

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

8 July 2010

DRILLING POINTS TO RESOURCE UPGRADE FOR PASSABEM IRON ORE PROJECT, BRAZIL

Drilling Extends Itabirite Mineralisation Over Entire 5km Strike Extent of Mapped Iron Formation

International iron ore company, Centaurus Metals Ltd (ASX Code: CTM) is pleased to report positive results from a recently completed resource expansion drilling program designed to extend the current resource at its 100%-owned **Passabem Iron Ore Project** in south-eastern Brazil.

The 13-hole diamond drilling program has intersected itabirite mineralisation over the **entire 5 kilometre strike extent** of the mapped iron formation at Passabem, providing confidence that the initial Inferred Resource at Passabem of **2.6 Mt @ 31.3% Fe** can be significantly extended (*see Figure 1*).

All drill holes have now been sent to the laboratory for assay and assay results for the first 10 holes have now been returned with intersections including:

12.0 metres @ 35.1% Fe, 0.67% Al₂O₃ and 0.02% P from 16.5 metres in Hole PSB-DD-0001
16.0 metres @ 30.0% Fe, 0.41% Al₂O₃ and 0.05% P from 20.0 metres in Hole PSB-DD-0002
17.4 metres @ 30.8% Fe, 0.51% Al₂O₃ and 0.01% P from 26.5 metres in Hole PSB-DD-0003
21.6 metres @ 31.3% Fe, 0.33% Al₂O₃ and 0.02% P from 37.3 metres in Hole PSB-DD-0004
14.2 metres @ 30.3% Fe, 0.42% Al₂O₃ and 0.07% P from 20.4 metres in Hole PSB-DD-0006
23.0 metres @ 31.2% Fe, 0.33% Al₂O₃ and 0.11% P from 62.0 metres in Hole PSB-DD-0010

A full list of the drill results received to date is set out in Appendix 1.

Bulk samples are now being collected from the drill core and assay residues to facilitate a full suite of metallurgical testing. Previous limited beneficiation test work performed on similar mineralisation from the initial Inferred Resource area at Passabem demonstrated that the mineralisation can be upgraded to a high grade (+65% Fe) product using a low intensity magnetic separation process.

Resource modelling has now commenced with this work expected to be completed before the end of the September 2010 Quarter once the metallurgical test work results have been received. Once an expanded resource has been established, the Company will undertake a mining study to determine the overall economic parameters of the Project.

Commenting on the results of the recent Passabem drilling program, Centaurus' Managing Director, Mr Darren Gordon, said *"We are very pleased with the results of this drilling, which has demonstrated the consistency of the Passabem itabirite mineralisation over the entire 5 kilometre strike extent previously mapped by the Company. We always thought the mineralisation extended well beyond the previously drilled Inferred Resource and our recent work has now confirmed this to be the case."*

He added that: "While further work is required, we are confident that we can significantly expand the resource base at Passabem. This will in turn provide the foundation to undertake the necessary studies to ensure that the Project can be profitably brought into production as part of the Company's domestic iron ore business in Brazil."

The Passabem Iron Ore Project forms part of the Company's domestic iron ore business in Brazil, where it is planning to establish an initial 3Mtpa production base by the end of 2013. The Project is located 25 kilometres from Vale's 40Mtpa Itabira operations and is well located in relation to the existing steel-making regions of Ipatinga and Joao Monlevade, where Brazilian steel makers Usiminas and Arcelor Mittal are respectively located (see Figure 2).

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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 Mr Ian Cullen who is a Member of the AusIMM. Ian Cullen is a permanent employee of Centaurus Metals Limited. Ian Cullen has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is 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 Reserves'. Ian Cullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

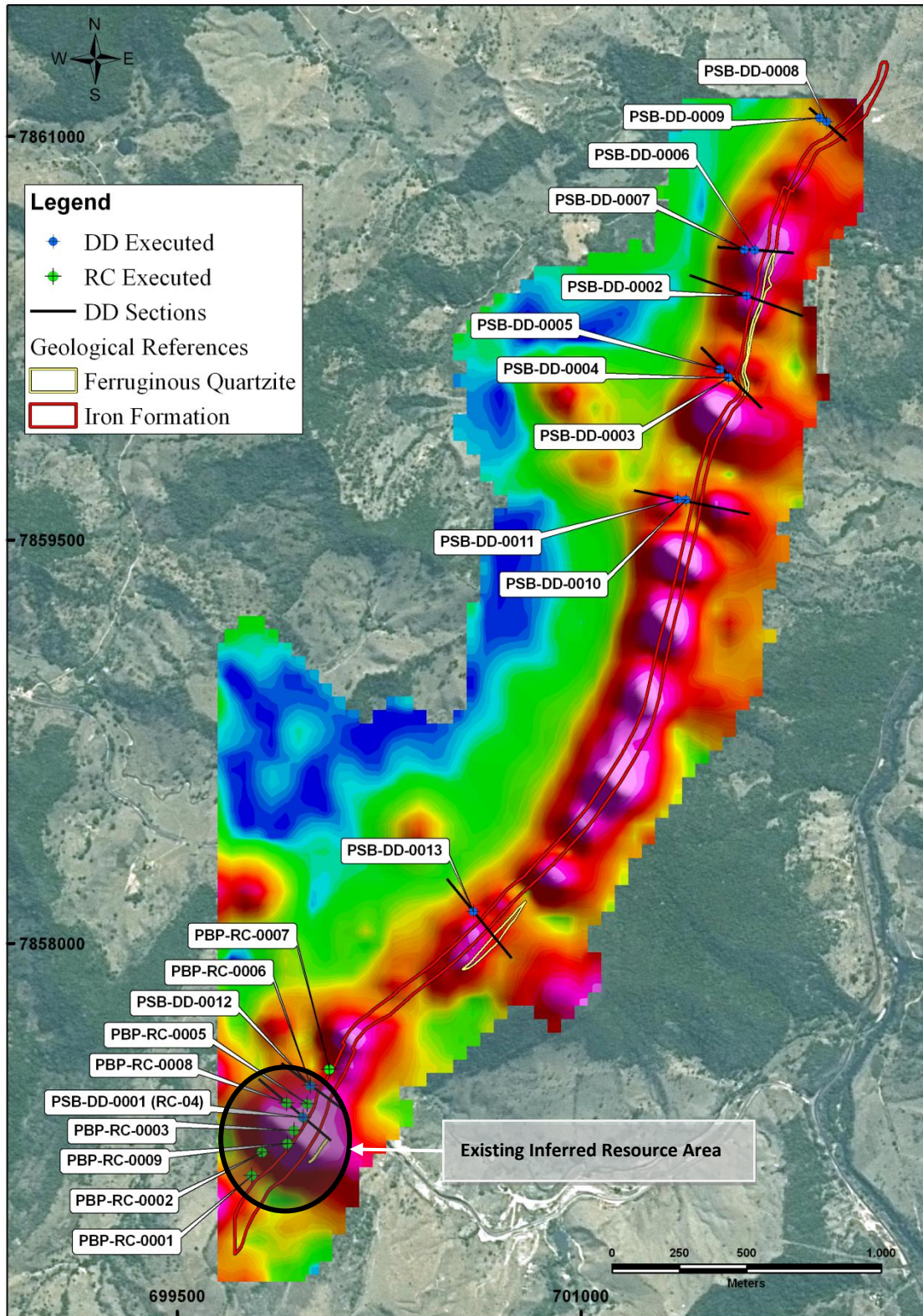


Figure 1 – Diamond Drill Hole Locations at Passabem with Magnetics and Mapped Iron Formation

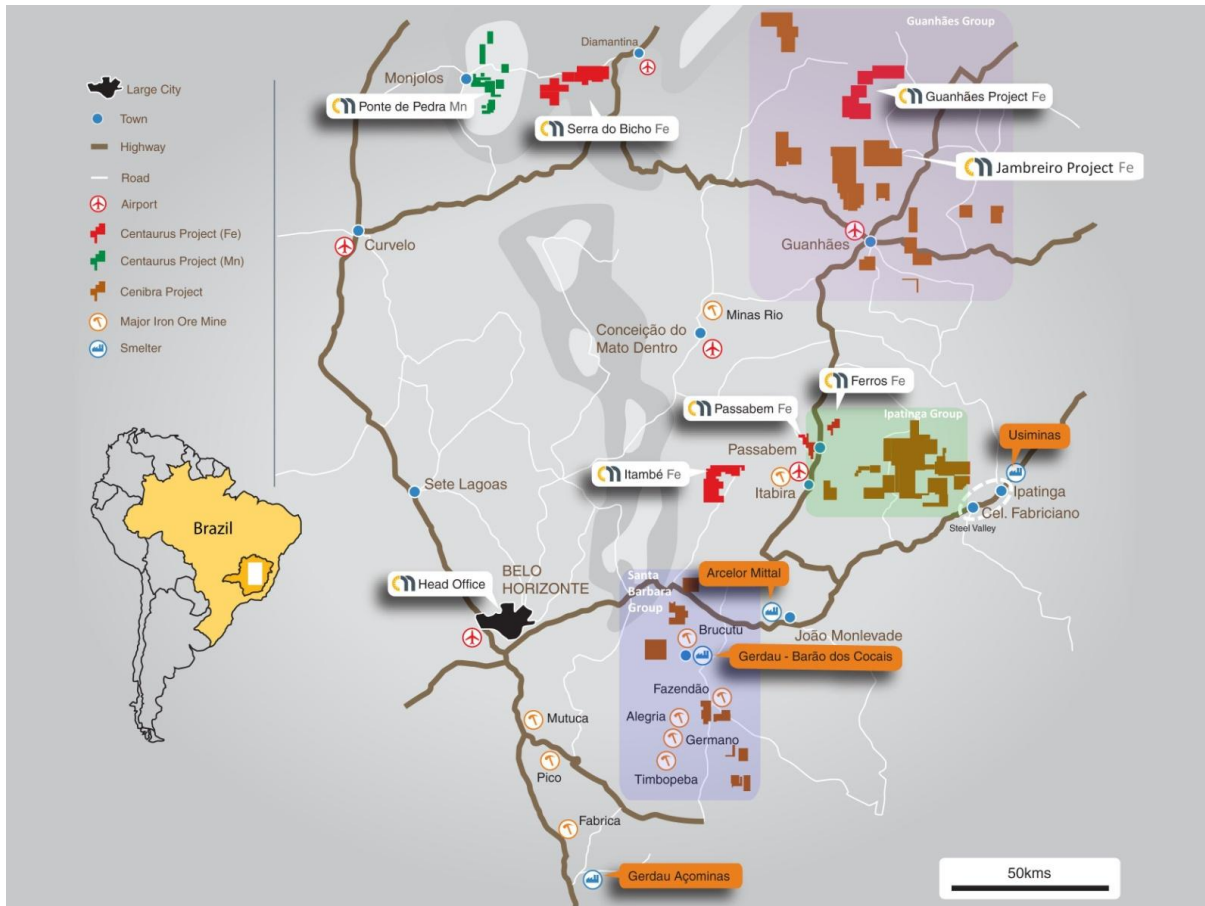


Figure 2 – Location Map of Passabem Iron Ore Project

APPENDIX 1
PASSABEM IRON ORE PROJECT
DIAMOND DRILL HOLE ASSAY RESULTS

HOLE-ID	EASTING	NORTHING	DIP	FROM	TO	WIDTH	Fe	SiO ₂	Al ₂ O ₃	P
				(m)	(m)	(m)	%	%	%	%
PSB-DD-0001	699968.0	7857354.0	70 ⁰	16.50	28.50	12.00	35.12	48.58	0.67	0.02
PSB-DD-0002	701615.0	7860409.0	60 ⁰	0.00	9.00	9.00	26.78	55.63	3.20	0.04
PSB-DD-0002				20.00	36.00	16.00	30.04	56.31	0.41	0.05
PSB-DD-0003	701549.0	7860104.0	60 ⁰	18.55	26.50	7.95	25.85	60.74	0.78	0.02
PSB-DD-0003				26.50	43.90	17.40	30.81	54.39	0.51	0.01
PSB-DD-0004	701550.0	7860105.0	80 ⁰	1.00	10.95	9.95	28.98	52.89	2.89	0.02
PSB-DD-0004				24.70	37.25	12.55	25.35	61.45	1.03	0.02
PSB-DD-0004				37.25	58.85	21.60	31.28	54.45	0.33	0.02
PSB-DD-0005	701516.0	7860135.0	80 ⁰	77.15	86.15	9.00	26.27	59.66	1.04	0.11
PSB-DD-0005				86.15	95.50	9.35	29.44	55.43	0.36	0.11
PSB-DD-0006	701646.0	7860579.0	60 ⁰	17.40	20.40	3.00	25.22	62.37	0.90	0.04
PSB-DD-0006				20.40	34.60	14.20	30.27	55.72	0.42	0.07
PSB-DD-0007	701608.0	7860580.0	80 ⁰	46.65	61.75	15.10	30.14	55.14	0.38	0.15
PSB-DD-0008	701913.0	7861055.0	60 ⁰	9.70	18.85	9.15	28.25	58.45	0.51	0.01
PSB-DD-0008				24.95	28.45	3.50	30.04	54.71	0.52	0.25
PSB-DD-0009	701887.0	7861070.0	70 ⁰	31.25	37.85	6.60	28.18	57.74	0.73	0.09
PSB-DD-0009				44.00	48.00	4.00	30.89	53.54	0.28	0.26
PSB-DD-0010	701390.0	7859650.0	60 ⁰	62.00	85.00	23.00	31.15	54.62	0.33	0.11
PSB-DD-0011	701359.0	7859651.0	80 ⁰	No iron intersection. Hole drilled off itabirite formation						

Passabem significant results, filtered for results greater than 3 metres and 25% Fe. Samples taken on 1 metre intervals.