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CENTAURUS RAISES \$5.0M TO ADVANCE BRAZILIAN IRON ORE PROJECTS

MAINTAINS DEVELOPMENT MOMENTUM WHILE COMPLETING BROADER FUNDING PACKAGE FOR JAMBREIRO PROJECT

KEY POINTS

- **\$5.0M share placement at \$0.125 per share, underpinned by major shareholders Atlas Iron Ltd and Liberty Metals & Mining Holdings, LLC.**
- **Funds raised to be used for early-stage development works and procurement activities associated with the key components of the Jambreiro Project.**
- **Interim funding enables Centaurus to maintain development momentum while the main development funding package is finalised for Jambreiro. Debt funding discussions are currently at an advanced stage.**
- **Funds will also be used to underpin diamond drilling and a fast-track development plan for the Candonga Project, where recent test work has highlighted an attractive near-term production opportunity.**
- **Centaurus also announces its intention to undertake a Share Purchase Plan (SPP), to provide existing shareholders with the opportunity to participate in the capital raising.**

Centaurus Metals Limited (ASX: CTM) (“Centaurus” or “the Company”) is pleased to announce that it has successfully raised \$5.0 million through a share placement to existing and new investors, underpinned by its cornerstone shareholders Atlas Iron Ltd and Liberty Metals & Mining Holdings, LLC (“LMM”).

The Centaurus Board also intends to undertake a Share Purchase Plan (SPP) on the same terms to enable existing shareholders to participate in this capital raising. The SPP will raise up to a further \$2.0 million.

The funds raised will enable Centaurus to maintain the current development momentum at its flagship Jambreiro Iron Ore Project in south-east Brazil while it completes the main debt and equity funding package to facilitate the Project’s development.

Debt funding discussions are currently at an advanced stage. The Company is aiming to commence construction at Jambreiro during Q2 of 2014, subject to securing the full funding package.

The funds raised will also be used to underpin drilling, approvals and other pre-development activities at the Candonga Satellite Project, located 35km from Jambreiro, where Centaurus has recently identified the potential to develop a valuable small-scale DSO operation. This will complement the Jambreiro Project development and expand Centaurus’ near-term production profile in south-eastern Brazil.



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The Company plans to fast-track the development of Candonga, initially as a low-cost 300,000tpa DSO operation. This follows encouraging results received recently from initial ore characterisation and classification response test work which has highlighted the potential to produce high-grade and high quality lump and sinter feed products which are in high demand from local steel mills (see ASX Announcement – 31 March 2014).

Share Placement

The share placement, comprising 40 million fully paid ordinary shares at a price of \$0.125 per share, has been undertaken within the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A. Atlas Iron and LMM have each subscribed for shares which will increase the equity position of both of these key shareholders. The funds raised will be used for the following purposes:

- To provide early-stage development funds for the Jambreiro Project;
- To undertake detailed engineering and key procurement activities associated with the Jambreiro development;
- To undertake final exploration and initial development activities associated with the fast-track development plan for the Candonga DSO Project, located 35km from Jambreiro; and
- To provide general working capital.

The share placement is not being made to a specific class of security holders and it is not subject to shareholder approval. The investors participating in the share placement are the Company's cornerstone shareholders, Atlas Iron and LMM, together with other institutional, sophisticated and professional investors. The share placement is being managed by Canaccord Genuity.

The Company is currently in discussions with potential debt financiers to provide a significant component of the debt funding required to underpin the development of the Jambreiro Project under its revised plan to commence operations at an initial production rate of 1Mtpa as part of a staged ramp-up.

Share Purchase Plan

Centaurus has also resolved to undertake a Share Purchase Plan (SPP) following completion of the share placement. The SPP will be undertaken at the same issue price as the share placement, being 12.5 cents per share, and will seek to raise up to \$2.0 million. A further announcement will be made in due course in relation to the SPP.

Management Comment

Centaurus' Managing Director, Mr Darren Gordon, said he was very pleased with the strong level of support from both existing and new institutional investors for the share placement.

"This capital raising will enable us to maintain our development momentum at Jambreiro while we complete the main funding package for the full development of the Jambreiro Project, ensuring that initial site development activity can continue and putting us in a position where we can commence the procurement activities associated with the key components of the capital spend," Mr Gordon said.

"Once the funding package is finalised, we will be able to move quickly to commence construction at Jambreiro – which is fully permitted and ready to go, with the Mining Leases granted and all other permitting in place," he continued.

Australian Office
Centaurus Metals Limited
Level 1, 16 Ord Street
WEST PERTH WA 6005

Brazilian Office
Centaurus Brasil Mineração Ltda
Rua Pernambuco, 1.077 - S - Funcionários
Belo Horizonte - MG - CEP: 30.130-150
BRAZIL

ASX: CTM
ACN 009 468 099
office@centaurus.com.au
Telephone: +61 8 9420 4000

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“The Company has been progressing discussions with financiers who are expected to contribute to the development funding package and due diligence activities are currently underway. We expect to be able to push the button on the final funding package soon. The funds raised through this placement will strengthen our balance sheet and enable us to move forward to complete this process from a position of strength.

“Part of the proceeds of this capital raising will also be applied to advance the Candonga DSO Project, which we have recently identified as a valuable add-on to the Jambreiro Project. We have the opportunity to develop a low-cost, high-margin operation producing 300,000tpa of DSO at Candonga which will strengthen and enhance our production profile as well as our market presence in south-eastern Brazil.

“We believe that this incremental production opportunity should be progressed as quickly as possible in parallel with the development of Jambreiro, for the benefit of our shareholders,” Mr Gordon said.

“At the same time, the Board has decided to give existing shareholders the opportunity to participate in this capital raising on the same terms as professional and sophisticated investors via the SPP. We believe it is important to give our existing shareholders the opportunity to be part of this raising, in recognition of their long-standing support of the Company to get us to this point.”

Voluntary Suspension

This is the announcement that was referred to in the Company’s request for a Voluntary Suspension on 3 April 2014.

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Released By:

Nicholas Read
Read Corporate
Mb: (+61) 419 929 046
Tel: (+61-8) 9388 1474

On behalf of:

Mr Darren Gordon
Managing Director
Centaurus Metals Ltd
Tel: (+61-8) 9420 4000