

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT  
& MEDIA RELEASE



1 December 2014

## CANDONGA: KEY PERMITTING MILESTONE ACHIEVED WITH FINAL EXPLORATION REPORT APPROVED BY DNPM

*Trial Mining Licence for initial 300,000tpa expected in Q1 2015; full Mining Licence application to be lodged in December 2014 to cover future expansion of mining operations*

Centaurus Metals (ASX Code: **CTM**) is pleased to announce that it has achieved an important milestone in the permitting process for its **Candonga DSO Project** in south-east Brazil, with the Final Exploration Report for the tenement that covers the project approved by the Brazilian Department of Mines (DNPM).

While Centaurus plans to commence production at Candonga in Q2 2015 at the rate of 300,000tpa<sup>1</sup> under a Trial Mining Licence (*Guia de Utilização – “GU”*) lodged in April 2014, approval for the Final Exploration Report paves the way for the Company to lodge the Full Mining Licence application for Candonga.

The approval of the Final Exploration Report supports the quality of the exploration and project development work undertaken by Centaurus and provides a strong degree of confidence that the DNPM is satisfied with the viability of a future full-scale mining operation.

The Trial Mining Licence was lodged in April 2014 and the licensing process is well advanced with the DNPM. The DNPM completed a site visit in September 2014 and final approval of the licence is expected in Q1 2015 ahead of the planned Q2 2015 start-up. The GU licence is a simple one that is dealt with solely by the State DNPM office.

The Candonga Project is set to produce high-grade, low impurity lump and sinter feed products, which are in high demand from the local steel and pig iron industries. Key highlights of the recently completed Candonga Feasibility Study<sup>1</sup> included low forecast mine gate cash operating costs (C1 + Royalties) of A\$14.9/tonne from a very low pre-production capital cost of A\$3.6 million.

With the approval of the Final Exploration Report, the Company now has up to 12 months to deliver the PAE (Economic Feasibility Study), which is the key document in the full Mining License Application. However, the Candonga PAE is already well advanced based on the Feasibility Study work already completed and is expected to be lodged with the DNPM during December 2014.

Based on the Company's experience with its fully licensed Jambreiro Iron Ore Project, it should take some 6-9 months before the Full Mining Licence is formally approved through the gazetting process in Brazil.

The Company has also lodged a combined Preliminary Licence/Installation Environmental Licence application (LP/LI) for the Candonga Project in May 2014, which is now awaiting approval. The Company expects the relevant approval to be received before Q2 2015. The Company is not expecting any issues with the approval process as the area of the Project is on pasture land that does not require any native vegetation removal.

<sup>1</sup> Refer to ASX announcements on 30 September 2014 for full details of Candonga Feasibility Study and JORC Ore Reserve estimate. The Company is not aware of any new information or data that materially affects the information in the Feasibility Study release of 30 September 2014.

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Furthermore, the strong social and economic benefits that will flow to the region from the development of the Candonga Project have also helped create a very positive relationship with local communities and stakeholders.

Centaurus Managing Director, Mr Darren Gordon, said the Company was progressing a two-pronged approvals strategy for Candonga, with the Trial Mining Licence process nearing completion to facilitate the start-up of production in Q2 2015 and a full Mining Licence application expected to be lodged this month.

“The rapid approval for the Final Exploration Report by the DNPM is another important achievement by our team in Brazil, which has an impressive track record for advancing projects through the approvals and permitting processes,” he said. “This paves the way for a full Mining Licence application that will underpin the future expansion of our operations beyond 300,000tpa.”

**-ENDS-**

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