

14 November 2011

## MAIDEN ORE RESERVE FOR JAMBREIRO IRON ORE PROJECT

### *Proven and Probable Ore Reserve of 49Mt grading 28.2% Fe for friable component of Project Resource*

- Jambreiro Pre-Feasibility Study (PFS) pit design contains an initial Proven and Probable Ore Reserve of 49Mt grading 28.2% Fe for the friable component of the Jambreiro resource.
- Metallurgical testwork indicates that an initial 17.1Mt of high quality hematite concentrate grading 66.6% Fe, 2.8% SiO<sub>2</sub>, 0.7% Al<sub>2</sub>O<sub>3</sub> and 0.02% P can be produced from the PFS Ore Reserve.
- Ore Reserve is sufficient for 8.5 years of operations at the planned 2Mtpa concentrate production rate.
- Very low life-of-mine strip ratio of 0.94:1 and free dig nature of the friable ore will result in low operating cash costs.
- Measured, Indicated and Inferred Resources of 64.6Mt grading 25.8% Fe remain outside of the initial Ore Reserve pit limits.
- Further RC drilling is planned to upgrade reserves for the first four years of planned mine life into the Proven category, with this drilling also designed to provide samples for a pilot plant testwork program.

Centaurus Metals (ASX Code: **CTM**) is pleased to announce a **maiden Ore Reserve estimate** for its flagship Jambreiro Iron Ore Project following completion of pit designs as part of the Pre-Feasibility Study ("PFS") on the Project.

The Jambreiro JORC Resource comprises 116.5Mt at an average grade of 26.8% Fe including both near surface friable, and underlying compact, mineralised components. In establishing the maiden Ore Reserve, only the Measured and Indicated components of the friable resource estimate (52.1 Mt at 28.0% Fe) were considered.

The Proven and Probable Ore Reserve has been estimated at **49.0Mt at an average grade of 28.2% Fe** from within the friable Measured and Indicated Resource referred to above, representing a 94% conversion rate. The final pit design includes 46.0Mt of waste movement for a total Life of Mine material movement of 95.0Mt at a strip ratio of 0.94:1. The complete mine schedule is provided in Appendix B to this Announcement.

The Ore Reserve estimation follows an extensive resource drilling program at Jambreiro, metallurgical testwork, open pit design and mine scheduling and capital and operating cost estimations. The resulting average operating cash costs are as follows:

|                                   | A\$ per DMT Product | A\$ per tonne material moved |
|-----------------------------------|---------------------|------------------------------|
| Mine Operating Costs              | 8.69                | 1.56                         |
| Plant Operating Costs             | 11.17               |                              |
| <b>Total Operating Cash Costs</b> | <b>19.86</b>        |                              |

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Extensive bench scale metallurgical test work has confirmed that a high grade hematite product can be produced from the friable Jambreiro ore. The PFS Ore Reserve is forecast to produce hematite concentrate production of 17.1 million tonnes grading 66.6% Fe and 2.8% SiO<sub>2</sub> which will provide an initial mine life of 8.5 years at the planned production rate of 2Mtpa.

The high quality iron product, with its very low level of impurities, will be highly sought after in the domestic steel industry in Brazil, and initial discussions with potential customers have indicated that a long term consistent supply of high quality iron ore would be well received in the domestic market.

Further RC drilling is planned to commence in November 2011 to upgrade reserves for the first four years of planned mine life into the Proven category, with this drilling designed to provide samples for a pilot plant testwork program and to assist with securing debt funding on a timely basis.

Measured, Indicated and Inferred Resources of 64.6 million tonnes at an average grade of 25.8% Fe remain outside the maiden Reserve initial pit design. It is expected that this material can be upgraded to Reserves and higher categories of Resources with additional drilling. This additional drilling is likely to be undertaken only after production commences. A summary of the Ore Reserves and Mineral Resources are set out in Table 1 with a full table of these Resources and Reserves at Appendix A.

**Table 1 – Jambreiro Reserve & Resource Classifications – November 2011**

| Ore Reserve Classification      | Mt           | Fe%         | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%          | LOI %      |
|---------------------------------|--------------|-------------|--------------------|----------------------------------|-------------|------------|
| Proven                          | 12.0         | 28.5        | 51.2               | 4.5                              | 0.03        | 1.7        |
| Probable                        | 37.0         | 28.1        | 51.0               | 5.2                              | 0.04        | 2.2        |
| <b>Total</b>                    | <b>49.0</b>  | <b>28.2</b> | <b>51.1</b>        | <b>5.0</b>                       | <b>0.04</b> | <b>2.1</b> |
| <b>Concentrate Production</b>   | <b>17.1</b>  | <b>66.6</b> | <b>2.8</b>         | <b>0.69</b>                      | <b>0.02</b> | <b>0.4</b> |
| Mineral Resource Classification |              |             |                    |                                  |             |            |
| Measured                        | 13.5         | 28.4        | 51.0               | 4.4                              | 0.04        | 1.7        |
| Indicated                       | 58.5         | 27.5        | 50.8               | 4.5                              | 0.04        | 1.9        |
| Inferred                        | 44.5         | 25.4        | 53.0               | 4.4                              | 0.05        | 1.6        |
| <b>Total</b>                    | <b>116.5</b> | <b>26.8</b> | <b>51.6</b>        | <b>4.5</b>                       | <b>0.04</b> | <b>1.7</b> |

*Resources are inclusive of Reserves*

The open pit locations can be seen on the site layout map at Figure 1 whilst several of the cross sections at Jambreiro can be seen in Figures 2 to 5. The location of the cross sections can be seen on the Project map at Figure 6.

-ENDS-

**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



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### Competent Person's Compliance 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.*

*The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader who is a professional Mining Engineer and a Member of Australian Institute of Geoscientists. Beck Nader is the Managing Director of BNA Consultoria e Sistemas Ltda and is a consultant to Centaurus.*

*Beck Nader has sufficient experience, which is relevant to the style of mineralization 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 Reserve'. Beck Nader consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.*

### Caution Regarding Forward Looking Statements

*The forward-looking statements made in this announcement are based on assumptions and judgments of management regarding future events and results. Such forward-looking statements, including but not limited to those with respect to reserve targets or the development of a mine at Jambreiro and the Company's capital expenditures and estimated future production involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the actual market prices of iron ore, the actual results of current exploration, the actual results of future mining, processing and development activities, changes in project parameters as plans continue to be evaluated, as well as those factors disclosed in the Company's filed documents.*



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**Figure 1 – Jambreiro Site Layout Map showing Open Pit Locations**

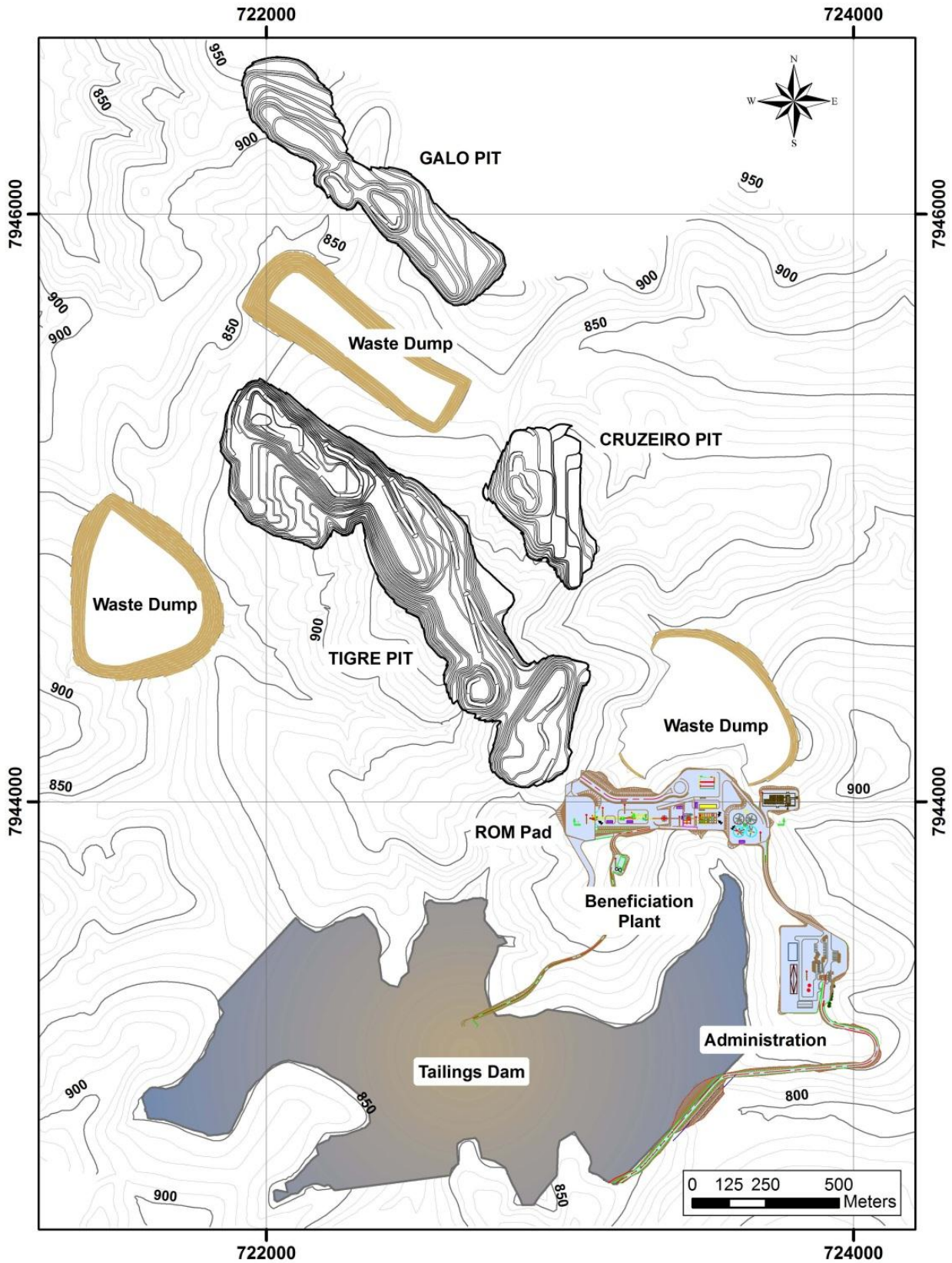






Figure 2 – Cross Section 1 with Pit Design for Initial Ore Reserve

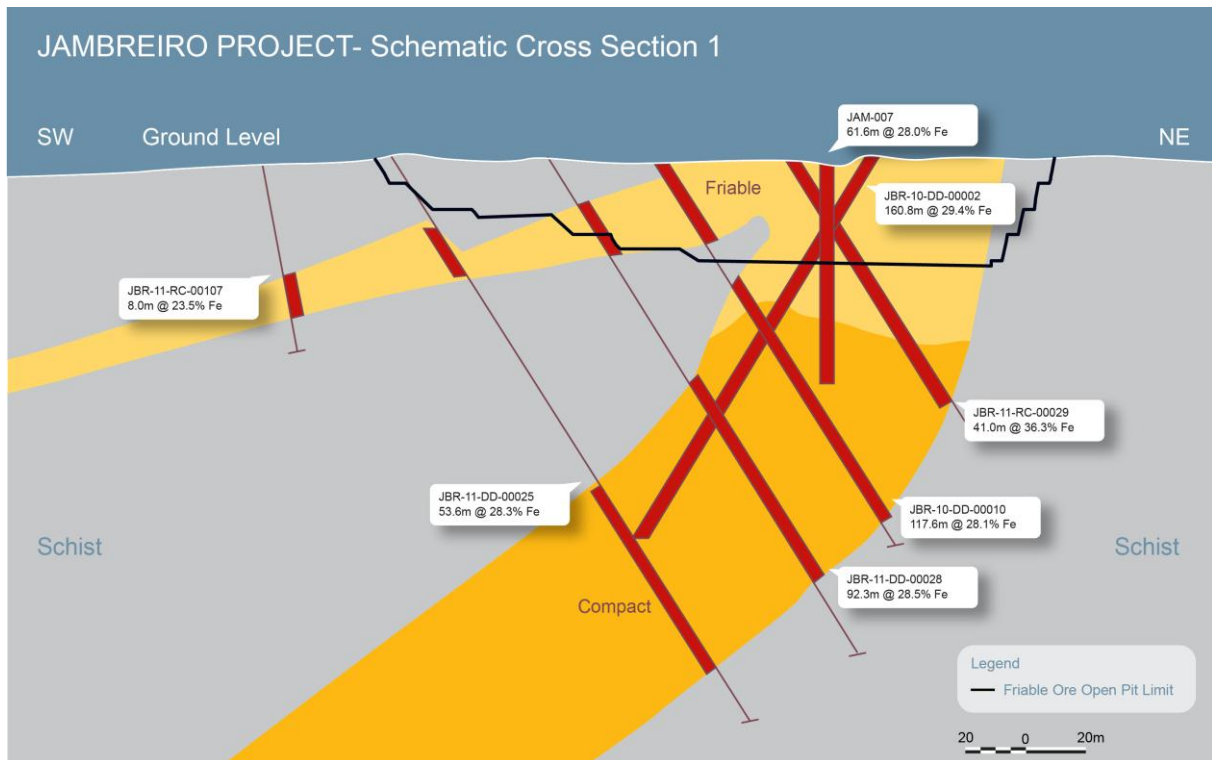
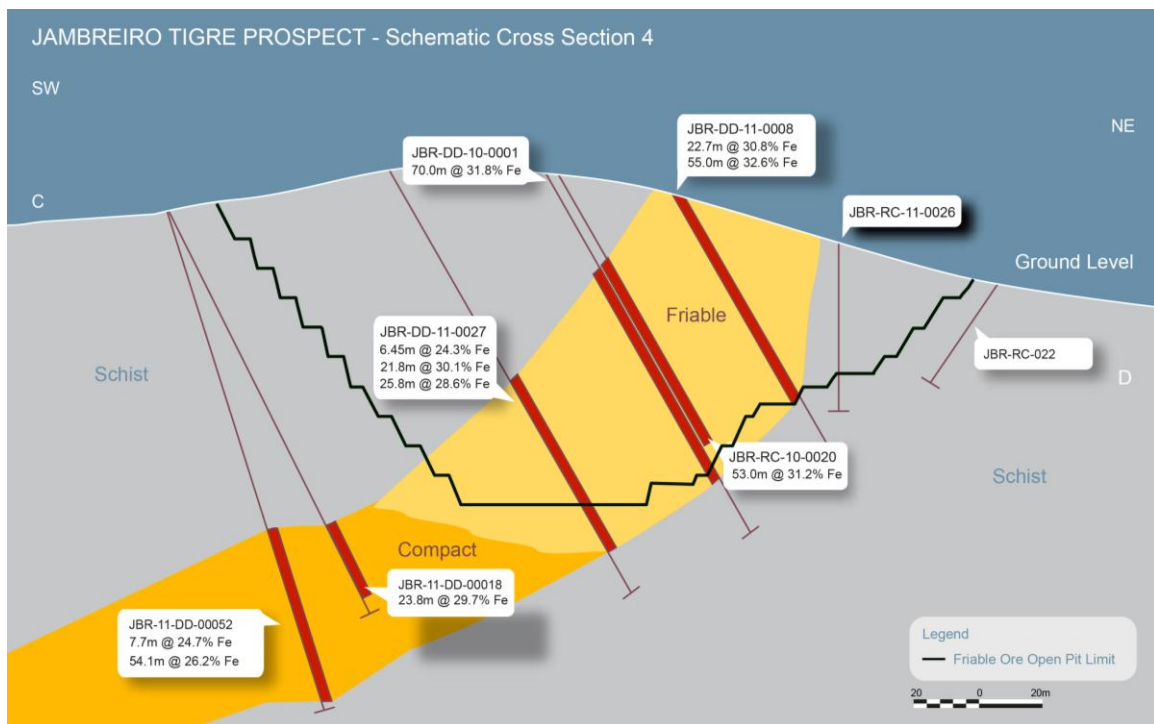


Figure 3 – Cross Section 4 with Pit Design for Initial Ore Reserve





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Figure 4 – Cross Section 7 with Pit Design for Initial Ore Reserve

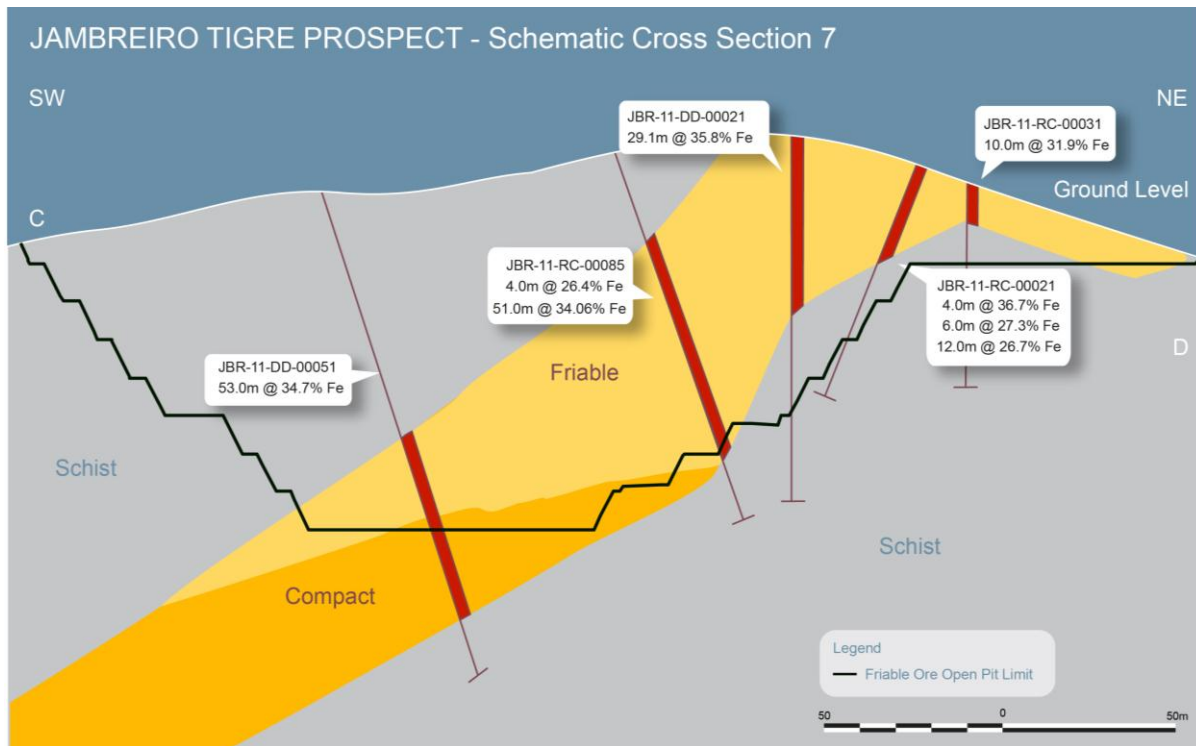
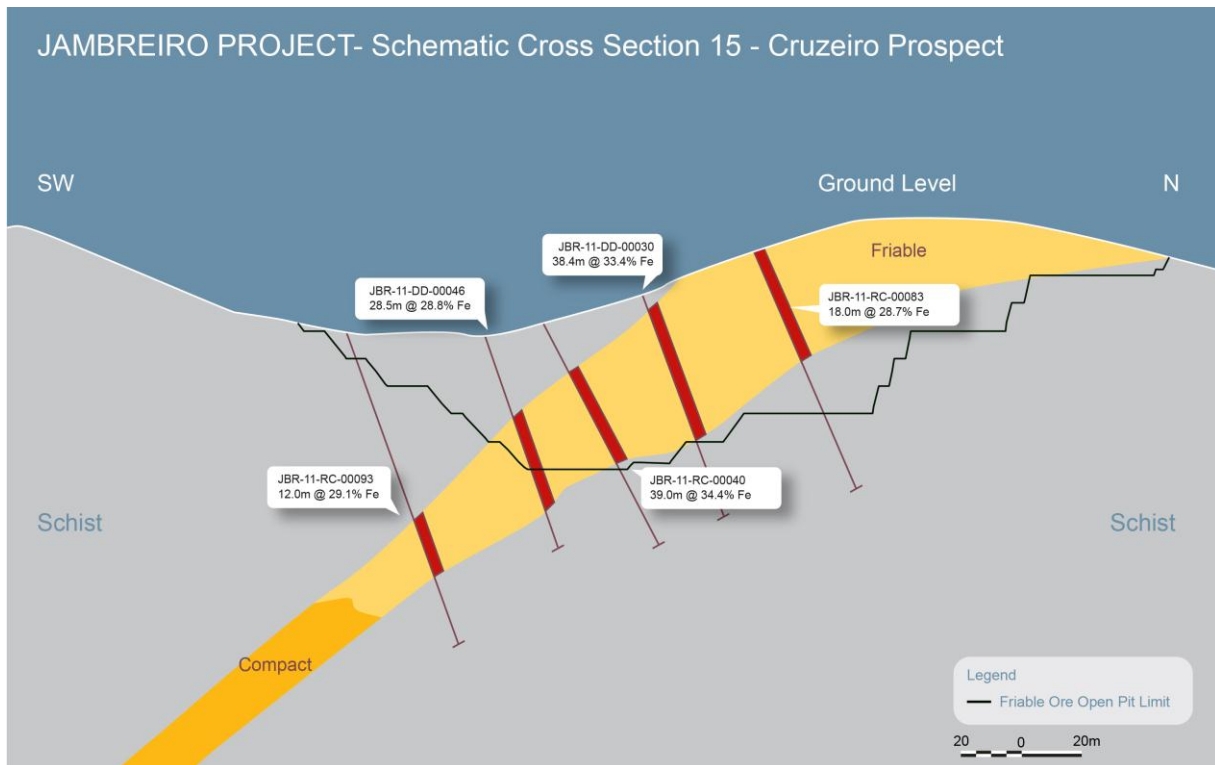


Figure 5 – Cross Section 15 with Pit Design for Initial Ore Reserve

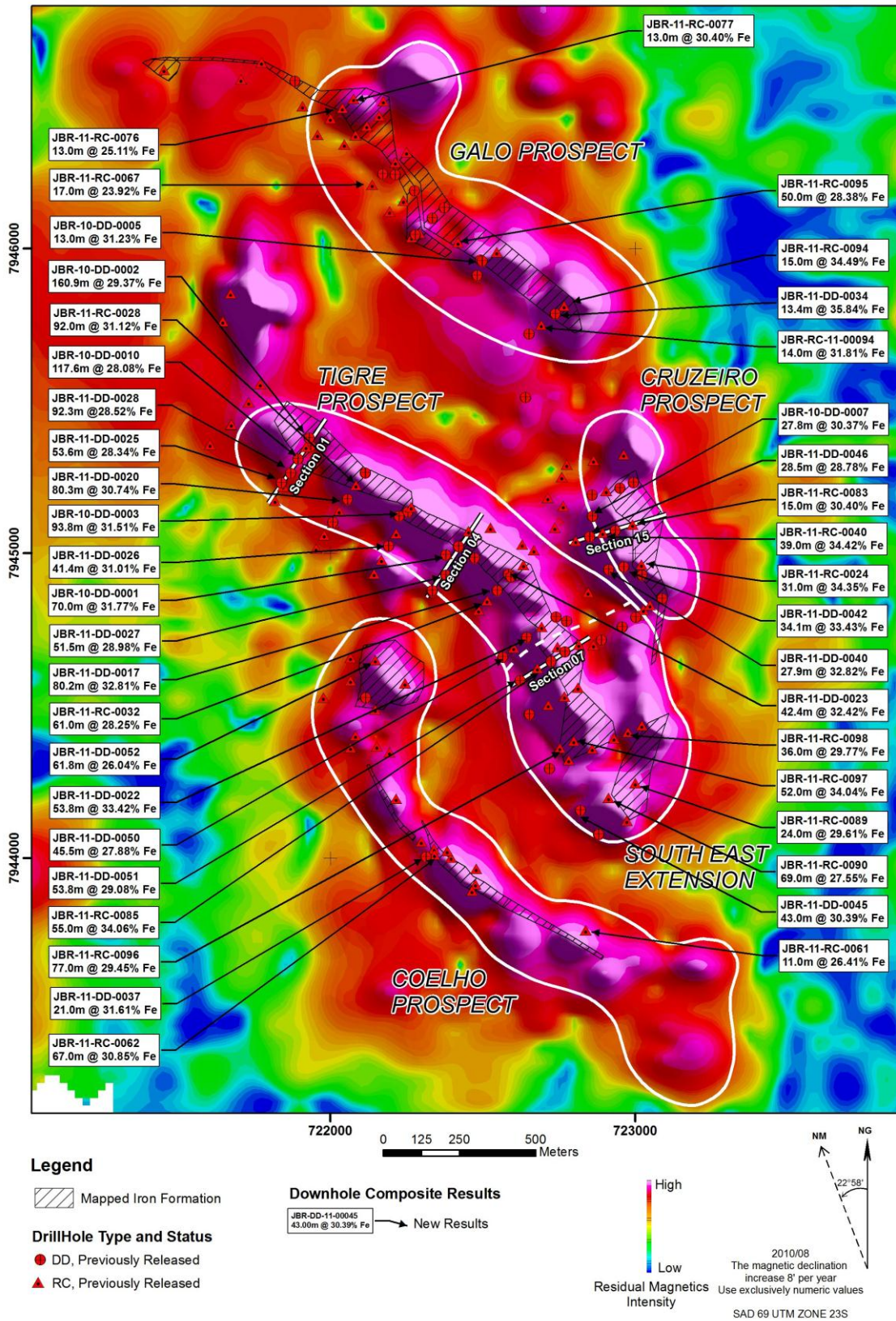




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Figure 6 – Jambreiro Magnetic Image with Cross Section Locations



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**Appendix A  
Jambreiro Iron Ore Project – November 2011 JORC Ore Reserve Estimate - By Prospect**

| Prospect               | JORC Category   | Million Tonnes | Fe %        | SiO <sub>2</sub><br>% | Al <sub>2</sub> O <sub>3</sub><br>% | P %         | LOI %      |
|------------------------|-----------------|----------------|-------------|-----------------------|-------------------------------------|-------------|------------|
| Tigre                  | Proven          | 12.0           | 28.6        | 51.2                  | 4.5                                 | 0.03        | 1.7        |
|                        | Probable        | 25.7           | 27.8        | 51.7                  | 4.9                                 | 0.04        | 1.9        |
|                        | <b>TOTAL</b>    | <b>37.7</b>    | <b>28.0</b> | <b>51.6</b>           | <b>4.8</b>                          | <b>0.04</b> | <b>1.9</b> |
| Cruzeiro               | Proven          |                |             |                       |                                     |             |            |
|                        | Probable        | 4.5            | 31.0        | 49.1                  | 3.9                                 | 0.04        | 1.8        |
|                        | <b>TOTAL</b>    | <b>4.5</b>     | <b>31.0</b> | <b>49.1</b>           | <b>3.9</b>                          | <b>0.04</b> | <b>1.8</b> |
| Galo                   | Proven          |                |             |                       |                                     |             |            |
|                        | Probable        | 6.8            | 27.1        | 49.5                  | 7.4                                 | 0.04        | 3.3        |
|                        | <b>TOTAL</b>    | <b>6.8</b>     | <b>27.1</b> | <b>49.5</b>           | <b>7.4</b>                          | <b>0.04</b> | <b>3.3</b> |
| <b>Jambreiro Total</b> | <b>Proven</b>   | <b>12.0</b>    | <b>28.6</b> | <b>51.2</b>           | <b>4.5</b>                          | <b>0.03</b> | <b>1.7</b> |
|                        | <b>Probable</b> | <b>37.0</b>    | <b>28.0</b> | <b>51.0</b>           | <b>5.2</b>                          | <b>0.04</b> | <b>2.2</b> |
|                        | <b>TOTAL</b>    | <b>49.0</b>    | <b>28.2</b> | <b>51.1</b>           | <b>5.0</b>                          | <b>0.04</b> | <b>2.1</b> |
| <b>Friable</b>         | <b>Proven</b>   | <b>12.0</b>    | <b>28.6</b> | <b>51.2</b>           | <b>4.5</b>                          | <b>0.03</b> | <b>1.7</b> |
|                        | <b>Probable</b> | <b>37.0</b>    | <b>28.0</b> | <b>51.0</b>           | <b>5.2</b>                          | <b>0.04</b> | <b>2.2</b> |
|                        | <b>TOTAL</b>    | <b>49.0</b>    | <b>28.2</b> | <b>51.1</b>           | <b>5.0</b>                          | <b>0.04</b> | <b>2.1</b> |

*Cut-off 20% Fe*



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**Appendix A (Cont...)  
Jambreiro Iron Ore Project – October 2011 JORC Resource Estimate - By Prospect**

| Prospect                                | JORC Category               | Million Tonnes | Fe %        | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P %         | LOI %      |
|---|-----------------------------|----------------|-------------|--------------------|----------------------------------|-------------|------------|
| Tigre<br>(Including South<br>East Extn) | Measured                    | 13.5           | 28.4        | 51.0               | 4.4                              | 0.04        | 1.7        |
|   | Indicated                   | 44.3           | 27.1        | 51.3               | 4.1                              | 0.04        | 1.6        |
|   | <b>Measured + Indicated</b> | <b>57.8</b>    | <b>27.4</b> | <b>51.2</b>        | <b>4.2</b>                       | <b>0.04</b> | <b>1.7</b> |
|   | Inferred                    | 27.9           | 25.6        | 52.1               | 3.8                              | 0.05        | 1.1        |
|   | <b>TOTAL</b>                | <b>85.7</b>    | <b>26.8</b> | <b>51.5</b>        | <b>4.1</b>                       | <b>0.05</b> | <b>1.5</b> |
| Cruzeiro                                | Measured                    |                |             |                    |                                  |             |            |
|   | Indicated                   | 6.3            | 30.8        | 48.6               | 4.0                              | 0.04        | 1.8        |
|   | <b>Measured + Indicated</b> | <b>6.3</b>     | <b>30.8</b> | <b>48.6</b>        | <b>4.0</b>                       | <b>0.04</b> | <b>1.8</b> |
|   | Inferred                    | 2.3            | 29.4        | 45.2               | 6.2                              | 0.06        | 2.8        |
| <b>TOTAL</b>                            | <b>8.6</b>                  | <b>30.5</b>    | <b>47.7</b> | <b>4.6</b>         | <b>0.04</b>                      | <b>2.1</b>  |            |
| Galo                                    | Measured                    |                |             |                    |                                  |             |            |
|   | Indicated                   | 7.9            | 26.6        | 49.8               | 7.5                              | 0.04        | 3.4        |
|   | <b>Measured + Indicated</b> | <b>7.9</b>     | <b>26.6</b> | <b>49.8</b>        | <b>7.5</b>                       | <b>0.04</b> | <b>3.4</b> |
|   | Inferred                    | 7.6            | 25.1        | 52.5               | 6.3                              | 0.04        | 2.9        |
| <b>TOTAL</b>                            | <b>15.5</b>                 | <b>25.9</b>    | <b>51.1</b> | <b>6.9</b>         | <b>0.04</b>                      | <b>3.2</b>  |            |
| Coelho                                  | Inferred                    | 6.7            | 23.8        | 59.6               | 4.3                              | 0.03        | 1.5        |
|   | <b>TOTAL</b>                | <b>6.7</b>     | <b>23.8</b> | <b>59.6</b>        | <b>4.3</b>                       | <b>0.03</b> | <b>1.5</b> |
| <b>Jambreiro Total</b>                  | Measured                    | 13.5           | 28.4        | 51.0               | 4.4                              | 0.04        | 1.7        |
|   | Indicated                   | 58.5           | 27.5        | 50.8               | 4.5                              | 0.04        | 1.9        |
|   | <b>Measured + Indicated</b> | <b>72.1</b>    | <b>27.6</b> | <b>50.8</b>        | <b>4.5</b>                       | <b>0.04</b> | <b>1.9</b> |
|   | Inferred                    | 44.5           | 25.4        | 53.0               | 4.4                              | 0.05        | 1.6        |
| <b>TOTAL</b>                            | <b>116.5</b>                | <b>26.8</b>    | <b>51.6</b> | <b>4.5</b>         | <b>0.04</b>                      | <b>1.7</b>  |            |
| <b>Friable</b>                          | Measured                    | 12.1           | 28.6        | 51.2               | 4.6                              | 0.03        | 1.7        |
|   | Indicated                   | 39.9           | 27.9        | 51.1               | 5.3                              | 0.04        | 2.2        |
|   | <b>Measured + Indicated</b> | <b>52.1</b>    | <b>28.0</b> | <b>51.1</b>        | <b>5.1</b>                       | <b>0.04</b> | <b>2.1</b> |
|   | Inferred                    | 15.0           | 24.9        | 55.2               | 5.3                              | 0.04        | 2.1        |
| <b>TOTAL</b>                            | <b>67.0</b>                 | <b>27.3</b>    | <b>52.0</b> | <b>5.1</b>         | <b>0.04</b>                      | <b>2.1</b>  |            |
| <b>Compact</b>                          | Measured                    | 1.4            | 27.4        | 48.8               | 2.8                              | 0.05        | 1.6        |
|   | Indicated                   | 18.6           | 26.6        | 50.2               | 3.0                              | 0.06        | 1.2        |
|   | <b>Measured + Indicated</b> | <b>20.0</b>    | <b>26.6</b> | <b>50.1</b>        | <b>3.0</b>                       | <b>0.05</b> | <b>1.3</b> |
|   | Inferred                    | 29.5           | 25.7        | 51.9               | 4.0                              | 0.05        | 1.3        |
| <b>TOTAL</b>                            | <b>49.5</b>                 | <b>26.1</b>    | <b>51.1</b> | <b>3.6</b>         | <b>0.05</b>                      | <b>1.3</b>  |            |
| <b>TOTAL</b>                            | <b>116.5</b>                | <b>26.8</b>    | <b>51.6</b> | <b>4.5</b>         | <b>0.04</b>                      | <b>1.7</b>  |            |

*Cut-off 20% Fe  
Resources include Reserves*



**Appendix B - Jambreiro Mine Production Schedule**

| Year         | ROM tx10 <sup>3</sup> | Fe %         | Wet Mass Recovery % | Product tx10 <sup>3</sup> | Friable Ore considered waste tx10 <sup>3</sup> | Compact Ore tx10 <sup>3</sup> | Friable Waste tx10 <sup>3</sup> | Compact Waste tx10 <sup>3</sup> | Waste tx10 <sup>3</sup> | Strip Ratio |
|--------------|-----------------------|--------------|---------------------|---------------------------|--|-------------------------------|---------------------------------|---------------------------------|-------------------------|-------------|
|              | Wet                   |              |                     | Dry                       |  | Wet                           |                                 | Wet                             |                         |             |
| 1            | 5,540                 | 29.06        | 35.94               | 1,991                     | 168  |                               | 2,553                           |                                 | 2,721                   | 0.49        |
| 2            | 5,600                 | 28.76        | 35.57               | 1,992                     | 296  | 3                             | 2,583                           | 4                               | 2,887                   | 0.52        |
| 3            | 5,596                 | 28.94        | 35.79               | 2,003                     | 67   |                               | 2,929                           |                                 | 2,995                   | 0.54        |
| 4            | 5,698                 | 28.14        | 34.80               | 1,983                     | 471  | 0                             | 3,926                           | 0                               | 4,398                   | 0.77        |
| 5            | 5,956                 | 27.85        | 34.44               | 2,051                     | 446  |                               | 4,129                           |                                 | 4,575                   | 0.77        |
| 6            | 5,905                 | 27.45        | 33.95               | 2,005                     | 613  | 29                            | 7,833                           | 8                               | 8,484                   | 1.44        |
| 7            | 5,839                 | 27.89        | 34.50               | 2,014                     | 542  | 520                           | 7,247                           | 60                              | 8,370                   | 1.43        |
| 8            | 5,840                 | 27.65        | 34.20               | 1,997                     | 2,000  | 575                           | 5,013                           | 73                              | 7,661                   | 1.31        |
| 9(*)         | 2,994                 | 27.65        | 34.20               | 1,024                     | 1,025  | 295                           | 2,570                           | 37                              | 3,928                   | 1.31        |
| <b>Total</b> | <b>48,966</b>         | <b>28.17</b> | <b>34.84</b>        | <b>17,060</b>             | <b>5,629</b>                                   | <b>1,422</b>                  | <b>38,782</b>                   | <b>183</b>                      | <b>46,017</b>           | <b>0.94</b> |

(\*) – 6 months of operation