

DECEMBER 2015 QUARTERLY ACTIVITIES REPORT

29 January 2016



DECEMBER QUARTER HIGHLIGHTS

CORPORATE

- ▶ Formal alliance agreement executed with Terrativa Minerais SA (TA), one of Brazil's pre-eminent private exploration groups, significantly advancing Centaurus' diversification and growth strategy in Brazil.
- ▶ The Strategic Alliance provides Centaurus with 100% ownership of the Aurora Copper Project, located in the State of Ceará in NE Brazil, which has returned historical high-grade copper intersections including 12.5m at 2.4% Cu and 9.5m at 1.6% Cu.
- ▶ Parambu Copper Project in the State of Ceará also secured under the Terrativa Strategic Alliance. The Parambu tenements cover a highly prospective 23km strike length along pull-apart basin contacts where copper oxide mineralisation is present at surface at a number of locations.
- ▶ Completion of \$700,000 equity raising, comprising a strategic share placement and an oversubscribed Share Purchase Plan. The capital raising included a private placement of \$200,000 to Mr Ingo Wender, the President of Terrativa.
- ▶ Following completion of the transactions, Terrativa and its shareholders collectively hold a relevant interest in Centaurus of approximately 15.3%, making them the Company's largest shareholder.
- ▶ R\$1.2M (~A\$440,000) received during the Quarter from the previously announced Candonga transaction, bringing total amount received in 2015 to R\$2.0M (~A\$740,000).

EXPLORATION – MOMBUCA GOLD PROJECT

- ▶ Highest grade rock chip discovered to date at the Mombuca Project in SE Brazil – 12.2g/t Au.
- ▶ Strong magnetic structures highlighted by initial ground magnetic survey results. These structures are coincident with the location of the auriferous quartz veins within the Initial Target Zone ("ITZ").
- ▶ A trenching program is currently underway over the ITZ. This trenching work will deliver sub-surface geological information where the high grade rock chip samples and extensive historical artisanal mining work has been identified.

EXPLORATION – AURORA & PARAMBU COPPER PROJECTS

- ▶ Exploration work commenced at Aurora, with the initial work focused on integrating historical geological and geophysical datasets.
- ▶ Highly credentialed US-based geophysicist, Mr Robert B. Ellis, who specialises in South American base metals projects, engaged to assist with this next important phase of exploration.



STRATEGIC ALLIANCE WITH TERRATIVA MINERAIS SA

During the Quarter, Centaurus completed final documentation to formalise the multi-faceted Strategic Alliance with Terrativa Minerais SA ('Terrativa') announced on 24 September 2015, significantly advancing the Company's strategy to diversify its portfolio and reposition for future growth.

Concurrent with the completion of the Strategic Alliance, Centaurus also completed an equity raising which comprised a private Share Placement of \$200,000 to the President of Terrativa together with the oversubscribed Share Purchase Plan of A\$500,000. Terrativa and its shareholders now hold a stake of approximately 15.3% in Centaurus making them the Company's largest shareholder.

Terrativa is one of Brazil's pre-eminent private exploration groups and has amassed an extensive tenement position comprising some 200 tenements in Brazil over the last 10 years. From 2004 to 2011, Terrativa's principal focus was the exploration and evaluation of the Morro de Pilar (2.5Bt Fe) and Morro de Escuro (0.7Bt Fe) iron ore projects, culminating in the successful sale of these Projects to the Manabi Group in 2011.

Centaurus has an excellent long-standing relationship with Terrativa. The positive working relationship between the two companies' and their strong focus on quality exploration have culminated in Centaurus and Terrativa forming the Strategic Alliance to underpin future exploration efforts in Brazil. A summary of the revised project deal structures under the Strategic Alliance are outlined below.

Aurora – Revised Deal Structure

Under a revised deal structure with Terrativa, Centaurus has now acquired 100% of the Aurora Project tenements for the same consideration as previously agreed (being the issue of A\$150,000 of Centaurus shares to Terrativa).

The shares were issued, after shareholder approval for the issue was obtained on 10 December 2015, at a price of \$0.009, which represented a 30% premium to the 5-day VWAP share price on the relevant calculation date. Terrativa voluntarily escrowed the shares for a period of 12 months and this escrow period will run until 9 December 2016.

Under the revised deal structure, the key commercial terms of the Aurora acquisition are:

- Centaurus acquired 100% title to the tenements that form the Aurora Copper Project for the issue of A\$150,000 worth of shares in the Company;
- Centaurus will manage all exploration activities on the project area and commit to spend a minimum of R\$1 million (~A\$360,000) on exploration over a period of 18 months, including a minimum of 1,000 metres of drilling;
- At the end of that 18-month period, Terrativa may then exercise an option to come back into the Project with a 35% interest and then contribute to the ongoing project spending on a pro-rata basis;
- Should this first option not be exercised by Terrativa, Centaurus will continue to hold 100% and manage all future work activities;
- If Centaurus does not meet its minimum obligations within the required time period, then its equity interest in the Project would revert back to a 15% project interest;
- After completion of a Bankable Feasibility Study (BFS) and in the event that Terrativa has not yet exercised its first option to buy back into the project, Terrativa would then have a second option to come back into the Project with a 20% interest and then contribute to the ongoing expenditure on a pro-rata basis; and
- Should none of Terrativa's options be exercised, Centaurus will retain 100% of the Project and Terrativa will be granted a 2% production royalty.



Mombuca Gold Project – Restructure

As outlined in the Company's announcement on 24 September 2015, the previously agreed option exercise payment to Terrativa in relation to the Mombuca tenement has been replaced with a 2% production royalty over any future sales of minerals from the tenement.

Should the tenement be sold to a third party, and Centaurus retains no further interest in the Project area, then Terrativa has the option to forego the production royalty in favour of a 25% share of the sale proceeds received by Centaurus for its share of the Project.

Conquista Iron Ore Project – Restructure

The execution of the Strategic Alliance has also resulted in Centaurus completing an early exercise of its Option over the Conquista Iron Ore Project on revised favourable terms, such that the Company has now issued Centaurus shares instead of having to make any up front cash option exercise payment. This will allow Centaurus to direct any future expenditure on the Conquista Project towards value-adding exploration activities.

The shares issued to Terrativa for the option exercise were also made at \$0.009, representing a 30% premium to the 5-day VWAP of Centaurus' shares at the relevant calculation date, and were also voluntarily escrowed for 12 months through to 9 December 2016. In line with the existing option agreement, should Centaurus decide to divest this project in the future, Terrativa would retain a share of the sale proceeds.

Centaurus believes that the Conquista DSO Iron Ore Project has the ability to deliver a strong return for the Company in the near future. This is demonstrated by a continued strong level of interest shown by local operators in the Project. A key piece of the Company's corporate strategy moving forward will be to unlock the value of its existing iron ore portfolio in south-eastern Brazil to support its broader growth and diversification strategy.

EXPLORATION

MOMBUCA GOLD PROJECT

Exploration activities on the Mombuca Gold Project continued throughout the December Quarter, with the discovery of new high-grade surface rock chip samples combined with encouraging results from a ground magnetic survey continuing to assist in focusing exploration activities.

The most recent sample program results have returned the highest rock chip assay seen to date at Mombuca of 12.2g/t Au from an in situ quartz vein with fresh pyrite and limonite along the wall of a newly identified historical artisanal trench.

A stream sediment survey¹ confirmed that the Initial Target Zone ("ITZ") catchment is the most gold anomalous of the catchments that cover the project area. The prospectivity of the ITZ has been further established with additional high-grade results from rock chip samples that cover a suite of gold-bearing quartz veins located within the ITZ (see Figure 8). Full assay results were provided in the Company's ASX Announcement dated 7 December 2015.

Initial results from the recently completed detailed ground magnetic survey have also highlighted strong magnetic structures coincident with the location of the gold-bearing quartz veins in the ITZ, providing valuable assistance with exploration targeting. The results are preliminary and the Company is now undertaking more detailed interpretation work including 3D inversion of the survey data.

Ground Magnetic Survey

During the Quarter, the Company received preliminary results from a ground magnetic survey². The survey included 83 line kilometres covering a total area of 18km². Survey lines were orientated north-south with section spacings at 200m and surveys taken every 10m.

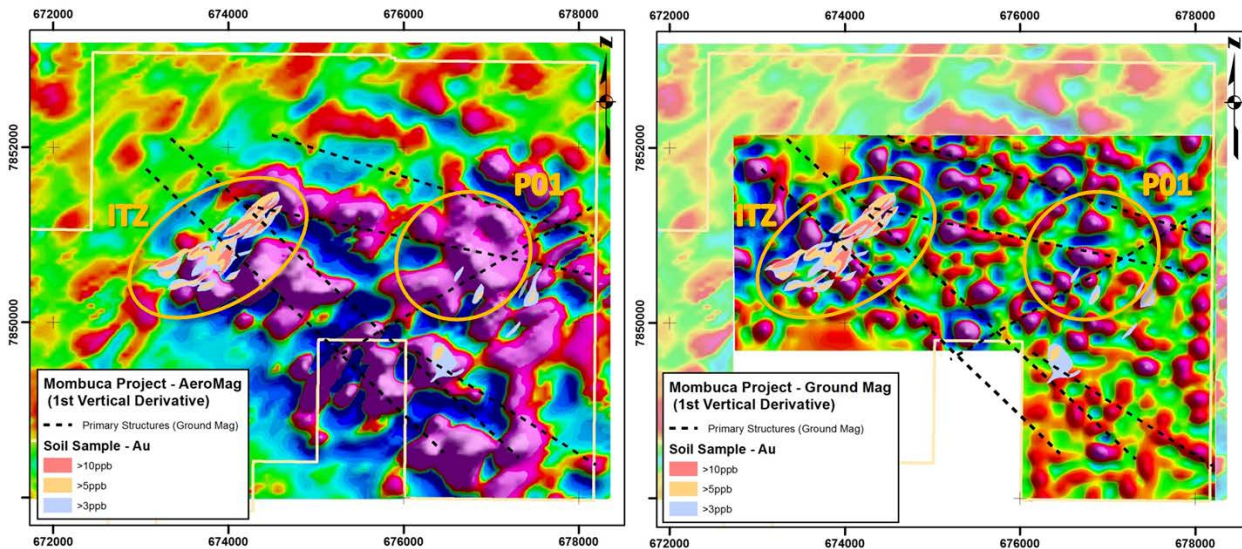
¹ Refer to ASX announcement on 9 September 2015 for full details of the Mombuca stream sediment results.

² Refer to ASX Announcement on 7 December 2015 for full details of the Mombuca magnetic survey results.

Previously completed interpretation work on regional aeromagnetic data, based on the First Vertical Derivative (“1VD”) (which emphasizes the near-surface (<200m) features), identified crustal-scale magnetic lineaments that are characterised by both high and low magnetic responses.

Preliminary interpretations of the recently completed ground magnetic survey have further defined the location of these structures as seen in Figure 1.

Figure 1: Aeromagnetics First Vertical Derivative (left) & Ground Magnetics First Vertical Derivative (right).



Of particular interest is the magnetic low structure, orientated in an east-south-east direction, which traverses the ITZ and P01 targets. This trend is coincident with the auriferous quartz veins that have returned rock chip samples of up to 12.2 g/t Au and is on the same orientation as the Brasiliano tectonic transport direction within the Iron Quadrangle.

The magnetic low features within the anomaly may be associated with either hematite-rich zones caused by hydrothermal upgrade of the itabirite or iron oxide depleted zones due to sulfidation of the itabirite, both of which are excellent structural targets for further exploration.

Initial Target Zone (“ITZ”)

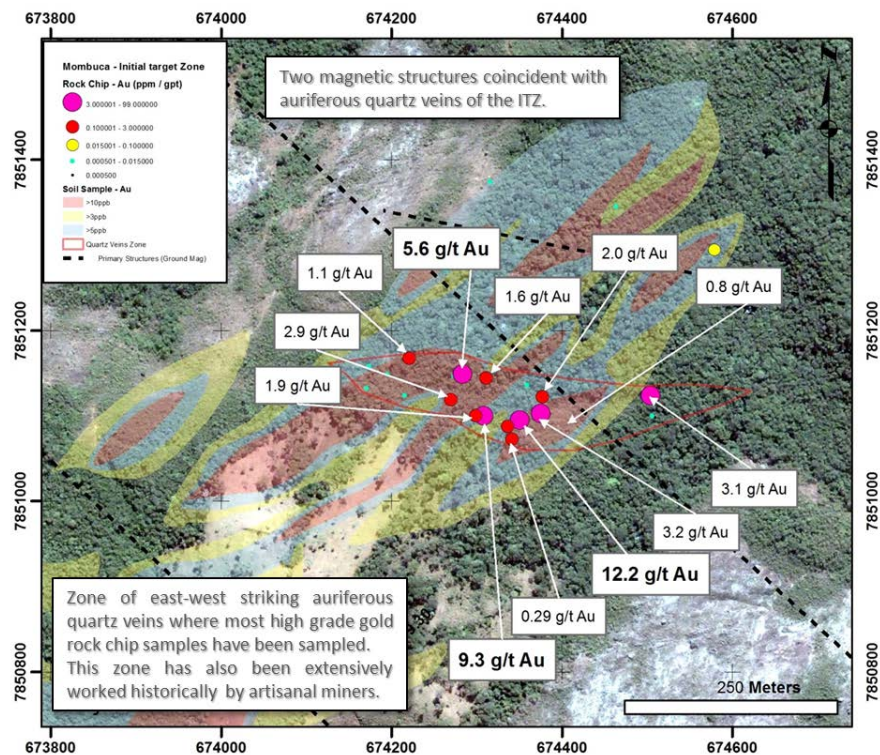
As previously outlined, recent rock chip samples from mineralized quartz veins in the ITZ returned the highest values seen at the project to date, including an assay of 12.2g/t Au. These rock chips were taken from the same area as a number of other high grade results, including 9.3g/t Au, 5.6g/t Au and 3.2g/t Au. Locations of the rock chip samples within the ITZ are shown in the map in Figure 2.

These rock chip samples were taken from in-situ quartz veins hosted in sericitic schists or ferruginous quartzite with limonite (of pyrite) and fresh pyrite. The veins are located in a zone that is roughly 350m long and up to 80m wide. Outcropping veins within this zone can be traced for around 50m to 80m before diving undercover.

The Company has recently identified further significant historical artisanal mining throughout this zone where a complex array of trenches up to 5m deep cover the ITZ, orientated parallel to the quartz veins. The Company believes that the garimpeiros mined the veins that held abundant pyrite to depths of up to 5m. The veins that Centaurus has identified at surface to-date are understood to be the “waste” veins that the garimpeiros left behind from their historical activities.

A number of adits around this zone have been identified but are closed. To the south of this zone there are a number of adits that are open and are understood to date from the same period as the artisanal trenching work in the ITZ. Sampling from these adits returned gold intercepts of up to 6m at 5.3g/t Au and 8m at 1.8g/t Au (full assay results are available in the Company’s ASX Announcement dated 7 December 2015).

Figure 2: Rock Chip Locations and Results in Initial Target Zone – Mombuca Gold Project



The Mombuca Exploration Program

The ITZ is the priority exploration target of the Mombuca Project. As discussed above, given the excellent results from the ground magnetic survey program, the Company is now undertaking more detailed interpretation work including 3D inversion of the survey data. Additionally a ground Induced Polarisation (IP) survey is being planned. Given the association of sulphides (pyrite) with the high grade gold identified at surface, an IP survey should outline the continuation of any sulphides at depth.

The Company is also currently undertaking a trenching program that will cross-cut the gold-bearing quartz veins identified in the ITZ. The trenches will give the Company new sub-surface geological information in an area where the high-grade rock chip samples and extensive historical artisanal mining work has been identified.

The results of this work will play an important role in improving the Company's geological understanding of the regional and project scale structures as well as gold distribution within the ITZ and greater project area, leading to the definition of drilling targets.



AURORA COPPER PROJECT

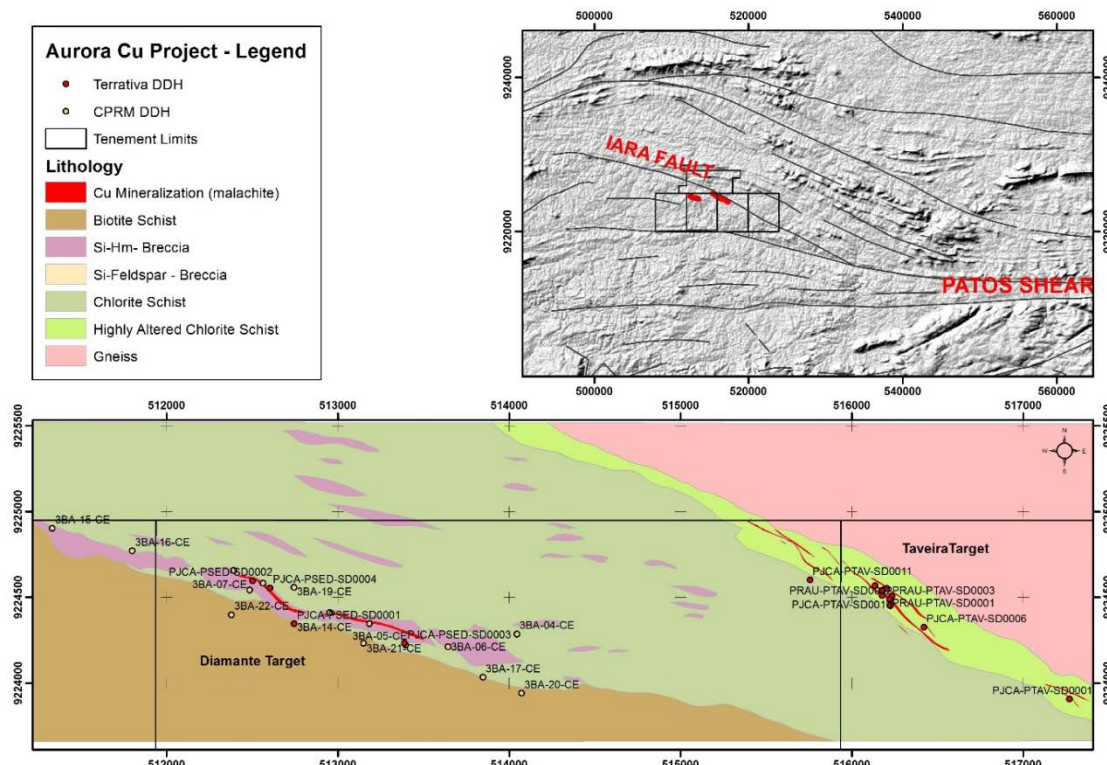
The Aurora Project is located in the north-eastern region of Brazil in the State of Ceará, approximately 350km south of the State capital Fortaleza. The Project has outstanding access to infrastructure, being located just 10km from the Transnordestina Rail (which is currently under construction and scheduled for completion in 2016) and with high-voltage power lines running through the project area (see Figure 3).

Figure 3: Centaurus Project Locations in North-East Brazil



The Aurora Project includes four exploration licences and an exploration licence application covering a total area of approximately 10,000Ha. The Project is located on a secondary shear zone of the Patos Shear (the principal shear zone in NE Brazil) within the Neoproterozoic mobile belt of the Borborema Province (see Figure 4).

Figure 4: Aurora Project Geology & Historical Drill Hole Locations



Primary copper mineralisation is hosted in multi-phase quartz-hematite breccias that cross-cut a metavolcanic-sedimentary sequence. Both primary and secondary copper mineralisation occurs in two principal target areas: the Diamante Target (south) and the Taveira Target (north) (see Figure 4). Historical drilling at Aurora has returned a number of significant intersections³ including:

- **12.5m at 2.4% Cu** from 101.5m in Hole 3BA-14-CE (CPRM);
- **9.5m at 1.6% Cu** from 46.0m in Hole 3BA-09-CE (CPRM);
- **6.9m at 0.93% Cu** from 47.0m in Hole PJCA-PSED-SD0002 (Terrativa);
- **1.3m at 5.28% Cu** from 32.0m in Hole PJCA-PTAV-SD0010 (Terrativa); and
- **12.0m at 0.79% Cu** from surface in Holes PJCA-PTAV-SD0007 (Terrativa).

Photos of some of the Terrativa core are shown in Figure 5 below.

**Figure 5: Left - Terrativa DDH PJCA-PSED-SD0002 (50.0-53.9 metres – 1.08% Cu);
Right - Terrativa DDH PJCA-PSED-SD0004 (109.0-110.0 metres – 2.13% Cu)**



Terrativa was successful in securing the tenements in 2014 following Vale's earlier relinquishment of the ground as their base metals focus shifted to the Carajas region. Terrativa initially completed regional and detail project mapping, soil and whole rock sampling (with samples of up to 19.5% Cu recorded) and a 21-hole diamond drilling campaign targeting the soil anomalies and outcrop.

Subsequent geophysical work (ground magnetics and gravity surveys) by Terrativa, integrated with soil geochem and IP images obtained from Vale public reports, have revealed a number of previously untested priority targets.

Copper anomalies in soils are coincident with a strong IP anomaly north of the Diamante target (see Figure 7). Small quartz-hematite breccias have been identified in the area and Centaurus will prioritize mapping of these new targets.

Centaurus has already completed initial field visits and is re-processing the Terrativa ground geophysics to generate new targets. Based on initial field observations and a desktop review, Centaurus intends to target two mineralisation types: shear-hosted copper mineralisation and Iron Oxide Copper-Gold ("IOCG"). Additional technical information on the project can be found in the Company's ASX Announcement dated 4 November 2015.

³ Refer to the ASX announcement on 24 September 2015 for full details on the exploration results for the Aurora Project.

Figure 6: Aurora Project – Historical Ground Magnetism and Gravity Survey (Terrativa)
100m spaced lines over main targets (lines approx. 500m). Anomalies outside blue rectangles should NOT be considered;

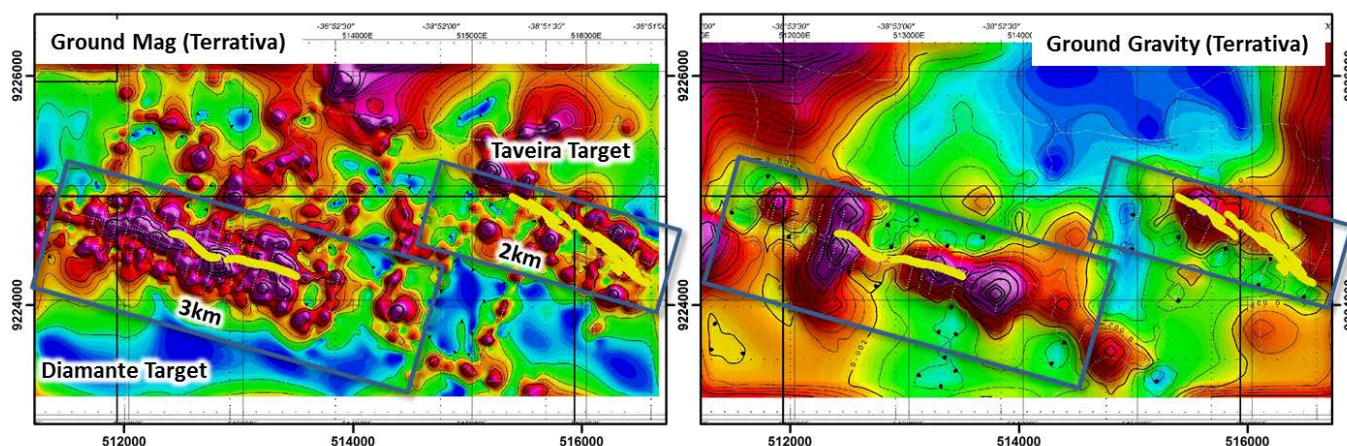
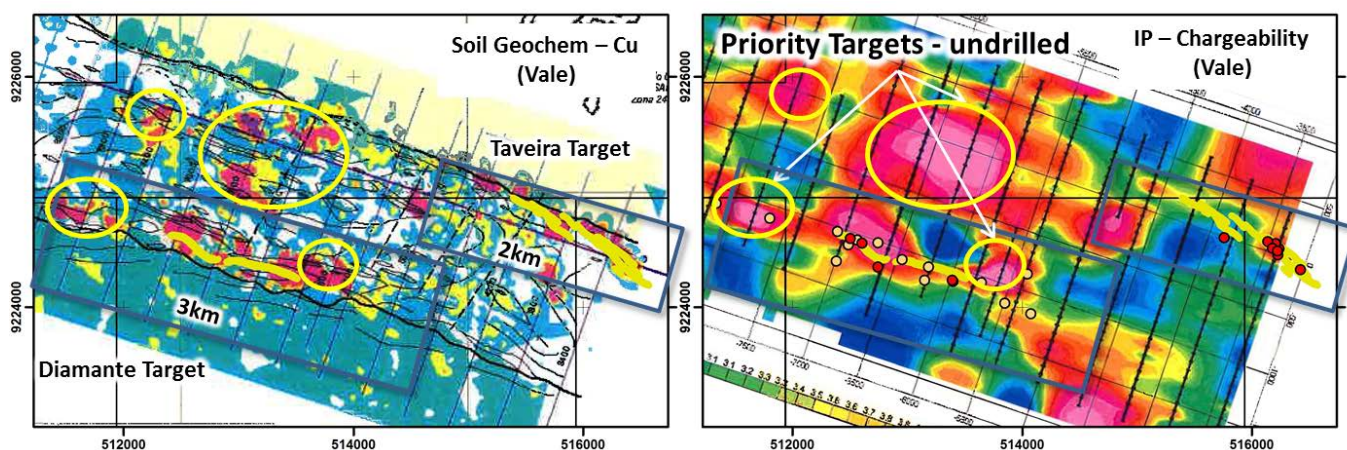


Figure 7: Aurora Project – Historical IP chargeability survey (Vale) 400m spaced lines over entire project area. Anomalies outside blue target areas MAY BE considered.



Exploration Work Underway

Exploration work commenced at the Aurora Copper Project in north-east Brazil in December 2015, with the initial work focused on integrating historical geological and geophysical data.

The Company has engaged a highly credentialed US-based geophysicist, Mr Robert B. Ellis, who specialises in South American base metals projects to assist with this next important phase of exploration. Mr Ellis has previously worked with Codelco, Kinross, AngloGold and Barrick (amongst others) and has extensive experience in Brazil working with Yamana.

Validation and reinterpretation of the historical geophysical data, which includes ground magnetism, gravity and Induced Polarisation (IP) data, is also already underway.

This will enable 3D inversions of the data to be produced and compared against 3D representations of historical drill results, to provide a significantly more detailed understanding of the structure and controls of the geological features and mineralisation at Aurora.

Based on the outcomes of this work, Centaurus will then commence new geophysical survey work under Mr Ellis' guidance, which is likely to comprise ground-based (surface) IP and/or electromagnetics (EM) to better define the key targets for the Company's maiden drilling program. The geophysical surveys are expected to commence early in 2016.

PARAMBU COPPER PROJECT

During the Quarter, Centaurus added the Parambu Copper Project to its land-holding in north-eastern Brazil as part of its Strategic Alliance with Terrativa. The addition of the Parambu Project came at no additional cost to Centaurus and brings a further exciting growth option to the Company's base metal exploration portfolio in NE Brazil.

Like Aurora, Parambu has good logistical and infrastructure characteristics, being located 150km via sealed highways from the open-access Transnordestina Rail and 380km from Ceará's State capital, Fortaleza (see Figure 3). The Transnordestina Rail will link into the new bulk cargo port of Pecém, which is located some 40km north-west of Fortaleza and is currently under-utilized.

The Parambu Project includes two Exploration Licences and two applications for Exploration Licences covering an area of approximately 6,550 Ha. The tenements cover the north and south limits of a pull-apart sedimentary basin where multiple occurrences of copper oxide mineralisation (malachite) have been identified at surface (see Figure 8).

The tenements cover a combined 23km strike length of the basin contact with the Proterozoic granite which is delineated by east-west faults. Mineralisation is found within the sediments as well as the granites and is thought to be concentrated where there are cross-cutting northeast-southwest faults.

Exploration programs have previously been conducted in the region by Terrativa and other local and international mining companies. Centaurus will work to collate and integrate the datasets from these programs before undertaking any field work on the Parambu Project.

Figure 8: Parambu Project – Surface Copper Oxide Samples (from Terrativa files)

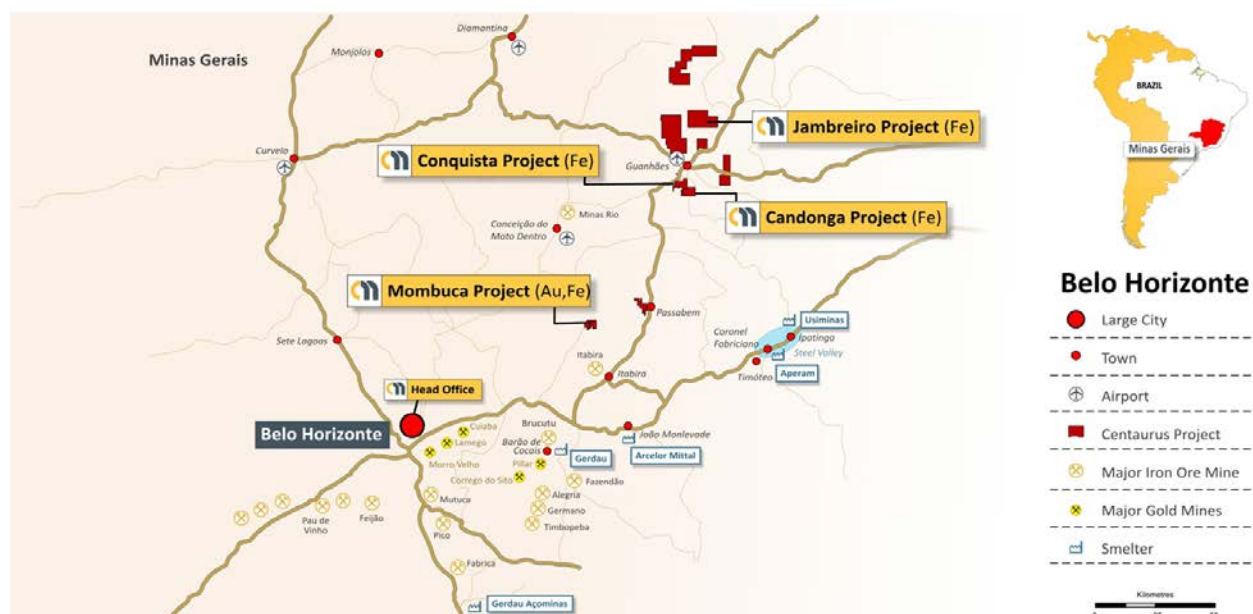


IRON ORE PROJECTS

Conquista DSO Project

The Conquista Project comprises a portfolio of highly prospective tenements with extensive Direct Ship Ore (DSO) mineralisation located just 8km along well maintained gravel roads from the Candonga Project (see Figure 9).

Figure 9: Centaurus Project Locations in South-East Brazil



The Company has established an Exploration Target for the Conquista tenements of 3.5-8Mt of high-grade DSO grading 64-67% Fe, with a further 20-40Mt of itabirite mineralisation grading 35-45% Fe. The Exploration Target is based on detailed geological mapping, the auger drill-hole results and is underpinned by the ground magnetic survey⁴. The Exploration Target quantity and grade is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

As outlined above, the Strategic Alliance with Terrativa has also provided for the early exercise by Centaurus of its Option over the Conquista Iron Ore Project via the issue of new Centaurus shares, allowing the Company to direct any future expenditure on the Project towards value-adding exploration activities.

Jambreiro Project

The Company's 100%-owned Jambreiro Project, located in south-east Brazil, is a shovel-ready development project that is licenced for 3Mtpa of wet production and which represents a strategic asset in the Brazilian domestic iron ore and steel sector.

As outlined above, Centaurus intends to pursue opportunities to extract value from the Jambreiro Project via either an outright sale or joint development proposition, and discussions are continuing with interested parties.

The Company also believes that Terrativa's willingness to cooperate with Centaurus on the restructure of the existing Option Agreement over the Conquista and Mombuca Projects (outlined above) has the potential to open doors to assist Centaurus to extract value from the Jambreiro Iron Ore Project.

⁴ Refer to ASX announcement on 19 March 2015 for further information on the Exploration Target for the Conquista Project.



CORPORATE

Capital raising

During the end of the Quarter, Centaurus successfully raised a total of \$700,000 through an oversubscribed Share Purchase Plan (SPP) and strategic share placement.

The SPP was strongly supported by shareholders, including directors and senior management, with total applications for \$502,400 received. In conjunction with private placement monies of \$200,000 received from Mr Ingo Wender, the President of the Company's new Strategic Alliance partner in Brazil, Terrativa Minerais SA ("Terrativa"), the Company was able to raise just over \$700,000.

The funds raised will underpin the Company's ongoing exploration activities in Brazil which in the near term will predominantly be focussed on the newly acquired and highly prospective Aurora Copper Project in the Brazilian State of Ceará and the Company's Mombuca Gold Project.

The funding from the SPP and Share Placement, together with the proceeds from the transaction on the Candonga Project (~A\$1.5 million in total being paid in monthly instalments until May 2016), will also strengthen the Company's working capital position, giving it the ability to pursue divestment options for its other iron ore projects, which are expected to provide longer term funding to advance its diversification strategy.

The SPP was underwritten by Paterson Securities Limited to an amount of \$350,000. However, given the strong level of support and take-up by existing shareholders of the Company, no shortfall occurred and no shares were required to be placed to the Underwriter.

The shares under the SPP were allotted on 30 November 2015.

The Issue Price of the shares was \$0.0059 per share, being a 20% discount to the Volume Weighted Average Price (VWAP) of the Company's shares in the five trading days immediately prior to the allotment of shares of \$0.00736. This issue price was applied to both the private Share Placement and the SPP.

Candonga Leasing Agreement

In September 2015 the Company finalized a Commitment to Lease for the Candonga Iron Ore Project with private Brazilian group, Ecosinter, for total consideration of R\$4M (~A\$1.5M) payable in 10 equal instalments of R\$400,000. During the December Quarter, the Company received payment of R\$1.2M (~A\$440,000), bringing the total amount received to the end of December 2015 to R\$2.0M (\$740,000). The final R\$2.0M will be received in equal monthly instalments through to May 2016.

General Meeting

A General Meeting of the Company's shareholders was held on 10 December 2015, with all resolutions passed unanimously on a show of hands.

Cash Position

At 31 December 2015, the Company held cash reserves of A\$540,000.

Shareholder Information

Subsequent to the completion of the share placement and SPP completed during November 2015, the Company had 521,463,429 shares on issue with the Top 20 holding 58.7% of the total issued capital. Directors and Senior Management held 6.5% of the total issued capital.

DARREN GORDON
MANAGING DIRECTOR



Competent Person's 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 Australasian Institute of Mining and Metallurgy. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited.

Roger Fitzhardinge has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which 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 Reserves'. Roger Fitzhardinge consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.