

23 November 2012

CHAIRMAN'S ADDRESS: 2012 ANNUAL GENERAL MEETING

Good morning Ladies and Gentlemen and welcome to the 2012 Annual General Meeting of Centaurus Metals.

I am pleased to report on what has been a year of outstanding progress for the Company – culminating in the delivery of a positive Bankable Feasibility Study for our flagship Jambreiro Iron Ore Project in Brazil.

This paves the way for Centaurus to become a low-cost 2Mtpa iron ore producer within the next 12 months, with Jambreiro forecast to generate strong revenues and cash flows over an initial 9-year mine life.

Importantly, at a time when expectations for the iron ore price have been revised downwards and construction costs have continued to escalate, we have been able both to hold our estimated capital costs steady and reduce our forecast C1 cash operating costs, including royalties, by over 25 per cent to A\$16 a tonne.

This is a tremendous achievement by our team and will position Centaurus as a very low cost supplier of iron ore into the Brazilian steel market, enabling the Company to generate strong operating margins at all stages of the commodity price cycle – thanks mainly to the low strip ratio, simple mining and cost effective beneficiation requirements for the Jambreiro friable ore.

It is also important to note that, while there has been extensive commentary over recent months regarding the slowdown in Chinese iron ore and steel demand, the supply-demand fundamentals for iron ore in Brazil remain strong.

There is a large domestic market for iron ore consumption, which is expected to increase by 25 per cent over the next five years to around 60 million tonnes a year as crude steel production in Brazil grows. While the Brazilian economy has not performed as strongly as forecast over the last 18 months, it is widely expected to rebound in the medium term as infrastructure investment gathers momentum ahead of the 2014 Soccer World Cup and 2016 Olympics.

These milestone global events inevitably lead to a surge in economic development, and this, coupled with the expected low cost of Jambreiro iron ore, should ensure that Centaurus is exceptionally well placed to generate strong returns as the Brazilian growth story gathers momentum.

Our Managing Director, Darren Gordon, will shortly talk in more detail about the Jambreiro Feasibility Study and our development timetable for the Project.

Subject to all of the normal caveats, by this time next year we expect to be about to start commissioning a major new iron ore project – a truly exciting milestone for the Company and the foundation for our future growth.

Accordingly, much of the work undertaken during the year has been geared towards the delivery of the Feasibility Study, as well as progressing the environmental and regulatory approvals required to develop Jambreiro.

Key milestones have included a major upgrade to our JORC compliant resource inventory, a new Ore Reserve and the grant of the key environmental licence for the Project.

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We have also been able to define a much clearer picture of the future upside to the Jambreiro Project, both in terms of the extensive compact resources outside of the current pit design, as well as regional opportunities.

While maintaining a core focus at Jambreiro during the year, we also continued to progress the next leg of our growth strategy, our Export Strategy, with an extensive drilling program completed at the Serra da Lontra Project.

We are currently evaluating the resource potential of Serra da Lontra and the best way to realise value from this small but potentially valuable resource as part of an export business that could dovetail with future export opportunities currently being reviewed at Jambreiro.

In September, we completed a landmark \$26 million equity raising to existing and new institutional investors to underpin our transition to production at Jambreiro.

This raising was strongly supported by our existing major shareholders Atlas Iron and Boston-based Liberty Metals & Mining Holdings, which collectively subscribed for A\$16.2 million worth of shares. Atlas maintains a 19.6% interest in the company while the new investment by Liberty has provided them with a 12.8% interest.

Liberty Metals & Mining is a subsidiary of Liberty Mutual Insurance, the third largest diversified property and casualty insurer in the US and the sixth largest P&C insurer worldwide.

While Liberty Metals & Mining holds significant positions in a number of junior resource companies with projects located around the world, Centaurus represents its first investment in an ASX-listed company – representing a strong vote of confidence in our management team, assets and growth potential. I am delighted to welcome them as a shareholder.

We continue to value the support of our strategic alliance with Atlas Iron as we progress down the development path and pursue first production by the end of next year. Atlas has been very successful in developing a strong iron ore business in the Pilbara region of WA and we will draw on their experience as we look to replicate their success and growth in Brazil.

In conclusion, on behalf of the Board I would like to express my sincere thanks to our Managing Director, Darren Gordon, and his exceptionally hard-working team, both here in Australia and Brazil, for their efforts during the year. I would also like to thank my fellow Directors and to thank you, our shareholders, for your continued support.

Centaurus has great assets, a first rate management team and a clear growth path ahead of it. While market sentiment in the junior iron ore sector may not currently be on our side, I have no doubt that we have the assets, the people and the vision to generate meaningful returns for our shareholders in the years ahead.

I would like to take this opportunity to wish all shareholders the very best for the festive season and for the year ahead.

Thank you.

Didier Murcia
Non-executive Chairman

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