.96
	Inferred	3,479	41.1	31.5	4.1	0.08	3.35
	TOTAL	6,341	41.3	31.6	3.9	0.08	3.17
Compact Itabirite***	Measured	-	-	-	-	-	-
	Indicated	15	40.0	33.7	1.4	0.07	1.92
	Measured + Indicated	15	40.0	33.7	1.4	0.07	1.92
	Inferred	1,856	39.5	32.0	4.3	0.08	3.41
	TOTAL	1,871	39.5	32.0	4.3	0.08	3.40
TOTAL	**Measured**	**795**	**60.4**	**10.1**	**1.7**	**0.03**	**0.58**
	Indicated	**3,088**	**43.8**	**29.0**	**3.5**	**0.08**	**2.74**
	Measured + Indicated	**3,883**	**47.2**	**25.1**	**3.1**	**0.07**	**2.30**
	Inferred	**5,511**	**41.3**	**30.9**	**4.1**	**0.08**	**3.28**
	TOTAL	**9,394**	**43.7**	**28.5**	**3.7**	**0.07**	**2.87**

**50% Fe cut-off grade applied; **55% Fe cut-off grade applied; ***20% Fe cut-off grade applied*

The near-surface high grade itabirite lens is relatively flat-lying, extends to 30m from surface (see Figures 2-4) and is situated within a broader zone of friable itabirite mineralisation. The high grade mineralisation also sits immediately below a zone of mineralised colluvium that varies in depth between 1m and 6m. The orebody geometry lends itself to a low waste strip ratio through a simple, low cost open cut mining method.

The Candonga Project is located approximately 160km north-east of the city of Belo Horizonte and 80-160km from the Project's likely customer base (Figure 1). The demand for Lump product remains strong in the Brazilian domestic market due to the general undersupply of this product type.

Feasibility Study

As part of the Feasibility Study for the project, the Company has already commenced mine planning and pit optimization work with BNA Micromine Engineers. This work will facilitate the definition of a maiden Ore Reserve concurrent with the delivery of the Feasibility Study results.

The Feasibility Study will be based on the extraction of the DSO mineralisation via a contract mining arrangement. A number of mining contractor groups have visited site and have now submitted detailed technical and commercial proposals that are under review and consideration by the Company.

Mass recovery and physical sizing data for the DSO mineralisation have been delivered to local equipment suppliers to size and price the crushing and screening plant. Detailed quotations have been received from a number of suppliers. Mobile and semi-mobile plants of the projected size required are common in the local mining and construction industry and are readily available for purchase, both in the new and second-hand markets.

The Feasibility Study is planned for completion by the end of September 2014, allowing a Final Investment Decision to be made in Q4 2014 once the requisite approvals and licences have been secured. First production is targeted for Q1 2015.

Project Licensing

The application for a Trial Mining Licence (Guia de Utilização – "GU"), which allows for mining of 300,000tpa of ore per licence, was lodged in early April 2014. The simple licensing process is managed by the Mines Department (DNPM) in Minas Gerais. A site visit has been planned by the DNPM for late September. Once the site visit is complete the technical approval of the licence is expected to take 4-6 weeks.

Concurrently, the Company has advanced the Environmental Licensing process for Candonga with the State Environmental Authority (Supram) by lodging the main Environmental Licence Application, known as the RCA/PCA, in May 2014. Supram technicians conducted the initial site inspection last week and no issues of note were raised during the visit.

"We are steadily ticking the boxes in moving Candonga towards development as a simple, low-cost DSO operation," said Centaurus' Managing Director, Mr Darren Gordon. "We are very pleased with the results of the recent drilling, which have enabled us to report a significant uplift in both the tonnage and grade of the DSO component of the resource.

"The new JORC 2012 compliant resource forms the foundation of our Feasibility Study, which is already well advanced and on track for completion by the end of the month," he continued.

"I'm pleased to say that all aspects of the project are progressing extremely well and we expect to be in a position to push the button on financing and development, subject to receipt of approvals, in Q4 2014."

-ENDS-

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Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of Australian Institute of Geoscientists. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel is the Senior Resource Geologist of BNA Micromine Consultoria Limited, independent resource consultants engaged by Centaurus Metals.

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are 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 Reserve'. Roger Fitzhardinge and Volodymyr Myadzel consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Figure 1 – Candonga Project Location Map

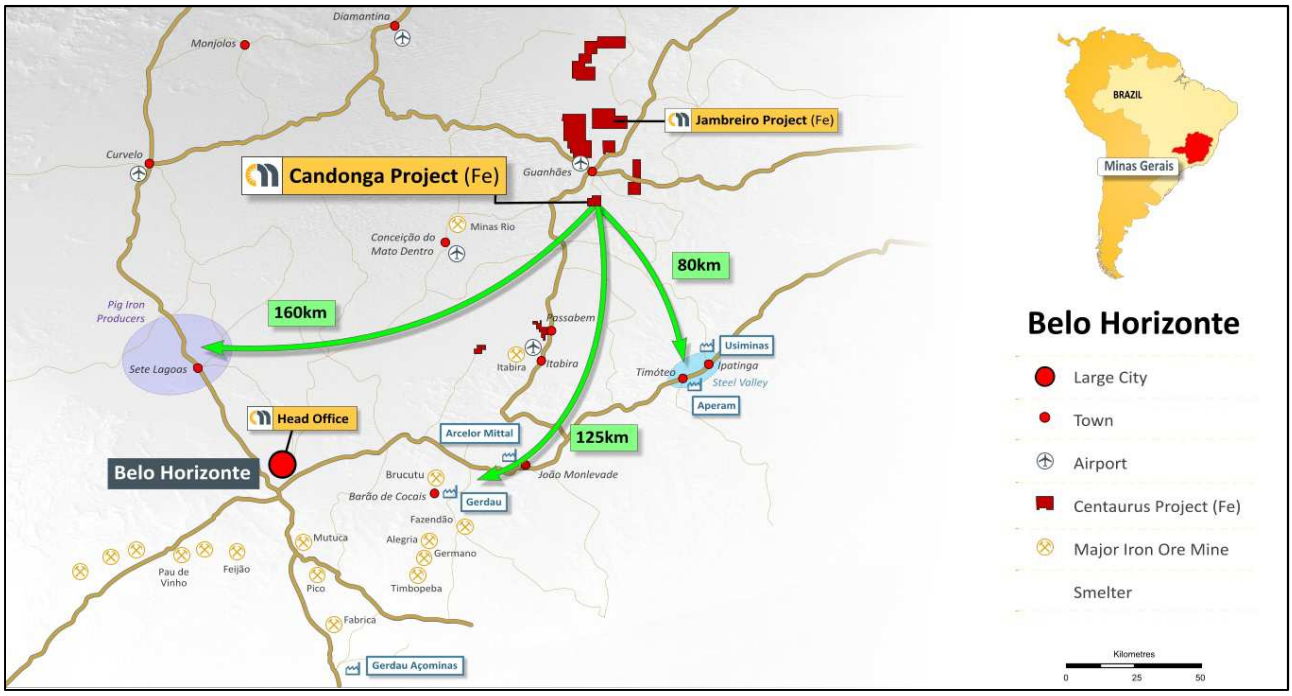

Figure 2 – Candonga Project Map – Drill Results with Analytical Signal Image– August 2014

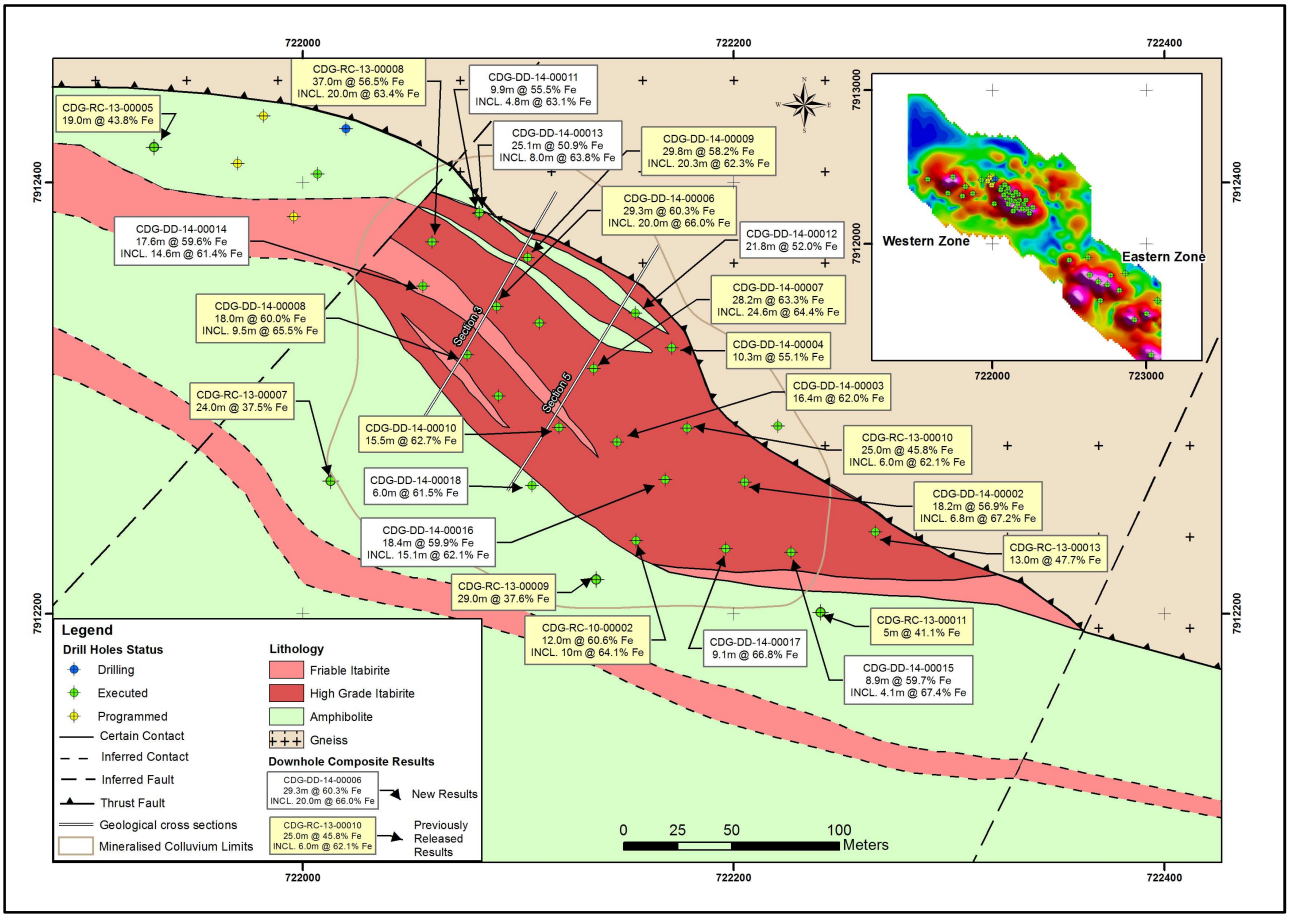

Figure 3 – Candonga Iron Ore Project – Schematic Cross Section 3

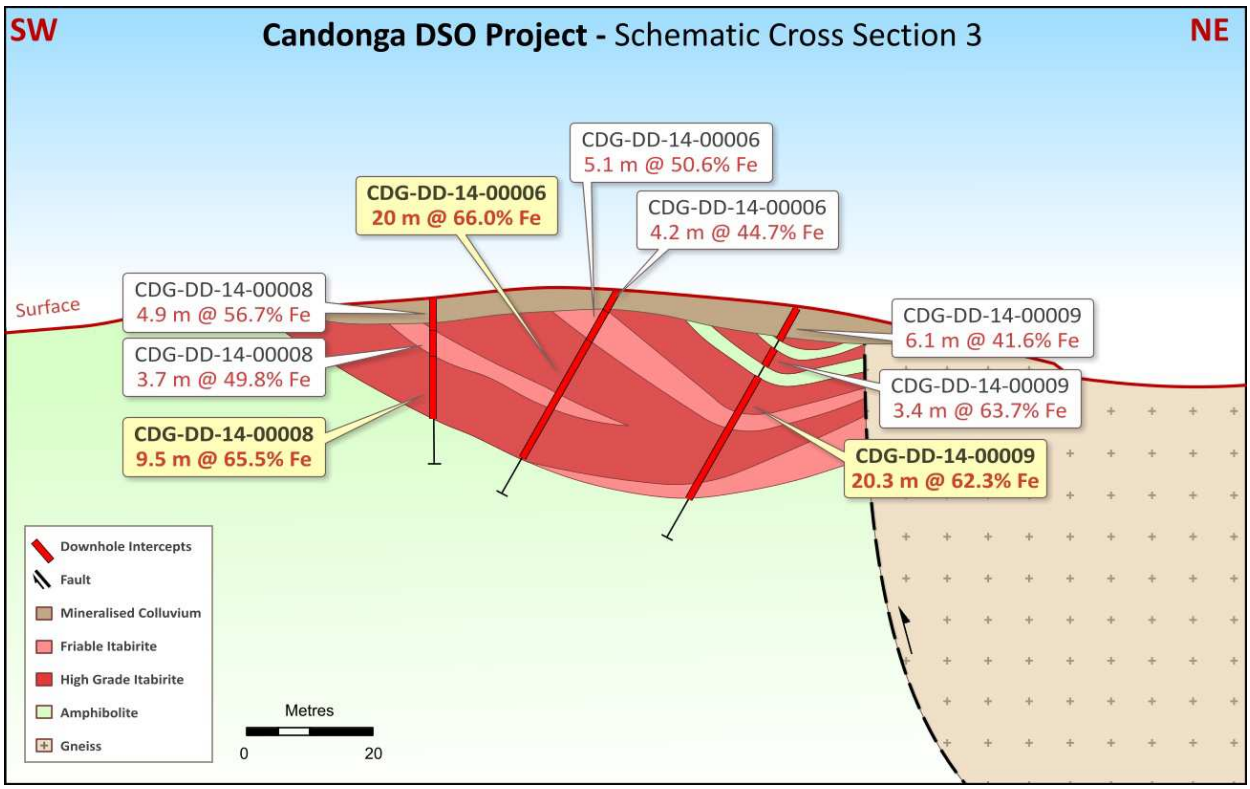

Figure 4 – Candonga Iron Ore Project – Schematic Cross Section 5

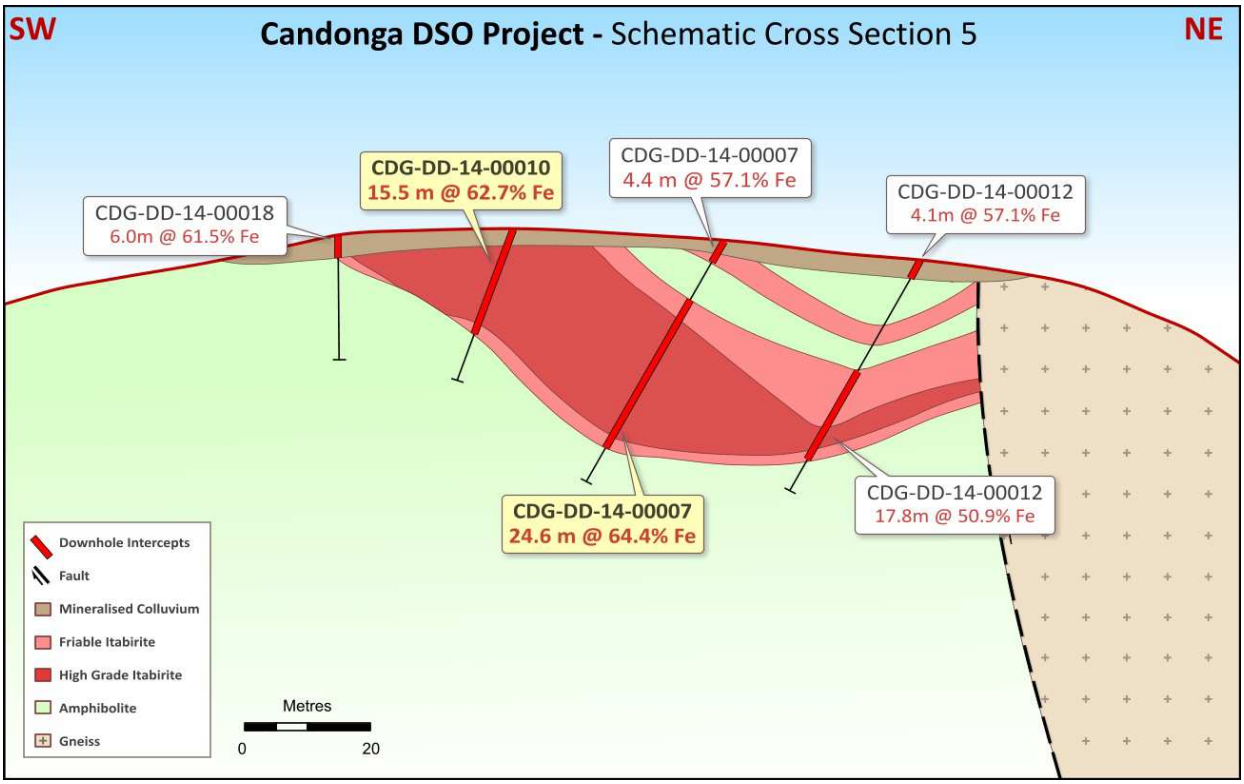

Table 2 – Candonga Project JORC 2012 Mineral Resource Estimate – August 2014

Mineralisation Type	JORC Category	Tonnes ('000)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
High Grade Itabirite**	Measured	500	64.3	5.2	1.4	0.03	0.17
	Indicated	359	64.1	6.2	1.0	0.03	0.06
	Measured + Indicated	859	64.2	5.6	1.2	0.03	0.13
	Inferred	155	63.4	6.4	1.2	0.03	0.19
	TOTAL	1,014	64.1	5.7	1.2	0.03	0.14
Mineralised Colluvium*	Measured	106	58.3	9.3	3.9	0.04	2.11
	Indicated	41	56.7	10.7	4.4	0.05	2.20
	Measured + Indicated	147	57.8	9.7	4.1	0.04	2.14
	Inferred	21	56.6	10.4	4.9	0.05	2.29
	TOTAL	168	57.7	9.8	4.2	0.04	2.16
DSO	**Measured**	**606**	**63.2**	**5.9**	**1.8**	**0.03**	**0.51**
(High Grade Itabirite**	**Indicated**	**400**	**63.3**	**6.6**	**1.3**	**0.03**	**0.28**
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**50% Fe cut-off grade applied; **55% Fe cut-off grade applied; ***20% Fe cut-off grade applied*

Table 3 – Candonga Project RC Drill Results

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
CDG-RC-10-00002	722155	7912234	909	-60	30	80.0	1.0	13.0	12.0	60.6	5.6	4.2	0.02	0.11
CDG-RC-10-00003	721715	7912380	859	-60	90	53.0	0.0	53.0	53.0	45.6	27.6	1.5	0.12	4.38
CDG-RC-13-00001	721712	7912332	855	-90	-	95.0	0.0	5.0	5.0	36.3	27.9	11.6	0.09	8.32
CDG-RC-13-00001	721712	7912332	855	-90	-	95.0	24.0	27.0	3.0	32.1	26.3	14.6	0.07	7.35
CDG-RC-13-00002	721744	7912438	857	-90	-	80.0	0.0	12.0	12.0	42.0	22.4	8.5	0.07	5.47
CDG-RC-13-00003	721810	7912312	867	-90	-	80.0	0.0	58.0	58.0	45.6	27.4	2.6	0.11	4.08
CDG-RC-13-00004	721828	7912376	874	-90	-	52.0	0.0	11.0	11.0	37.4	34.2	7.4	0.04	4.45
CDG-RC-13-00004	721828	7912376	874	-90	-	52.0	14.0	29.0	15.0	41.7	27.8	6.6	0.10	3.80
CDG-RC-13-00004	721828	7912376	874	-90	-	52.0	37.0	42.0	5.0	22.8	29.7	22.4	0.21	10.47
CDG-RC-13-00005	721929	7912416	886	-90	-	65.0	26.0	45.0	19.0	43.9	28.4	4.1	0.13	3.75
CDG-RC-13-00006	721872	7912329	874	-90	-	58.0	0.0	14.0	14.0	43.9	25.3	6.0	0.09	4.73
CDG-RC-13-00007	722012	7912261	850	-90	-	58.0	30.0	54.0	24.0	37.5	39.5	1.7	0.10	0.01
CDG-RC-13-00008	722062	7912374	861	-90	-	60.0	0.0	37.0	37.0	56.5	14.2	2.0	0.06	1.85
CDG-RC-13-00009	722136	7912216	898	-90	-	75.0	0.0	7.0	7.0	32.0	27.5	15.2	0.23	7.96
CDG-RC-13-00009	722136	7912216	898	-90	-	75.0	34.0	56.0	22.0	39.4	34.5	3.5	0.10	2.93
CDG-RC-13-00010	722178	7912286	901	-90	-	60.0	0.0	25.0	25.0	45.9	21.4	7.7	0.10	3.38
CDG-RC-13-00011	722241	7912200	909	-90	-	70.0	0.0	5.0	5.0	41.1	25.4	8.5	0.19	5.03
CDG-RC-13-00012	721580	7912429	817	-90	-	60.0	1.0	27.0	26.0	45.3	13.4	8.6	0.03	6.89
CDG-RC-13-00013	722266	7912237	905	-90	-	57.0	0.0	4.0	4.0	48.9	18.2	7.6	0.04	0.27
CDG-RC-13-00013	722266	7912237	905	-90	-	57.0	4.0	13.0	9.0	47.3	28.5	2.5	0.04	0.21
CDG-RC-13-00015	722619	7911913	962	-90	-	67.0	44.0	56.0	12.0	45.3	31.9	1.3	0.07	0.21
CDG-RC-13-00015	722619	7911913	962	-90	-	67.0	56.0	60.0	4.0	29.5	42.0	1.0	0.07	0.09
CDG-RC-13-00017	722764	7911797	962	-90	-	53.0	0.0	4.0	4.0	34.7	38.1	7.6	0.05	0.48
CDG-RC-13-00017	722764	7911797	962	-90	-	53.0	7.0	25.0	18.0	46.9	28.9	0.8	0.05	0.25
CDG-RC-13-00018	722744	7911737	936	-90	-	51.0	0.0	23.0	23.0	39.4	31.9	5.0	0.09	2.55
CDG-RC-13-00020	722821	7911698	929	-90	-	40.0	0.0	27.0	27.0	38.6	38.1	1.3	0.05	1.09
CDG-RC-13-00021	722999	7911546	930	-90	-	50.0	0.0	4.0	4.0	33.6	35.9	10.5	0.03	0.58
CDG-RC-13-00022	723066	7911632	914	-90	-	55.0	6.0	16.0	10.0	37.9	31.8	8.0	0.06	1.36
CDG-RC-13-00024	723030	7911280	886	-90	-	52.0	0.0	32.0	32.0	48.4	25.5	1.4	0.08	2.21

Intervals calculated using min. 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

Table 4 – Candonga Project Diamond Drill Results

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
CDG-DD-10-00001	721685	7912380	854	60	90	88.5	3.0	60.0	57.0	40.0	35.7	1.1	0.07	1.95
CDG-DD-10-00001	721685	7912380	854	60	90	88.5	60.0	88.5	28.5	32.3	44.2	0.7	0.04	1.89
CDG-DD-14-00002	722202	7912260	910	-60	210	35.4	1.2	8.0	6.8	67.2	2.1	0.7	0.02	0.14
CDG-DD-14-00002	722202	7912260	910	-60	210	35.4	8.0	16.2	8.2	46.0	28.3	3.7	0.02	1.41
CDG-DD-14-00002	722202	7912260	910	-60	210	35.4	16.2	19.4	3.2	63.3	5.6	1.2	0.04	-0.74
CDG-DD-14-00003	722143	7912278	903	-60	210	40.2	0.0	6.5	6.5	55.9	12.7	4.7	0.03	2.19
CDG-DD-14-00003	722143	7912278	903	-60	210	40.2	6.5	16.4	9.9	65.9	2.3	1.8	0.02	0.47
CDG-DD-14-00004	722171	7912325	899	-60	210	34.0	0.0	4.7	4.7	57.8	13.3	2.5	0.02	1.05
CDG-DD-14-00004	722171	7912325	899	-60	210	34.0	4.7	10.3	5.6	52.9	21.7	1.5	0.04	0.62
CDG-DD-14-00006	722088	7912344	880	-60	210	36.4	0.0	4.2	4.2	44.7	22.4	6.5	0.11	5.04
CDG-DD-14-00006	722088	7912344	880	-60	210	36.4	4.2	9.3	5.1	50.6	26.0	0.8	0.03	0.37
CDG-DD-14-00006	722088	7912344	880	-60	210	36.4	9.3	29.3	20.0	66.0	4.1	0.5	0.04	-0.10
CDG-DD-14-00007	722131	7912313	896	-60	210	43.0	0.0	4.4	4.4	57.1	10.0	4.5	0.03	1.57
CDG-DD-14-00007	722131	7912313	896	-60	210	43.0	10.6	35.1	24.6	64.4	5.5	1.2	0.03	0.30
CDG-DD-14-00008	722074	7912319	878	-90	-	25.1	0.0	4.9	4.9	56.7	13.0	3.4	0.03	1.47
CDG-DD-14-00008	722074	7912319	878	-90	-	25.1	6.1	9.7	3.6	49.8	27.1	1.1	0.02	0.66
CDG-DD-14-00008	722074	7912319	878	-90	-	25.1	9.7	19.2	9.5	65.5	4.3	0.9	0.03	-0.02
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	0.0	6.1	6.1	41.6	24.8	8.8	0.04	4.56
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	7.0	10.4	3.4	63.7	6.4	1.3	0.04	0.38
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	13.0	30.0	17.0	64.2	6.0	1.0	0.03	-0.09
CDG-DD-14-00009	722102	7912368	877	-60	210	40.9	30.0	33.3	3.3	52.3	23.0	1.2	0.03	0.33
CDG-DD-14-00010	722113	7912286	897	-70	210	25.1	0.0	3.5	3.5	59.6	6.6	4.7	0.05	2.74
CDG-DD-14-00010	722113	7912286	897	-70	210	25.1	3.5	15.5	12.0	63.7	4.4	2.6	0.02	0.60
CDG-DD-14-00011	722073	7912386	866	-70	210	11.7	1.8	6.9	5.2	48.5	24.0	1.7	0.11	3.85
CDG-DD-14-00011	722073	7912386	866	-70	210	11.7	6.9	11.7	4.8	63.1	4.1	2.3	0.04	0.71
CDG-DD-14-00012	722155	7912340	895	-60	210	40.8	0.0	4.1	4.1	57.1	8.6	5.6	0.05	2.03
CDG-DD-14-00012	722155	7912340	895	-60	210	40.8	18.5	36.3	17.8	50.9	24.3	1.0	0.04	-0.02
CDG-DD-14-00013	722082	7912386	866	-90	-	34.7	2.9	7.2	4.4	44.0	29.7	1.9	0.10	0.30
CDG-DD-14-00013	722082	7912386	866	-90	-	34.7	7.2	15.2	8.0	63.8	6.0	0.9	0.03	0.16
CDG-DD-14-00013	722082	7912386	866	-90	-	34.7	15.2	27.9	12.7	45.2	29.1	3.3	0.04	0.24
CDG-DD-14-00014	722056	7912352	866	-70	210	24.6	0.0	3.0	3.0	51.0	18.3	3.5	0.08	4.87
CDG-DD-14-00014	722056	7912352	866	-70	210	24.6	3.0	17.6	14.6	61.4	11.1	0.6	0.03	0.06
CDG-DD-14-00015	722227	7912229	915	-60	210	14.9	0.0	4.8	4.8	53.1	21.8	1.7	0.01	0.44
CDG-DD-14-00015	722227	7912229	915	-60	210	14.9	4.8	8.9	4.1	67.4	1.5	0.8	0.01	-1.47
CDG-DD-14-00016	722165	7912257	909	-90	-	26.4	0.0	3.3	3.3	49.6	17.8	6.9	0.03	3.55
CDG-DD-14-00016	722165	7912257	909	-90	-	26.4	3.3	18.4	15.1	62.1	9.6	0.9	0.02	-0.06
CDG-DD-14-00017	722197	7912230	916	-60	210	17.1	2.0	11.1	9.1	66.8	1.9	1.3	0.01	-1.00
CDG-DD-14-00018	722107	7912260	899	-90	-	14.4	0.0	6.0	6.0	61.5	5.1	4.0	0.03	1.12

Intervals calculated using min. 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

Table 5 – Historical Candonga Project Trench Results

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
CDG-TR-11-00001	721733	7912379	861	-9	250	36.0	0.0	36.0	36.0	46.6	24.7	4.0	0.08	3.35
CDG-TR-11-00002	722139	7912327	889	-5	30	30.0	0.0	30.0	30.0	57.6	10.3	4.1	0.03	1.60
CDG-TR-11-00003	723033	7911435	884	-11	30	40.0	2.0	40.0	38.0	39.5	29.3	6.8	0.08	5.17
CDG-TR-11-00004	722220	7912228	913	12	260	42.0	0.0	42.0	42.0	52.2	17.1	4.5	0.04	1.83
CDG-TR-11-00004	722220	7912228	913	12	260	42.0	*includes from 16.0m*		*12.0*	*62.3*	*7.5*	*1.6*	*0.02*	*-0.58*
CDG-TR-11-00005	722401	7912424	893	0	75	20.0	0.0	20.0	20.0	40.5	31.5	5.7	0.03	3.40
CDG-TR-11-00006	722108	7912252	898	3	65	88.0	0.0	88.0	88.0	55.8	12.5	4.2	0.03	1.85
CDG-TR-11-00006	722108	7912252	898	3	65	88.0	*includes from 0.0m*		*22.0*	*61.5*	*5.1*	*3.6*	*0.03*	*0.77*
CDG-TR-13-00007	722212	7912249	919	9	210	70.0	0.0	70.0	70.0	64.0	5.1	1.9	0.02	0.11
CDG-TR-13-00007	722212	7912249	919	9	210	70.0	*includes from 0.0m*		*52.0*	*65.6*	*3.6*	*1.3*	*0.02*	*-0.23*
CDG-TR-13-00008	722168	7912307	900	2	220	86.0	0.0	86.0	86.0	62.0	6.4	3.0	0.03	1.00
CDG-TR-13-00009	722091	7912313	885	-3	200	26.0	0.0	26.0	26.0	57.6	8.7	4.7	0.05	3.22
CDG-TR-13-00009	722091	7912313	885	-3	200	26.0	*includes from 14.0m*		*12.0*	*60.2*	*4.5*	*5.1*	*0.04*	*3.04*

Intervals calculated using 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

APPENDIX A – JORC Code, 2012 Edition – Table 1 Compliance Statement for Candonga Project

SECTION 1 SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections).

Criteria	Commentary
Sampling techniques	• All trenches in the 2013 program were cut down to 2.2m. Continuous cut channels were sampled on 2m intervals or to lithological contacts. The 3-5kg samples were split and pulverised to ±50g samples for XRF and titration analysis. • RC samples were taken at 1m intervals from which 3-5kg samples were split, prepared and analysed as above. • Diamond samples were taken at maximum 1.4m intervals or to lithological contacts no less than 0.3m from which ¼ core (3-5kg) was sampled, prepared and analysed as above. • The Candonga Project has a regular drill hole spacing of around 40mx25m over the high grade itabirite zone, drilling on the other areas is irregular. • Field duplicate samples were taken at a set frequency of one every 20 samples (5% of total samples) from the splitter to monitor sample representivity. • All of the data used for the resource estimation is based on the logging and sampling of historical trenches, RC and diamond core drilling. • Classification testwork samples from drill core were continuous with the minimum sample interval being 1.0m. A ¼ core sample was taken, minimum sample weight was 3.5kg with maximum sample weight being 25kg. All sample intervals are described in ASX announcement dated 18/08/14. • For classification bulk samples a small excavator was used to target samples of specific lithologies (in situ itabirite and mineralised colluvium). Sample weights were between 250-500kg
Drilling techniques	• Historically two diamond holes (HQ) were drilled by Cenibra for a total of 95m in 2007. These holes are not used in the resource estimation. • Centaurus completed 1 diamond drill hole (HQ) for a total of 88m in 2010. • RC drilling employed a 5.5" face hammer. Centaurus completed 27 RC holes for a total of 1,654m in 2010 and 2013. • At the date of this announcement Centaurus completed a further 24 diamond drill holes (HQ) for a total of 722m from the current program of which 17 holes for a total of 484m were used in this resource estimate. Assays are pending for the remaining 7 holes. • Hole depths range from 12 to 95m.
Drill sample recovery	• For diamond drilling, core recoveries were logged and recorded in the database for all Centaurus diamond holes. Overall recoveries are >85%. There were localised core loss issues due to changes in material type. Drilling was controlled to maximize core recovery. • For RC drilling, geologists or field assistants recorded sample weights and calculated sample recovery during drilling. No significant issues were detected. • To ensure adequate sample recovery and representivity a Centaurus geologist or field technician was present during drilling and monitored the sampling process. • No relationship between sample recovery and grade has been demonstrated. No bias to material size has been demonstrated.
Logging	• All trenches and drill holes have been logged geologically and geotechnically to a level of detail appropriate to support the Mineral Resource estimate as well as metallurgical and mining study support for iron ore. • Logging for both forms of drilling is qualitative and quantitative in nature. • All Centaurus trenches, RC chip trays and diamond core have been photographed. Historical drilling was not photographed. • The total length of drilling used in the resource estimate is 2,226m. 100% has been logged. The total length of trenches is 444m. 100% has been logged.

Criteria	Commentary
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. A quarter core was sampled. • RC samples were collected on 1m down hole intervals reduced using a 3-tier riffle splitter reducing the sample size to 3-5kg. Sample weight/split analysis shows that on average a 12.5% split ratio was achieved. • The majority of mineralised samples from RC drilling were dry. • All samples were received and prepared by ALS, SGS or Intertek 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. • Field control sample insertion included field duplicates taken every 25 samples. Results from the duplicate samples show the data has an acceptable precision, indicating that the sampling technique is appropriate for the deposit. • The sample size is considered to be appropriate to correctly represent the mineralisation as well as the thickness and consistency of the mineralised intersections. • Classification samples for the Candonga DSO Project have been taken from the first 17 holes of the 2014 diamond program. • All metallurgical samples were received and prepared at the Centaurus SPF. The samples were received naturally dry. After homogenization the sample was crushed to -32mm and water was added to simulate 4% and 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.
Quality of assay data and laboratory tests	• All chemical analysis was completed at ALS, SGS or Intertek Labs. Laboratory duplicates were completed every 10-20 samples and standards were completed every 20-25 samples dependent on the laboratory. • Laboratory control sample insertion included blank samples at the start of every new hole then every 50 samples. Standard samples (CRMs from Geostats Australia) are inserted every 20 samples. A number of different standards at a range of grades are used to monitor analytical precision of the assay results. Field duplicates were inserted every 25 samples. • Metal Oxide is determined using XRF analysis. Analysis at ALS was for a 24 element suite while at Intertek analysis was for 11 elements. FeO is determined using Titration and LOI using Loss Determination by Thermogravimetric analysis. • Laboratory procedures are in line with industry standards and are appropriate for iron ore. • Acceptable levels of precision have been achieved with all standard assays reporting within 2 standard deviations of the certified mean grade for the main elements of interest. • The ALS, SGS and Intertek labs insert their own standards at set frequencies and monitor the precision of the XRF analysis. These results also reported well within the specified 2 standard deviations of the mean grades for all main elements. Additionally the labs performed 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. • Analysis of field duplicates and lab pulp duplicates have returned an average correlation coefficient of over 0.96 confirming that the precision of the samples is within acceptable limits. • Centaurus sends a selection of pulps to umpire laboratories (Acme) for independent verification. To date comparison of results between laboratories did not reveal any issues and analytical precision was considered acceptable. • Centaurus QAQC procedures and results are to industry standard and are of acceptable quality.

Criteria	Commentary
Verification of sampling and assaying	• All significant intersections are verified by alternative Company personnel before release. As part of Resource estimation processes, drill hole data was independently reviewed by BNA Micromine. • No twin holes have been completed to date. • All primary data is stored in the Centaurus Exploration office (Guanhães, Brazil). All data is entered into a Micromine Geobank database which is administrated by a Database Geologist. • 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 survey collars and trenches were surveyed using a Total Station. There were no down hole surveys completed. • Complete topographical survey pickup of the area was done using a Total Station with pickup completed on 10x10m spacing.
Data spacing and distribution	• Drill sections run perpendicular to the high grade itabirite mineralisation at spacing between 30-40m. Drill spacing way from the High Grade zone is irregular. Drill holes on section are generally 25-30m apart. Due to local topographical constraints the spacing is sometimes not achievable. • The data spacing and distribution is considered adequate to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation and classifications applied under the JORC 2012 code. • No sample compositing has been applied.
Orientation of data in relation to geological structure	• The orientation of the mineralisation is understood and drill holes were designed to intersect the mineralisation at an appropriate angle. This is demonstrated in the geological cross-sections (see Figures 3-4). • All significant intersections have been reported as downhole widths and not true widths. • The trenches by nature are oblique to the mineralisation angle and as a result return accentuated mineralised interval. • No drilling orientation and sampling bias has been recognized at this time and is not considered to have introduced a sampling bias.
Sample security	• All samples are placed in pre-numbered plastic samples 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 ALS or Intertek labs 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 remnant diamond core, RC chip trays, sample rejects and pulps are stored at the Guanhães technical office.
Audits or reviews	• As part of the Resource estimation process drill hole data was independently reviewed by Volodymyr Myadzel the BNA Micromine Senior Resource Geologist and project Competent Person. The report finds the sample techniques and data collection and management to be in line with current industry standards.

SECTION 2 REPORTING OF EXPLORATION RESULTS

(Criteria listed in the preceding section also apply to this section).

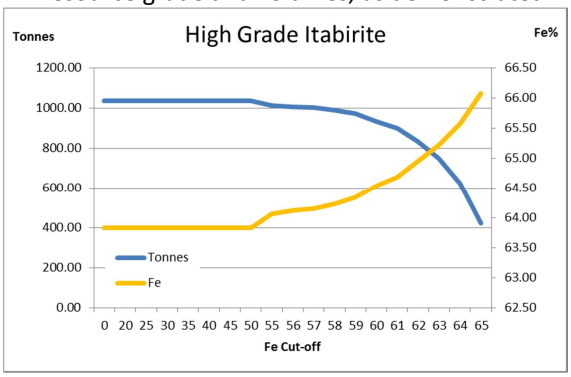
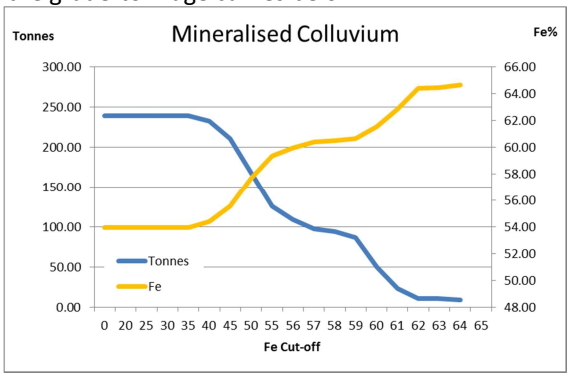
Criteria	Commentary
Mineral tenement and land tenure status	• The Candonga Project tenement (DNPM 831.629/2004) is 100% owned by Centaurus. • The tenement is part of the Cenibra-Centaurus Agreement. Centaurus will pay a vendor royalty of 0.85% of gross revenue on any product sold from the tenement. • All mining projects in Brazil are subject to the CFEM royalty, a government royalty of 2% of revenue (less taxes and logistics costs). • Landowner royalty is 50% of CFEM royalty. • The project is not located within national or state wilderness or historical parks. • The Final Exploration Report was submitted on 27 November 2013. An application for a Trial Mining License was submitted on 11 April 2014. The licence allows for the mining and dry processing of 300ktpa of ROM per license.
Exploration done by other parties	• Cenibra conducted geological mapping and a small diamond drill program in 2007 to satisfy Brazilian Mine Department requirements. This work is not incorporated into the Resource.
Geology	• The Candonga 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 5m to up to 40m generally dipping 30-55° to the N-NE. The combined strike length of the mapped mineralisation is around 1,500m. Itabirite has been intersected at depths up to 88m with friable itabirite intersected up to 60m. • There are localised occurrences of high grade itabirite or magnetite lenses (up to 30m thick) associated with hydrothermal enrichment along fold axis and fault planes.
Drill hole Information	• At the date of announcement a total of 52 holes for 2,464m have been completed by Centaurus on the Candonga Project including 25 diamond holes for a total of 810m and 27 RC holes for a total of 1,654m. From the current drilling 17 holes (484m) will be included in the resource estimate. The remaining 7 holes have assays pending. Diamond holes drilled by Cenibra in 2007 are not included in the resource due to low confidence in analysis. • Refer to Table 3 and 4 for a full list of significant intersection and drill hole data.
Data aggregation methods	• Continuous sample intervals are calculated via weighted average using a 20% Fe cut-off grade with 3 metre minimum mining widths. • High grade intervals within a continuous sample interval may be reported inclusive. (For example: *CDG-RC-13-0008 37m @ 56.5% Fe, including 20m @ 63.4% Fe*) • No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	• The orientation of the mineralisation is well understood and drill holes were designed to intersect the mineralisation at an appropriate angle representing the true widths. Where the true width is not intersected it is stated and also demonstrated in cross sectional diagrams. • The trenches by nature are oblique to the mineralisation angle and as a result return accentuated mineralised interval.

Criteria	Commentary
Diagrams	• Refer to Figures 1-4.
Balanced reporting	• All new Exploration Results received by the Company to date have been included in this report. Historical results can be found in the relevant aforementioned ASX announcements.
Other substantive exploration data	• Geological mapping was carried out by Centaurus geologists. • Ground magnetics survey was carried out using a G-856 Magnetometer on 50m N-S line spacings with measurements every 10m. Interpretation was completed by geophysicists from Intergeo Geosciences. • A JORC 2004 Resource estimate has been completed on the Candonga Project. Refer to ASX announcement on 8 August 2013 for full details of the estimate. • Classification test work has been carried out on the Candonga high grade itabirite, mineralised colluvium and friable itabirite mineralisation. • See ASX announcement on 18 August 2014 for details of classification results on drill core samples. • See ASX announcement on 31 March 2014 for details of the in situ bulk trench results.
Further work	• The Company plans to complete characterisation testwork on the remaining diamond samples; carryout a comprehensive tender process for third party mining, source prices for crushing and screening plant operations and complete a Feasibility Study.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section).

Criteria	Commentary
Database integrity	• All data is entered into excel data sheets and imported into a Micromine Geobank database. Project geologists validate the data entry. • Assay files are sent electronically from the labs. These files are imported directly into Geobank by the database geologist. The database geologist is responsible for up-dating the database and generation of validation reports. • The independent resource geologist responsible for the Resource estimation ran additional validation checks on the database before completing the estimation. There were no critical database issues at the time of the final Resource estimation.
Site visits	• The Competent Person for this report, Volodymyr Myadzel (Senior Resource Geologist) for BNA Micromine Brazil visited the site in December 2010 to complete an external audit of Centaurus' drilling, sampling, QAQC, and logging procedures. No significant issues were revealed during the audit that would be material to the outcomes presented in this Resource estimate.
Dimensions	• With the combination of the Coruja, Aguia and other minor targets, the Candonga Resource has dimensions of approximately 1,500m of total strike length. The ore body outcrops in most places with a localized thin colluvial cover in places and generally open at depth with the deepest mineralisation being intersected at 88 m depth. The itabirite mineralisation is between 10-40m thick with the average thickness in the main deposit (Coruja) being around 30m. • Block model extends from 721516mE to 723231mE and 7911183mN to 7912494mN and elevation from 740mRL to 986mRL (surface).
Moisture	• Tonnage is estimated on an in situ basis. • Moisture measurements were completed as part of the detailed process test work sample regime. An in situ moisture content of 6% was determined. • Due to the significant topographical relief across the resource area the water table depth is quite variable but on average sits 40m below the surface. The DSO component of the resource is located 100% above the water table.
Geological interpretation	• There is good confidence in the geological interpretation of the central zone of the mineral deposit. In this zone the high grade itabirite lens which is hosted in a broader itabirite zone is consistent in grade and geometry both on section and along strike. Further work needs to be carried out on distal zones to improve understanding. These zones are generally classified in the Inferred Resource category. • Surface and trench mapping as well as the ground magnetics geophysics were used for the interpretation of mineralisation and stratigraphy where there was no drill hole support. • Lithological domaining of the itabirite mineralisation was completed using geological logging with the aid of geochemical analysis. The four domains reported are mineralised colluvium, high grade itabirite, friable itabirite and compact itabirite. These domains are important in the building of the geo-metallurgical model and determination of lump-fines splits and product grain size distributions. • Fe grades within the high grade itabirite lens are consistent, the lens contacts are sharp and in general hosted within the larger friable itabirite zone. The northern limit of the high grade lens and itabirite zone is truncated by an east-west orientated sub-vertical thrust fault. • The Fe grade within the itabirite reduces slightly with depth due to the effect of supergene enrichment near surface. • The interpretation of the friable and compact boundaries was derived primarily from a hardness scale with support from geochemical analysis where appropriate. • Centaurus Project Geologists were responsible for all stratigraphic, structural and mineralisation wireframe interpretations. They were then passed to the independent resource geologist (Competent Person) to review and generate the block model.

Criteria	Commentary
Estimation and modelling techniques	• Itabirite mineralisation was domained according to hardness (Friable and Compact) and mineralisation style (high grade or friable). Mineralised colluvium was domained separately and is considered friable. Each geological unit was domained and estimated separately using hard boundaries. Mineralisation was divided into eight domains. • The interpretation was developed off vertical sections. Geological data was extrapolated to half the distance between the vertical sections (30m) and 100m in depth from the deepest drill hole. 3D wireframes were built using Micromine 14.0.6 software. From the wireframes a block model was built and interpolated. • Inverse Distance Weighting (IDW^2) was used to estimate a standard suite of 12 elements (Fe, SiO_2, Al_2O_3, P, Mn, TiO_2, CaO, MgO, K_2O, Na2O, Cr_2O_3 and FeO) as well as LOI. • Parent Block size is X=25m, Y=25m and Z=10m with Sub Block size of X=2.5m, Y=2.5m and Z=2.5 m. Average distance of sample spacing for Measured and Indicated is 45m and the search ellipse longest axis is 50m. Search directions and ranges are domain specific and are determined from the structural positioning of the ore body • All block estimates are based on interpolation into parent block volumes. • The Parent Block and Sub Block height of 10m and 2.5m respectively was assumed based on expected bench and flitch heights in waste and ore. • The Mineral Resource estimate does not include any form of dilution, apart from internal waste which could not be separated out. • No assumptions regarding correlation between variables has been made, however, it is observed that there are direct inverse relationships between Fe and SiO_2. • The itabirite mineralisation has clear lithological boundaries and has a Gaussian distribution so top cuts are not applied. A lower cut-off of 20% Fe was applied for the friable and compact itabirite mineralisation as that appears to be the natural cut off. • Standard model and estimation validation was completed using standard visual and statistical methods. Visual comparisons of composite drill data with block data were completed, all with suitable results. Visual validation of grade trends was carried out. No mining has taken place and as such no reconciliation data is available.
Cut-off parameters	• A cut-off of 55% Fe was applied to the high grade itabirite to achieve an average resource grade similar to the average grade of the process testwork samples. A cut-off of 50% Fe was applied to the mineralised colluvium to achieve an average resource grade similar to the average grade of the process testwork samples. Lower cut-off grades than these make a minor difference to average resource grade and volumes, as demonstrated in the grade-tonnage curves below.   • The cut-off grade for the itabirite mineralisation is set at >20% Fe, which appears to be a natural grade boundary between itabirite and ferruginous quartzite. Additional process test work carried out on <20% Fe material demonstrates it is up-gradable to saleable product but at low mass recoveries. • No cut-off grades were applied on other contaminant elements.
Mining factors or assumptions	• Mining is assumed to be carried out via open pit method using conventional backhoe excavator methods with ore and waste being mined on 5-10m benches with 2.5m flitches. Haulage distance will be relatively short, less than 500m. Small off-road trucks of 30-45t will be used. This is a common mining fleet configuration in Brazil. • No drill and blast will be required in the high grade itabirite mineralised zone. • Due to the visual nature of the ore waste contacts a dilution factor of 3% and a mine recovery of 98% is expected to be applied in the reserve estimation. These are in line with industry standards for itabirite ore in Brazil.

Criteria	Commentary
Metallurgical factors or assumptions	• The focus of the Candonga Project will be the DSO mineralisation (high grade itabirite and mineralised colluvium). This material will require dry crush and screen process to classify three product types: Lump (+19.0mm), Hematitinha (-19.0mm+6.3mm) and Sinter Feed (-6.3mm). • Product sizing classification results from diamond drilling and bulk trench sampling have demonstrated that the DSO mineralisation at Candonga can deliver 25-40% of the mineralisation as a Lump and Hematitinha product with an average grade of +64% Fe. The remaining DSO material is classified as a Sinter Feed product with an average iron grade of +64% Fe. • Refer to ASX announcements on 18 August 2014 and 31 March 2014 for full details of the relevant classification test work. • The resource also includes friable itabirite, this material is low grade and as such to produce a saleable iron ore concentrate the ore must pass through a number of process stages.
Environmental factors or assumptions	• Both the mine waste and the plant rejects have been studied for potential acid production and both were found to be inert. • The Environmental Licence Application, known as the RCA/PCA, was lodged with the State Environmental Authority (Supram) in May 2014.
Bulk density	• Wet bulk density measurements were completed via two methods: dill core dimensional calculation (101) and water displacement (38). Measurements were taken every 5m in the mineralisation and every 10m in waste. Dimensional calculation was completed for friable material using a 20cm steel mould cutting the whole core which was then weighed. Water displacement was carried out on 10-20cm whole core compact samples. • The resulting wet bulk density for the mineralised zones was 2.55t/m^3 for mineralised colluvium, 2.8t/m^3 for high grade itabirite, 2.5t/m^3 for friable itabirite and 3.0 t/m^3 for compact itabirite. • The results are considered to be conservative when benchmarked against similar high grade itabirite deposits in the Iron Quadrangle, Brazil.
Classification	• Resources have been classified by the independent Competent Person in accordance with the JORC Code 2012 Edition. • Mineral Resources have been classified by the Competent Person in Measured, Indicated and Inferred categories based on diamond and RC drill hole spacing (30mx30m), geological interpretation confidence, grade continuity, QAQC and geological data confidence. • Mineral Resource classification has appropriately taken into account the data spacing, distribution, continuity, reliability, quality and quantity of data • The input data is comprehensive in its coverage of the mineralisation and does not misrepresent in-situ mineralisation. • The definition of mineralised zones is based on a high level of geological understanding producing a robust model of mineralised domains. • The results of the validation of the block model show good correlation of the input data to the estimated grades. • The geological model and Mineral Resource estimation appropriately reflect the Competent Person's view of the deposit and appropriate account has been taken of all relevant factors.
Audits or reviews	• As part of the Resource estimation process the geological procedures and data were internally reviewed by BNA Micromine, the Company responsible for the estimate. The report finds the sample techniques and data collection and management to be in line with current industry standards.
Discussion of relative accuracy/ confidence	• The confidence in this Resource estimate has been deemed appropriate for medium to long term planning and mine design. It is not sufficient for shorter term planning and mine scheduling. • The Candonga Resource estimate is sufficient for Feasibility level study purposes. This statement relates to global estimates of tonnage and grade. • Operational management of the mine geology and engineering will be important in the control of the local variability and consequently the short term mine planning. • There has been no production from the Candonga Project.