AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

& MEDIA RELEASE

11 August 2014

CENTAURUS COMMENCES FEASIBILITY STUDY ON LOW CAPEX DSO OPERATION AT CANDONGA

Mining and Environmental Licence applications lodged for 300,000tpa operation

Key Points

- **High grade results received from current diamond drilling program: best intersections include 24.6m @ 64.4% Fe, 20.3m @ 62.3% Fe and 20.0m @ 66.0% Fe.**
- **Results confirm the geometry of a near-surface, continuous lens of high-grade DSO mineralisation.**
- **JORC 2012 Mineral Resource update due to be completed by the end of August 2014.**
- **Feasibility Study commences on DSO operation following lodgement of mining and environmental licences with the Mines Department (DNPM) and Environmental Agency (Supram).**
- **Feasibility Study to be completed by end of September 2014: first production targeted to commence in Q1 2015.**

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to announce that it is commencing a Feasibility Study on a proposed Direct Shipping Ore (DSO) operation at its 100%-owned **Candonga Iron Ore Project** in south-east Brazil. This follows lodgement of mining and environmental licences which allow extraction of 300,000tpa per licence and receipt of excellent diamond drilling results.

The Feasibility Study is scheduled for completion by the end of September 2014, which will allow an investment decision to be made in Q4 2014. Production is targeted to commence at Candonga in Q1 2015.

The Company has received the first batch of assays from the current diamond drill program at Candonga – which include a number of high-grade intersections – with the results confirming the potential for the Project to host a small-scale DSO operation.

The Company now has sufficient technical information to hand in respect of the high-grade mineralisation at Candonga to facilitate an update of the August 2013 Indicated and Inferred Mineral Resource estimate of 11.9Mt grading 43.0% Fe[1], which includes 0.9Mt of high grade mineralisation grading 58.6% Fe with low impurities (see Table 1 for a full breakdown of the 2013 Mineral Resource Estimate). The new resource will underpin the Feasibility Study on a DSO operation with the potential to deliver an early cash flow stream for the Company.

[1] Refer to ASX announcement on 8 August 2013 for full details of the Resource estimate. This Resource Estimate has not been updated to comply with the JORC Code 212 on the basis that the information has not materially changed since last report.

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Diamond Drilling

Recent diamond drilling at the Candonga Project, which is located approximately 160km north-east of the city of Belo Horizonte and 80-160km from the Project's likely customer base (Figure 1), has confirmed the presence of a near-surface and generally flat-lying, continuous lens of high-grade DSO mineralisation that extends up to 30m from surface (See Figures 3 and 4) within a broader zone of Friable Itabirite mineralisation.

The geometry of the high-grade lens has now been confirmed by the current drilling with the drilling also indicating that the amount of waste movement for any future mining operation will be minimal.

Highlights of the results to date include the following continuous intersections (see attached Table 2 for a full list of the current drill results):

- **24.6m @ 64.4% Fe, 5.5 SiO_2, 1.2% Al_2O_3 and 0.03% P** in drill hole CDG-DD-14-00007 from surface;
- **20.3m @ 62.3% Fe, 8.8 SiO_2, 1.0% Al_2O_3 and 0.03% P** in drill hole CDG-DD-14-00009 from 13.0 m**;**
- **20.0m @ 66.0% Fe, 4.1 SiO_2, 0.5% Al_2O_3 and 0.04% P** in drill hole CDG-DD-14-00006 from 9.3 m**;**
- **16.4m @ 62.0% Fe, 6.4 SiO_2, 2.9% Al_2O_3 and 0.02% P** in drill hole CDG-DD-14-00003 from surface;
- **15.5m @ 62.7% Fe, 4.9 SiO_2, 3.1% Al_2O_3 and 0.03% P** in drill hole CDG-DD-14-00010 from surface;
- **9.5m @ 65.5% Fe, 4.3 SiO_2, 0.9% Al_2O_3 and 0.03% P** in drill hole CDG-DD-14-00008 from 9.7 m; and
- **6.8m @ 67.2% Fe, 2.1 SiO_2, 0.7% Al_2O_3 and 0.02% P** in drill hole CDG-DD-14-00002 from 1.2 m;

The high grade DSO mineralisation will underpin an impending JORC 2012 Mineral Resource update for the Candonga Project, as well as sizing analysis test work and the completion of the Feasibility Study.

The current drilling correlates well along strike with the historical drilling, as demonstrated by drill hole **CDG-RC-13-00008 (20.0m @ 63.4% Fe)** on Section 2, aligning well with drill holes **CDG-DD-14-00006 (20m @ 66.0% Fe)** on Section 3 (Figure 3) and **CDG-DD-14-00007 (24.6m at 64.4% Fe)** on Section 5 (Figure 4), which are 50m and 110m along strike, respectively (Figure 2).

The high grade mineralisation sits immediately below a zone of mineralised colluvium that starts at surface and varies in widths between 1m and 6m.

With drilling now finished and results for the second batch of assays pending, the JORC 2012 Mineral Resource update for the Candonga Project is scheduled to be completed by the end of August 2014.

Size Classification Test Work

Product sizing classification results on drill core samples delivered to date demonstrate that the high grade DSO mineralisation at Candonga delivers 15-20% of the mineralisation as a Lump product (+6.3mm) using a dry screening process.

Chemical analysis is pending but grades are expected to be +65% Fe – similar to what was previously seen from the earlier sizing classification test work performed on samples from the 2014 trenching program[2].

The remaining 80-85% of the DSO material is classified as a Sinter Feed product (-6.3mm) with an expected average iron grade of approximately 65% Fe and with approximately 60% of the Sinter Feed material having a physical sizing of +1mm. The results of the dry screen process of the mineralised colluvium, with a head grade in the range of 55-58% Fe, is producing Lump recoveries of between 20-25% with an expected grade range of around 62-65% Fe (based on results from earlier test work on trench samples).

Full results from the current product sizing classification test work program are dependent on the timely delivery of assay results but the Company expects all assays to be received within the next 2-3 weeks.

[2] Refer to ASX announcement on 31 March 2014 for full details of the Classification Test Work on trench samples.

Feasibility Study

As outlined above, the Company has now commenced a Feasibility Study on the Candonga Project. The study will be based on extraction of the zone of high-grade DSO mineralisation at Candonga and the establishment of a mining operation by Q1 2015 with a low strip ratio and a simple dry crush and screen plant.

The study will focus on minimizing capital expenditure and utilising local third party contractor participation in the mining operations. Construction activity is likely to be limited to site civil works necessary for a mobile dry crushing and screening plant installation.

Local mining contractors have already been contacted and have shown a high level of interest in the project. Contractors are being requested to quote their work on the basis that the quote can be converted into an operating contract arrangement shortly after the completion of the Feasibility Study.

The demand for Lump product remains very strong in the domestic market due to the general undersupply of this product type. Customers from large steel mills to pig iron producers are active in pursuing Lump product for their steel production. The Candonga Sinter Feed product will also be well sought after in the domestic market due to high percentage of this material having a physical sizing of +1mm.

The Feasibility Study is due for completion by the end of September 2014, allowing a Final Investment Decision to be made in Q4 2014 once the requisite approvals and licences have been granted.

Project Licensing

The application for a Trial Mining Licence (Guia de Utilização – "GU"), which allows for mining of 300,000tpa of ore per licence, was lodged in early April 2014. The simple licensing process is managed by the Mines Department (DNPM) in Minas Gerais. The Company is now working with the DNPM to plan a site visit to Candonga, which is a key step in the GU approval process.

Concurrently, the Company has advanced the Environmental Licensing process for Candonga with the State Environmental Authority (Supram) by lodging the main Environmental Licence Application, known as the RCA/PCA, in May 2014. The process is relatively straightforward due to the planned operating parameters and because the Project is located on pastoral land requiring no native vegetation clearing.

Centaurus' Managing Director, Mr Darren Gordon, said the Candonga Project was advancing quickly with the latest high-grade results providing the Company with confidence in the potential to develop a small-scale DSO mining operation whilst the Company continues to actively work on establishing a suitable offtake agreement for its Jambreiro Project to facilitate the Project's funding and development. The lump and high grade sinter feed ore from Candonga will be sold into the domestic market, where there is a general shortage of these products.

"We look forward to delivering the Feasibility Study on the high-grade Candonga mineralisation at the end of September which will put the Company in a position to make an investment decision in the fourth quarter of 2014," Mr Gordon said.

"The proposed approach to contract the mining operations to a third party contractor should allow us to keep the capital costs low. The near-surface and generally flat-lying nature of the high grade ore will facilitate a very low strip ratio when it comes to establishing the mining operation which will in turn assist in keeping the operating costs low," he added.

-ENDS-

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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 BNA Micromine Consultoria Limited, 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.

Figure 1 – Candonga Project Location Map

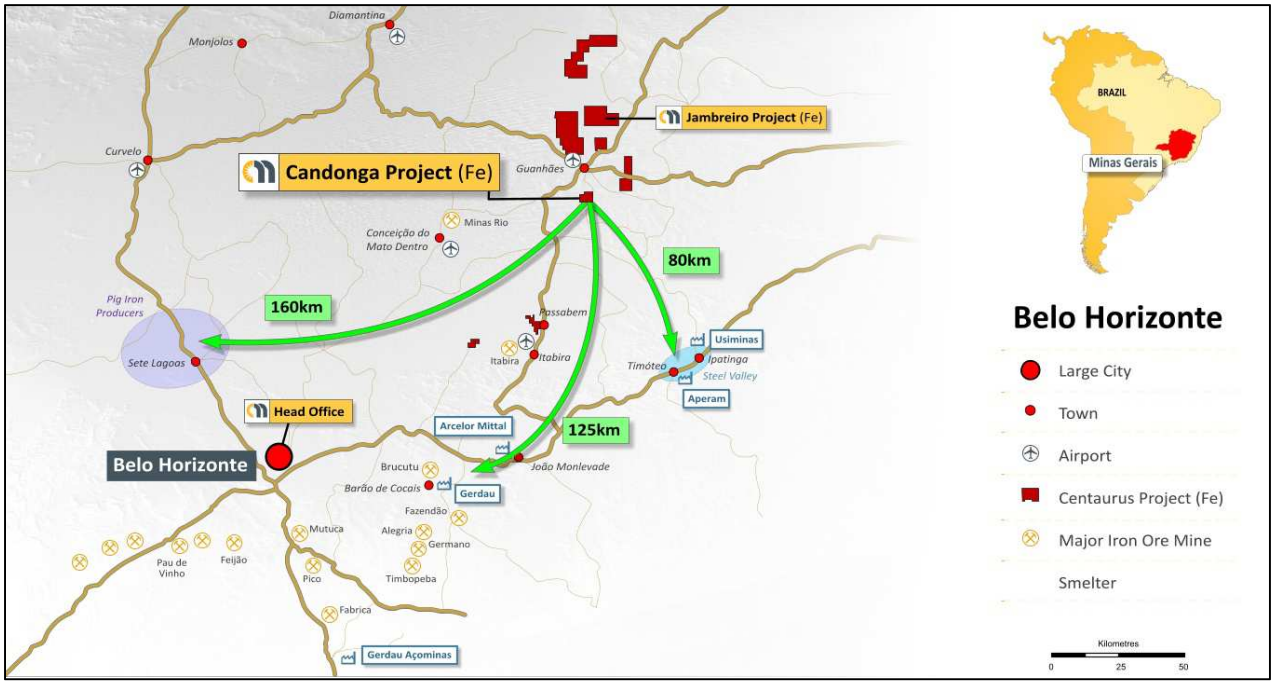

Figure 2 – Candonga Project Map – Analytical Signal Image with Drill Results – August 2014

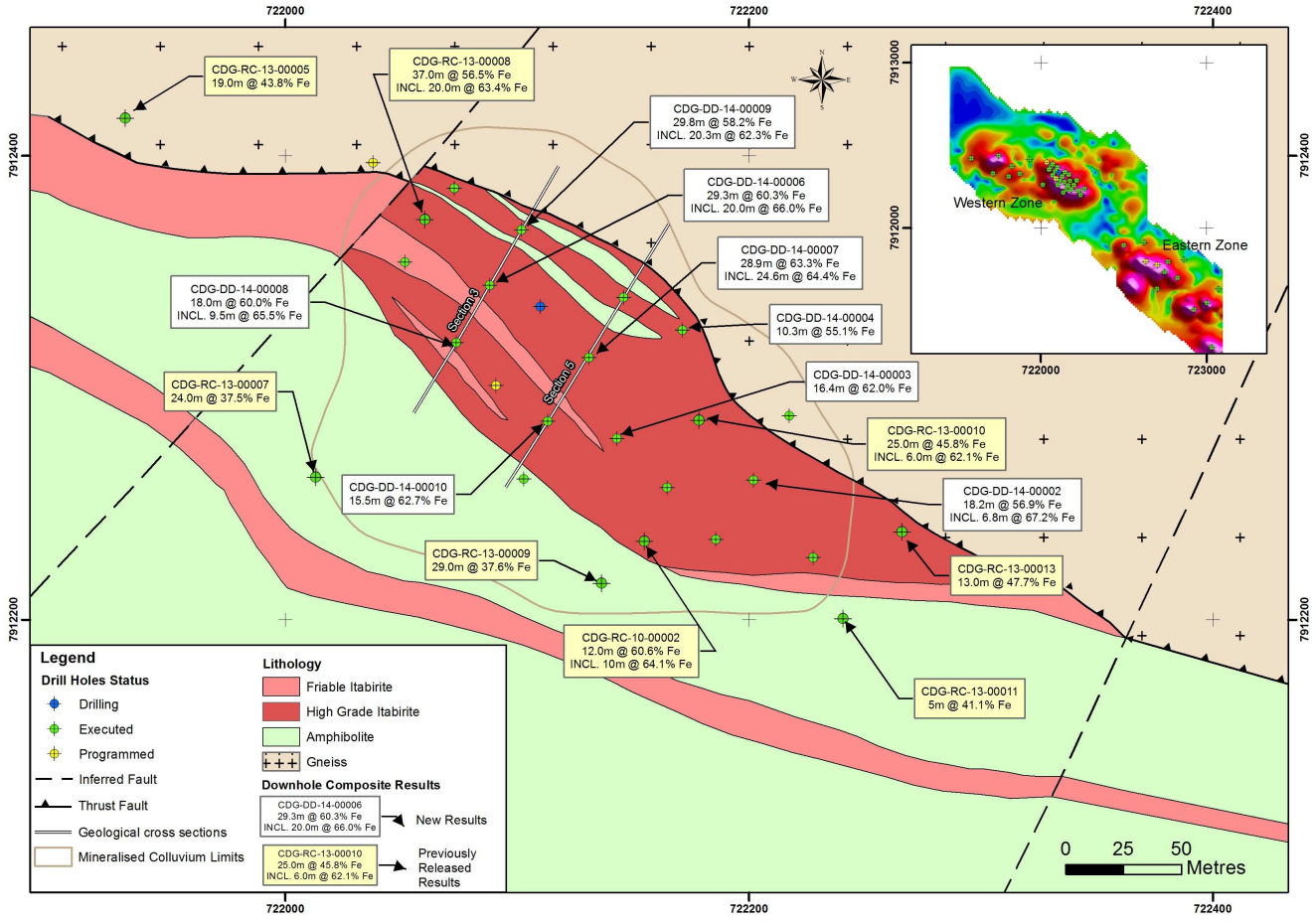

Figure 3 – Candonga Iron Ore Project – Schematic Cross Section 3

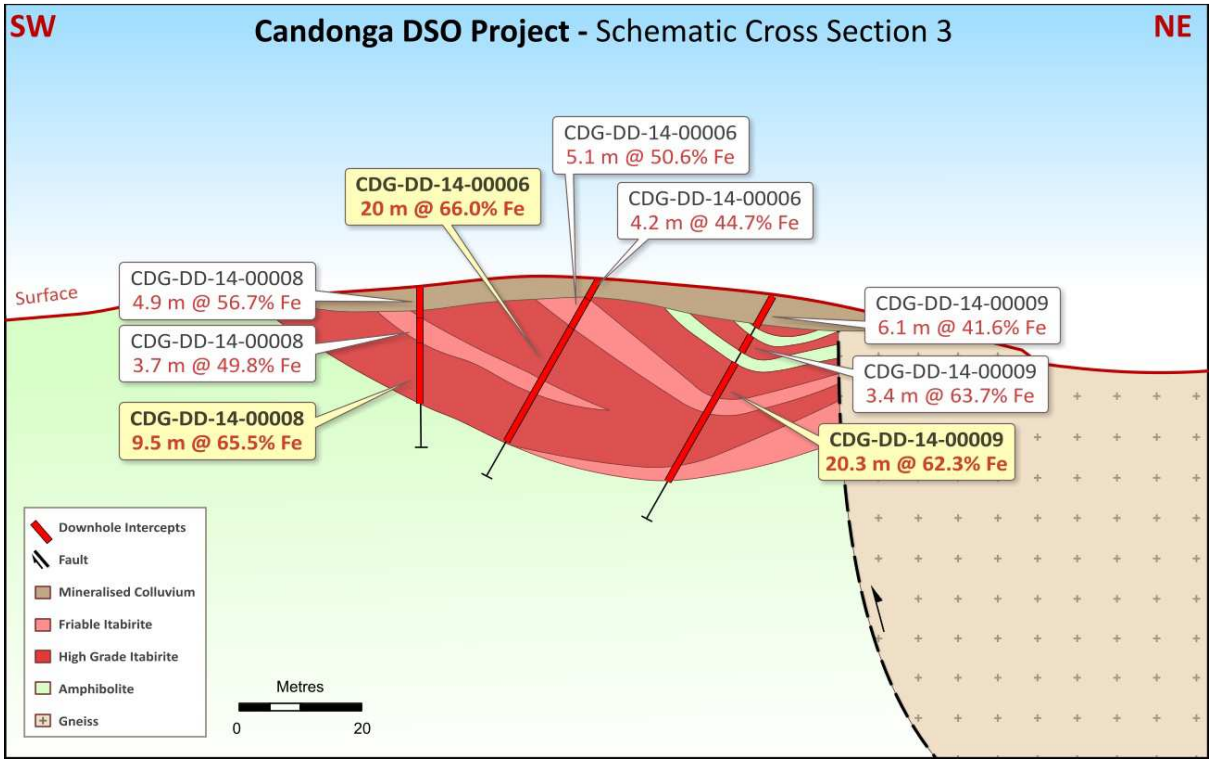

Figure 4 – Candonga Iron Ore Project – Schematic Cross Section 5

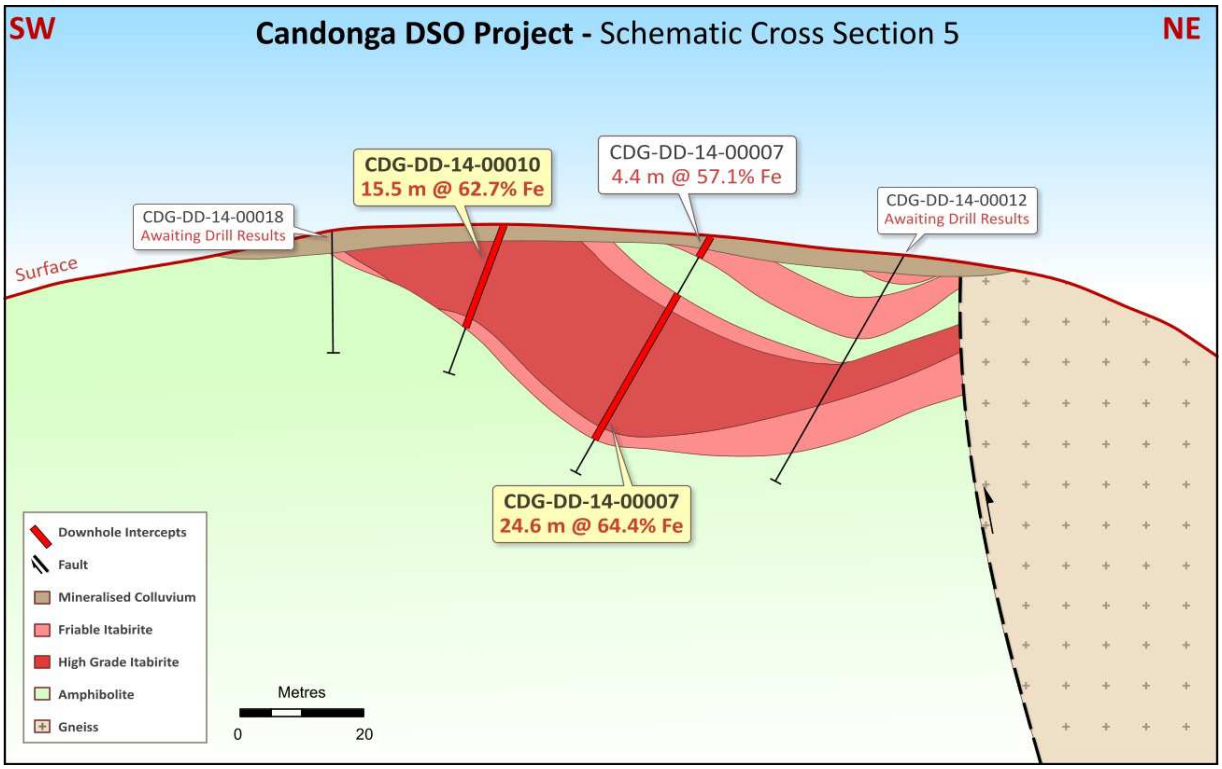

Table 1 – Candonga Project Mineral Resource Estimate – August 2013

Material	JORC Category	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
High Grade Itabirite	**Indicated**	0.7	58.4	11.9	2.5	0.03	0.9
	Inferred	0.2	59.7	10.3	2.2	0.03	0.7
	TOTAL	**0.9**	**58.6**	**11.6**	**2.4**	**0.03**	**0.9**
Friable Itabirite	**Indicated**	3.0	42.3	29.7	4.1	0.09	3.1
	Inferred	5.2	42.2	30.2	4.3	0.07	3.1
	TOTAL	**8.2**	**42.2**	**30.0**	**4.2**	**0.08**	**3.1**
Compact Itabirite	**Indicated**	-	-	-	-	-	-
	Inferred	2.8	40.1	31.3	4.5	0.08	3.3
	TOTAL	**2.8**	**40.1**	**31.3**	**4.5**	**0.08**	**3.3**
Grand Total	**Indicated**	**3.7**	**45.5**	**26.2**	**3.8**	**0.08**	**2.7**
	Inferred	**8.2**	**41.8**	**30.2**	**4.4**	**0.08**	**3.1**
	TOTAL	**11.9**	**43.0**	**29.0**	**4.2**	**0.08**	**3.0**

20% Fe Cut-off

Table 2 –Candonga Project Diamond Drill Results – August 2014

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Rock Type	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
CDG-DD-14-00002							1.2	8.0	6.8	High Grade Itabirite	67.2	2.1	0.7	0.02	0.14
CDG-DD-14-00002							8.0	16.2	8.2	Friable Itabirite	46.0	28.3	3.7	0.02	1.41
CDG-DD-14-00002							16.2	19.4	3.2	High Grade Itabirite	63.3	5.6	1.2	0.04	-0.74
CDG-DD-14-00002	**722202**	**7912260**	**910**	**210**	**-60**	**35.4**	**Downhole composite**		**18.2**		**56.9**	**14.5**	**2.1**	**0.02**	**0.56**
CDG-DD-14-00003							0.0	6.5	6.5	Mineralised Colluvium	55.9	12.7	4.7	0.03	2.19
CDG-DD-14-00003							6.5	16.4	9.9	High Grade Itabirite	65.9	2.3	1.8	0.02	0.47
CDG-RC-14-00003	**722143**	**7912278**	**903**	**210**	**-60**	**40.21**	**Downhole composite**		**16.4**		**62.0**	**6.4**	**2.9**	**0.02**	**1.15**
CDG-DD-14-00004							0.0	4.7	4.7	Mineralised Colluvium	57.8	13.3	2.5	0.02	1.05
CDG-DD-14-00004							4.7	10.3	5.6	Friable Itabirite	52.9	21.7	1.5	0.04	0.62
CDG-DD-14-00004	**722171**	**7912325**	**899**	**210**	**-60**	**34**	**Downhole composite**		**10.3**		**55.1**	**17.9**	**1.9**	**0.03**	**0.82**
CDG-DD-14-00005															
CDG-DD-14-00005	**722218**	**7912288**	**896**	**210**	**-60**	**20.0**	**NO SIGNIFICANT INTERSECTION**								
CDG-DD-14-00006							0.0	4.2	4.2	Mineralised Colluvium	44.7	22.4	6.5	0.11	5.04
CDG-DD-14-00006							4.2	9.3	5.1	Friable Itabirite	50.6	26.0	0.8	0.03	0.37
CDG-DD-14-00006							9.3	29.3	20.0	High Grade Itabirite	66.0	4.1	0.5	0.04	-0.10
CDG-RC-14-00006	**722088**	**7912344**	**880**	**210**	**-60**	**36.4**	**Downhole composite**		**29.3**		**60.3**	**10.6**	**1.4**	**0.05**	**0.72**
CDG-DD-14-00007							0.0	4.4	4.4	Mineralised Colluvium	57.1	10.0	4.5	0.03	1.57
CDG-DD-14-00007							10.6	35.1	24.6	High Grade Itabirite	64.4	5.5	1.2	0.03	0.30
CDG-RC-14-00007	**722131**	**7912313**	**896**	**210**	**-60**	**40.0**	**Downhole composite**		**28.9**		**63.3**	**6.2**	**1.7**	**0.03**	**0.49**
CDG-DD-14-00008							0.0	4.9	4.9	Mineralised Colluvium	56.7	13.0	3.4	0.03	1.47
CDG-DD-14-00008							6.1	9.7	3.6	Friable Itabirite	49.8	27.1	1.1	0.02	0.66
CDG-DD-14-00008							9.7	19.2	9.5	High Grade Itabirite	65.5	4.3	0.9	0.03	-0.02
CDG-DD-14-00008	**722074**	**7912319**	**878**	**210**	**-90**	**25.1**	**Downhole composite**		**18.0**		**60.0**	**11.2**	**1.6**	**0.02**	**0.53**
CDG-DD-14-00009							0.0	6.1	6.1	Mineralised Colluvium	41.6	24.8	8.8	0.04	4.56
CDG-DD-14-00009							7.0	10.4	3.4	High Grade Itabirite	63.7	6.4	1.3	0.04	0.38
CDG-DD-14-00009							13.0	30.0	17.0	High Grade Itabirite	64.2	6.0	1.0	0.03	-0.09
CDG-DD-14-00009							30.0	33.3	3.3	Friable Itabirite	52.3	23.0	1.2	0.03	0.33
CDG-DD-14-00009	**722102**	**7912368**	**877**	**210**	**-60**	**40.9**	**Downhole composite**		**29.8**		**58.2**	**11.8**	**2.6**	**0.03**	**0.96**
CDG-DD-14-00010							0.0	3.5	3.5	Mineralised Colluvium	59.6	6.6	4.7	0.05	2.74
CDG-DD-14-00010							3.5	15.5	12.0	High Grade Itabirite	63.7	4.4	2.6	0.02	0.60
CDG-DD-14-00010	**722113**	**7912286**	**897**	**210**	**-70**	**24.6**	**Downhole composite**		**15.5**		**62.7**	**4.9**	**3.1**	**0.03**	**1.09**

Intervals calculated using 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

Table 3 – Historical Candonga Project Drill Results

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
CDG-DD-10-00001	721685	7912380	854	60	90	88.5	3.0	60.0	57.0	40.0	35.7	1.1	0.07	1.95
CDG-DD-10-00001	721685	7912380	854	60	90	88.5	60.0	88.5	28.7	32.3	44.2	0.7	0.04	1.89
CDG-RC-10-00002	722155	7912234	909	-60	30	80.0	1.0	13.0	12.0	60.6	5.6	4.2	0.02	0.11
CDG-RC-10-00002	722155	7912234	909	-60	30	80.0	*includes from 1.0m*		*10.0*	*64.2*	*3.4*	*2.3*	*0.02*	*-0.79*
CDG-RC-10-00003	721715	7912380	859	-60	90	53.0	0.0	53.0	53.0	45.6	27.6	1.5	0.12	4.38
CDG-RC-13-00001	721712	7912332	855	-90	0	95.0	0.0	5.0	5.0	36.3	27.9	11.6	0.09	8.32
CDG-RC-13-00001	721712	7912332	855	-90	0	95.0	24.0	27.0	3.0	32.1	26.3	14.6	0.07	7.35
CDG-RC-13-00002	721744	7912438	857	-90	0	80.0	0.0	12.0	12.0	42.0	22.4	8.5	0.07	5.47
CDG-RC-13-00003	721810	7912312	867	-90	0	80.0	0.0	58.0	58.0	45.6	27.4	2.6	0.11	4.08
CDG-RC-13-00004	721828	7912376	874	-90	0	52.0	0.0	11.0	11.0	37.4	34.2	7.4	0.04	4.45
CDG-RC-13-00004	721828	7912376	874	-90	0	52.0	14.0	29.0	15.0	41.7	27.8	6.6	0.10	3.80
CDG-RC-13-00004	721828	7912376	874	-90	0	52.0	37.0	42.0	5.0	22.8	29.7	22.4	0.21	10.47
CDG-RC-13-00005	721929	7912416	886	-90	0	65.0	26.0	45.0	19.0	43.9	28.4	4.1	0.13	3.75
CDG-RC-13-00006	721872	7912329	874	-90	0	58.0	0.0	14.0	14.0	43.9	25.3	6.0	0.09	4.73
CDG-RC-13-00007	722012	7912261	850	-90	0	58.0	30.0	54.0	24.0	37.5	39.5	1.7	0.10	0.01
CDG-RC-13-00008	722062	7912374	861	-90	0	60.0	0.0	37.0	37.0	56.5	14.2	2.0	0.06	1.85
CDG-RC-13-00008	722062	7912374	861	-90	0	60.0	*includes from 13.0m*		*22.0*	*63.4*	*7.7*	*0.6*	*0.03*	*0.45*
CDG-RC-13-00009	722136	7912216	898	-90	0	75.0	0.0	7.0	7.0	32.0	27.5	15.2	0.23	7.96
CDG-RC-13-00009	722136	7912216	898	-90	0	75.0	34.0	56.0	22.0	39.4	34.5	3.5	0.10	2.93
CDG-RC-13-00010	722178	7912286	901	-90	0	60.0	0.0	25.0	25.0	45.9	21.4	7.7	0.10	3.38
CDG-RC-13-00010	722178	7912286	901	-90	0	60.0	*includes from 4.0m*		*6.0*	*62.0*	*8.4*	*1.8*	*0.02*	*0.06*
CDG-RC-13-00011	722241	7912200	909	-90	0	70.0	0.0	5.0	5.0	41.1	25.4	8.5	0.19	5.03
CDG-RC-13-00012	721580	7912429	817	-90	0	60.0	1.0	27.0	26.0	45.3	13.4	8.6	0.03	6.89
CDG-RC-13-00013	722266	7912237	905	-90	0	57.0	0.0	4.0	4.0	48.9	18.2	7.6	0.04	0.27
CDG-RC-13-00013	722266	7912237	905	-90	0	57.0	4.0	13.0	9.0	47.3	28.5	2.5	0.04	0.21
CDG-RC-13-00015	722619	7911913	962	-90	0	67.0	44.0	56.0	12.0	45.3	31.9	1.3	0.07	0.21
CDG-RC-13-00015	722619	7911913	962	-90	0	67.0	56.0	60.0	4.0	29.5	42.0	1.0	0.07	0.09
CDG-RC-13-00017	722764	7911797	962	-90	0	53.0	0.0	4.0	4.0	34.7	38.1	7.6	0.05	0.48
CDG-RC-13-00017	722764	7911797	962	-90	0	53.0	7.0	25.0	18.0	46.9	28.9	0.8	0.05	0.25
CDG-RC-13-00018	722744	7911737	936	-90	0	51.0	0.0	23.0	23.0	39.4	31.9	5.0	0.09	2.55
CDG-RC-13-00020	722821	7911698	929	-90	0	40.0	0.0	27.0	27.0	38.6	38.1	1.3	0.05	1.09
CDG-RC-13-00021	722999	7911546	930	-90	0	50.0	0.0	4.0	4.0	33.6	35.9	10.5	0.03	0.58
CDG-RC-13-00022	723066	7911632	914	-90	0	55.0	6.0	16.0	10.0	37.9	31.8	8.0	0.06	1.36
CDG-RC-13-00024	723030	7911280	886	-90	0	52.0	0.0	32.0	32.0	48.4	25.5	1.4	0.08	2.21

Intervals calculated using 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

Table 4 – Historical Candonga Project Trench Results

Hole ID	SAD69 East	SAD69 North	mRL	Dip	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
CDG-TR-11-00001	721733	7912379	861	-9	250	36.0	0.0	36.0	36.0	46.6	24.7	4.0	0.08	3.35
CDG-TR-11-00002	722139	7912327	889	-5	30	30.0	0.0	30.0	30.0	57.6	10.3	4.1	0.03	1.60
CDG-TR-11-00003	723033	7911435	884	-11	30	40.0	2.0	40.0	38.0	39.5	29.3	6.8	0.08	5.17
CDG-TR-11-00004	722220	7912228	913	12	260	42.0	0.0	42.0	42.0	52.2	17.1	4.5	0.04	1.83
CDG-TR-11-00004	722220	7912228	913	12	260	42.0	*includes from 16.0m*		*12.0*	*62.3*	*7.5*	*1.6*	*0.02*	*-0.58*
CDG-TR-11-00005	722401	7912424	893	0	75	20.0	0.0	20.0	20.0	40.5	31.5	5.7	0.03	3.40
CDG-TR-11-00006	722108	7912252	898	3	65	88.0	0.0	88.0	88.0	55.8	12.5	4.2	0.03	1.85
CDG-TR-11-00006	722108	7912252	898	3	65	88.0	*includes from 0.0m*		*22.0*	*61.5*	*5.1*	*3.6*	*0.03*	*0.77*
CDG-TR-13-00007	722212	7912249	919	9	210	70.0	0.0	70.0	70.0	64.0	5.1	1.9	0.02	0.11
CDG-TR-13-00007	722212	7912249	919	9	210	70.0	*includes from 0.0m*		*52.0*	*65.6*	*3.6*	*1.3*	*0.02*	*-0.23*
CDG-TR-13-00008	722168	7912307	900	2	220	86.0	0.0	86.0	86.0	62.0	6.4	3.0	0.03	1.00
CDG-TR-13-00009	722091	7912313	885	-3	200	26.0	0.0	26.0	26.0	57.6	8.7	4.7	0.05	3.22
CDG-TR-13-00009	722091	7912313	885	-3	200	26.0	*includes from 14.0m*		*12.0*	*60.2*	*4.5*	*5.1*	*0.04*	*3.04*

Intervals calculated using 20% Fe cut-off with 3m minimum mining width; All samples analysed using XRF fusion method with LOI at 1000 °C

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

SECTION 1 SAMPLING TECHNIQUES AND DATA

Criteria	Commentary
Sampling techniques	• All trenches in the 2013 program were cut down to 2.2m. Continuous cut channels were sampled on 2m intervals or to lithological contacts. The 3-5kg sample were spilt and pulverised to a ±50g sample for XRF and titration analysis. • RC samples were taken at 1m intervals from which 3-5kg was spilt, prepared and analysed as above. • Diamond samples were taken at maximum 1.3m intervals or to lithological contacts no less than 0.3m from which ¼ core (3-5kg) was sampled, prepared and analysed as above. • The Candonga Project has a regular drill hole spacing of around 40mx25m over the High Grade Itabirite zone, drilling on the other areas is irregular. • Field duplicate samples were taken at a set frequency of one every 20 samples (5% of total samples) from the splitter to monitor sample representivity. • All of the data used for the resource estimation is based on the logging and sampling of historical trenches, RC and diamond core drilling. Excluding results from this announcement and the 2013 trench program which will be included in the forthcoming resource up date.
Drilling techniques	• Historically two diamond holes (HQ) were drilled by Cenibra for a total of 95m in 2007. • Centaurus completed 1 diamond drill hole (HQ) for a total of 88m in 2010 • RC drilling employed a 5.5" face hammer. Centaurus completed 33 RC holes (5.5") for a total of 1,603m in 2010 and 2013. • At the date of this announcement Centaurus completed a further 18 diamond drill hole (HQ) for a total of 518m in the current program. 9 holes are included in the announcement and 9 holes have assays pending. • Hole depths range from 20 to 95m.
Drill sample recovery	• For diamond drilling, core recoveries were logged and recorded in the database for all Centaurus diamond holes. Overall recoveries are >85% and there are no core loss issues or significant sample recovery problems. • For RC drilling geologists or field assistants recorded sample weights and calculated sample recovery during drilling. No significant issues were detected. • To ensure adequate sample recovery and representivity a Centaurus geologist or field technician was present during drilling and monitored the sampling process. • No relationship between sample recovery and grade has been demonstrated. No bias to material size has been demonstrated.
Logging	• All trenches and drill holes have been logged geologically and geotechnically to a level of detail appropriate to support the Mineral Resource estimate as well as metallurgical and mining study support for iron ore. • Logging for both forms of drilling is qualitative and quantitative in nature. • All Centaurus trenches, RC chip trays and diamond core have been photographed. Historical drilling was not photographed. • The total length of drilling to the date of this announcement is 2,304m, 100% has been logged. The total length of trenches is 438m, 100% has been logged.
Sub-sampling techniques and sample preparation	• Diamond Core (HQ) was cut with a specialized sampling tool where friable or using a core saw where compact. A quarter core was sampled. • RC samples were collected on 1m down hole intervals reduced using a 3-tier riffle splitter reducing the sample size to 3-5kg. Sample weight/split analysis shows that on average a 12.5% split ratio was achieved. • The majority of mineralised samples from RC drilling were dry.

Criteria	Commentary
Sub-sampling techniques and sample preparation	• All samples were received and prepared by ALS or Intertek Labs in Belo Horizonte, Brazil as 3-5kg samples. They were dried at 105°C until the sample was completely dry (6-12hrs), crushed to 90% passing 2mm and reduced to 500g via a Jones riffle splitter. The 500g samples were pulverised to 95% passing 104µm and split further to 50g aliquots for chemical analysis. • Field control sample insertion included field duplicates taken every 25 samples. Results from the duplicate samples show the data has an acceptable precision, indicating that the sampling technique is appropriate for the deposit. • The sample size is considered to be appropriate to correctly represent the mineralisation as well as the thickness and consistency of the mineralised intersections.
Quality of assay data and laboratory tests	• All chemical analysis was completed at ALS or Intertek Labs. Laboratory duplicates were completed every 10-20 samples and standards were completed every 20-25 samples dependent on the laboratory. • Laboratory control sample insertion included blank samples at the start of every new hole then every 50 samples. Standard samples (CRMs from Geostats Australia) are inserted every 20 samples. A number of different standards at a range of grades are used to monitor analytical precision of the assay results. Field duplicates were inserted every 25 samples. • Metal Oxide is determined using XRF analysis. Analysis at ALS was for a 24 element suite while at Intertek analysis was for 11 elements. FeO is determined using Titration and LOI using Loss Determination by Thermogravimetric analysis. • Laboratory procedures are in line with industry standards and are appropriate for iron ore. • Acceptable levels of precision have been achieved with all standard assays reporting within 2 standard deviations of the certified mean grade for the main elements of interest. • Both the ALS and Intertek labs insert their own standards at set frequencies and monitor the precision of the XRF analysis. These results also reported well within the specified 2 standard deviations of the mean grades for all main elements. Additionally the labs performed 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. • Analysis of field duplicates and lab pulp duplicates have returned an average correlation coefficient of over 0.96 confirming that the precision of the samples is within acceptable limits. • Centaurus sends a selection of pulps to umpire laboratories (Acme and ALS) for independent verification. To date comparison of results between laboratories did not reveal any issues and analytical precision was considered acceptable. • Centaurus QAQC procedures and results are to industry standard and are of acceptable quality.
Verification of sampling and assaying	• All significant intersections are verified by alternative Company personnel before release. As part of Resource estimation process drill hole data was independently reviewed by BNA Micromine. • No twin holes have been completed to date. • All primary data is stored in the Centaurus Exploration office (Guanhães, Brazil). All data is entered into a Micromine Geobank database which is administrated by a Database Geologist. • No adjustments were made to the assay data apart from resetting the below detection level values to half of the detection limit.
Location of data points	• The survey grid system used is SAD-69 23S. This is in line with Brazilian Mines Department requirements. All survey collars and trenches were surveyed using a Total Station. There were no down hole surveys completed. • Complete topographical survey pickup of the area was done using a Total Station with pickup completed on 10x10m spacing. • Drill holes reported in this announcement were surveyed using hand held GPS. Final survey-pick up is planned for late August.

Criteria	Commentary
Data spacing and distribution	• Drill sections run perpendicular to the High Grade Itabirite mineralisation at spacing between 30-40m. Drill spacing way from the High Grade zone is irregular. Drill holes on section are generally 25-30m apart. Due to local topographical constraints the spacing is sometimes not achievable. • The data spacing and distribution is considered adequate to establish the degree of geological and grade continuity appropriate for the Mineral Resource estimation and classifications applied under the JORC 2012 code. • No sample compositing has been applied.
Orientation of data in relation to geological structure	• The orientation of the mineralisation is understood and drill holes were designed to intersect the mineralisation at an appropriate angle. This is demonstrated in the geological cross-sections (see Figures 3-4). • All significant intersections have been reported as downhole widths and not true widths. • The trenches by nature are oblique to the mineralisation angle and as a result return accentuated mineralised interval. • No drilling orientation and sampling bias has been recognized at this time and is not considered to have introduced a sampling bias.
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 ALS or Intertek labs 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. • All remnant diamond core, RC chip trays, sample rejects and pulps are stored at the Guanhães technical office.
Audits or reviews	• As part of the previous Resource estimation process drill hole data was independently reviewed by Volodymyr Myadzel the BNA Micromine Senior Resource Geologist and project Competent Person. The report finds the sample techniques and data collection and management to be in line with current industry standards.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	• The Candonga Project tenement (DNPM 831.629/2004) is 100% owned by Centaurus. • The tenement is part of the Cenibra-Centaurus Agreement. Centaurus will pay a vendor royalty of 0.85% of gross revenue on any product sold from the tenement. • All mining projects in Brazil are subject to the CFEM royalty, a government royalty of 2% of revenue (less taxes and logistics costs). • Landowner royalty is 50% of CFEM royalty. • The project is not located within national or state wilderness or historical parks. • The Final Exploration Report was submitted on 27 November 2013. An application for a Trail Mining License was submitted on 11 April, the licence allows for the mining and dry processing of 300ktpa of ROM per license.
Exploration done by other parties	• Cenibra conducted geological mapping and a small diamond drill program in 2007 to satisfy Brazilian Mine Department requirements.
Geology	• The Candonga 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. • 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. • 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. • Itabirite thicknesses vary from 5m to up to 40m generally dipping 30-55° to the N-NE. The combined strike length of the mapped mineralisation is around 1,500m. Itabirite has been intersected at depths up to 88m with friable itabirite intersected up to 60 metres. • There are localised occurrences of High Grade Itabirite or Magnetite lenses (up to 30m thick) associated with hydrothermal enrichment along fold axis and fault planes.
Drill hole Information	• At the date of announcement a total of 54 holes for 2,304m have been completed on the Candonga Project including 21 diamond holes for a total of 701m and 26 RC holes for a total of 1,603m. From the current drilling 9 holes are included in the announcement and 9 holes have assays pending. • Refer to Table 2 for full list of significant intersection and drill hole data from recent drilling. Refer to Table 3 for a full list of historical significant intersection for the Candonga Project.
Data aggregation methods	• Continuous sample intervals are calculated via weighted average using a 20% Fe cut-off grade with 3 metre minimum mining widths. • High grade intervals within a continuous sample interval may be reported inclusive. (For example: *CDG-RC-13-0008 37m @ 56.5% Fe, including 20m @ 63.4% Fe*) Further details of the intersections can be found in the drill hole results table. • No metal equivalents are reported.
Relationship between mineralisation widths and intercept lengths	• The orientation of the mineralisation is well understood and drill holes were designed to intersect the mineralisation at an appropriate angle representing the true widths. Where the true width is not intersected it is stated and also demonstrated in cross sectional diagrams. • The trenches by nature are oblique to the mineralisation angle and as a result return accentuated mineralised interval.

Criteria	Commentary
Diagrams	• Refer to Figures 1-4.
Balanced reporting	• All new Exploration Results received by the Company to date have been included in this report. Historical results can be found in the relevant aforementioned ASX announcements.
Other substantive exploration data	• Geological mapping was carried out by Centaurus geologists. • Ground magnetics survey was carried out using a G-856 Magnetometer on 50m N-S line spacings with measurements every 10m. Interpretation was completed by geophysicists from Intergeo Geosciences. • A JORC 2004 Resource estimate has been completed on the Candonga Project. Refer to ASX announcement on 8 August 2013 for full details of the estimate. • Classification test work has been carried out on the Candonga High Grade Itabirite mineralisation. See ASX announcement on 31 March 2014 for full details of the most recent results. • Refer to ASX announcement on 19 January 2012 for full details of the historical trench results referenced in this announcement.
Further work	• The Company plans to update the current Candonga Resource estimate to JORC 2012 standards; complete characterisation testwork on diamond samples; carryout a comprehensive tender process for third party mining and pant operations and complete a Feasibility Study.

SECTION 3 ESTIMATION AND REPORTING OF MINERAL RESOURCES

Not Applicable – There has been no material change to the current JORC 2004 Mineral Resource estimate for the Candonga Project. Refer to ASX announcement on 8 August 2013 for full details of the JORC 2004 Mineral Resource estimate.