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CentaurusMetals

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CENTAURUS ANNOUNCES UPDATED JORC RESOURCE FOR ITAMBÉ IRON ORE PROJECT, BRAZIL

RESOURCE NOW STANDS AT 10Mt GRADING 36.6% Fe FOLLOWING IN-FILL DRILLING

International iron ore company Centaurus Metals Limited (ASX Code: **CTM**) is pleased to report an updated resource of **10.0Mt grading 36.6% Fe** for its 100%-owned **Itambé Iron Ore Project** in Brazil following in-fill drilling completed earlier this year which has resulted in conversion of approximately half of the resource to the Indicated category.

While the overall tonnage has been reduced (the previously reported Inferred Resource was 15.5Mt @ 37.2% Fe), the drilling has enabled the Company to more accurately define the geological model. The revised resource estimate will now underpin the development of conceptual pit designs and allow the Company to update the high-level economic studies on the Project ahead of Pre-Feasibility Study work. The updated Itambé JORC Mineral Resource estimate is set out in Table 1 below:

Table 1 – Itambé Iron Ore Project December 2010 Resource Estimate – Resource Category

Resource Category	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P%	LOI%
Indicated	4.69	37.1	37.0	4.52	0.06	2.67
Inferred	5.33	36.2	40.9	3.51	0.04	2.13
TOTAL	**10.02**	**36.6**	**39.1**	**3.98**	**0.05**	**2.38**

25% Fe Cut-off

The Itambé Resource comprises three mineralisation types, namely Friable and Compact Itabirite mineralisation plus a newly identified zone of Itabirite Scree material. The breakdown of the total resources between these material types is set out in Table 2 below:

Table 2 – Itambé Iron Ore Project December 2010 Resource Estimate – Mineralisation Type

Mineralisation Type	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P%	LOI%
Friable	4.16	40.0	34.1	4.46	0.06	2.42
Compact	4.68	33.7	47.1	1.52	0.03	0.89
Scree	1.18	36.1	25.0	12.1	0.10	8.23
TOTAL	**10.02**	**36.6**	**39.1**	**3.98**	**0.05**	**2.38**

25% Fe Cut-off

Previous beneficiation test work at Itambé in 2009 on the friable mineralisation indicated that a 67% Fe hematite product with low impurities could be produced using a magnetic separation process.

Following the most recent in-fill drilling program at Itambé, a number of samples of each mineralisation type have been sent off for beneficiation test work. Results from this test work are anticipated early in the 2011. A feature of the newly identified scree, however, is some high grade surface zones. Beneficiation test work on samples from these surface exposures indicate that a high grade (66% Fe) hematite sinter product can be produced with low impurities, particularly the silica and phosphorus levels, using a Wet High Intensity Magnetic Separation (WHIMS) process. These results were achieved with a 67% mass recovery.

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Table 3 below summarises the recent beneficiation results on the Itabirite Scree surface material from Itambé:

Table 3 - Summary of the Beneficiation Test Work on Itambé Mineralisation

	Fe%	SiO_2%	Al_2O_3%	P%	Mn%	Mass Recovery %	Metal Recovery %
Itabirite Scree Sample 2010							
Head Grade	53.3	12.7	5.33	0.05	0.03		
Beneficiated Product	**66.0**	**1.7**	**2.23**	**0.03**	**0.04**	**67.2**	**83.1**

The Itambé Project has good access to existing local infrastructure and is well located about 40km from a number of key regional steel mills such as Arcelor Mittal's João Monlevade blast furnace.

Indicated and Inferred Resource

The JORC compliant Mineral Resource Estimation is based on 42 drill holes for a total of 1,800 metres of vertical diamond drilling. Technical details for the resource estimation can be found in Appendix A.

The Itambé Iron Ore Project consists of flat-lying, near-surface zones of itabirite-hosted mineralisation of varying thicknesses up to 25 metres. The resource estimate comprises both friable and compact mineralisation as well as an enriched itabirite scree material weathered from the in situ Itabirite. The outcropping Itabirite mineralisation is coarse-grained and of a friable nature.

Future Work Program

It is anticipated that the nature of the ore and its favourable orientation will make for a low strip ratio, low-cost mining operation. Conceptual mining and pit optimisation studies will now be prepared to assess the project's high level economics ahead of a Pre-Feasibility Study.

Centaurus' Managing Director, Mr Darren Gordon, said: "*The tightening of the Itambé geological model following the most recent round of in-fill drilling has resulted in a large portion of the resource base being classified as Indicated. This is the first time we have been able to classify any of the Itambé ore in the Indicated category and importantly much of the Indicated material is of a friable nature which will lend itself to low-cost mining and beneficiation procedures.*

"We have previously had our Final Report for the Itambé tenement approved by the DNPM in Brazil and we are now it a position to commence conceptual pit designs in advance of pre-feasibility study work".

-ENDS-

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Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of Australian Institute of Geoscientists. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel is the Senior Resource Geologist of BNA Consultoria e Sistemas Limited, independent resource consultants engaged by Centaurus Metals.

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 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.

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Appendix A – Details of the Itambé Mineral Resource Estimation

General Information	
Project Name	Itambé Iron Ore Project
Deposit Name	Itambé
Location	Located approximately 145 km NE of BH and 20km north of Itambé city.
Geological Description	The Itambé Project is located within the Espinhaço Supergroup of meta-sediments in a structurally complex region.
	The Itabirite units are part of an iron formation including ferruginous quartzites and quartzites hosted within a meta-sedimentary sequence. The Itabirite Scree component is formed by the physical and chemical weathering of the Itabirite rock face.
	The Itabirite mineralisation comprises concentrations of medium - coarse grained friable and compact material that have undergone enrichment. The mineralisation is composed of quartz, hematite, magnetite, amphibole (Grunerite), Mica (muscovite) and feldspar (albite)
	Itabirite thicknesses vary from 5m to up to 25m thick within the Itambé prospect and are generally flat lying and sub surface.
Spatial Limits of Resource: Total Resource Area	697500E, 7855000N
	702500E, 7862500N
	300 – 1500mRL
Responsibilities	
Data Collection	Centaurus Metals
Data Management	Centaurus Metals
Data Validation	Centaurus Metals and BNA Consultoria
Geological Interpretation	Centaurus Metals
Resource Modelling	BNA Consultoria
Geological Interpretation	
Geological Software	Micromine 12.0
Lithological Boundaries	Boundaries defined through Geological logging and chemical analysis
Mineralisation Boundaries	Boundaries defined through Geological logging and chemical analysis
Material Type Boundaries	Material types defined through Geotechnical logging. In particular, friability tests.

Bulk Density Measurements		
Method		
Compact	Immersion method using full core	
Friable and Scree	Volume/ Mass method and in situ Bulk density method	
Bulk Density Values		
Material Type	**Bulk Density (t/m^3)**	**No. Of Samples**
Itabirite Compact	3.03	96
Itabirite Friable	2.31	44
Scree	1.71	21

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Drilling		
	Holes	**Metres**
DDH	42	1,800
Total	42	1,800
Survey		
Grid System	SAD_69 23S	
Collar Survey	Total survey collars for all drill holes	
DH Survey	All vertical holes, no down hole surveys have been completed	
Sampling		
Type and Method	1m samples for RC and DDH.	
	Half core sampling.	
Sample Preparation and Chemical Analysis		
Laboratory	Sample preparation carried out at Intertek's sample preparation lab in BH	
	Analysis of pulps carried out in Intertek's analysis lab in Sao Paulo	
Number of samples	1,229	
Physical Prep Method	Cutting, Crushing, Drying, Pulverising, Splitting	
Analytical Method	Metal Oxide determination through X-RAY Florescence (XR21L) Oxide and elemental analyses including Fe, SiO_2, Al_2O_3,P, Mn, TiO_2, CaO, MgO, K_2O, Na_2O and Cr_2O_3. FeO by a Volumetric Determination (VL3) and LOI using Loss Determination by Gravity	
Elements	Fe, SiO_2, Al_2O_3,P, Mn, TiO_2, CaO, MgO, K_2O, Na_2O, Cr_2O_3 and FeO	
QAQC	92 Duplicate, 29 Standards across all batches. Standards inserted every 50 samples, duplicates every 20.	

Block Model Parameters			
Estimation Method	IDW^2 (Inverse Distance Weighting Squared)		
	Y	**X**	**Z**
Parent Block Sizes	25m	25m	25m
Sub Block Sizes	2.5m	2.5m	2.5m
Attributes:			
Rock_code	(Itb_F, Itb_C, Itb_S and Waste)		
OB	Model Name		
Fe%	Fe Grade, IDW^2		
SiO_2%	SiO_2% Grade, IDW^2		
Al_2O_3%	Al_2O_3% Grade, IDW^2		
P%	P% Grade, IDW^2		
LOI%	LOI , IDW^2		
CLASS	Resource Classification Class		
Density	Bulk Density of Itb_C, Itb_F, Itb_S and waste		

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