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MOMBUCA: NEW GOLD TARGETS FURTHER ENHANCED BY INTEGRATION OF GROUND MAGNETIC SURVEY DATA

Additional soils sampling program underway; maiden drill program planned for coming months

Key Points

- **Further analysis of recent IP survey work at Mombuca has shown that the recently identified large-scale chargeability target at depth on reconnaissance IP line (675540mE) is coincident with a localised magnetic low feature within a broader magnetic high anomaly.**
- **The IP chargeability anomaly in this location is also perfectly coincident with a resistivity high (possibly silica alteration), is strongest at the base of the survey at 250m depth and extends to within 100m of the surface.**
- **The strong correlation between the chargeability high, the resistivity high and the magnetic low is a strong indicator of magnetite depletion by sulphide rich fluids and represents an excellent gold drill target for the Company.**
- **The reconnaissance IP line is located roughly 1.5km south-east of the Initial Target Zone ("ITZ") where extensive high chargeability zones have also been identified over more than 650m of strike, indicating the likely presence of significant sulphide mineralisation at depth.**
- **Extension of soil sampling program, from 1.5km to 3.2km of strike, has commenced with planning underway for a maiden drilling program to test these exciting new targets in the coming months.**

Centaurus Metals (ASX Code: **CTM**) is pleased to announce it has further enhanced the potential of the recently announced gold targets at its 100%-owned **Mombuca Gold Project** in south-eastern Brazil after receiving the results from the integration of the recent Induced Polarization ("IP") survey with 3D inversion work from the ground magnetic survey completed in November 2015.

Centaurus' Managing Director, Mr Darren Gordon, said the integration of the various geophysical datasets had significantly enhanced the potential of the recently identified gold targets at Mombuca, increasing the Company's confidence in the quality of this project as an outstanding greenfields exploration opportunity and laying the foundations for an eagerly anticipated drilling program commencing next quarter.

"What stands out is the strength, potential size and quality of these targets, which tick virtually every box from a geophysicist's perspective," he said. "The coincidence of the IP chargeability target with a localised magnetic low feature within a broader magnetic high is an outstanding exploration target for sulphide hosted gold, like what we have been seeing at surface.

"We are looking forward to the next stage of exploration with our soils sampling program now well underway in order to refine drill-hole locations. We are aiming to commence drilling as soon as we possibly can, most likely early next quarter," he added.

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Key Outcomes of Data Integration

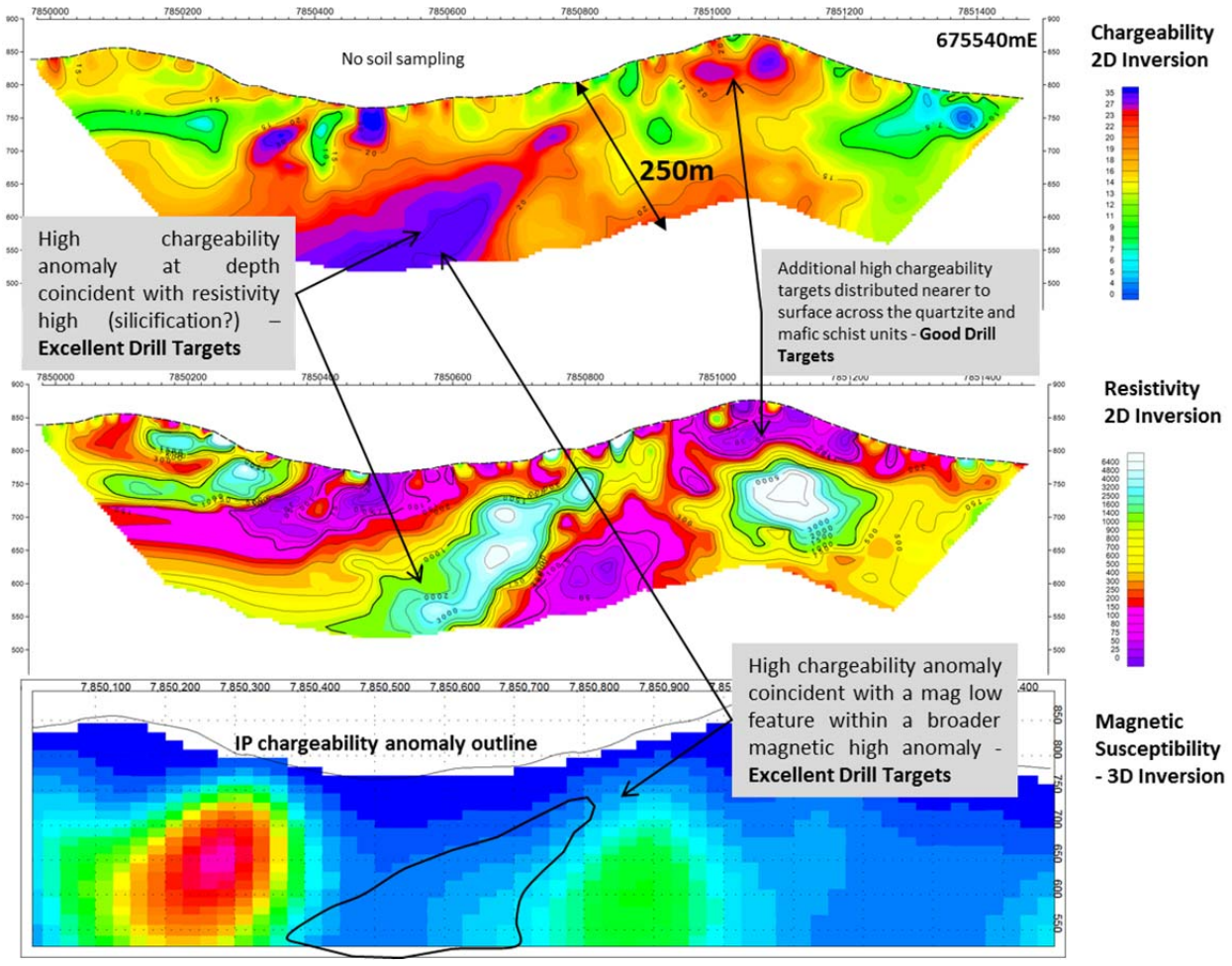
The recently completed IP survey (see ASX Announcement on 2 May 2016) identified a number of open-ended high chargeability zones that extend to more than 250m depth. These chargeability anomalies, which indicate the likely presence of sulphides, correlate extremely well with the gold-bearing sulphide mineralisation identified at surface.

Interestingly, a number of these IP chargeability targets are coincident with magnetic low features found within a broader magnetic high anomaly. This type of geophysical feature is a good indicator of iron oxide (magnetite) depletion zones due to sulfidation or hydrothermal upgrade of hematite-rich zones, both of which present excellent targets for drilling.

The standout anomaly occurs on section 675540mE, roughly 1.5km to the east of the Initial Target Zone (ITZ). This line was designed to test the IP response across a significant magnetic anomaly located in the south of the line (see Figure 4). On this line, an extremely high chargeability anomaly was identified which is open at depth. The anomaly is at its strongest at the base of the survey, where it is roughly 250m wide and projects upwards before weakening some 50-75m below surface (see Figure 1).

This anomaly is perfectly coincident with a resistivity high that may be associated with silica alteration as well as a significant magnetic low feature surrounded by a larger magnetic high anomaly that can indicate magnetite depletion by sulphide rich fluids. This combination of geophysical indicators makes for an excellent, high-priority drill target.

Figure 1: Section 675540mE (1.5km east of ITZ) shows 2D inverted Chargeability (top) and Resistivity (central) with the 3D inversion of the magnetic susceptibility (bottom).



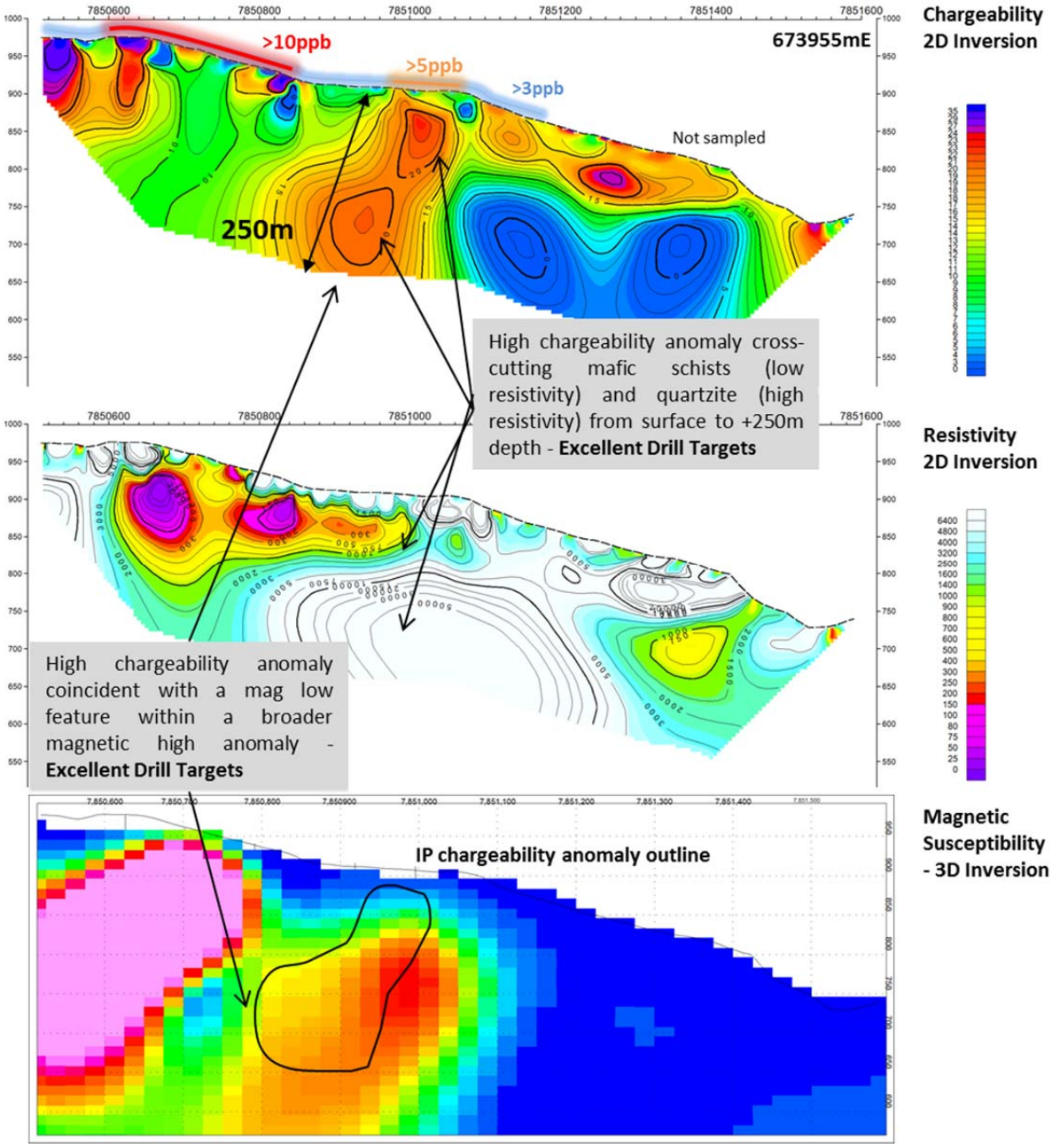
Within the ITZ there is a similar example of this relationship between the IP chargeability high and magnetic low anomalies.

Section 673955mE (see Figure 2) is located near the centre of the ITZ and:

- is coincident with anomalous gold-in-soil results as well as some historical adits;
- demonstrates clearly where the chargeability anomaly crosses a number of resistivity responses (representing different lithologies or silica alteration levels); and
- is coincident with a magnetic low feature within a broader magnetic high anomaly.

The correlation between all of this data presents another excellent drill target for the Company.

Figure 2: Section 673955mE (in the ITZ) shows 2D inverted Chargeability (top) and Resistivity (central) with the 3D inversion of the magnetic susceptibility (bottom).



The Magnetic Susceptibility results were generated from a 3D inversion of the ground magnetic survey data that was collected in November 2015.

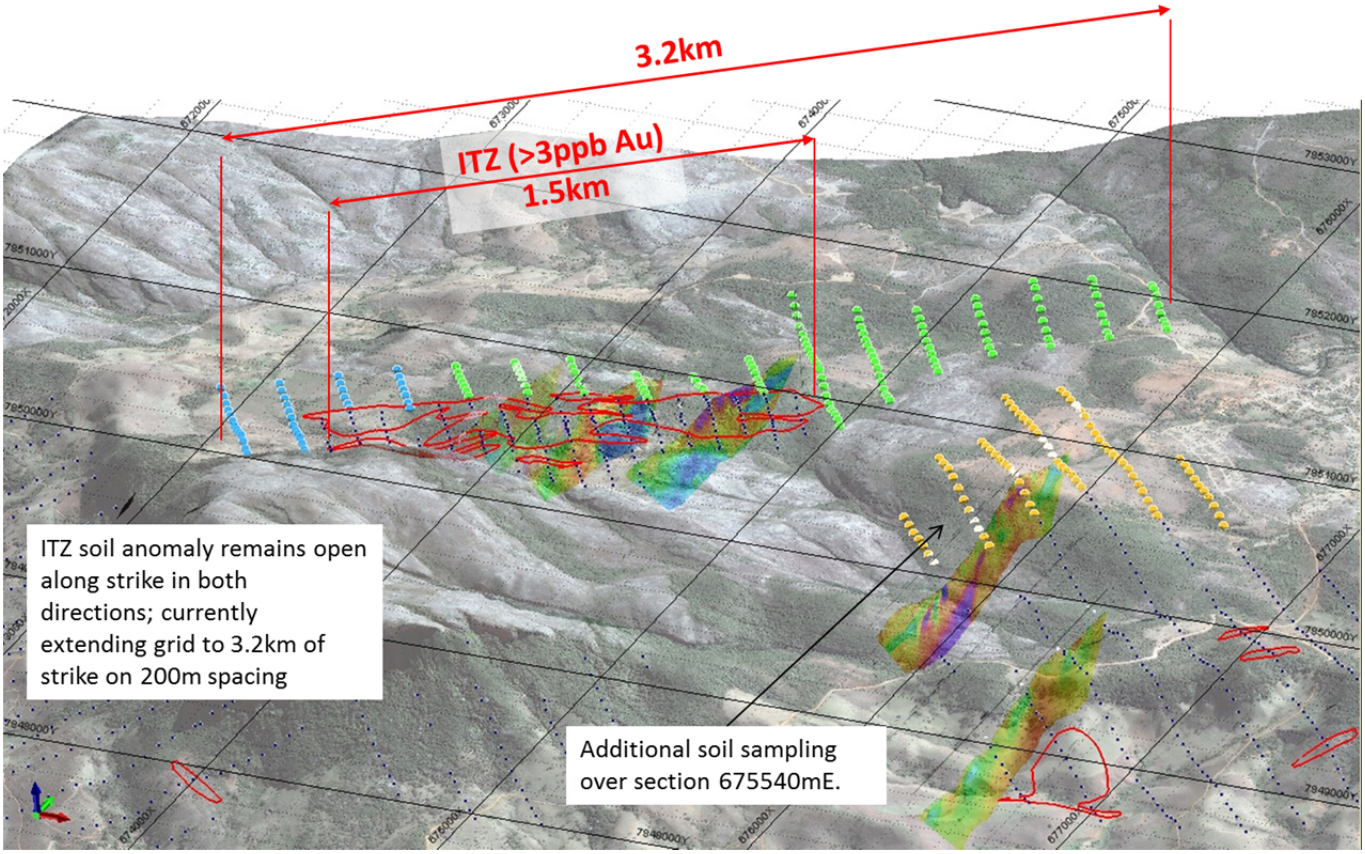
Both the inversion work on the ground magnetic data and the integration with the IP survey data was completed by highly experienced US-based geophysicist, Mr Robert B. Ellis. Mr Ellis specialises in South American gold and base metals projects and has previously worked with AngloGold, Kinross, Codelco and Barrick (amongst others) and has extensive experience in Brazil working with Yamana.

Exploration and Drill Planning

The ITZ gold-in-soils anomaly remains open in both directions along strike and the Centaurus exploration team is currently undertaking an additional soils sampling program to extend the sample grid from 1.5km to 3.2 km.

The first phase of the program will cover the area of the IP survey work on section 675540mE (see Figure 3 below). The second phase of samples will be taken from the ITZ with a number of the lines being coincident with positive IP chargeability anomalies at surface that were not previously sampled.

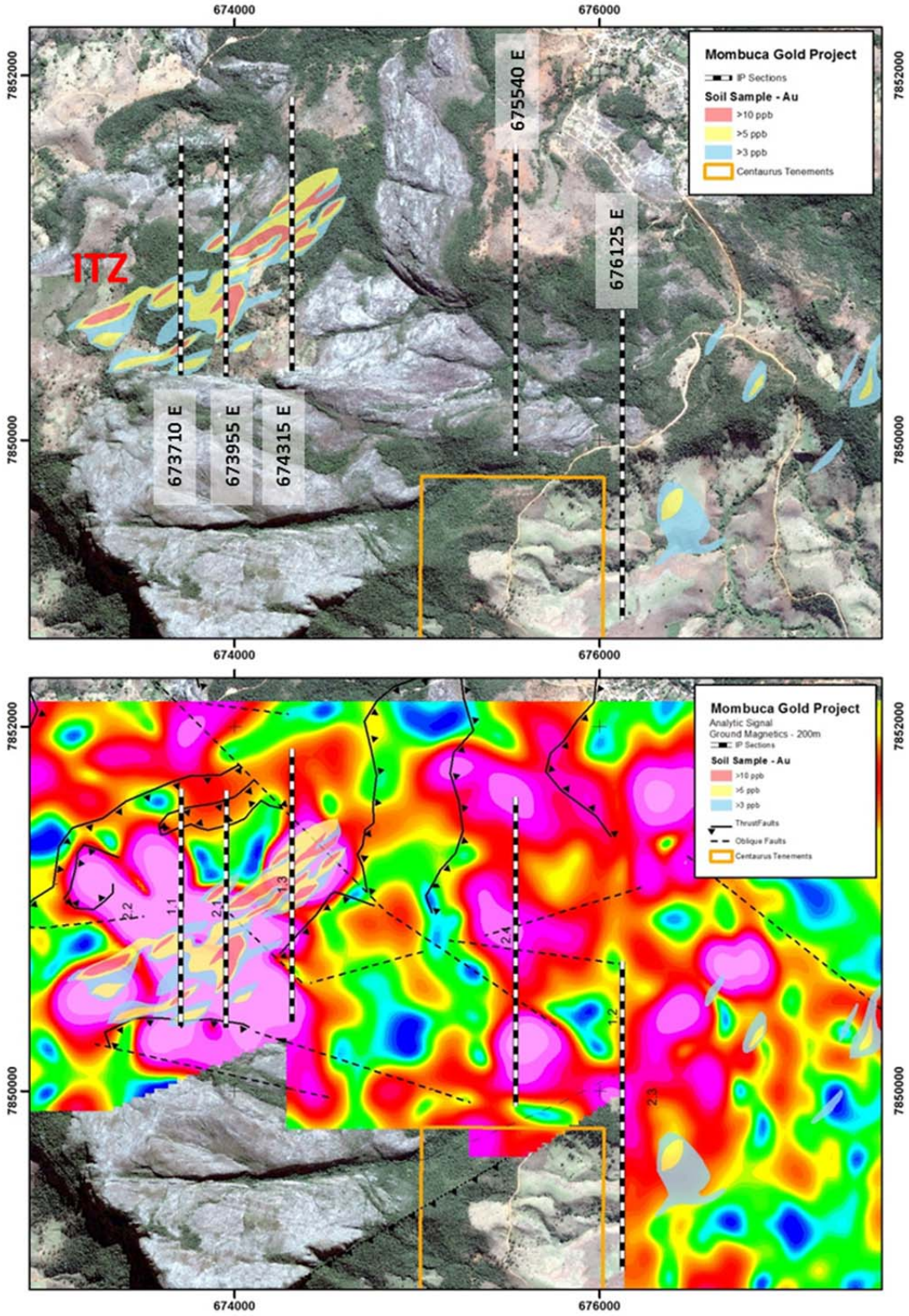
Figure 3 – 3D Image of IP Chargeability Sections at Mombuca Gold Project with new soil sample program; Phase 1 (yellow); Phase 2 (green) and Phase 3 (blue)



Based on these excellent geophysical targets, coupled with the positive exploration results returned to date, the Company has identified multiple walk-up drill targets for the Mombuca Gold Project. It is expected that the extension of the soils geochemistry will be finished in the coming weeks, allowing for drilling of the Mombuca Project to start early next quarter.

With gold prices in Brazil at long term historical highs, the Company sees gold exploration as a significant opportunity for the Company to drive shareholder value and leverage its strong exploration skills in a commodity that has attractive economics.

Figure 4 - Mombuca Project showing IP line locations (black & white lines) over Satellite image and Analytic Signal of the Ground Magnetics.



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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 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.

Geology of the Mombuca Gold Project and the Initial Target Zone ("ITZ")

The Mombuca Project is located in the southern segment of an extensive gold-palladium belt 100km north-east of the State capital of Belo Horizonte. This belt is defined by a series of north-south trending lineaments of thrust faults of Brasiliano orogeny (~0.6 Ga), coincident with occurrences of gold-palladium-platinum mineralisation, artisanal workings and, in some cases, iron ore and gold mines (Itabira, Gongo Soco).

The Project is located exactly at the interference of two major thrust systems. It is in a tectonic setting that is preferential metasomatic fluids generated during tectonics, such an alteration zone has been identified at the Initial Target Zone ("ITZ").

The ITZ is defined by a large gold-in-soils geochemical anomaly that extends over a SW-NE trend of approximately 1.5km coincident with crustal scale structures 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.

Located in a metavolcanic-sedimentary sequence the ITZ is made up of quartzites, iron formations (itabirite), mafic and ultra-mafic schists. The sequence dips shallowly to the east-southeast. Strong sericite-carbonate and talc-chlorite hydrothermal alteration is present in the mafic and ultra-mafic schists respectively. The main gold mineralisation identified at the ITZ is hosted by pyrite-bearing quartz veins within altered and tectonized quartzite and mafic schist. Previously reported rock chip sample assays from the mineralised quartz veins included results of up to 12.2g/t Au.

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. This interpretation has been further strengthened by the excellent results of the IP survey.

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

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	• Stream sediment samples were collected at selected points and sieved down to 1.0-1.5 kg samples using a 100 mesh sieve. • Stream sediment samples were delivered to ALS laboratory wet. Drying and homogenization was completed at ALS. • Soil samples were collected at 25m intervals along 100m spaced grid lines. • 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. • The adits were sampled by continuous channel sampling along the mineralised quartz vein (15-30cm width). Chips were taken from the quartz vein and host rock approximately 20cm either side of the vein. • 36 surface rock chip/soil samples were collected from in situ outcrops and rolled boulders for chemical analysis. • Trenching sampling was collected as channel samples perpendicularly to the quartz veins and predominant structures as 0.5 or 1.0m samples.
Drilling techniques	• There is historical drilling on one of the Mombuca tenements for iron ore. These drill results are not referred to in this announcement. No drilling of the gold targets has been conducted.
Drill sample recovery	• No drilling was conducted.
Logging	• All outcrop, soil sample, stream sediments and trenching points were registered and logged in the Centaurus geological mapping point database.
Sub-sampling techniques and sample preparation	• All rock chip, soil samples and trench 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.
Quality of assay data and laboratory tests	• Stream sediment samples are first dried in an oven at 60^{o}C and them homogenised before crushing and screening to 80 mesh. The pulp is quartered and an aliquot of 50g is sent for chemical analysis. • Analysis of the soil samples was completed at ALS Laboratories. Samples are dried at 100^{o}C and crushed and screened to 80 mesh. The pulp is quartered and an aliquot of 50g is sent for chemical analysis. • Chemical analysis for 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. • Rock chip and trench samples were prepared and analysed at ALS Laboratories. Samples are dried at 100°C crushed to 10 mesh pulverized and screened to 200 mesh being homogenized and quartered between each step. • For the historical adit sample an ore-grade sample metallic screen fire assay was applied. • ALS and SGS 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. • Laboratory procedures are in line with industry standards. • To date no QAQC samples have been inserted by Centaurus for this project.
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.
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.

Data spacing and distribution	• Soil samples were collected with a spacing of 100m x 25m. • Stream sediment samples were collected at sample points planned by Centaurus geologists to represent catchment areas of between 500-1,000ha. • Trenching sampling was collected as channel samples perpendicularly to the quartz veins and predominant structures as 0.5 or 1.0m samples. • Sample spacing was deemed appropriate for geochemical studies but should not be considered for Mineral Resource estimations. • No sample composting has been applied.
Orientation of data in relation to geological structure	• The extent and orientation of the mineralisation was interpreted based on field mapping and historical workings. Sample orientation is perpendicular to the main stratigraphic sequence along which mineralisation exists.
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 the ALS or SGS laboratories 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 that are reported in this announcement. • There has been historical artisanal mining undertaken in this area. There is no known evidence of exploration for gold or iron ore 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

Criteria	Commentary
	area.
Drill hole Information	• There is historical drilling on one of the Mombuca tenements for iron ore. These drill results are not referred to in this announcement. No drilling of the gold targets has been conducted.
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	• No drilling was conducted.
Diagrams	• Refer to Figures 1-4.
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 Company plans to complete additional soil sample programs given the recent IP results. Based on targets generated from the IP and the additional soils programs, the Company will plan an initial exploration drilling program.