

2 May 2016

EXTENSIVE NEW GOLD TARGETS IDENTIFIED AT MOMBUCA PROJECT

Large chargeability anomalies coincident with gold-bearing sulphide mineralisation identified by IP survey

Key Points

- Successful Induced Polarization (“IP”) survey at the Mombuca Gold Project in SE Brazil delivers a number of significant untested walk-up drill targets from surface.
- Extensive high chargeability zones continuous over more than 650m of strike have been identified within the Initial Target Zone (“ITZ”), indicating the likely presence of significant sulphide mineralisation at depth. The anomalies extend from surface to the base of the survey (250m) and remain open at depth.
- The chargeability anomalies cross-cut varying resistivity anomalies that represent multiple lithologies and may be indicative of a large-scale primary gold system.
- The ITZ is a 1.5km long gold-in-soils geochemical anomaly hosting outcropping gold-bearing quartz veins (which have returned rock chips grading up to 12.2 g/t Au¹). The quartz veins host pyrite mineralisation and occur within altered and tectonized quartzite and mafic schist that are coincident with extensive historical artisanal workings.
- Additional high chargeability targets have been identified 1.5km east of the ITZ, coincident with a strong ground magnetic anomaly, which represent a further exciting area for follow-up drilling.
- Planning is underway for a maiden drilling program to test these new targets during the regional dry season in Q3 2016.
- “The IP survey results show the significant potential of the Mombuca Gold Project as an outstanding gold exploration opportunity, marking an important breakthrough for our exploration team. The results have identified a series of exciting targets for drilling in the near term.” – Centaurus MD Darren Gordon

Centaurus Metals (ASX Code: **CTM**) is pleased to announce that it has identified a number of significant and extensive new gold targets at its **Mombuca Gold Project** in south-east Brazil after receiving the successful results of a recently completed Induced Polarization (“IP”) geophysical survey.

The IP survey has identified a number of open-ended **high chargeability zones that extend to more than 250m depth and are continuous for over 650 metres of strike within the priority Initial Target Zone** (see Figures 1 and 2), with the survey clearly demonstrating the strong relationship between gold-bearing sulphide mineralisation previously identified at surface and the chargeability zones at depth.

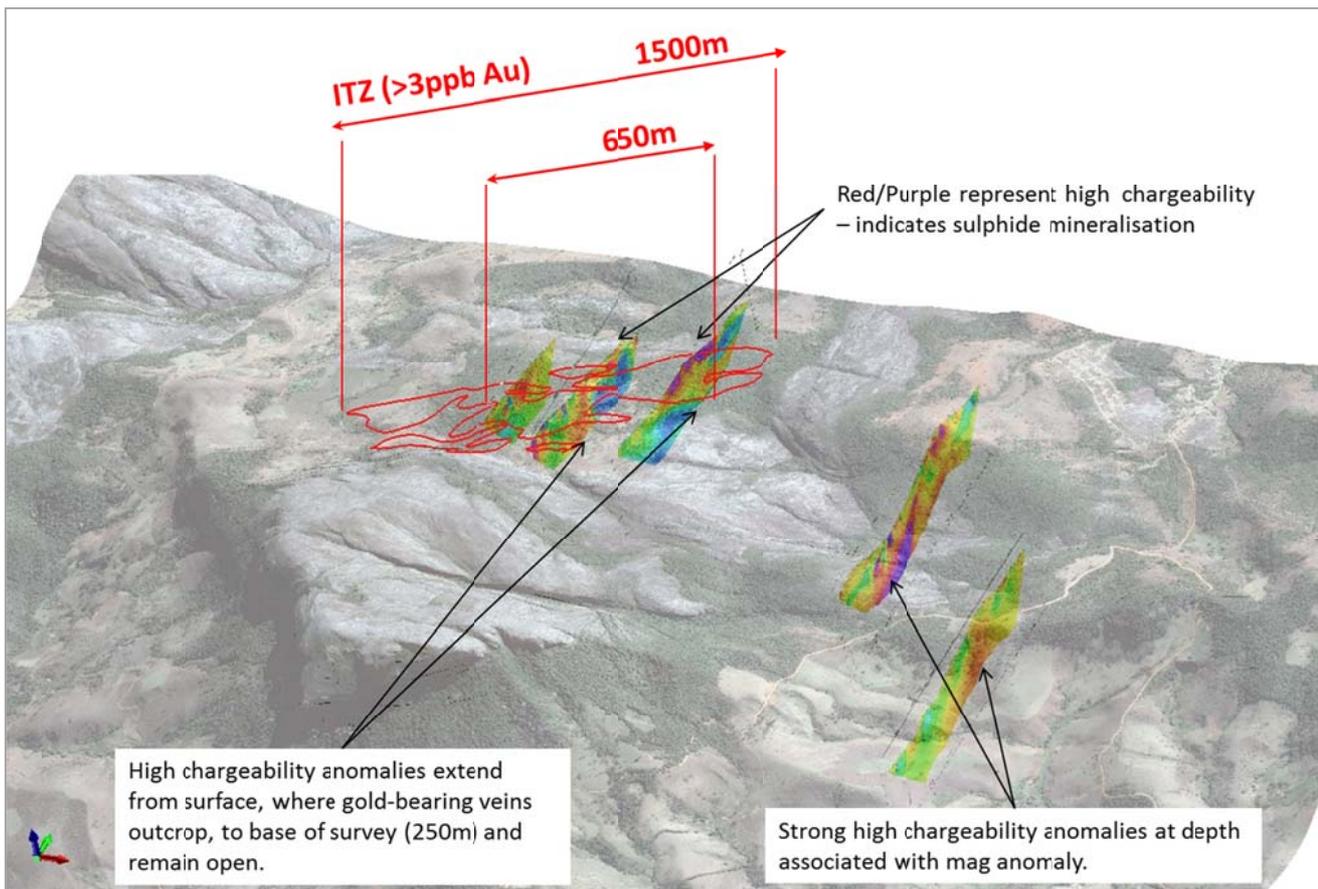
¹ Refer to [ASX announcement on 2 February 2016](#) for full details on Mombuca exploration results, including trench, rock-chip and historical face sampling.



The ITZ is defined by a large gold-in-soils geochemical anomaly that extends over a trend of approximately 1.5km where recent trench work has confirmed the presence of a stacked gold-bearing quartz vein system associated with pyrite mineralisation. Rock chip samples of up to **12.2 g/t Au** are coincident with extensive historical workings found along the extension of the ITZ.

The strong chargeability response seen in the IP survey work indicates the likely presence of sulphide mineralisation at depth which has the potential to be the continuation of the same pyrite mineralisation that is associated with the gold-bearing quartz veins found at surface. The chargeability high remains open on two sections beyond 250m depth (base of survey).

Figure 1 – 3D Image of IP Chargeability Sections at Mombuca Gold Project



The chargeability highs seen in the Mombuca IP survey work also cross-cut multiple lithologies represented by different resistivity characteristics (mafic schist are represented by resistivity lows while itabirite and quartzite are represented by medium to high resistivity signatures) and this is highly encouraging as it may be indicative of a primary gold mineralisation system and an overall larger mineralised system.

In addition to the outstanding survey results from the ITZ a further two reconnaissance IP sections were completed over significant magnetic anomalies 1.5km east of the ITZ. It is not yet known if the hidden magnetic anomalies here are associated with itabirites or magnetic mafic intrusives (gabbro) that are known to occur in the area. These sections also demonstrate excellent IP anomalies broadly distributed over the shallower mafic schist (low resistivity) and the lower quartzite (high resistivity) units.

The results of the IP survey have identified multiple walk-up drill targets for the Mombuca Gold Project. With gold prices in Brazil at near 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.

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In order to progress the Mombuca Project to the next stage, the Company has commenced a new soil geochemical campaign to cover the extensions of the chargeability high anomalies 1.5km east of the ITZ that were not previously sampled. This work will support the definition of final drill locations in the immediate area with planning for drilling already underway.

Induced Polarization (“IP”) Survey

The interpretation of the IP survey data as well as the historical ground magnetic survey was undertaken 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.

Acquisition of the IP chargeability and resistivity data was completed by WSL\Geomag. The survey included 5 lines covering 6.5km and 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.

Figures 3 to 5 show the chargeability and resistivity inversions of the IP survey sections with results, comments and target identification noted on the figures.

Management Comment

Centaurus’ Managing Director, Mr Darren Gordon, said the results of the IP survey demonstrated the significant potential of the Mombuca Gold Project as an outstanding gold exploration opportunity.

“Mombuca continues to deliver great results with the recent IP survey representing an important breakthrough for our exploration team,” he said. “In the field we have been encouraged by extensive historical workings, adits and outcrops of gold-bearing quartz veins associated with a disseminated pyrite host rock that have returned gold grades up to 12.2 g/t from rock chips.

“Importantly, we now have IP survey results that demonstrate potential sub-surface extensions of this sulphide mineralisation down to at least 250m. Given the encouraging exploration results received to date and the favourable geological setting at Mombuca, we view the definition of the IP targets as a strong endorsement of the project’s potential to deliver value for shareholders and we now look forward to working up our maiden drill program.”

-ENDS-

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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 Reserve’. 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 (Figure 6). 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 and 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 mineralized 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.

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Figure 2 - Mombuca Project showing IP line locations (black & white lines) over Satellite image and Analytic Signal of the Ground Magnetics.

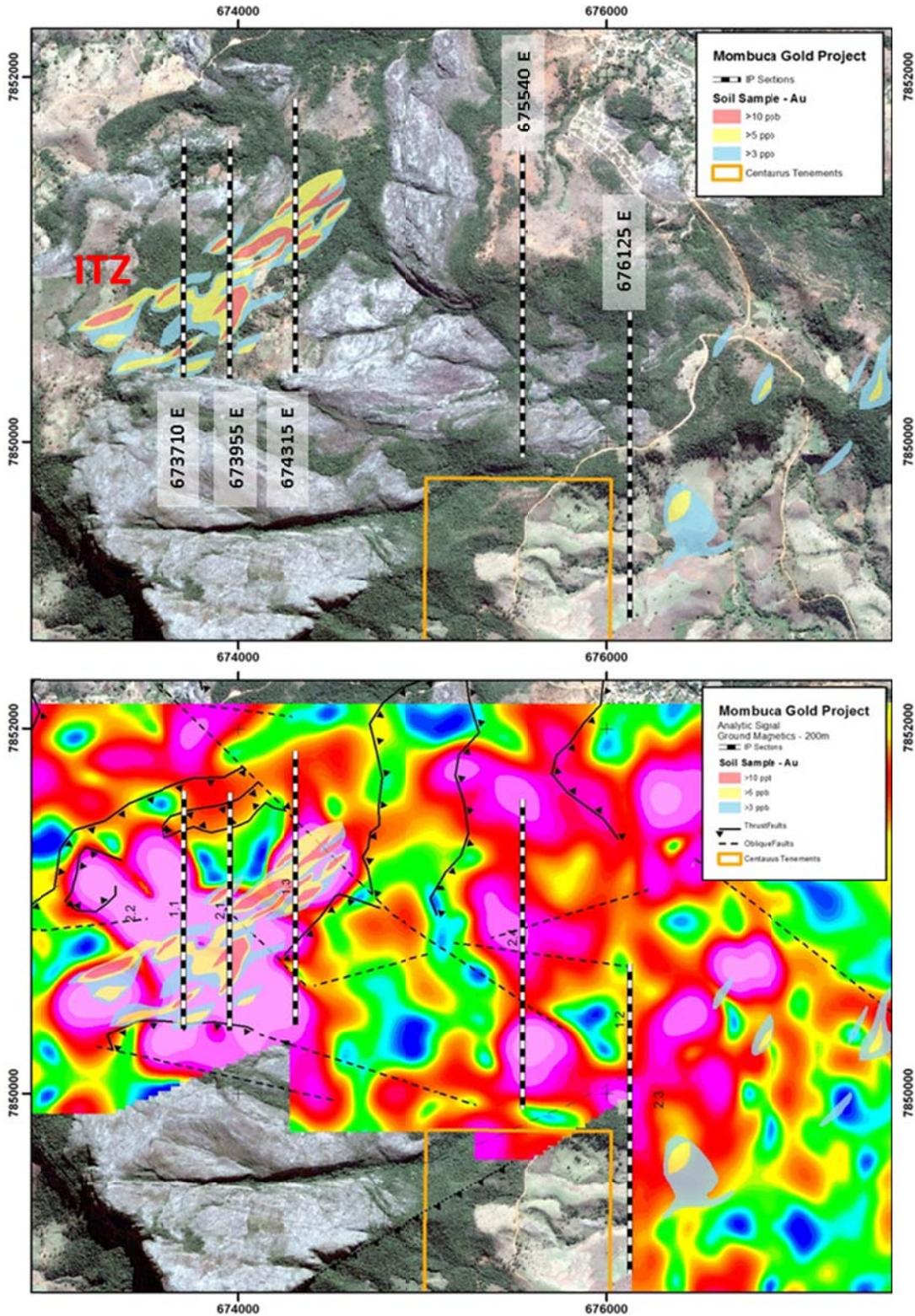




Figure 3: Section 673955mE (in the ITZ) shows 2D inverted Chargeability (top) and Resistivity (bottom).

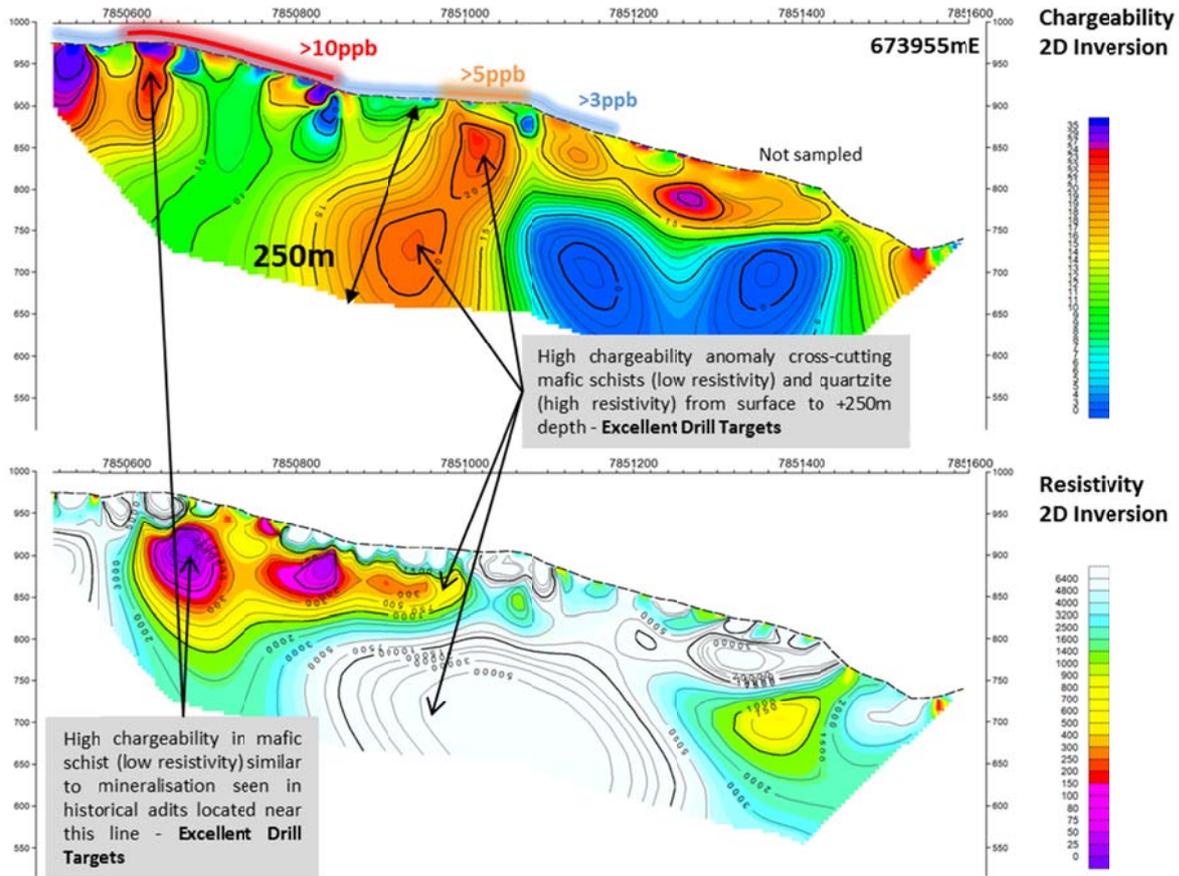


Figure 4: Section 674315mE (in the ITZ) shows 2D inverted Chargeability (top) and Resistivity (bottom).

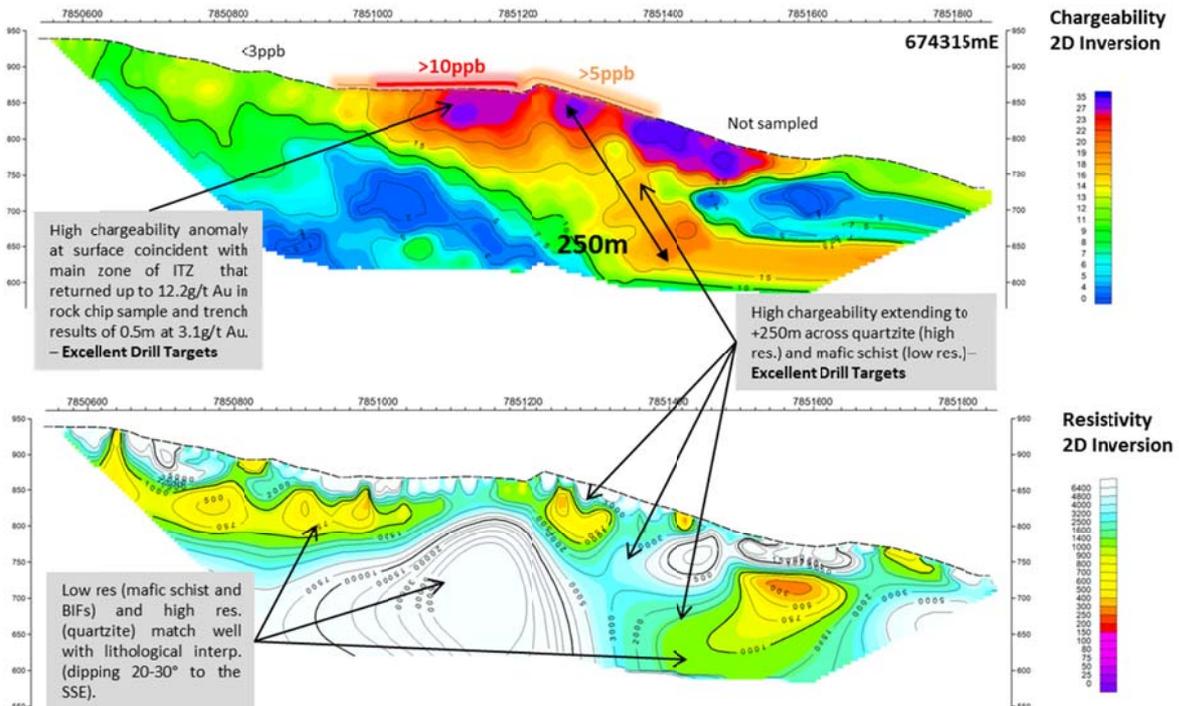




Figure 5: Section 675540mE (1.5km east of the ITZ) shows 2D inverted Chargeability (top) and Resistivity (bottom).

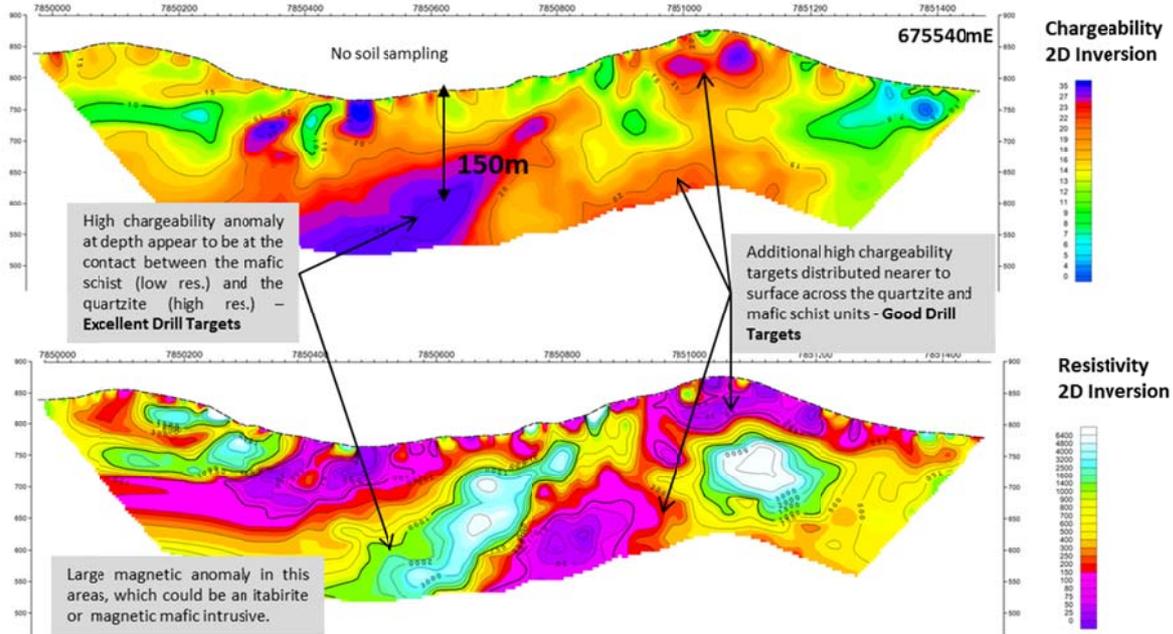
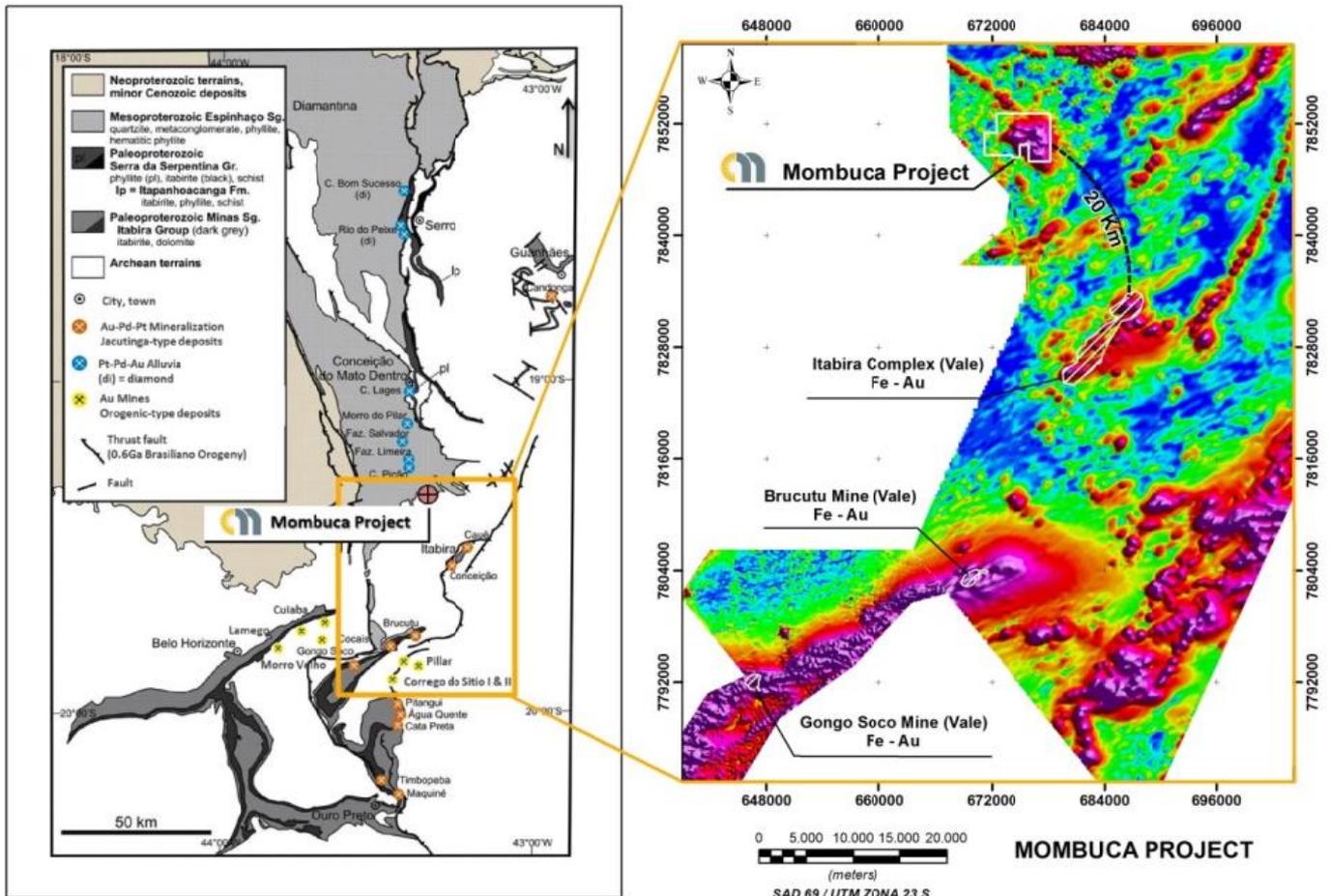


Figure 6 - Mombuca Project Au-Pd Belt of Minas Gerais; Regional Aeromagnetics Image





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

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> • 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.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • 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.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • No drilling was conducted.
<i>Logging</i>	<ul style="list-style-type: none"> • All outcrop, soil sample, stream sediments and trenching points were registered and logged in the Centaurus geological mapping point database.
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • 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.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • Stream sediment samples are first dried in an oven at 60°C and then 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°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.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • All samples were collected by Centaurus field geologists. All assay results were verified by alternative Company personnel and the Competent Person before release.
<i>Location of data points</i>	<ul style="list-style-type: none"> • 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.

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Data spacing and distribution	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 Minerai 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 areas 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.

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Criteria	Commentary
	<ul style="list-style-type: none"> • Later stage mafic intrusives (gabbro and dolerite) are also present throughout the project area.
Drill hole Information	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • No drilling was conducted.
Diagrams	<ul style="list-style-type: none"> • Refer to Figures 1-6.
Balanced reporting	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 18km². 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	<ul style="list-style-type: none"> • 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.