**AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT**
**& MEDIA RELEASE**

**11 November 2014**

# CENTAURUS EXPANDS DSO PORTFOLIO IN BRAZIL AFTER SECURING HIGHLY PROSPECTIVE CANDONGA WEST PROJECT

*New tenement package includes high-grade DSO mineralisation identified over a strike length of +2.0km immediately adjacent to the Candonga Project, providing an attractive near-term growth opportunity*

**Highlights:**

- **Centaurus secures highly prospective tenement package including four granted Exploration Leases (ELs) for a total of 4,051 hectares plus 12 tenement applications and three tender applications for a total of 11,786 hectares.**
- **High-grade DSO mineralisation (+64% Fe) identified on the new Candonga West tenements from preliminary geological mapping and outcrop sampling. The high-grade mineralisation lies within a broader itabirite zone over a total project strike extension of +5.0km.**
- **The Candonga West Project is located just 8km from the 300,000tpa Candonga DSO Project[1], which is on track to start production in early Q2 2015.**
- **Detailed ground magnetic surveys and geological mapping are underway with exploration drilling planned for Q1 2015 to define initial JORC resources.**

Centaurus Metals (ASX Code: **CTM**) is pleased to advise that it has taken the first step towards expanding its DSO business in south-east Brazil after securing an option to acquire a 100% interest in a portfolio of highly prospective tenements with extensive Direct Ship Ore (DSO) mineralisation located just 8km from its 100%-owned **Candonga DSO Project**, where first production is on track for Q2 2015.

Initial surface exploration programs on two of the new ELs, known as the **Candonga West Project**, have already confirmed a substantial strike length of DSO mineralisation, providing an attractive exploration target for the Company for 2015 and laying the foundations for it to either expand or extend the mine life of its 300,000tpa Candonga DSO operation.

As part of the Company's initial field activities at Candonga West, a number of rock chip samples were collected from the areas where in situ outcrop (Figures 1 and 4) and rolled blocks (Figure 4) have been identified and mapped. The high grade itabirite samples returned iron grades between 64% and 70% with low levels of impurities. A full list of the rock chip samples collected from the initial field work is set out in Table 1 and the results are shown on the map in Figure 3.

[1] Refer to ASX announcements on 30 September 2014 for full details of Candonga Feasibility Study and JORC Ore Reserve estimate.

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The Company has established an Exploration Target for the Candonga West 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 (details provided in Table 2). The Exploration Target is based on mapping completed to date of high grade outcrops and rolled blocks (float), assays from rock chip samples and the knowledge of the regional mineralisation generated from exploration work undertaken by the Company at the Candonga Project. 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.

The new tenement package has been secured under a flexible, low-cost 6-month option agreement, giving Centaurus the ability to test the mineralisation and full potential of the ground before committing significant funds. The two ELs at Candonga West are located immediately along strike from the Candonga high-grade DSO Ore Project which has a JORC 2012 Ore Reserve estimate of 1.2Mt at 60.5% Fe (Figure 2).

The overall tenement package secured under the option includes four granted ELs for a total of 4,051 hectares, as well as twelve tenement applications and three tender applications for a total of 11,786 hectares. A list of all of the tenements is set out in Table 3 and a location map of the tenements is set out in Figure 5.

The Company has recently commenced further exploration at Candonga West with an extensive ground magnetic survey now underway as well as ongoing ground mapping. This work is designed to follow up the strong regional airborne magnetic signature and the high-grade in situ outcrops identified from the first-pass ground mapping program over the tenure (see Figure 2). Centaurus plans to be in a position to commence an initial drilling program in Q1 2015.

As demonstrated by the recently completed Candonga Feasibility Study, relatively small deposits of high-grade DSO ore can support the development of low-cost, high-margin iron ore operations supplying the domestic market with very low capital cost requirements. High grade DSO products are in strong demand in the Brazilian domestic market with robust pricing being achieved despite the current market for iron ore.

The Candonga Study confirmed the technical and financial viability of a 300,000tpa project producing a suite of high-grade DSO products for the local steel and pig iron industries. Key highlights of the Feasibility Study 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. Centaurus is currently proceeding with the development of Candonga, with first production targeted for Q2 2015.

The key exploration targets at the Candonga West Project are located only 8km along well maintained gravel roads from where the Company plans to locate the crushing and screening plant for the Candonga Project development.

Centaurus Managing Director Darren Gordon said he recently visited the site of the new tenements and was impressed by the extent of the high-grade DSO mineralisation already identified at surface on the key tenements at Candonga West.

“We are pleased to have secured this exciting new tenement package, which gives us an outstanding opportunity to expand our DSO Mineral Resource base in the immediate vicinity of the Candonga Project,” Mr Gordon said.

“Drilling to test the extensive strike length of high-grade DSO mineralisation will be a priority for us in Q1 2015, in parallel with construction activities at Candonga,” he said.

"We know from our experience at Candonga that high-grade DSO operations can deliver strong margins and cash flows for minimal capital outlay – supplying niche iron ore products that are in high demand in the domestic market," Mr Gordon continued. "This is an attractive business model for companies like Centaurus aiming to make the transition to production in the short term, particularly in the current iron ore market environment.

"We see this as an attractive bolt-on growth opportunity to Candonga which could allow us to either extend the life of the initial operation or potentially expand our production base – all for a very modest additional capital cost. These are options we will be exploring in the coming months as we move into production at Candonga and begin to test the opportunity at Candonga West with drilling."

**Figure 1: High grade DSO outcrop at the Candonga West (Harpia Target; 716541mE, 7913076mS).**

Under the Option Agreement, Centaurus has secured an initial 6 month option over the new tenements (both granted and applications), by paying an initial option fee of R$300,000 (~A$140,000). Concurrent with the payment of this initial option fee, title to all of the granted ELs has been transferred to Centaurus. The Company can extend the option twice for up to a total of two years by paying option extension fees totalling R$500,000 (~A$240,000). As exploration licence applications are granted, they will also be transferred to Centaurus

Should the Company exercise the option over the package of tenements it will pay the vendor R$1 million (~A$475,000). If the option is not exercised, the tenements under the option agreement will be returned to the Vendor.

The Vendor will be further entitled to a production bonus of US$1.5 million should Centaurus produce ore from any of the tenements under the Agreement. Based on the initial Exploration Target, the acquisition cost per tonne of DSO ore is estimated to be around A$0.30-0.75/tonne.

**-ENDS-**

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**Competent Person's Statement**

***Exploration Results***
*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 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 consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

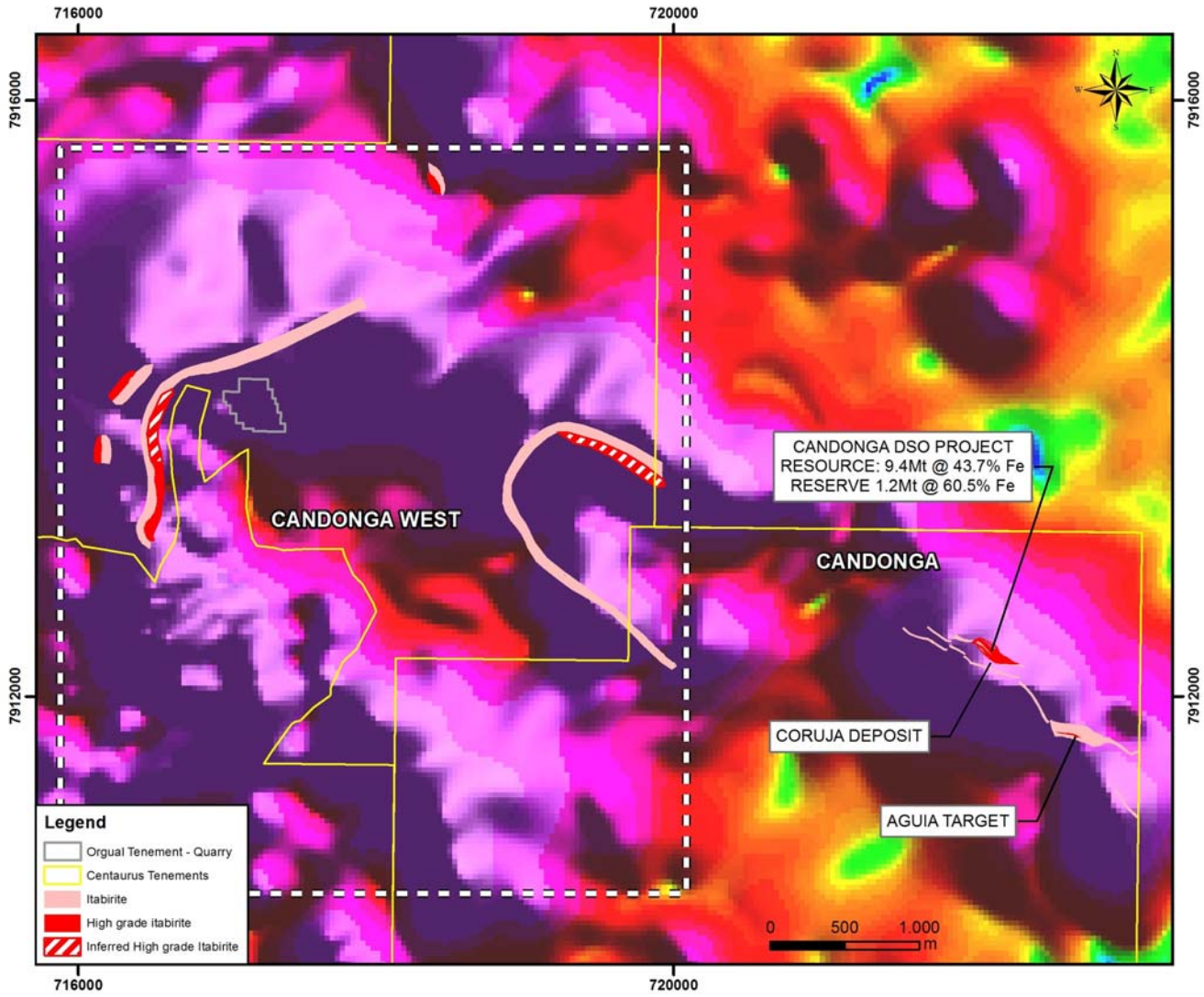
***Mineral Resources***
*The information in this report that relates to Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of Australian Institute of Geoscientists. Roger 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 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.*

***Ore Reserves***
*The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader who is a professional Mining Engineer and a Member of the Member of Australian Institute of Geoscientists. Beck Nader is the Managing Director of Micromine do Brasil Consultoria e Sistemas Ltda and is a consultant to Centaurus.*

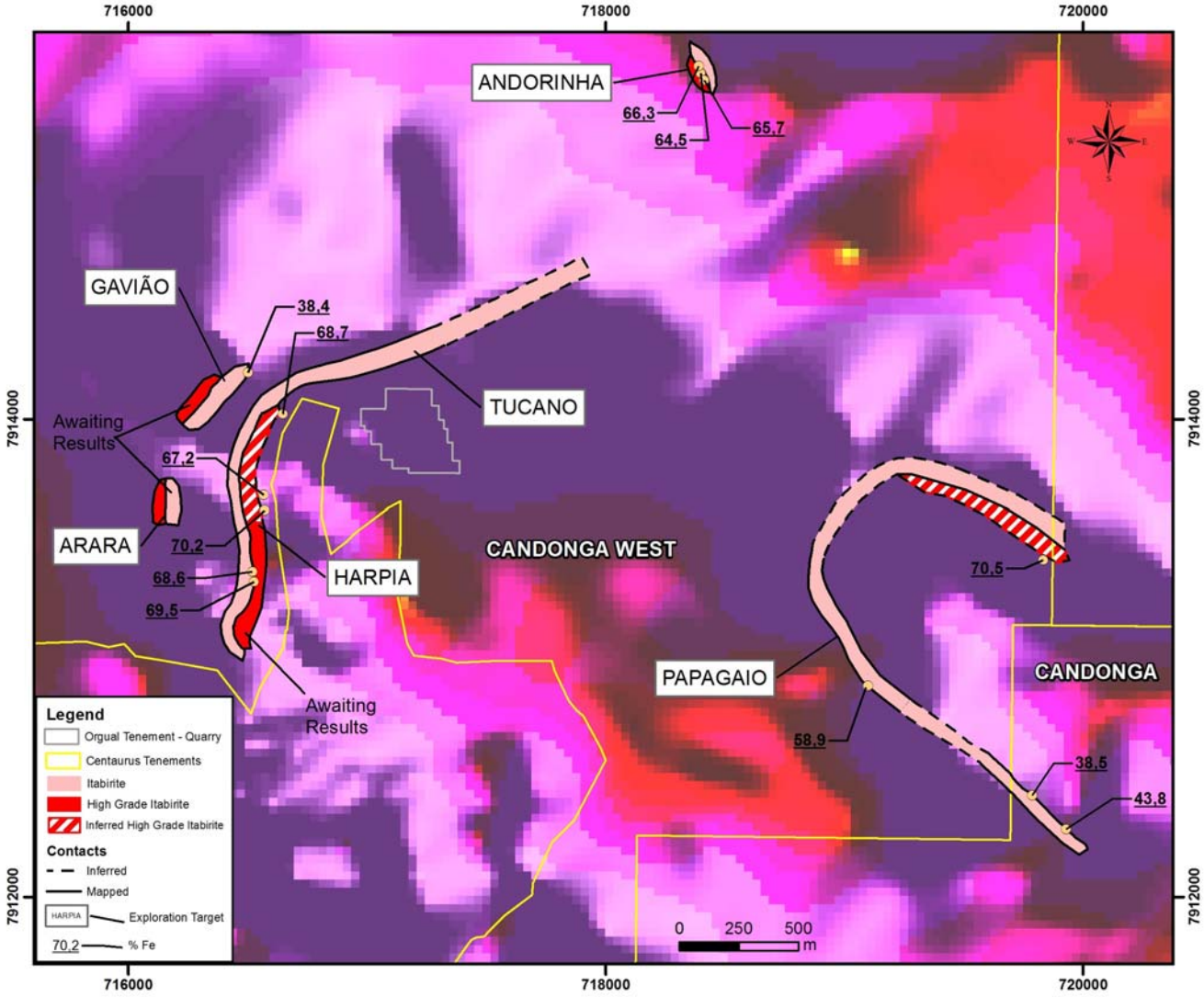
*Beck Nader has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Beck Nader consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

**Figure 2 – Candonga West Project Relative to the Candonga DSO Project on Airborne Regional Magnetic Image**




*Due to the scale of the regional map the width of the ore bodies have been exaggerated by around 50% to assist visualisation, please refer to text for actual ore body width estimates.*

**Figure 3 – Candonga West Project Showing Location of High Grade Rock Chip Samples**




*Due to the scale of the regional map the width of the ore bodies have been exaggerated by around 50% to assist visualisation, please refer to text for actual ore body width estimates.*

**Table 1 – Initial Outcrop and Rock Chip Sample Results – Candonga West Project**

| Geo Point | Target | East | North | mRL | Rock Type | Fe% | $SiO_2$% | $Al_2O_3$% | P% | LOI% |
|---|---|---|---|---|---|---|---|---|---|---|
| NEW-MG-13-00639 | Papagaio | 719833 | 7913412 | 882 | DSO | 70.5 | 0.2 | 0.4 | 0.02 | -1.73 |
| NEW-MG-13-00644 | Harpia | 716648 | 7914021 | 822 | DSO | 68.7 | 1.2 | 1.0 | 0.01 | 0.04 |
| NEW-MG-13-00645 | Gavião | 716503 | 7914194 | 803 | Itabirite | 38.4 | 44.0 | 0.2 | 0.03 | 0.76 |
| NEW-MG-13-00658 | Harpia | 716568 | 7913683 | 916 | DSO | 67.2 | 0.4 | 0.6 | 0.01 | -1.32 |
| NEW-MG-13-00659 | Harpia | 716573 | 7913620 | 917 | DSO | 70.2 | 0.2 | 0.4 | 0.01 | -0.08 |
| NEW-MG-14-00698 | Papagaio | 719930 | 7912284 | 858 | Itabirite | 43.8 | 36.9 | 0.2 | 0.02 | 0.14 |
| NEW-MG-14-00699 | Papagaio | 719787 | 7912425 | 884 | Itabirite | 38.5 | 42.7 | 0.8 | 0.08 | 0.84 |
| NEW-MG-14-00716 | Papagaio | 719074 | 7912845 | 921 | Itabirite | 58.9 | 3.1 | 2.6 | 0.22 | 9.08 |
| NEW-MG-14-00818 | Harpia | 716527 | 7913320 | 941 | DSO | 69.5 | 0.2 | 0.4 | 0.02 | -0.17 |
| NEW-MG-14-00840 | Harpia | 716521 | 7913363 | 910 | DSO | 68.6 | 1.1 | 1.0 | 0.06 | -0.25 |
| NEW-MG-14-00887 | Andorinha | 718390 | 7915480 | 817 | DSO | 66.3 | 2.2 | 1.1 | 0.02 | -2.02 |
| NEW-MG-14-00888 | Andorinha | 718414 | 7915420 | 829 | DSO | 65.7 | 2.6 | 1.8 | 0.01 | -1.61 |
| NEW-MG-14-00895 | Andorinha | 718400 | 7915450 | 823 | DSO | 64.5 | 2.2 | 2.7 | 0.01 | -0.53 |

*All samples were analysed using an XRF fusion method with LOI at 1000°C*

**Table 2 – Candonga West Project Exploration Target Potential Estimate**

| Project | Mineralisation | Target details | Exploration Target |
|---|---|---|---|
| Candonga West | DSO | DSO mineralisation tonnage potential estimation is based on in situ high grade outcrop and concentrations of high grade float:<br>• Project includes the six targets shown in Figure 3;<br>• Total mapped occurrences (including inferred): 1.7-2.2km (strike) x 15-30m (width) x 50m (depth);<br>• Density value used for the estimate is 2.8t/$m^3$;<br>• DSO sample grades range between 64-70%Fe. | 3.5 to 8 Mt grading 64-67% Fe |
| Candonga West | Itabirite | Itabirite mineralisation tonnage potential estimation is based on in situ itabirite outcrop, concentrations of itabirite float, mapping of iron rich soils and consideration of the regional magnetic anomalies:<br>• Project includes the six targets shown in Figure 3;<br>• Total mapped occurrences (including inferred): 5.0-6,0km (strike) x 25-40m (width) x 50-75m (depth);<br>• Density value used for the estimate is 2.5t/$m^3$;<br>• Itabirite sample grades range between 35-59%Fe. | 20 to 40 Mt grading 35-45% Fe |

**Figure 4 – Outcrop and Samples Taken from Candonga West Project.**


Candonga West Project, fieldwork photos:

A. Geologists sample high grade in situ outcrop on Harpia Target (716541mE, 7913076mS);
B. Sampling of high grade compact material on Harpia Target (716541mE, 7913076mS);
C. Sampling of high grade compact material on Harpia Target (716568mE, 7913683mS);
D. Blocks of itabirite and high grade DSO material on Andorinha Target (718414mE,7915420mS);
E. High grade DSO outcrops along road cutting on the Gavião Target (716393mE, 7914058mS);
F. Centaurus geologists sample high grade canga outcrop on the Gavião Target (716306mE, 7913964mS).

**Figure 5 – Location of all Tenements Under the Option Agreement**

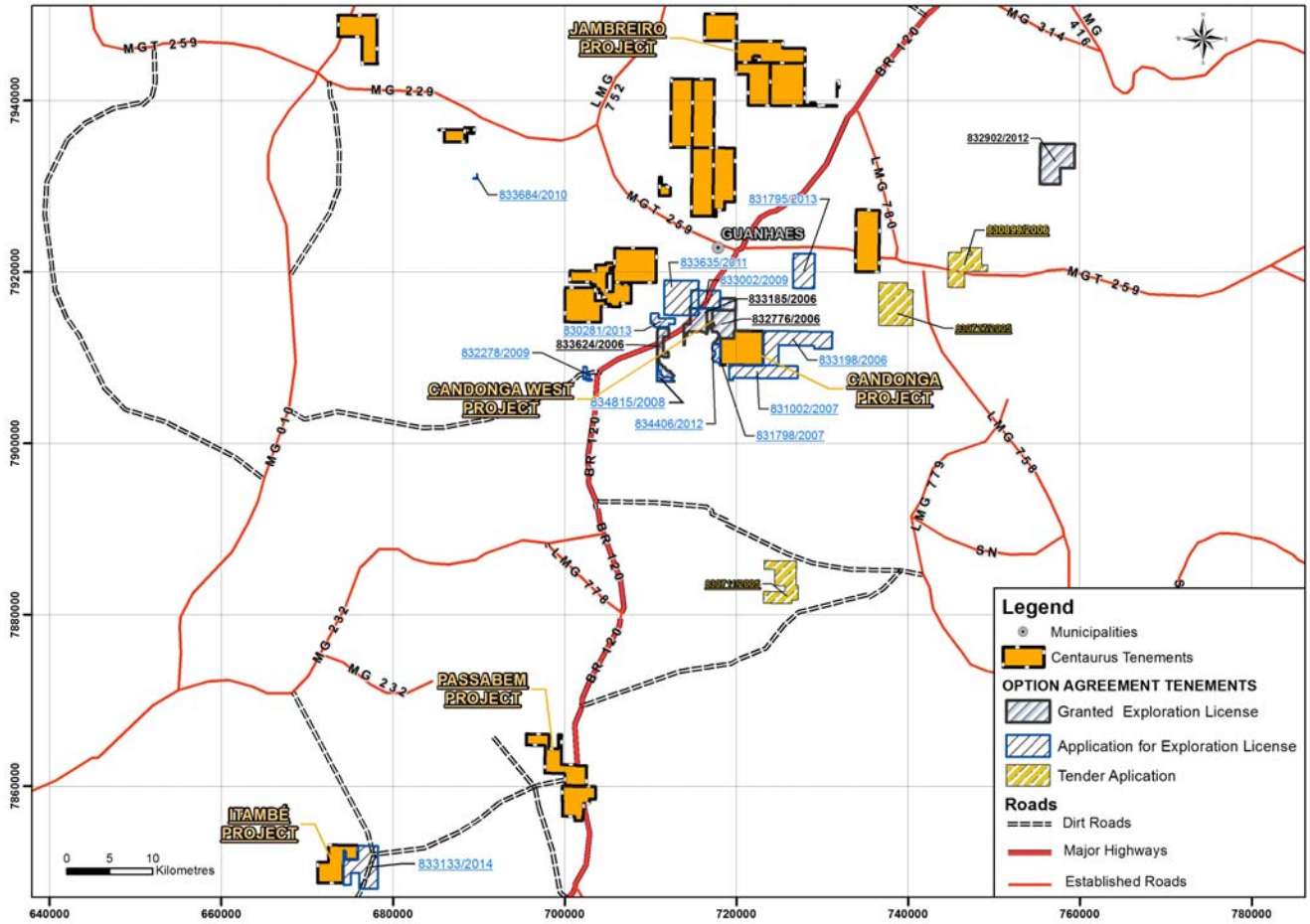



**Table 3 – List of Tenements under the Option Agreement**

| Exploration Licences | Exploration Licence Applications | Tender Applications |
|---|---|---|
| 832.776/2006 | 830.281/2013 | 830.711/2005 |
| 832.902/2012 | 831.002/2007 | 830.727/2005 |
| 833.185/2006 | 831.795/2013 | 830.899/2006 |
| 833.624/2006 | 831.798/2007 | |
| | 832.278/2009 | |
| | 833.002/2009 | |
| | 833.198/2006 | |
| | 833.635/2011 | |
| | 833.684/2010 | |
| | 834.406/2012 | |
| | 834.815/2008 | |
| | 833.133/2014 | |

## APPENDIX A – TECHNICAL DETAILS OF THE CANDONGA WEST PROJECT, JORC CODE, 2012 EDITION – TABLE 1

### SECTION 1 SAMPLING TECHNIQUES AND DATA

| Criteria | Commentary |
|---|---|
| ***Sampling techniques*** | • 13 surface rock chip / grab samples were collected from in situ outcrops and rolled boulders for chemical analysis. Additional samples have been taken and are awaiting assay results. Target sample weights are around 3-5kg. |
| ***Drilling techniques*** | • Not Applicable |
| ***Drill sample recovery*** | • Not Applicable |
| ***Logging*** | • All outcrop and sample points were registered and logged in the Centaurus geological mapping points database. |
| ***Sub-sampling techniques and sample preparation*** | • Not Applicable |
| ***Quality of assay data and laboratory tests*** | • Chemical analysis is completed at ALS Laboratories. Metal Oxides are determined using XRF analysis. Fusion disks are made with pulped sample and the addition of a borate based flux. Analysis at ALS is for a 24 element suite. FeO is determined using Titration and LOI using Loss Determination by Thermogravimetric analysis at 1000°C.<br>• The ALS lab inserts its own standards at set frequencies and monitors 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.<br>• Laboratory procedures are in line with industry standards and are appropriate for iron ore.<br>• To date no QAQC samples were inserted by Centaurus for this project. |
| ***Verification of sampling and assaying*** | • Samples were collected by Centaurus field geologists. All assay results are 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*** | • Not Applicable |
| ***Orientation of data in relation to geological structure*** | • The extent and orientation of the mineralisation was interpreted based on field mapping and regional magnetic anomalies. |
| ***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 lab 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.<br>• All sample rejects and pulps are stored at the Guanhães technical office. |
| ***Audits or reviews*** | • Not Applicable |

## SECTION 2 REPORTING OF EXPLORATION RESULTS

| Criteria | Commentary |
|---|---|
| ***Mineral tenement and land tenure status*** | • The Candonga West Project tenements (DNPM 833.185/2006 and 832.776/2006) are 100% owned by Centaurus.<br>• The tenements are part of the Option Agreement. Centaurus, will pay a production bonus royalty of US$1.5 million to the Vendor on first product sold from the tenements.<br>• All mining projects in Brazil are subject to the CFEM royalty, a government royalty of 2% on revenue (less taxes and logistics costs).<br>• Landowner royalty is 50% of the CFEM royalty.<br>• The project is located less than 1km from the state wilderness park of Candonga. Exploration and mining is permitted around the state park limits with approval from park administrators. |
| ***Exploration done by other parties*** | • Historically the tenement area was mapped for gold and iron ore. Two diamond drill holes were completed by Terrativa in 2009. |
| ***Geology*** | • The Candonga West 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.<br>• 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.<br>• 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.<br>• Itabirite thicknesses vary from 25m to up to 40m. The combined strike length of the mapped mineralisation is around 6.0km.<br>• There are localised occurrences of high grade hematite and/or magnetite lenses (up to 30m thick) associated with hydrothermal enrichment along fold axis and/or fault planes. |
| ***Drill hole Information*** | • Not Applicable |
| ***Data aggregation methods*** | • Not Applicable |
| ***Relationship between mineralisation widths and intercept lengths*** | • Not Applicable |
| ***Diagrams*** | • Refer to Figures 1-5. |
| ***Balanced reporting*** | • All exploration results received by the Company to date are included in this report. |
| ***Other substantive exploration data*** | • Geological mapping was carried out by Centaurus geologists.<br>• Interpretation of Regional Aeromagnetic data that was collected by state agency CODEMIG was completed by geophysics from Intergeo. |
| ***Further work*** | • The Company plans to complete further detailed geological mapping, a ground magnetics survey on 100m N-S line spacings with measurements every 10m. Based on targets generated from these programs, the Company intends to undertake an exploration diamond drill program of around 1,000 metres. |