

9 July 2012

CENTAURUS TO RAISE \$26M TO UNDERPIN FINAL PUSH TO IRON ORE PRODUCTION IN BRAZIL

LIBERTY METALS & MINING TO INVEST A\$11M; ATLAS IRON TO INVEST A\$5.2M TO MAINTAIN ITS 19.85% HOLDING

Centaurus Metals Limited (ASX:CTM) ("Centaurus" or "the Company") is pleased to advise that it has secured the support of new and existing institutional and strategic investors as part of a **\$26.2 million** equity raising ("Equity Raising") to underpin the continued exploration and development of its iron ore projects in Brazil.

The funds will strengthen the Company's balance sheet and add significant weight to its share register ahead of the anticipated completion of the Bankable Feasibility Study on its flagship Jambreiro Project in September 2012 and the final push towards financing and development of Jambreiro in Q4 this year.

The Equity Raising, which will be undertaken through a two-tranche share placement at an "at market" price of **44 cents per share**, comprises:

- an A\$11 million Share Placement to Boston-based Liberty Metals & Mining Holdings, LLC ("Liberty Metals & Mining" or "LMM"), under a subscription agreement entered into between LMM and the Company. LMM is a subsidiary of Liberty Mutual Insurance, the third largest diversified property and casualty ("P&C") insurer in the US and the sixth largest P&C insurer worldwide; and
- a A\$15.2 million Share Placement to Centaurus' major shareholder, Atlas Iron Limited (ASX: AGO), and institutional and professional investor clients of Ord Minnett as Lead Manager and Bell Potter as Co-Manager to the equity raising ("the Placement").

The Company will issue 19.14 million shares under the first tranche to raise A\$8.4 million ("Tranche 1") and, subject to shareholder approval, 40.41 million shares under the second tranche to raise a further A\$17.8 million.

LMM will emerge with a 12.95% interest in Centaurus following completion of the two tranche Equity Raising while Atlas Iron will maintain its current 19.85% interest in the Company by investing a further A\$5.2 million.

LMM holds a number of significant positions in junior resource companies with projects located across the world. Centaurus represents LMM's first investment in an ASX Listed Company.

The funds raised under the Equity Raising will be used to progress feasibility and development activities at Jambreiro and to strengthen the Company's balance sheet as it progresses discussions with potential lenders and debt financiers for the Project. In this regard, Centaurus has appointed Perth-based PCF Capital Group to act as debt advisor and to work with the Company to secure an appropriate debt funding package for Jambreiro by the end of calendar 2012.



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The additional funding available to the Company will also give it the flexibility to maintain an aggressive exploration and resource development push at its other Brazilian iron ore projects, including the Serra da Lontra Project in the State of Bahia.

The details of the Equity Raising and information required by ASX Listing Rule 3.10.3 are set out below:

- Shares issued under the Equity Raising will be fully paid ordinary shares in the capital of the Company;
- Shares under the Equity Raising will be issued at 44 cents per share, being the market price of Centaurus' shares immediately before the Trading Halt on Thursday 5 July 2012;
- The shares to be issued under the Equity Raising will be made in two tranches (Tranche 1 and Tranche 2);
- The allotment of 19.14 million Tranche 1 shares, which is not subject to shareholder approval and falls within the Company's ASX Listing Rule 7.1 15% placement capacity, will be issued on approximately 13 July 2012;
- The allotment of approximately 40.41 million Tranche 2 shares will be issued subject to shareholder approval at a meeting of shareholders currently proposed to be held around 31 August 2012;
- The purpose of the Equity Raising is set out above; and
- The Equity Raising is not being made to a specific class of security holders. As set out above, LMM, Atlas and various institutional and professional investors of Ord Minnett and Bell Potter will participate in the Equity Raising.

Commenting on the equity raising, Centaurus' Managing Director, Mr Darren Gordon, said:

"We are very pleased with the strong institutional support received for this capital raising from both international and domestic institutional investors. This equity raising will see the introduction of Liberty Metals & Mining and a number of well-regarded Australian-based resource investment funds to our share register – adding substantial weight to our investment profile.

"We also welcome the strong ongoing support of our largest shareholder, Atlas Iron, which will maintain its 19.85% interest in the Company.

"The Jambreiro Iron Project has progressed significantly over the last 12 months through the dedication and effort of our entire Brazilian-based team. This has put us in a position where we should be able to commence production as planned by the end of next year, at the targeted production rate of 2Mtpa.

"With Liberty Metals & Mining and Atlas as major shareholders we are in an enviable position of having the financial support of two key shareholder groups to significantly grow the Company's iron ore business in Brazil."

This is the announcement that was referred to in the Company's request for a Trading Halt on 5 July 2012.

A copy of the investor presentation used in connection with discussions with potential investors regarding the capital raising is being lodged with the ASX today at the same time as this announcement.

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