

MARCH 2016 QUARTERLY ACTIVITIES REPORT

27 April 2016



MARCH QUARTER HIGHLIGHTS

EXPLORATION – MOMBUCA GOLD PROJECT

- ▶ Successful trenching program completed over the Initial Target Zone (ITZ) of the Mombuca Gold Project, where high grade rock chip sample results of up to 12.2 g/t Au are coincident with extensive historical artisanal workings.
- ▶ The trenching work has exposed a system of stacked gold-bearing quartz veins with gold grades up to 3.1 g/t Au assayed from the trench samples.
- ▶ The confirmation of gold-bearing veins below surface across multiple lithologies displaying common alteration assemblages reinforces the geological model for Mombuca as a primary gold mineralisation system with the potential to form part of a much larger mineralised system.
- ▶ The Company's exploration focus will therefore continue over the ITZ where an open-ended gold-in-soils anomaly extending over a length of 1.5km and varying in width from 50-150m, has previously been defined, coincident with crustal scale structures derived from detailed ground magnetic survey work.
- ▶ An Induced Polarisation (IP) survey commenced towards the end of the Quarter in the ITZ to target extensions of the sulphide mineralisation at depth and define initial drilling locations.

EXPLORATION – AURORA COPPER PROJECT

- ▶ Chargeability and resistivity highs from historical IP survey work areas are coincident with drill holes that intersected copper sulphide mineralisation.
- ▶ New IP survey work is planned to be undertaken to improve targeting control at depth and confirm new targets close to existing intersections.
- ▶ A strong chargeability and resistivity high anomaly, coincident with copper-in-soils anomalies and extending over +1km of strike and up to 600m wide, has been identified and represents a priority focus for initial exploration activity.

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OVERVIEW

Activities during the March 2016 Quarter were focused on the highly prospective Mombuca Gold Project in south-east Brazil, with a trench work program confirming the presence of a stacked gold-bearing quartz vein system extending continuously over a significant strike length within the Initial Target Zone (“ITZ”).

The trenching work intersected multiple flat-lying gold-bearing quartz veins at different locations with gold assays of up to 3.1g/t Au returned over a 0.5m interval in the trenches. These intersections demonstrate the sub-surface strike continuity of structurally controlled gold mineralisation in quartz veins across multiple lithologies displaying common alteration assemblages, reinforcing the presence of a primary gold mineralisation system and supporting the potential for a larger mineralised system.

Exploration also continued at the Aurora Copper Project in north-east Brazil during the Quarter, with several new priority exploration targets identified following a successful review of historical geophysical data. The review, which was undertaken by highly experienced US-based geophysicist, Mr Robert B. Ellis, laid the foundations for a planned Induced Polarisation (IP) survey designed to enhance target definition in advance of new drilling.

The most significant target that has emerged from the review of historical data is a chargeability high identified north of the Diamante target which extends over +1km of strike and is up to 600m wide, and may represent sulphide-rich mineralisation. This will be a priority focus for upcoming exploration work.

Figure 1: Centaurus Project locations in south-east Brazil

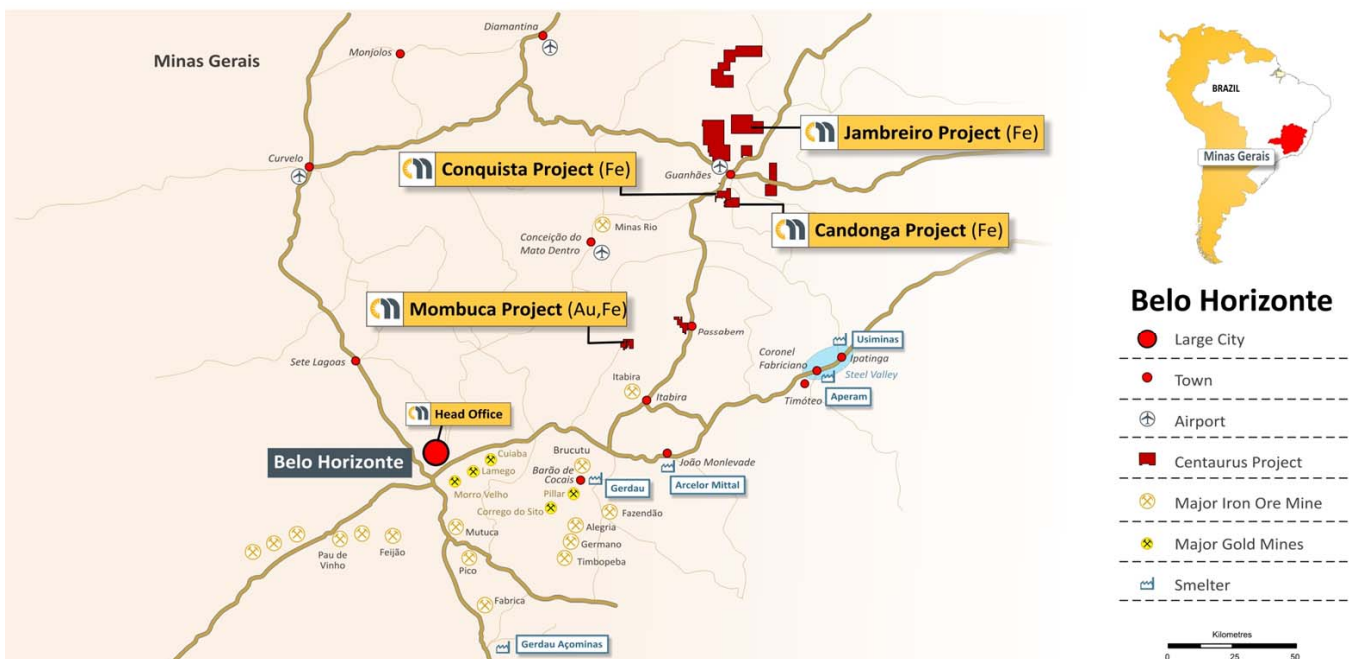




Figure 2: Centaurus Project locations in north-east Brazil



EXPLORATION

MOMBUCA GOLD PROJECT

Following the commencement of exploration activities at the Mombuca Gold Project in south-east Brazil during the December 2015 Quarter, Centaurus received results from a trench work program during the March Quarter which confirmed the presence of a stacked gold-bearing quartz vein system extending continuously over a significant strike length within the Initial Target Zone (“ITZ”).

The recent trenching work intersected multiple flat-lying gold-bearing quartz veins at different locations with gold assays of up to 3.1g/t Au returned over a 0.5m interval in the trenches. These intersections demonstrate the sub-surface strike continuity of structurally controlled gold mineralisation in quartz veins across multiple lithologies displaying common alteration assemblages, reinforcing the presence of a primary gold mineralisation system and supporting the potential for a larger mineralised system.

The ITZ is defined by a large gold-in-soils geochemical anomaly that extends over a trend of approximately 1.5km (Figure 3) coincident with crustal scale structures delineated from a detailed ground magnetic survey as well as several historical artisanal workings and adits from the 19th century. Face sampling from these adits has returned gold intercepts of up to 6m at 5.3g/t Au and 8m at 1.8g/t Au.

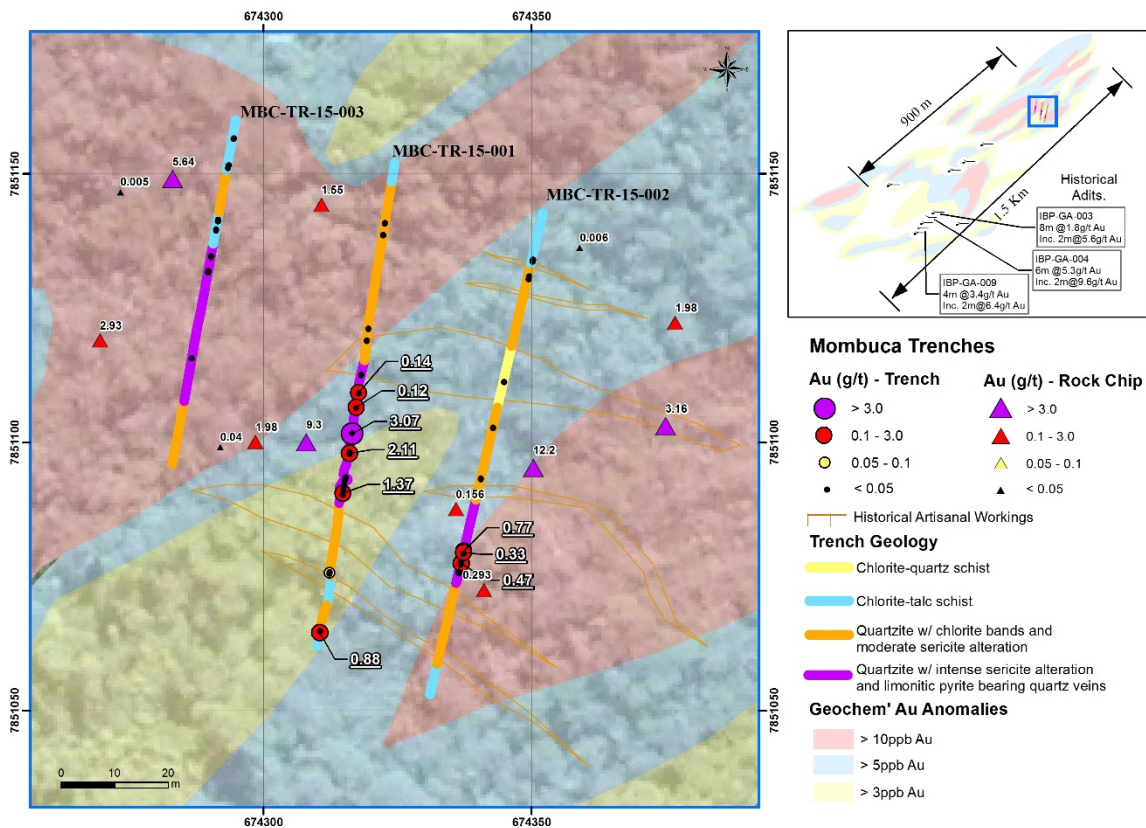
ITZ Trenching Program

The trenching program was undertaken to follow up earlier exploration work which identified the presence of in-situ mineralisation in an area with coincident strong gold-in-soils geochemical anomalies and intense historical ‘garimpo’ activity. Previously reported rock chip sample assays from the mineralised quartz veins included results of 12.2g/t Au, 9.3g/t Au, 5.6g/t Au and 3.2g/t Au.

Three trenches were excavated cross-cutting the in-situ quartz veins and quartzite package, which is the main host lithology in this particular area (see Figure 3). The quartzites and chlorite-talc schist hosts have undergone intense sericite and chlorite alteration.



Figure 3: Trenching Location with Relevant Sample Results – Mombuca Gold Project



The trenches were excavated about 30 metres apart and positive assay results were received from MBC-TR-15-001 and MBC-TR-15-002, indicating continuity of mineralised veins along strike. Trench MBC-TR-15-003 displayed the same alteration and sulphide assemblages, however, no significant gold assay result was returned from the narrower quartz veins in this location.

The gold-bearing quartz veins are shallow-dipping (on average 30° towards the south-southwest). Limonite (after pyrite) and fresh pyrite are found along the quartz veins and at its contacts with the host quartzite (Figure 4). Due to the low angle structures, sampling was undertaken as perpendicular channels in the trench walls over the relevant features such as quartz veins, lithological contacts and sulphide alteration zones.

The best results were taken from sulphide-rich quartz veins within the intense sericite altered quartzite and included results of 3.07g/t Au and 2.11g/t Au over 0.5m intervals. At a contact between the quartzite and talc-chlorite schist a mineralised quartz vein was also identified with 0.88g/t Au over 0.5m.



Figure 4: Detail of Mineralised Quartz Vein at MBC-TR-15-002 – Mombuca Gold Project



The ITZ hosts a significant amount of historical artisanal mining where a complex array of trenches up to 5m deep has previously been identified, orientated parallel to the quartz veins. The Company believes that the garimpeiros mined the thicker portion of veins that held abundant pyrite to depths of up to 5m. The veins that Centaurus has identified at surface and now in the trenches are understood to be the “waste” veins that the garimpeiros left behind.

A number of adits have been found along a trend of approximately 900m that extends from the trenches to the south-west. These adits are understood to be from the same period as the broader artisanal workings. Sampling from these adits returned gold intercepts of up to 6m at 5.3g/t Au and 8m at 1.8g/t Au. The garimpeiro workings (pits/trenches and adits) occur along the same trend of the main geochemical soil anomaly of the ITZ.

Induced Polarisation (IP) Survey

The ITZ continues to be the priority exploration target of the Mombuca Gold Project. A ground-based Induced Polarisation (IP) survey commenced towards the end of the Quarter over the ITZ to assist in the identification of sulphide mineralisation at depth. The IP survey, will be an important tool in defining the preferred target locations for future drilling given the association of sulphides (pyrite) with the high-grade gold identified at surface and in adits and trenches.

AURORA COPPER PROJECT

During the Quarter, the Company identified several new priority exploration targets at its 100%-owned Aurora Copper Project in north-eastern Brazil after completing a successful review of historical geophysical data.

The review, which was undertaken by highly experienced US-based geophysicist, Mr Robert B. Ellis, laid the foundations for a planned Induced Polarisation (IP) survey. The new IP survey should enhance target definition in advance of new drilling. Mr Ellis specialises in South American base metals projects and has previously worked with Codelco, AngloGold, Kinross and Barrick (amongst others) and has extensive experience in Brazil working with Yamana.



The primary copper mineralisation is hosted in multi-phase quartz-hematite breccias that cross-cut a metavolcanic-sedimentary sequence. Both primary and secondary copper mineralisation occurs in two principal target areas: the Diamante Target (south) and the Taveira Target (north) (see Figure 2). Historical drilling at Aurora has returned a number of significant intersections including:

- 12.5m at 2.4% Cu from 101.5m in Hole 3BA-14-CE (CPRM);
- 9.5m at 1.6% Cu from 46.0m in Hole 3BA-09-CE (CPRM);
- 6.9m at 0.93% Cu from 47.0m in Hole PJCA-PSED-SD0002 (Terrativa);
- 1.3m at 5.28% Cu from 32.0m in Hole PJCA-PTAV-SD0010 (Terrativa); and
- 12.0m at 0.79% Cu from surface in Hole PJCA-PTAV-SD0007 (Terrativa).

Induced Polarisation (IP) Survey Data

The primary mineralisation target at the Aurora Project is copper sulphide chalcopyrite which occurs as disseminated or semi-massive aggregates within quartz-hematite breccia zones and hematitic horizons often associated with a broader silicified envelope. These characteristics make IP surveys the most effective geophysical tool as it is designed to specifically target disseminated sulphides.

IP surveys produce two sets of data: Chargeability and Resistivity. Chargeability high anomalies are of particular interest as they indicate the potential for substantial sulphide mineralisation. Resistivity highs are also important as they are often associated with zones of intense silicification. The combination of a chargeability and resistivity high therefore represents an excellent target for copper sulphide mineralisation.

Based on the historical IP survey data, there is a good correlation between the west-northwest trending chargeability and resistivity highs with the aeromagnetic high and ground gravity low trends at the Diamante Target and on the north and south edge of the Taveira Target (see Figure 5). It is these zones that have returned positive drill results in the past.

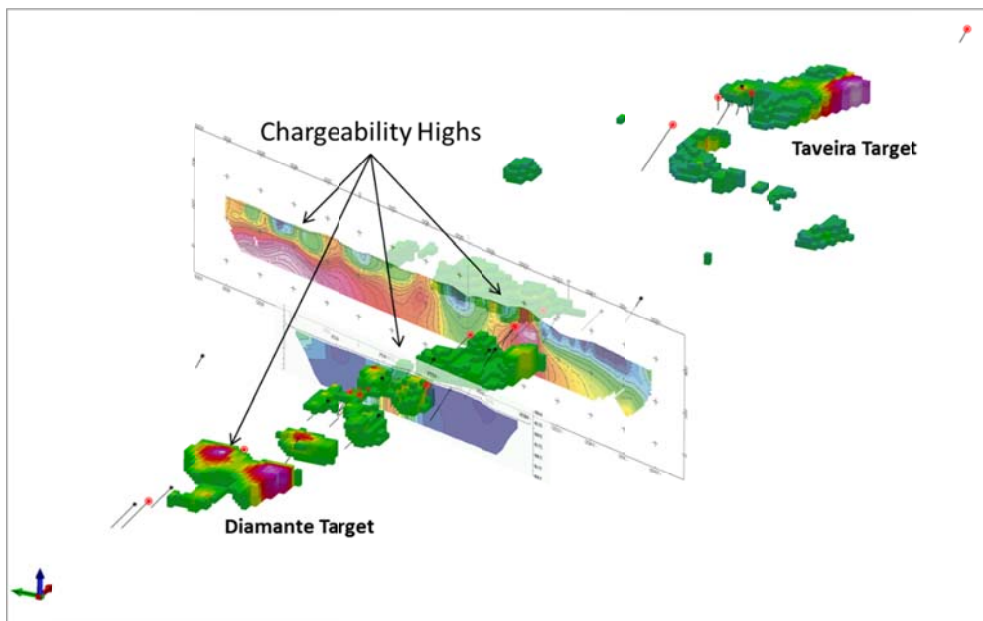


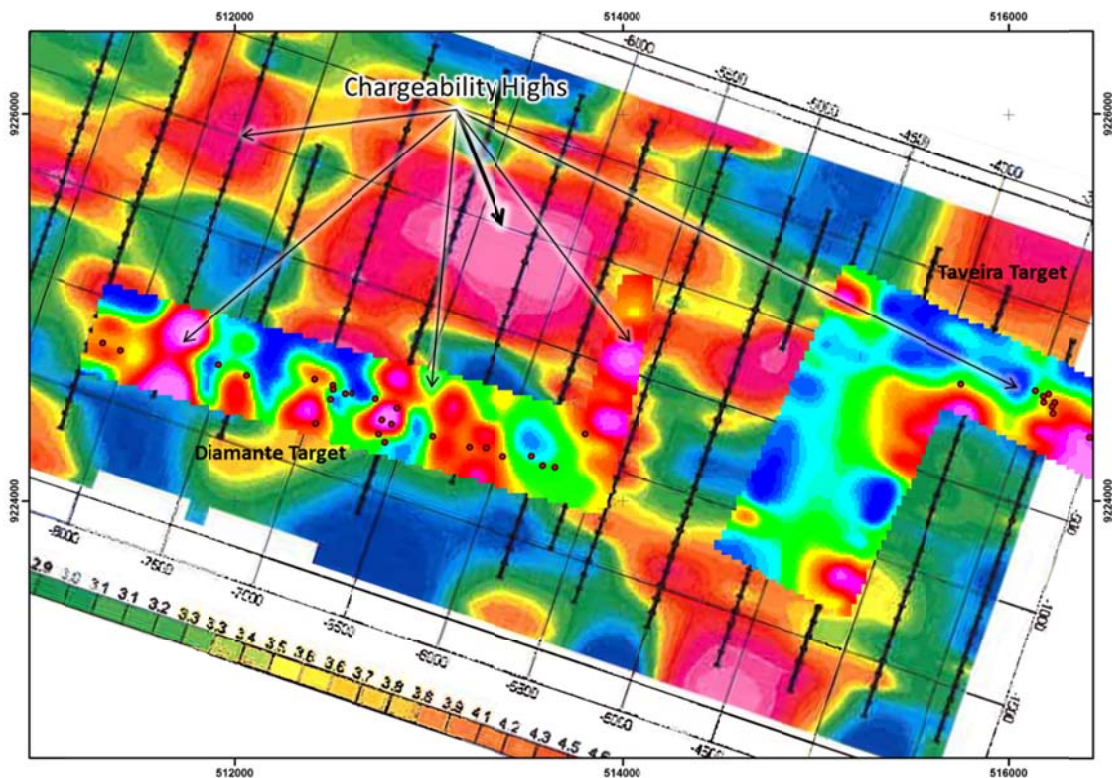
Figure 5: 3D image of Gridded Solid of Chargeability (Terrativa data) looking Northeast with Sections of IP Lines at 6600N and 5800N, chargeability high evident north of Diamante Target



The new IP survey work is planned to cover these existing target areas, bringing greater 3D IP control over these anomalies, as well as identifying new near-surface and buried copper anomalies.

The most interesting new target that remains untested at the Aurora Project is a chargeability high located north of the Diamante target between section lines L6600N and L5800N (see Figure 6). This strong anomaly is over 1 km long and up to 600m wide and is located along the same trend as the Taveira target. It is coincident with a resistivity high as well as copper-in-soils anomalies. It is interpreted to represent sulphide-rich mineralisation. Quartz-hematite breccias have been identified at surface in the area and Centaurus will prioritize additional detailed mapping of this exciting new target.

Figure 6: Chargeability Plan Map at 50m Below Topography Extracted from Geofbras Data. The background on this image is the Chargeability Plan Map from an historical Vale Report.



There are a number of smaller chargeability anomalies that also remain untested. These anomalies will also be covered by the upcoming IP survey.

IRON ORE PROJECTS

Conquista DSO Project

The Conquista Project comprises a portfolio of highly prospective tenements with extensive Direct Ship Ore (DSO) mineralisation located just 8km along well maintained gravel roads from the Candonga Project.

The Company has established an Exploration Target for the Conquista tenements of 3.5-8Mt of high-grade DSO grading 64-67% Fe, with a further 20-40Mt of itabirite mineralisation grading 35-45% Fe. The Exploration Target is based on detailed geological mapping, auger drill-hole results and is underpinned by the ground magnetic survey. The Exploration Target quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.



As outlined in the December 2015 Quarterly Report, Centaurus' Strategic Alliance with Terrativa Minerais SA, one of Brazil's pre-eminent private exploration groups, provided for the early exercise by Centaurus of its Option over the Conquista Iron Ore Project via the issue of new Centaurus shares, allowing the Company to direct any future expenditure on the Project towards value-adding exploration activities.

Centaurus believes that the Conquista DSO Iron Ore Project has the ability to be a significant cash generator for the Company in the near future via sale of the asset or through joint development. In this regard a detailed Information Memorandum was prepared during the Quarter to assist in the divestment process. The Company is in discussions with interested parties in respect to the Conquista asset.

Jambreiro Project

The Company's 100%-owned Jambreiro Project, located in south-east Brazil, is a shovel-ready development project that is licenced for 3Mtpa of wet production and which represents a strategic asset in the Brazilian domestic iron ore and steel sector.

Centaurus intends to pursue opportunities to extract value from the Jambreiro Project via either an outright sale or joint development proposition. In this regard a detailed Information Memorandum was prepared during the Quarter to assist in the divestment process. The Company is in discussions with interested parties in respect to the Jambreiro asset.

The Company also believes that Terrativa's willingness to cooperate with Centaurus on the restructure of the existing Option Agreement over the Conquista and Mombuca Projects (as outlined in the Company's December 2015 Quarterly Report) has the potential to open doors to assist Centaurus to extract value from the Jambreiro Iron Ore Project.

CORPORATE

Cash Position

At 31 March 2016, the Company held cash reserves of A\$509,000.

Shareholder Information

At the end of the reporting period, the Company had 526,653,912 shares on issue with the Top 20 holding 60% of the total issued capital. Directors and Senior Management held 7.4% of the total issued capital.

**DARREN GORDON
MANAGING DIRECTOR**



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 Micromine do Brasil Consultoria e Sistemas Ltda, independent resource consultants engaged by Centaurus Metals.

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons 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.

Exploration Targets

This Report comments on and discusses Centaurus Metals Limited's exploration in terms of target size and type. The information in relation to Exploration Targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. The potential quantity and quality of material discussed as Exploration Targets is conceptual in nature since there has been insufficient work completed to define them as Mineral Resources or Ore Reserves. It is uncertain if further exploration work will result in the determination of a Mineral Resource or Ore Reserve.