AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE

30 September 2014

CENTAURUS ANNOUNCES MAIDEN ORE RESERVE FOR CANDONGA

Positive Feasibility Study based on Proved and Probable JORC Ore Reserve of 1.2Mt grading 60.5% Fe.

Key Points

- **Feasibility Study, mine planning and maiden Ore Reserve estimate completed for Candonga DSO Project. Study results confirm the viability of a low capital and operating cost project (see separate ASX Announcement lodged today).**
- **Maiden JORC 2012 Proved and Probable Ore Reserve estimate of 1.2Mt at an average grade of 60.5% Fe.**
- **Ore Reserves will produce 0.9Mt of high grade (+63%), low impurity lump, hematitinha and sinter feed products.**
- **Ore Reserve is sufficient for 3 years of operations at the planned 0.3Mtpa production rate with a life-of-mine strip ratio of 0.6:1.**

Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to announce a maiden Ore Reserve estimate for its 100%-owned **Candonga DSO Iron Ore Project** in south-east Brazil following the completion of the Candonga Project Feasibility Study (FS), which was announced separately today (see ASX Announcement – **"Candonga Feasibility Study outlines low-cost DSO operation in south-east Brazil**").

The total JORC 2012 Proved and Probable Ore Reserve estimate for the Candonga Project is **1.2Mt at an average grade of 60.5% Fe**. The Ore Reserve is scheduled to produce **0.9Mt at an average grade of 63.5% Fe** of lump, hematitinha and sinter feed product, which will provide a mine life of 3 years at the planned production rate of 300,000 tonnes per annum.

Of the total product, approximately half will be lump (-31.5 + 19.0mm) and hematitinha (-19.0 + 6.3mm) at an average grade of 62.8% Fe. The balance of production will be a high quality sinter feed product with an average grade of 64.0% Fe.

During the first two years of production the mining strip ratio will be an extremely low 0.25 tonnes of waste (waste and low grade material) for every 1 tonne of ore. The life-of-mine strip ratio is also very low at 0.6:1. The total material movement over the three year mine life is approximately 1.9Mt.

Mine planning optimized the recovery of lump products (lump and hematitinha) from the simple dry crush and screening process as these products are in high demand in the Brazilian domestic market and deliver a solid premium over sinter feed (-6.3mm) pricing.

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The Ore Reserve statement has been based on a Feasibility Study completed recently by Centaurus with support from Micromine do Brasil Consultoria e Sistemas Ltda (Micromine) and other local consultants. The underlying project design and cost assumptions are detailed in the Feasibility Study ASX release referred to above and dated 30 September 2014.

The Ore Reserve estimate, prepared by independent mine planning consultancy Micromine, is summarised in Table 1 below. Details of the supporting project assumptions and data is provided in Appendix A (Table 1 of JORC Code 2012).

Table 1 – Candonga JORC Ore Reserve Estimate, September 2014

Ore Reserve Classification	Ore Category	wmt (000's)	Fe%	SiO_2%	Al_2O_3%	P%	LOI %
Proved	DSO*	446	64.8	4.5	1.3	0.03	0.2
	LBO**	362	53.9	17.9	2.5	0.04	1.4
Total		**808**	**59.9**	**10.5**	**1.9**	**0.03**	**0.7**
Probable	DSO*	280	64.8	5.2	0.9	0.03	0.1
	LBO**	121	53.9	18.0	2.5	0.04	1.2
Total		**401**	**61.5**	**9.1**	**1.4**	**0.03**	**0.4**
	DSO*	726	64.8	4.8	1.2	0.03	0.1
	LBO**	483	53.9	17.9	2.5	0.04	1.3
Total		**1,209**	**60.5**	**10.0**	**1.7**	**0.03**	**0.6**

**61.3% Fe cut-off grade applied; **45.0% Fe cut-off grade applied; Mineral Resources are inclusive of Ore Reserves 3% dilution and 98% mine recovery applied.*

In order to optimize the production of the higher value lump and hematitinha products, a simple blend strategy has been planned based on dividing the Ore Reserve into two ore categories and then blending the products at the product stockpiles. These ore categories are:

- **Direct Shipping Ore** (DSO) – ore that requires no beneficiation to produce saleable lump, hematitinha or sinter feed products; 61.3% Fe cut-off grade applied. The DSO component of the Ore Reserve estimate is 726,000 tonnes at an average grade of 64.8% Fe; and
- **Lump Blending Ore** (LBO) – ore that produces lump and hematitinha products within market specifications after blending with appropriate DSO products; 45.0% Fe cut-off grade applied. The LBO component of the Reserve estimate is 483,000 tonnes at an average grade of 53.9% Fe.

Sinter feed produced from the LBO ore is not intended to meet immediate sales specifications and will be stockpiled as "Low Grade Fines" for future processing. Further details of the Ore Reserve by ore category can be found in Table 2. The mining schedule is based on an average of 400,000 tonnes of ore per year being mined to deliver the 300,000 tonnes of saleable product (see

Table 2).

Table 2 – Results of Mine Sequencing

Year	ROM (000's wmt)	ROM (Fe %)	Waste	Low grade	Strip Ratio	Low Grade Fines	Saleable Product (000's wmt)		
							Lump Products*	Sinter Feed	Total
1	440	59.8	55	39	0.2	130	164	146	**310**
2	395	60.6	64	44	0.3	102	135	158	**293**
3	374	61.2	443	47	1.3	79	133	162	**295**
TOTAL	**1,209**	**60.5**	**562**	**130**	**0.6**	**311**	**432**	**466**	**898**

**Includes lump (-31.5 + 19.0 mm) and hematitinha (-19.0 + 6.3 mm).*

Traditional open pit mining methods are proposed from one pit on a contract mining basis. Strong interest has been shown in the project by local contractors and firm proposals have been used in the operating cost estimates.

The ore zone is relatively flat-lying with sharp visual contacts and will typically be fed directly to the crusher with some ROM stockpiling and rehandle. The production process is a simple dry crush and screening operation to deliver the three aforementioned products to be blended as described above.

The operating costs are very low, consistent with a small-scale contractor based project. The following table sets out the total operating costs of the project over the 3 year mine life:

Table 3 – Summary of Candonga Life of Mine Operating Costs

Cost Centre	Annual A$M	A$/wmt sold
Mining Costs	2.63	8.7
Processing Costs	0.62	2.1
Administration Costs	0.50	1.7
Site Cash Costs	**3.75**	**12.5**
Royalties	0.71	2.4
Total	**4.46**	**14.9**

-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 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.

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 1 – Candonga Project Location Map

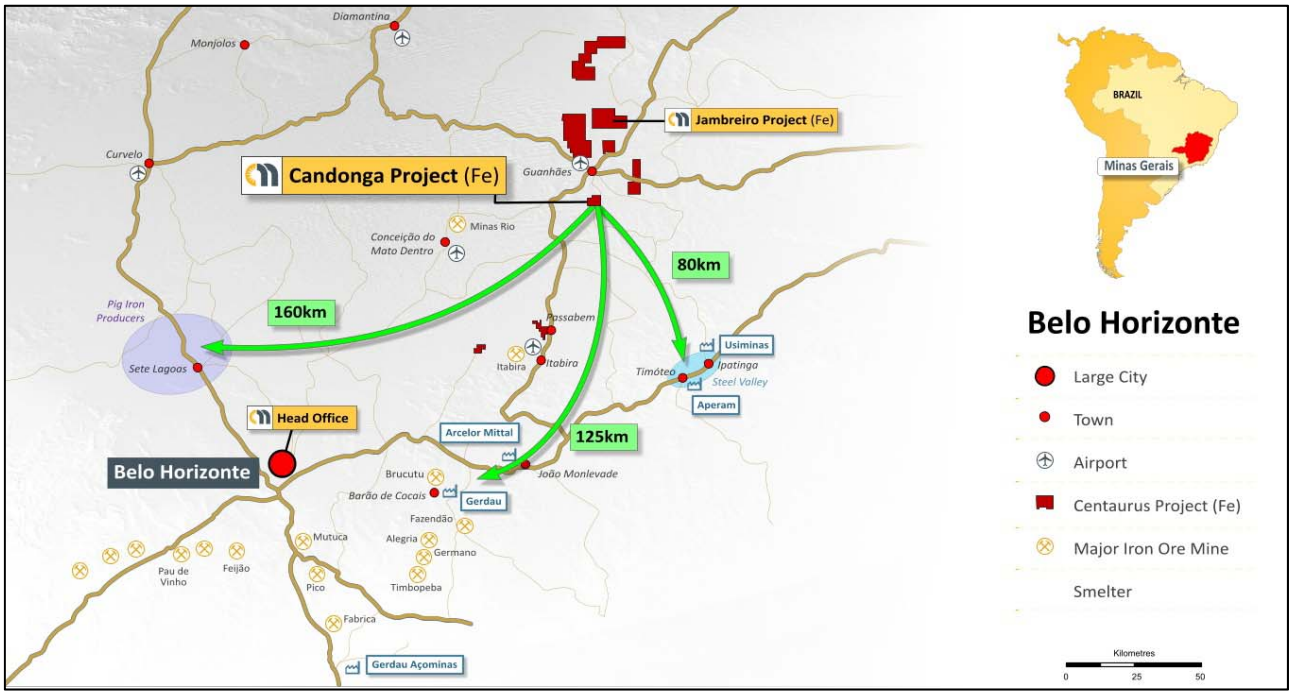


Figure 2 – Candonga Project Map – Drill Results with Analytical Signal Image– September 2014

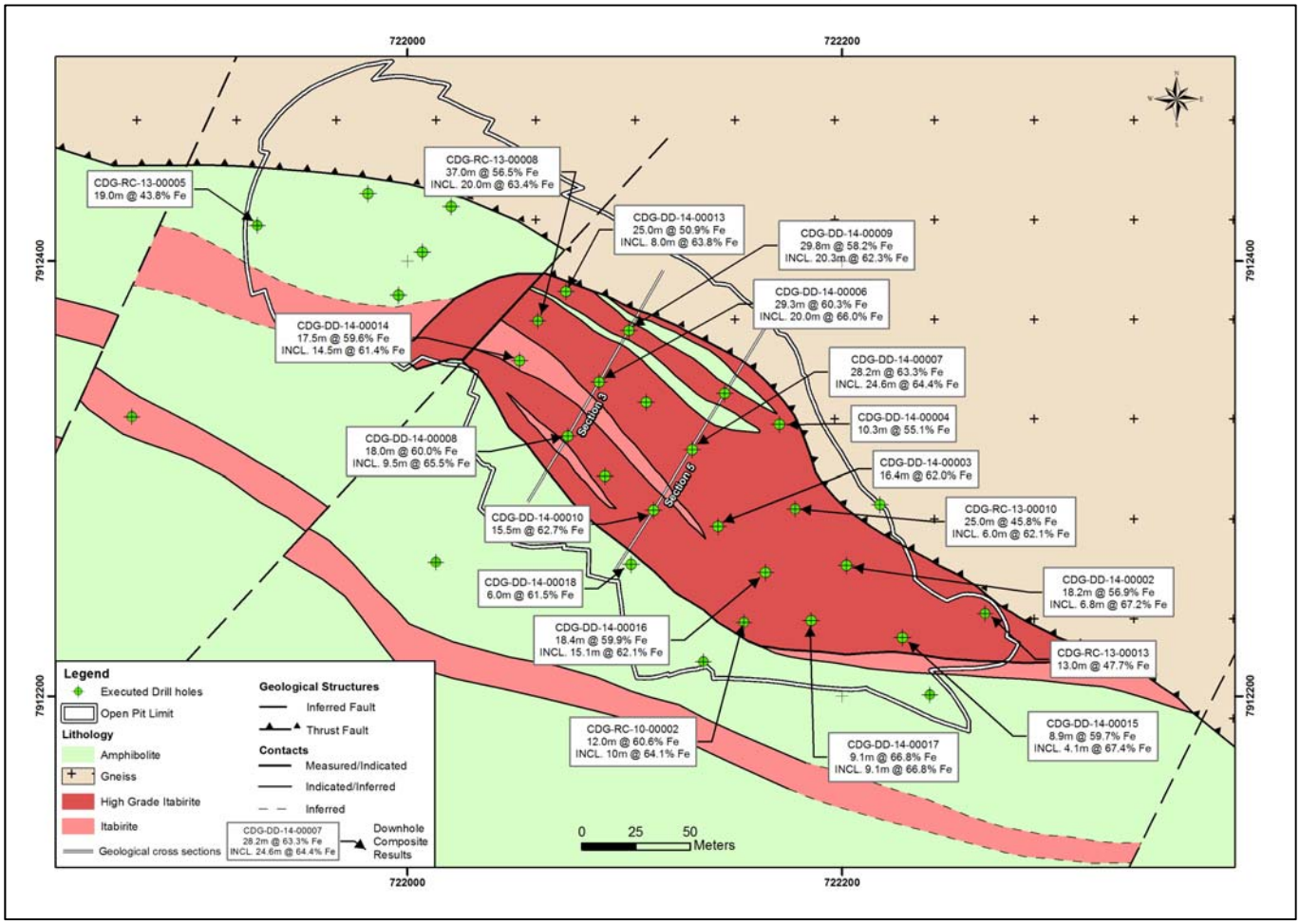


Figure 3 – Candonga Iron Ore Project – Schematic Cross Section 3

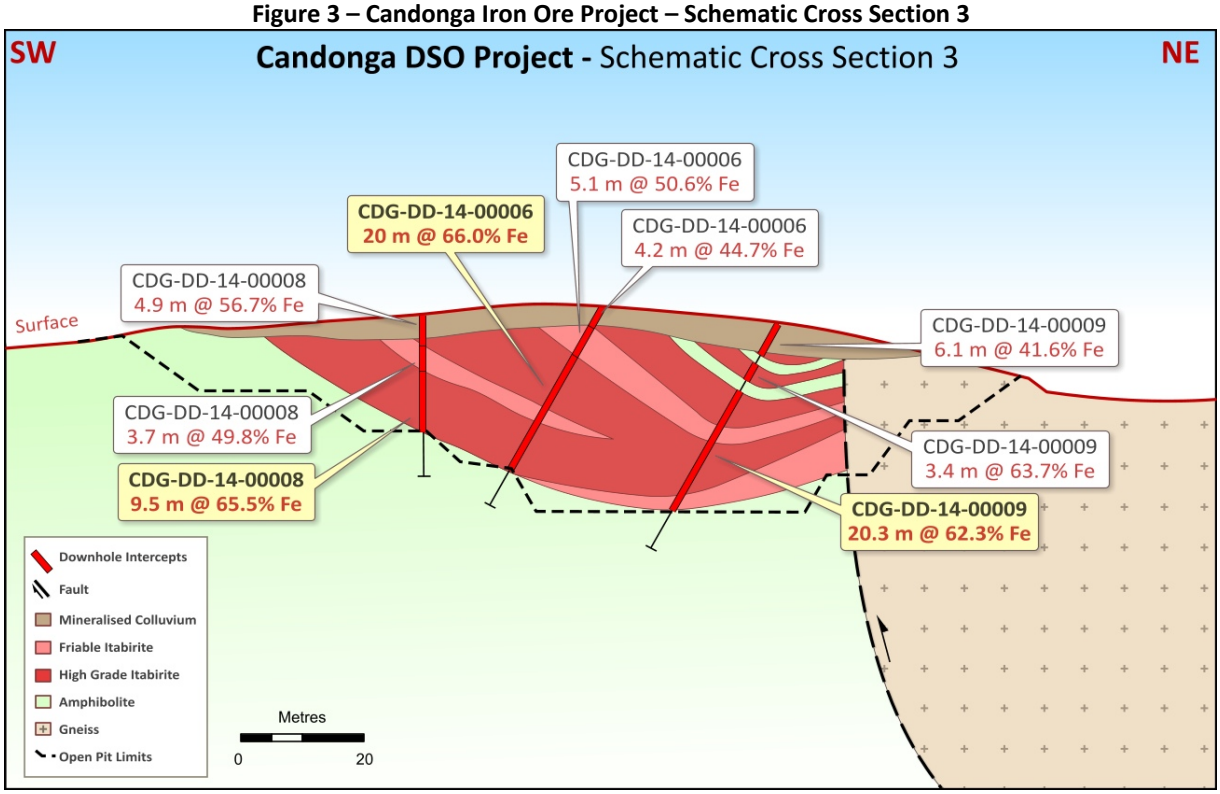


Figure 4 – Candonga Iron Ore Project – Schematic Cross Section 5

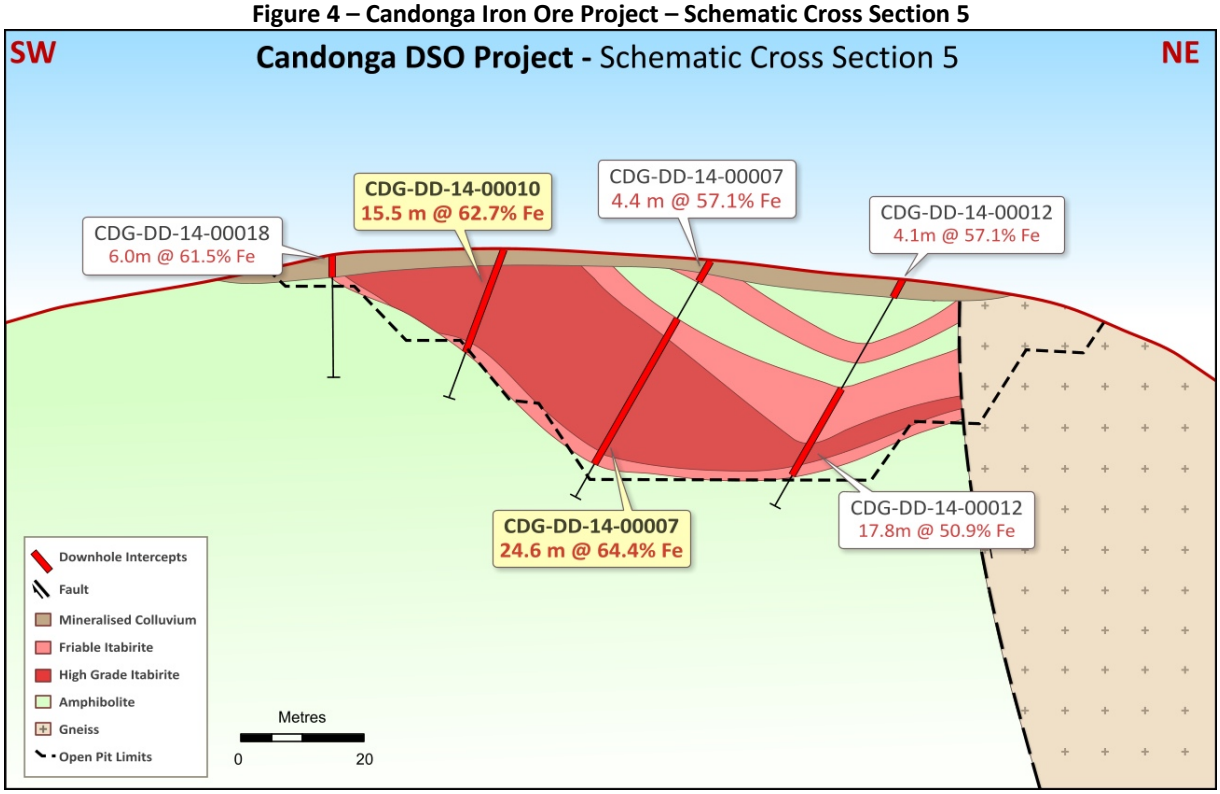


Table 4 – Candonga Project JORC 2012 Ore Reserve Estimate – September 2014

Ore Category	Mineralisation Type	JORC Category	wmt ('000)	Fe	SiO_2	Al_2O_3	P	LOI
DSO*	High Grade Itabirite	Proved	431	64.9	4.5	1.3	0.03	0.1
		Probable	277	64.8	5.2	0.9	0.03	0.1
		TOTAL	708	64.9	4.8	1.1	0.03	0.1
	Mineralized Colluvium	Proved	15	63.2	5.2	2.5	0.02	0.9
		Probable	3	63.8	5.2	1.9	0.02	0.1
		TOTAL	18	63.3	5.2	2.4	0.02	0.7
	Total	**Proved**	**446**	**64.8**	**4.5**	**1.3**	**0.03**	**0.2**
		Probable	**280**	**64.8**	**5.2**	**0.9**	**0.03**	**0.1**
		TOTAL	**726**	**64.8**	**4.6**	**1.3**	**0.03**	**0.1**
LBO**	High Grade Itabirite	Proved	60	59.1	11.8	1.8	0.03	0.5
		Probable	38	57.8	13.6	1.7	0.03	0.5
		TOTAL	98	58.6	12.5	1.8	0.03	0.5
	Mineralized Colluvium	Proved	116	55.2	12.2	4.8	0.05	2.7
		Probable	37	55.1	12.2	5.0	0.04	2.5
		TOTAL	153	55.2	12.2	4.8	0.05	2.7
	Friable Itabirite	Proved	186	51.4	23.4	1.3	0.04	0.8
		Probable	46	49.6	26.3	1.2	0.03	0.6
		TOTAL	232	51.1	24.0	1.3	0.04	0.8
	Total	**Proved**	**362**	**53.9**	**17.9**	**2.5**	**0.04**	**1.4**
		Probable	**121**	**53.9**	**18.0**	**2.5**	**0.04**	**1.2**
		TOTAL	**483**	**53.9**	**17.9**	**2.5**	**0.04**	**1.3**
TOTAL		**Proved**	**808**	**59.9**	**10.5**	**1.9**	**0.03**	**0.7**
		Probable	**401**	**61.5**	**9.1**	**1.4**	**0.03**	**0.4**
		TOTAL	**1,209**	**60.5**	**10.0**	**1.7**	**0.03**	**0.6**

**DSO ("Direct Shipping Ore") – ore that requires no beneficiation to produce saleable lump, hematitinha or sinter feed products; 61.3% Fe cut-off grade;*
***LBO ("Lump Blending Ore") – ore that produces lump and hematitinha products within market specifications after blending with DSO lump and hematitinha products; 45% Fe cut-off grade;*

Table 5 – Candonga Project JORC 2012 Mineral Resource Estimate – August 2014

Mineralisation Type	JORC Category	wmt ('000)	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
High Grade Itabirite**	Measured	500	64.3	5.2	1.4	0.03	0.17
	Indicated	359	64.1	6.2	1.0	0.03	0.06
	Measured + Indicated	859	64.2	5.6	1.2	0.03	0.13
	Inferred	155	63.4	6.4	1.2	0.03	0.19
	TOTAL	1,014	64.1	5.7	1.2	0.03	0.14
Mineralised Colluvium*	Measured	106	58.3	9.3	3.9	0.04	2.11
	Indicated	41	56.7	10.7	4.4	0.05	2.20
	Measured + Indicated	147	57.8	9.7	4.1	0.04	2.14
	Inferred	21	56.6	10.4	4.9	0.05	2.29
	TOTAL	168	57.7	9.8	4.2	0.04	2.16
Friable Itabirite***	Measured	189	51.4	23.5	1.3	0.04	0.81
	Indicated	2,673	40.9	32.3	3.8	0.08	3.12
	Measured + Indicated	2,862	41.6	31.7	3.7	0.08	2.96
	Inferred	3,479	41.1	31.5	4.1	0.08	3.35
	TOTAL	6,341	41.3	31.6	3.9	0.08	3.17
Compact Itabirite***	Measured	-	-	-	-	-	-
	Indicated	15	40.0	33.7	1.4	0.07	1.92
	Measured + Indicated	15	40.0	33.7	1.4	0.07	1.92
	Inferred	1,856	39.5	32.0	4.3	0.08	3.41
	TOTAL	1,871	39.5	32.0	4.3	0.08	3.40
TOTAL	**Measured**	**795**	**60.4**	**10.1**	**1.7**	**0.03**	**0.58**
	Indicated	**3,088**	**43.8**	**29.0**	**3.5**	**0.08**	**2.74**
	Measured + Indicated	**3,883**	**47.2**	**25.1**	**3.1**	**0.07**	**2.30**
	Inferred	**5,511**	**41.3**	**30.9**	**4.1**	**0.08**	**3.28**
	TOTAL	**9,394**	**43.7**	**28.5**	**3.7**	**0.07**	**2.87**

**50% Fe cut-off grade applied; **55% Fe cut-off grade applied; ***20% Fe cut-off grade applied; Mineral Resources are inclusive of Ore Reserves.*

APPENDIX A – JORC Code, 2012 Edition – Table 1 Compliance Statement for Candonga Project

SECTION 1 - SAMPLING TECHNIQUES AND DATA

(Criteria in this section apply to all succeeding sections).

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 samples were split and pulverised to ±50g samples for XRF and titration analysis. • RC samples were taken at 1m intervals from which 3-5kg samples were split, prepared and analysed as above. • Diamond samples were taken at maximum 1.4m 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 of the Project are 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. • Classification testwork samples from drill core were continuous with the minimum sample interval being 1.0m. A ¼ core sample was taken and the minimum sample weight was 3.5kg with maximum sample weight being 25kg. All sample intervals are described in the ASX announcement dated 18 August 2014. • For classification bulk samples, a small excavator was used to target samples of specific lithologies (in situ itabirite and mineralised colluvium). Sample weights were between 250-500kg
Drilling techniques	• Historically three diamond holes (HQ) were drilled by Cenibra for a total of 95m in 2007. These holes are not used in the resource estimation. • Centaurus completed 1 diamond drill hole (HQ) for a total of 88m in 2010. • RC drilling employed a 5.5" face hammer. Centaurus completed 27 RC holes for a total of 1,654m in 2010 and 2013. • Centaurus has completed a further 25 diamond drill holes (HQ) for a total of 784m in 2014 of which 17 holes for a total of 484m were used in the Mineral Resource estimate reported on 1 September 2014. Assays are pending for the remaining 8 holes. • Hole depths range from 12 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%. There were localised core loss issues due to changes in material type. Drilling was controlled to maximize core recovery. • 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 used in the resource estimate is 2,226m. 100% has been logged. The total length of trenches is 444m. 100% has been logged.

Criteria	Commentary
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. • All samples were received and prepared by ALS, SGS 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. • Classification samples for the Candonga DSO Project have been taken from the first 17 holes of the 2014 diamond program. • All metallurgical samples were received and prepared at the Centaurus SPF. The samples were received naturally dry. After homogenization the sample was crushed to -32mm and water was added to simulate 4% and 7% natural moisture. • Dry sieve analysis was completed using a screening plant for the following size fractions: -31.5mm, -19.0mm and, -6.3mm. • The product samples were split to 1kg then pulverised and split further to a 100g aliquots that were sent to SGS Geosol for chemical analysis.
Quality of assay data and laboratory tests	• All chemical analysis was completed at ALS, SGS 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. • The ALS, SGS 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) 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.

Criteria	Commentary
Verification of sampling and assaying	• All significant intersections are verified by alternative Company personnel before release. As part of Resource estimation processes, 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.
Data spacing and distribution	• Drill sections run perpendicular to the high grade itabirite mineralisation at spacing between 30-40m. Drill spacing away 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 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 listed in the preceding section also apply to this section).

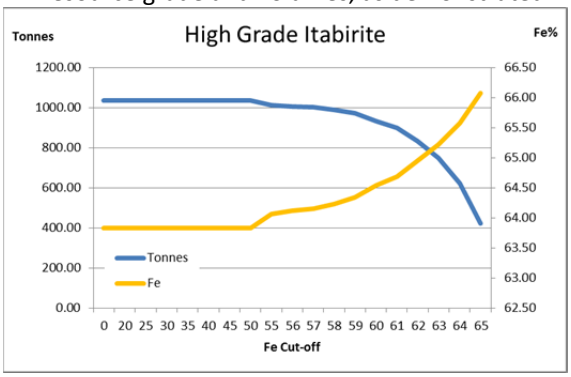
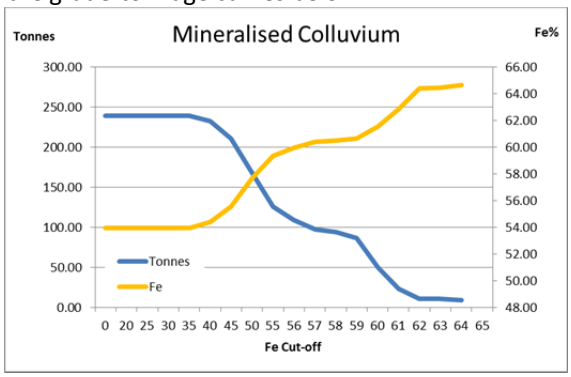
Criteria	Commentary
Mineral tenement and land tenure status	• The Candonga Project tenement (DNPM 831.629/2004) is 100% owned by Centaurus. • The tenement is part of the Cenibra-Centaurus Agreement. Centaurus will pay a vendor royalty of 0.85% of gross revenue on any product sold from the tenement. • 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 Trial Mining License was submitted on 11 April 2014. 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. This work is not incorporated into the Resource.
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 60m. • 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 56 holes for 2,621m have been completed by Centaurus on the Candonga Project including 29 diamond holes for a total of 967m and 27 RC holes for a total of 1,654m. From the current drilling 17 holes (484m) are included in the resource estimate. The remaining 8 holes have assays pending. Diamond holes drilled by Cenibra in 2007 are not included in the resource due to low confidence in analysis. • Refer to ASX Announcement on 1 September 2014 for full details of drill hole results.
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*) • 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	• Exploration results are not being reported in this announcement. 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 2012 Mineral Resource estimate has been completed on the Candonga Project. Refer to ASX announcement on 1 September 2014 for full details of the estimate. • Classification test work has been carried out on the Candonga high grade itabirite, mineralised colluvium and friable itabirite mineralisation. • See ASX announcement on 18 August 2014 for details of classification results on drill core samples. • See ASX announcement on 31 March 2014 for details of the in situ bulk trench results.
Further work	• The Company completed a Feasibility Study in conjunction with the Ore Reserve estimate. Further mine planning work will be undertaken before mining commences.

SECTION 3 - ESTIMATION AND REPORTING OF MINERAL RESOURCES

(Criteria listed in Section 1, and where relevant in Section 2, also apply to this section).

Criteria	Commentary
Database integrity	• All data is entered into excel data sheets and imported into a Micromine Geobank database. Project geologists validate the data entry. • Assay files are sent electronically from the labs. These files are imported directly into Geobank by the database geologist. The database geologist is responsible for up-dating the database and generation of validation reports. • The independent resource geologist responsible for the Resource estimation ran additional validation checks on the database before completing the estimation. There were no critical database issues at the time of the final Resource estimation.
Site visits	• The Competent Person for this report, Volodymyr Myadzel (Senior Resource Geologist) for Micromine Brazil visited the site in December 2010 to complete an external audit of Centaurus' drilling, sampling, QAQC, and logging procedures. No significant issues were revealed during the audit that would be material to the outcomes presented in this Resource estimate.
Dimensions	• With the combination of the Coruja, Aguia and other minor targets, the Candonga Resource has dimensions of approximately 1,500m of total strike length. The ore body outcrops in most places with a localized thin colluvial cover in places and generally open at depth with the deepest mineralisation being intersected at 88 m depth. The itabirite mineralisation is between 10-40m thick with the average thickness in the main deposit (Coruja) being around 30m. • Block model extends from 721516mE to 723231mE and 7911183mN to 7912494mN and elevation from 740mRL to 986mRL (surface).
Moisture	• Tonnage is estimated on an in situ basis. • Moisture measurements were completed as part of the detailed process test work sample regime. An in situ moisture content of 6% was determined. • Due to the significant topographical relief across the resource area the water table depth is quite variable but on average sits 40m below the surface. The DSO component of the resource is located 100% above the water table.
Geological interpretation	• There is good confidence in the geological interpretation of the central zone of the mineral deposit. In this zone the high grade itabirite lens which is hosted in a broader itabirite zone is consistent in grade and geometry both on section and along strike. Further work needs to be carried out on distal zones to improve understanding. These zones are generally classified in the Inferred Resource category. • Surface and trench mapping as well as the ground magnetics geophysics were used for the interpretation of mineralisation and stratigraphy where there was no drill hole support. • Lithological domaining of the itabirite mineralisation was completed using geological logging with the aid of geochemical analysis. The four domains reported are mineralised colluvium, high grade itabirite, friable itabirite and compact itabirite. These domains are important in the building of the geo-metallurgical model and determination of lump-fines splits and product grain size distributions. • Fe grades within the high grade itabirite lens are consistent; the lens contacts are sharp and in general hosted within the larger friable itabirite zone. The northern limit of the high grade lens and itabirite zone is truncated by an east-west orientated sub-vertical thrust fault. • The Fe grade within the itabirite reduces slightly with depth due to the effect of supergene enrichment near surface. • The interpretation of the friable and compact boundaries was derived primarily from a hardness scale with support from geochemical analysis where appropriate. • Centaurus Project Geologists were responsible for all stratigraphic, structural and mineralisation wireframe interpretations. They were then passed to the independent resource geologist (Competent Person) to review and generate the block model.

Criteria	Commentary
Estimation and modelling techniques	• Itabirite mineralisation was domained according to hardness (Friable and Compact) and mineralisation style (high grade or friable). Mineralised colluvium was domained separately and is considered friable. Each geological unit was domained and estimated separately using hard boundaries. Mineralisation was divided into eight domains. • The interpretation was developed off vertical sections. Geological data was extrapolated to half the distance between the vertical sections (30m) and 100m in depth from the deepest drill hole. 3D wireframes were built using Micromine 14.0.6 software. From the wireframes a block model was built and interpolated. • Inverse Distance Weighting (IDW^2) was used to estimate a standard suite of 12 elements (Fe, SiO_2, Al_2O_3, P, Mn, TiO_2, CaO, MgO, K_2O, Na2O, Cr_2O_3 and FeO) as well as LOI. • Parent block size is X=25m, Y=25m and Z=10m with sub block size of X=2.5m, Y=2.5m and Z=2.5 m. Average distance of sample spacing for Measured and Indicated is 45m and the search ellipse longest axis is 50m. Search directions and ranges are domain specific and are determined from the structural positioning of the ore body. • All block estimates are based on interpolation into parent block volumes. • The parent block and sub block height of 10m and 2.5m respectively was assumed based on expected bench and flitch heights in waste and ore. • The Mineral Resource estimate does not include any form of dilution, apart from internal waste which could not be separated out. • No assumptions regarding correlation between variables has been made, however, it is observed that there are direct inverse relationships between Fe and SiO_2. • The itabirite mineralisation has clear lithological boundaries and has a Gaussian distribution so top cuts are not applied. A lower cut-off of 20% Fe was applied for the friable and compact itabirite mineralisation as that appears to be the natural cut off. • Standard model and estimation validation was completed using standard visual and statistical methods. Visual comparisons of composite drill data with block data were completed, all with suitable results. Visual validation of grade trends was carried out. No mining has taken place and as such no reconciliation data is available.
Cut-off parameters	• A cut-off of 55% Fe was applied to the high grade itabirite to achieve an average resource grade similar to the average grade of the process testwork samples. A cut-off of 50% Fe was applied to the mineralised colluvium to achieve an average resource grade similar to the average grade of the process testwork samples. Lower cut-off grades than these make a minor difference to average resource grade and volumes, as demonstrated in the grade-tonnage curves below.   • The cut-off grade for the itabirite mineralisation is set at >20% Fe, which appears to be a natural grade boundary between itabirite and ferruginous quartzite. Additional process test work carried out on <20% Fe material demonstrates it is up-gradable to saleable product but at low mass recoveries. • No cut-off grades were applied on other contaminant elements.
Mining factors or assumptions	• Mining is assumed to be carried out via open pit method using conventional backhoe excavator methods with ore and waste being mined on 5-10m benches with 2.5m flitches. Haulage distance will be relatively short, less than 500m. Small off-road trucks of 25-35t will be used. This is a common mining fleet configuration in Brazil. • No drill and blast will be required in the high grade itabirite mineralised zone. • Due to the visual nature of the ore to waste contacts a dilution factor of 3% and a mine recovery of 98% was applied in the Ore Reserve estimation. These are in line with industry standards for itabirite ore in Brazil.

Criteria	Commentary
Metallurgical factors or assumptions	• The focus of the Candonga Project will be the DSO mineralisation (high grade itabirite and mineralised colluvium). This material will require dry crush and screen process to classify three product types: lump (+19.0mm), hematitinha (-19.0mm+6.3mm) and sinter feed (-6.3mm). • Product sizing classification results from diamond drilling and bulk trench sampling have demonstrated that the DSO mineralisation at Candonga can deliver 25-40% of the mineralisation as a lump and hematitinha product with an average grade of +64% Fe. The remaining DSO material is classified as a sinter feed product with an average iron grade of +64% Fe. • Refer to ASX announcements on 18 August 2014 and 31 March 2014 for full details of the relevant classification test work. • The resource also includes friable itabirite. This material is lower grade and as such to produce a saleable iron ore concentrate the ore must pass through a number of process stages.
Environmental factors or assumptions	• Both the mine waste and the plant rejects have been studied for potential acid production and both were found to be inert. • The Environmental Licence Application, known as the RCA/PCA, was lodged with the State Environmental Authority (Supram) in May 2014.
Bulk density	• Wet bulk density measurements were completed via two methods: dill core dimensional calculation (101) and water displacement (38). Measurements were taken every 5m in the mineralisation and every 10m in waste. Dimensional calculation was completed for friable material using a 20cm steel mould cutting the whole core which was then weighed. Water displacement was carried out on 10-20cm whole core compact samples. • The resulting wet bulk density for the mineralised zones was 2.55t/m^3 for mineralised colluvium, 2.8t/m^3 for high grade itabirite, 2.5t/m^3 for friable itabirite and 3.0 t/m^3 for compact itabirite. • The results are considered to be conservative when benchmarked against similar high grade itabirite deposits in the Iron Quadrangle, Brazil.
Classification	• Resources have been classified by the independent Competent Person in accordance with the JORC Code 2012 Edition. • Mineral Resources have been classified by the Competent Person in Measured, Indicated and Inferred categories based on diamond and RC drill hole spacing (30mx30m), geological interpretation confidence, grade continuity, QAQC and geological data confidence. • Mineral Resource classification has appropriately taken into account the data spacing, distribution, continuity, reliability, quality and quantity of data. • The input data is comprehensive in its coverage of the mineralisation and does not misrepresent in-situ mineralisation. • The definition of mineralised zones is based on a high level of geological understanding producing a robust model of mineralised domains. • The results of the validation of the block model show good correlation of the input data to the estimated grades. • The geological model and Mineral Resource estimation appropriately reflects the Competent Person's view of the deposit and appropriate account has been taken of all relevant factors.
Audits or reviews	• As part of the Resource estimation process the geological procedures and data were internally reviewed by Micromine, the Company responsible for the estimate. The report finds the sample techniques and data collection and management to be in line with current industry standards.
Discussion of relative accuracy/ confidence	• The confidence in this Resource estimate has been deemed appropriate for medium to long term planning and mine design. It is not sufficient for shorter term planning and mine scheduling. • The Candonga Resource estimate is sufficient for Feasibility level study purposes. This statement relates to global estimates of tonnage and grade. • Operational management of the mine geology and engineering will be important in the control of the local variability and consequently the short term mine planning. • There has been no production from the Candonga Project.

SECTION 4 - ESTIMATION AND REPORTING OF ORE RESERVES

(Criteria listed in section 1, and where relevant in sections 2 and 3, also apply to this section.)

Criteria	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• The Mineral Resource estimate on which this Ore Reserve estimate has been based was prepared by Volodymyr Myadzel (Senior Resource Geologist) for Micromine do Brasil Consultoria e Sistemas Ltda. Refer to ASX announcement on 1 September 2014 for full details of the Mineral Resource estimate. • The Mineral Resource estimates are not in addition to the Ore Reserve estimate. The Ore Reserve estimate is a sub-set of the Mineral Resource estimate.
Site visits	• The Competent Person is Mr Beck Nader, Director of Micromine do Brasil Consultoria e Sistemas Ltda. • No site visit was undertaken as presently there are no existing mine workings to examine. Mr Nader relied on observations made by Mr Myadzel who visited the site in December 2010.
Study status	• A Feasibility Study has been completed by Centaurus and independent engineers (Micromine). Refer to ASX announcement on 30 September 2014 for full details of the Feasibility Study results.

Cut-off parameters	• The cut-off grade was selected primarily based on marketing criteria:
	  • For the DSO (Direct Shipping Ore) ore feed a cut off of 61.3% Fe was used to meet the Sinter Feed product specification limit of 64% Fe,
	  • For the LBO (Lump Blending Ore) ore feed a cut off of 45.0% Fe was used to meet the Lump and Hematitinha product specification limit of 62% Fe once blended with the DSO product,
	• Itabirite material with cut-off above 20% Fe will be stockpiled as a low grade product (ie. mineralised waste).

Mining factors or assumptions	• The resource was optimised using Micromine optimising software. • Only Measured and Indicated Resource categories were used in the optimisation process. • The resource will be mined using traditional open pit mining methods. There are no pre-strip requirements and site access preparations are minimal and will be carried out by the mining contractor. • The overall average slope angle used for the optimisation was 42 degrees. These angles are conservative and based on a study by geotechnical specialists Itaaçu Geologia e Engenharia Ltda. • A project grade control management plan will be implemented by the grade control geologist/engineer. This will include blending from the material from the pit/ROM to the crusher as well as the blending of products. Grade control sampling will be conducted via trench face and stockpile sampling. There is no pre-production grade control drilling planned. • Ore Reserve tables are stated in wet metric tonnes (wmt). The moisture has been estimated at 6%. • A mining dilution factor of 3% has been applied for the deposit. The ore contacts are sharp and visual and the small mining equipment will allow for selective mining. • A mining recovery factor of 98% has been utilised. Similarly to mine dilution, the configuration of the deposit and the selected mining equipment will allow good mining recoveries to be achieved. • A minimum mining face width of 20 metres has been used for the design of the scheduled pits. This is a safe mining width for the size of the proposed equipment. • Inferred Mineral resources have not been used in the pit optimisation and pit design. All in pit Inferred Mineral resources have been reported to low grade waste. • Infrastructure requirements for the selected mining method will include waste dumps, stockpile areas, haul roads, workshops, fuel storage, water catchment, weighbridge, office laboratory and amenities.
Metallurgical factors or assumptions	• Centaurus proposes to crush and screen ore to three products: lump (-31.5 + 19.0 mm), hematitinha (-19.0 + 6.3 mm) and sinter feed (-6.3mm). • The process of dry crush and screen of high grade itabirite ore in the Brazilian mining industry is common well tested technology. • Centaurus completed screening tests to simulate the proposed dry beneficiation on 6 bulk trench samples and 57 diamond core samples. Samples tested are representative both spatially and of the different ore lithologies. • A weighted average product split was determined for each lithology and then applied to the mine sequencing to determine the final product masses.

<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td></td><td>

To determine the in situ cut-off grade between ore types, a product regression formula for each of the three product types was implemented. The formula was derived from results of the 57 test work samples completed and demonstrates that there is an average increase in Fe grade for the Lump and Hematitinha and a decrease in Fe grade for the Sinter Feed. The opposite is observed for SiO_2 and Al_2O_3. No change is observed in P.
The Candonga ore is high grade itabirite composed primarily of iron oxides (hematite and magnetite). The market specifications for these ore types are variable for each product type. The Candonga product comfortably meets the Brazilian domestic market specifications.

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<tr><td>Environmental</td><td>

In May 2014, Centaurus lodged an environmental licence called a RCA/PCA with the State Environmental Authority (Supram). This will allow 1.5Mtpa of dry processing. Supram technicians conducted the initial site inspection on 26 August 2014 and no issues of note were raised during the visit. Approval of the licence is expected in Q1 2015.

</td></tr>
<tr><td>Infrastructure</td><td>

The Candonga Project is located 15km from sealed highways and 110-350 km from potential customers (integrated steel mills and pig iron producers);
Power for the proposed plant will be provided by diesel motors and a diesel storage facility will feed the mining fleet. The office and amenities will be connected to grid power. Water catchment is readily available in the project area.
The project is located 15km from the regional city of Guanhães which has a population of 50,000.

</td></tr>
<tr><td>Costs</td><td>
Capital Costs
Process plant and other capital costs were developed by Centaurus using supplier information.

The FS estimated capital costs for the Project are shown in the Table below.

<table>
<tr><th>Capital Equipment</th><th>Total (A$M)</th></tr>
<tr><td>DIRECT COSTS</td><td></td></tr>
<tr><td>Pre Strip & Mine Preparation</td><td>0.4</td></tr>
<tr><td>Infrastructure</td><td>1.2</td></tr>
<tr><td>Crushing & Screening</td><td>1.6</td></tr>
<tr><td>TOTAL DIRECT CAPEX</td><td>3.2</td></tr>
<tr><td>INDIRECT COSTS</td><td></td></tr>
<tr><td>Owner Costs</td><td>0.2</td></tr>
<tr><td>TOTAL INDIRECT CAPEX</td><td>0.2</td></tr>
<tr><td>CONTINGENCY</td><td>0.2</td></tr>
<tr><td>TOTAL CAPEX</td><td>3.6</td></tr>
</table>

Operating Costs
Mining costs are the largest component of the operating costs and were estimated using information from the mining contractor’s proposals.

The total operating costs for the project are:

<table>
<tr><th>Operating Costs</th><th>A$ per wet tonne product</th></tr>
<tr><td>Mining</td><td>8.7</td></tr>
<tr><td>Processing</td><td>2.1</td></tr>
<tr><td>General & Administration</td><td>1.7</td></tr>
<tr><td>SITE OPERATING CASH COST (C1)</td><td>12.5</td></tr>
<tr><td>Royalties – Government and Other</td><td>2.4</td></tr>
<tr><td>TOTAL OPERATING CASH COSTS (C1 + Royalties)</td><td>14.9</td></tr>
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<table>
<tr><th>Criteria</th><th>Commentary</th></tr>
<tr><td></td><td>

The Project assumes mine gate sales as is the custom in the Brazilian market.
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 iron ore projects in Brazil are subject to the CFEM royalty, a government royalty of 2% of revenue (less taxes and logistics costs).
A State levy known as the TFRM fee will be payable at a rate of approximately A$1.28 per tonne of product sold.

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<tr><td>Revenue factors</td><td>

The average FOB price (across all product types) used in the Feasibility Study was A$41/wmt.
Given the short life of the project foreign exchange assumptions are fixed over the period of the mine life. Forecasts of AUD/USD - 0.89 and AUD/BRL - 2.05 have been used.
Centaurus engaged CRU for product pricing guidance. Pricing was further benchmarked against current operations. Pricing is specific to product type and quality.
The Micromine optimisation used a conservative pit that utilized a Fe price 55% of the project pricing assumption.

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<tr><td>Market assessment</td><td>

Centaurus engaged CRU for marketing guidance. Additionally Centaurus has been in negotiations with integrated steel mills for the off take of Jambreiro and Candonga products. Pig iron producers have shown interest in lump products. They are dependent on hematitinha supply as they have no economic means of substitution for sinter or high cost pellets.
Approximately half of the annual Candonga production will be lump/hematitinha (+62% Fe) with the balance being a high grade (+64% Fe) sinter feed product.

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<tr><td>Economic</td><td>

The following sets out the high level economics of the Project

<table>
<tr><th>Key Financial Outcome</th><th>Total</th></tr>
<tr><td>Total Revenue</td><td>A$36.5 million</td></tr>
<tr><td>EBITDA</td><td>A$23.1 million</td></tr>
<tr><td>Capital Costs</td><td>A$3.6 million</td></tr>
<tr><td>Annual Average Operating Cash Flow Pre Tax</td><td>A$7.7 million</td></tr>
<tr><td>C1 Operating Cash Cost plus Royalties (per tonne Product)</td><td>A$14.9/t</td></tr>
</table>

The 2 key factors with the greatest impact on Project economics are product prices and exchange rates.

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<tr><td>Social</td><td>

Centaurus maintains strong working relationships with all stakeholders in the vicinity of the Project, including the landowners in the region.
The Company has been operating in the region since 2010 and has established a permanent field office in the city of Guanhães, 15km from the Project.

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<tr><td>Other</td><td>

The water catchment area is limited.
The area has no record history of earthquakes or natural disasters.
The project is planned to start on a trial mining licence that allows for mining of 300,000tpa of ore per licence. The application was lodged with the DNPM on 11 April 2014. The DNPM technical site visit was conducted on 16 September 2014. Centaurus expects the technical approval of the GU before November 2014. In parallel the Company will apply for a full mining licence expected to be granted in Q3 2015. There will be no additional environmental licence required for the full Mining Licence.
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. Supram technicians conducted the initial site inspection on 26 August 2014 and no issues of note were raised during the visit. The environmental Operating Licence is expected by April 2015.

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<tr><td>Classification</td><td>

Micromine has set a Proved and Probable classification for the Ore Reserves based on Measured and Indicated Mineral Resource classifications.
Micromine and Centaurus are satisfied that the economics of the Project are robust.
Micromine and Centaurus are satisfied that there are no material impediments preventing the Project’s progress from study to operations.

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</table>

Criteria	Commentary
	• No Probable Ore Reserves have been derived from Measured Mineral Resources.
Audits or reviews	• There have been no external audits or reviews.
Discussion of relative accuracy/ confidence	• The Ore Reserve estimates have been completed to a Feasibility Study level of confidence. • There is no production data for benchmarking of the Ore Reserve estimate. • The statement relates to global estimates. Factors that may affect global grade and tonnage estimates may include: geological interpretation, density assumptions, mining dilution and recovery and process performance. A detailed grade control plan will be implemented to control these factors. • The Micromine pit optimization was run on the prices used in the economic model. The pit chosen used a Fe price 55% of the Project price. This represents a very robust pit selection.