

6 October 2011

65% JUMP IN JAMBREIRO IRON ORE RESOURCE TO 116.5 MILLION TONNES: PLATFORM FOR DEVELOPMENT

MAIDEN JORC ORE RESERVE & PRE-FEASIBILITY STUDY RESULTS DUE IN NOVEMBER 2011

Key Points:

- New JORC Measured, Indicated and Inferred Resource estimate of 116.5Mt grading 26.8% Fe.
- Measured and Indicated component of the Resource totals 72.1Mt grading 27.6% Fe, which represents 25 to 28Mt of high grade (+65% Fe) product at a mass recovery of 35% to 40%.
- Test work indicates that both the friable and compact mineralisation can be beneficiated to a high quality hematite product ranging from 63% to 67% Fe with very low contaminants.
- 58% of the Resource (67Mt) comprises friable mineralisation, highlighting the potential for a +8 year friable start up project development option.
- Open pit optimisations and Ore Reserve estimates currently underway.
- Pre-Feasibility Study on 2Mtpa project development progressing well and on track for completion in November 2011.

International iron ore company Centaurus Metals Limited (ASX Code: **CTM**) is pleased to report a 65 per cent increase in the JORC compliant resource estimate for its flagship **Jambreiro Iron Ore Project** in the State of Minas Gerais, Brazil to **116.5 million tonnes grading 26.8% Fe**, laying the foundations for what is expected to be the Company's first iron ore project development.

The updated JORC Resource estimate (combined Measured, Indicated and Inferred – refer *Table 1 below*), which follows the highly successful drilling programs completed this year, comprises 67 million tonnes of friable mineralisation and 49.5 million tonnes of compact mineralisation (*see Table 2*).

The new resource provides the platform for the current Pre-Feasibility Study (PFS) on the Jambreiro Project, which is on track for completion in November 2011 based on an initial 2Mtpa operation producing a +65% Fe final product for sale into the domestic steel industry in south-eastern Brazil.

Beneficiation test work on resource grade mineralisation has so far demonstrated that both the friable and compact mineralisation types can be beneficiated to a high quality hematite product to suit the various customers and markets, ranging from a **premium 67% Fe product with less than 2% silica to the more economical 63% Fe product with less than 5% silica**, at mass recoveries of 35% to 40%. In addition, the beneficiated product from Jambreiro is expected to have very low phosphorus grades ranging between 0.01% and 0.02% P and low alumina grades ranging between 0.7% and 0.9% Al₂O₃.

Ore characterisation and beneficiation test work is ongoing for both mineralisation types, with both responding well to magnetic separation circuits, indicating the potential to provide operational and price flexibility by using this beneficiation process.

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Centaurus' intention is to undertake the plant design at Jambreiro to tailor the iron and silica grades for individual customer requirements. A 6-tonne sample of friable mineralisation is currently being tested in the planned process flowsheet and the results will assist in further confirming the product specifications for the domestic steel industry.

Importantly, 72.1 million tonnes grading 27.6% Fe of the overall Jambreiro resource base is now classified in the Measured and Indicated categories. This represents 62 per cent of the total Resource and provides an excellent base for the upcoming Jambreiro JORC Ore Reserve estimate. This Measured and Indicated Resource represents 25 to 28Mt of high grade (+65% Fe) product at a mass recovery of 35% to 40%.

The Jambreiro JORC Mineral Resource estimate is set out in Table 1 below with additional technical details of the resource provided in Appendix A.

**Table 1 – Jambreiro Iron Ore Project – October 2011 JORC Resource Estimate
By Prospect Area**

Prospect	JORC Category	Million Tonnes	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Tigre (Including South 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
	Measured + Indicated	57.8	27.4	51.2	4.2	0.04	1.7
	Inferred	27.9	25.6	52.1	3.8	0.05	1.1
	TOTAL	85.7	26.8	51.5	4.1	0.05	1.5
Cruzeiro	Measured						
	Indicated	6.3	30.8	48.6	4.0	0.04	1.8
	Measured + Indicated	6.3	30.8	48.6	4.0	0.04	1.8
	Inferred	2.2	29.4	45.2	6.2	0.06	2.8
TOTAL	8.6	30.5	47.7	4.6	0.04	2.1	
Galo	Measured						
	Indicated	7.9	26.6	49.8	7.5	0.04	3.4
	Measured + Indicated	7.9	26.6	49.8	7.5	0.04	3.4
	Inferred	7.6	25.1	52.5	6.3	0.04	2.9
TOTAL	15.5	25.9	51.1	6.9	0.04	3.2	
Coelho	Inferred	6.7	23.8	59.6	4.3	0.03	1.5
	TOTAL	6.7	23.8	59.6	4.3	0.03	1.5
Jambreiro Total	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
	Measured + Indicated	72.1	27.6	50.8	4.5	0.04	1.9
	Inferred	44.4	25.4	53.0	4.4	0.05	1.6
TOTAL	116.5	26.8	51.6	4.5	0.04	1.7	
Friable	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
	Measured + Indicated	52.1	28.0	51.1	5.1	0.04	2.1
	Inferred	15.0	24.9	55.2	5.3	0.04	2.1
TOTAL	67.0	27.3	52.0	5.1	0.04	2.1	
Compact	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
	Measured + Indicated	20.0	26.6	50.1	3.0	0.05	1.3
	Inferred	29.5	25.7	51.9	4.0	0.05	1.3
TOTAL	49.5	26.1	51.1	3.6	0.05	1.3	
TOTAL	116.5	26.8	51.6	4.5	0.04	1.7	

Cut-off 20% Fe

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Table 2 shows the split of the JORC Mineral Resource estimate between friable and compact mineralisation for all Prospect areas at Jambreiro.

**Table 2 – Jambreiro Iron Ore Project – October 2011 JORC Resource Estimate
By Mineralisation Type**

Prospect	Material Type	Million Tonnes	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Tigre (Including South East Extension)	Friable	45.4	27.7	51.9	4.8	0.04	1.9
	Compact	40.3	25.8	51.0	3.3	0.06	1.0
	TOTAL	85.7	26.8	51.5	4.1	0.05	1.5
Cruzeiro	Friable	5.1	30.5	49.0	4.2	0.04	1.9
	Compact	3.4	30.4	45.9	5.1	0.06	2.3
	TOTAL	8.6	30.5	47.7	4.6	0.04	2.1
Galo	Friable	11.2	26.0	50.6	7.4	0.04	3.4
	Compact	4.3	25.6	52.4	5.4	0.04	2.8
	TOTAL	15.5	25.9	51.1	6.9	0.04	3.2
Coelho	Friable	5.3	23.8	58.8	4.6	0.03	1.6
	Compact	1.4	24.0	62.5	3.3	0.03	1.0
	TOTAL	6.7	23.8	59.6	4.3	0.03	1.5
Jambreiro Total	Friable	67.0	27.3	52.0	5.1	0.04	2.1
	Compact	49.5	26.1	51.1	3.6	0.05	1.3
	TOTAL	116.5	26.8	51.6	4.5	0.04	1.7

Cut-off 20% Fe

A significant part of the increase in the resource base at Jambreiro has come from successful drilling of the South East Extension Zone (*see Figure 1*), where drilling encountered a zone of mineralisation that dips sub-parallel to the natural surface and intersected a high proportion of friable mineralisation. Figures 2 to 5 show typical cross-sections through the various prospect areas at Jambreiro.

Centaurus will now aim to leverage off the positive aspects of this South East Extension Zone to assist in enhancing overall project economics through lower strip ratios and generally lower processing costs. The South East Extension Zone forms part of the Tigre Resource in the Resource tables.

In addition to the South East Extension Zone, recent work has highlighted a significant improvement in the continuity of mineralisation of each of the satellite prospect areas, which have also made a strong contribution to the overall resource base, both in terms of tonnes and improved JORC classification.

The Jambreiro Project has excellent access to existing local infrastructure and is well located approximately 140km from the city of Ipatinga, home to Usiminas' existing 4.5Mtpa steel mill. Arcelor Mittal also has major steel operations within the same general radius, at the João Monlevade - and the recently spun out Aperam Timóteo plant – South America's largest stainless steel producer.

Friable Project Option for Jambreiro

The Jambreiro Project now has an estimated **67.0 million tonnes grading 27.3% Fe** of friable mineralisation, of which **52.1 million tonnes grading 28.0% Fe** is in the Measured or Indicated resource categories. This friable component of the Resource highlights the potential for a +8 year friable start-up development option. The friable mineralisation is continuous along strike, outcropping and coarse-grained, and extends to depths of up to 100 metres before becoming more compact.

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The South Eastern Extension Zone of the Tigre Prospect and the satellite Cruzeiro Prospect are located in the south eastern area of the Jambreiro Project (*see Figure 1*). Both of these prospects have relatively higher grade friable mineralisation that dips sub-parallel to the natural surface (*see sections 7 and 15 at Figures 4 and 5 respectively*). These zones are ideal for the commencement of future mining activities based on mining higher grade material with a lower strip ratio, and are likely to become the source of early ore production.

Coincidentally, the general location of these prospects is adjacent to the Company's preferred site for the Project's beneficiation plant. The proposed location of the beneficiation plant will be less than 1 kilometre from both the Tigre and Cruzeiro Prospects.

As a result of these positive operating characteristics, it is expected that most of the friable mineralisation will fall within the pit optimisation limits. Open pit optimisations and Ore Reserve estimations have commenced. The Company is currently preparing a number of project operating scenarios to test the robustness of a possible friable start up project.

Pre-Feasibility Study Update

The new resource estimate will form the platform for the Pre-Feasibility Study (PFS) on the Jambreiro Iron Ore Project, which is currently well advanced and on schedule to be finalised in November, 2011. The study is based on a 2Mtpa operation producing +65% Fe products to be sold to local steel mills.

The PFS will incorporate anticipated lower capital and operating costs arising from the more favourable mining conditions now associated with the significant increase in the friable component of this latest Resource upgrade.

Centaurus' Managing Director, Mr Darren Gordon, said: *"We are very pleased to be able to deliver such a significant increase in the overall resource base for the Jambreiro Project, including a major uplift in the quantity of friable mineralisation, following successful drilling programs this year – in particular at the South East Extension Zone and satellite prospects.*

"When combined with the strong increase in the overall level of Measured and Indicated Resources, we are confident that the revised resource base will form the foundation of a long-life mining operation at Jambreiro. We look forward to completing the Pre-Feasibility study on the Project which we expect will confirm our expectation of a financially robust project that will become the cornerstone of our domestic iron ore business in Brazil."

-ENDS-

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Competent Person's Statement

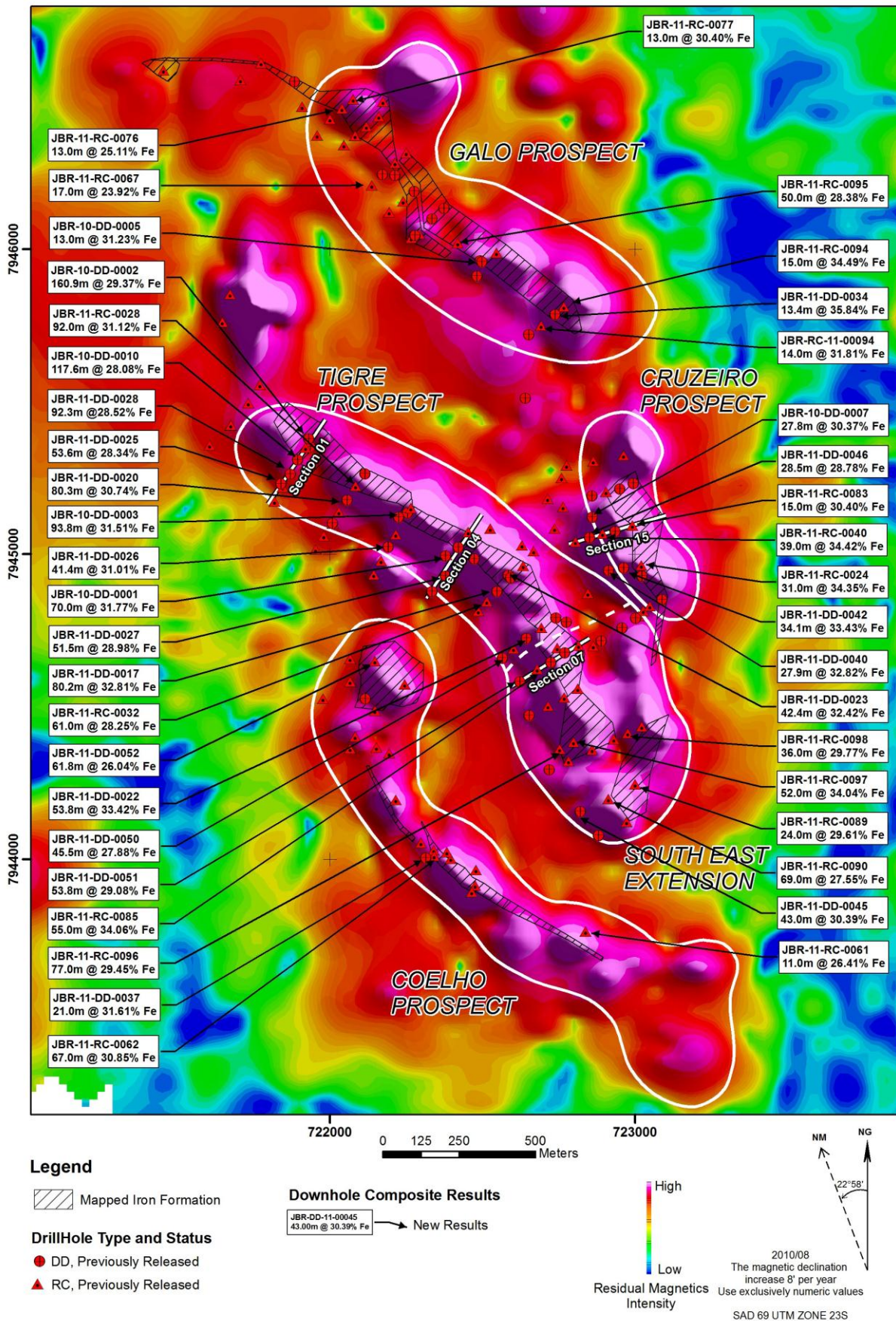
The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of Australian Institute of Geoscientists. Roger Fitzhardinge 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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Figure 1 – Jambreiro Iron Ore Project Showing Prospect Locations over Ground Magnetic Survey



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Figure 2 – Tigre Prospect Cross Sections Showing Material Type – Section 1

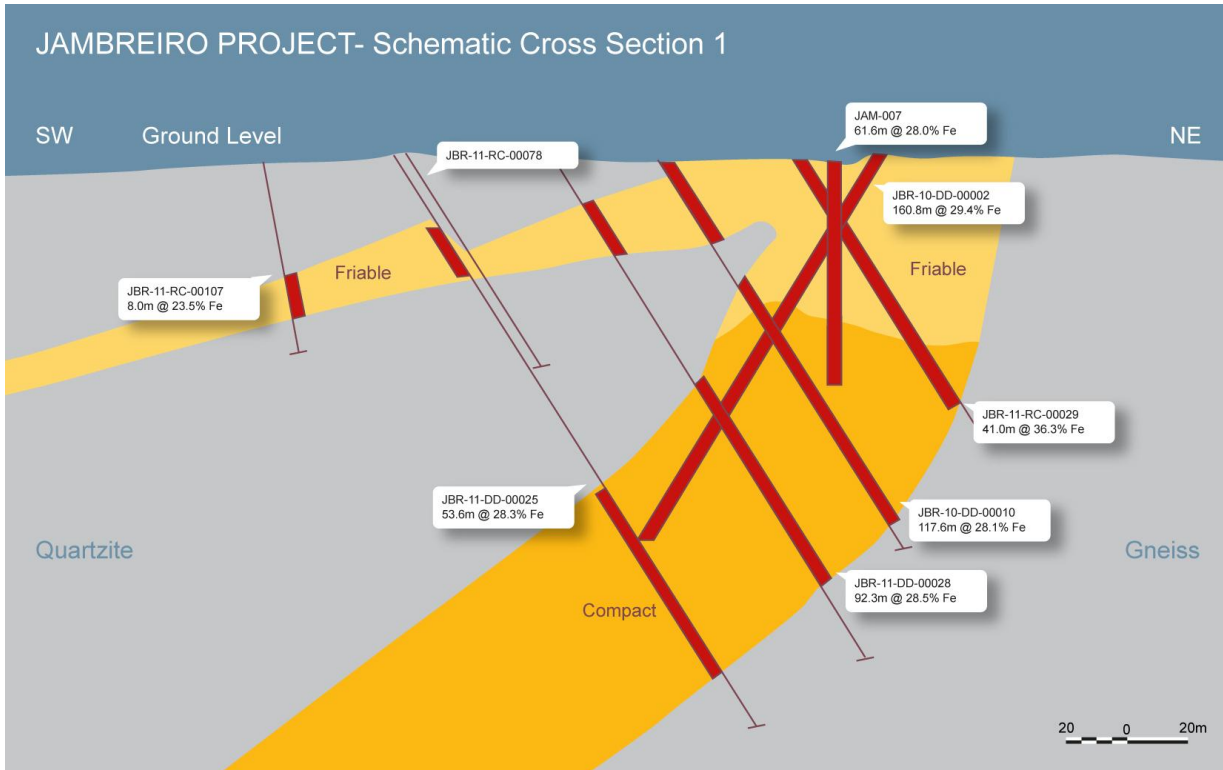
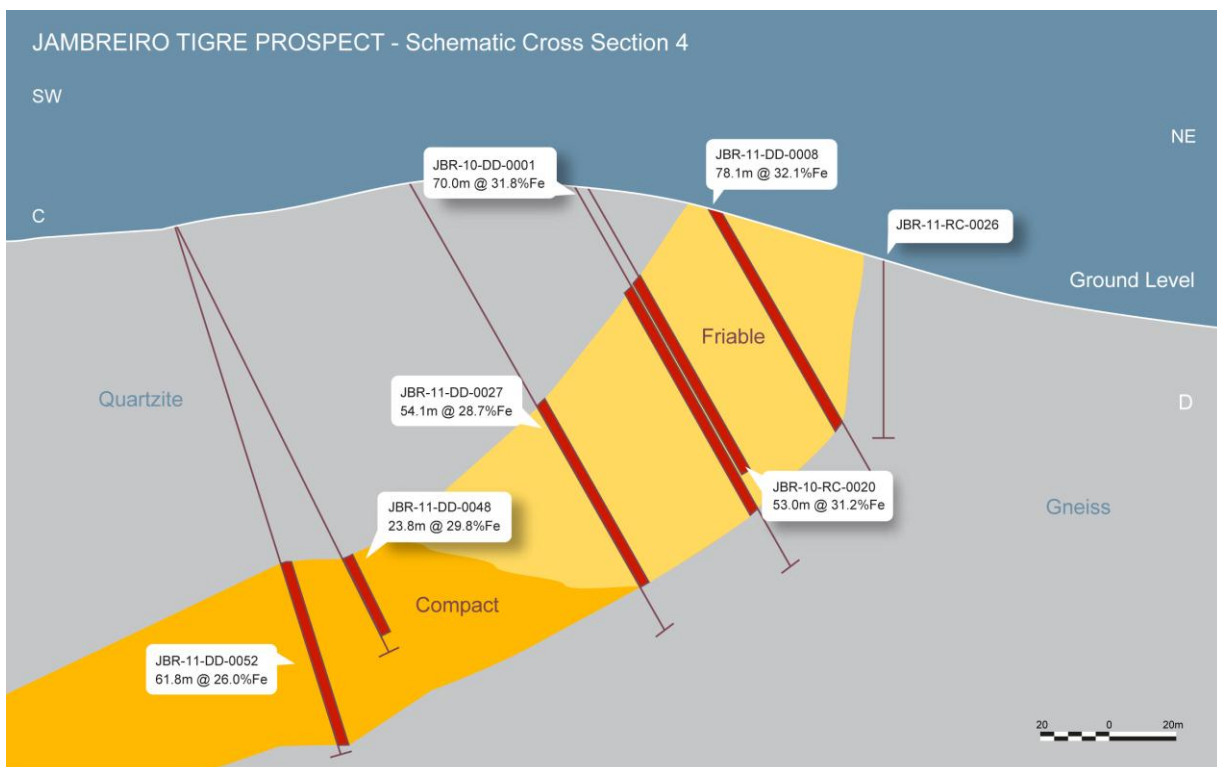


Figure 3 – Tigre Prospect Cross Section Showing Material Type – Section 4



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Figure 4 – Tigre Prospect Cross Sections Showing Material Type – Section 7

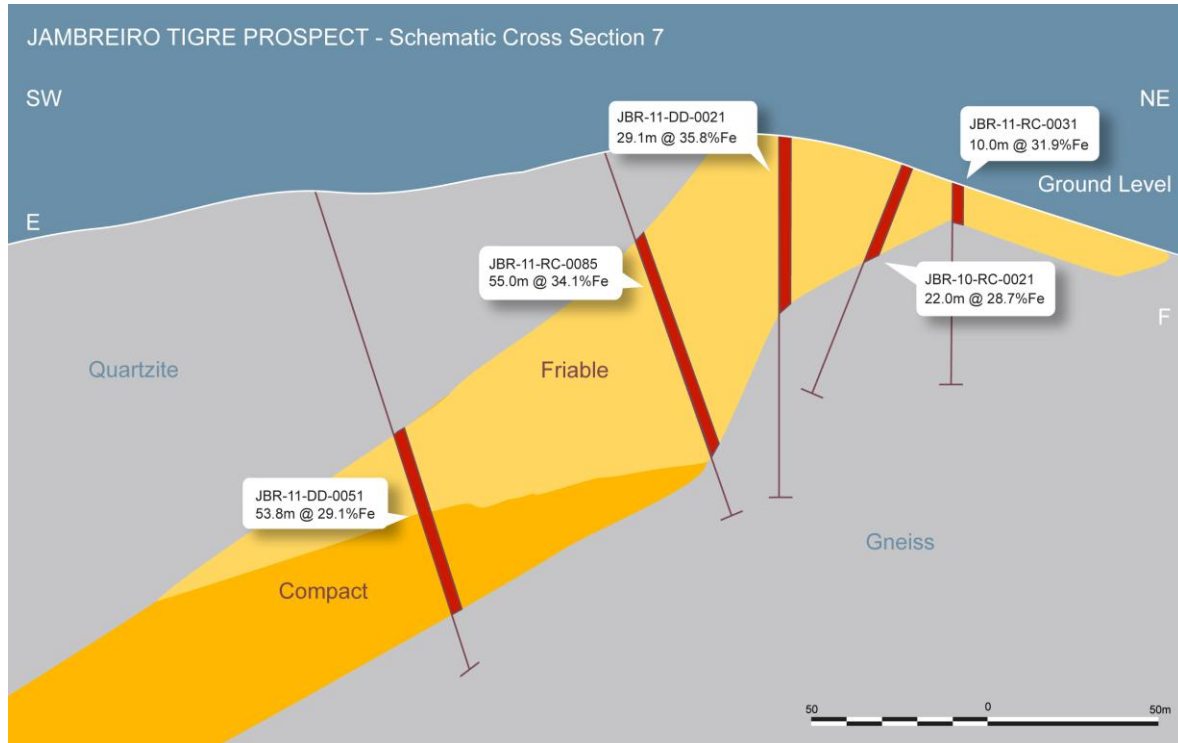
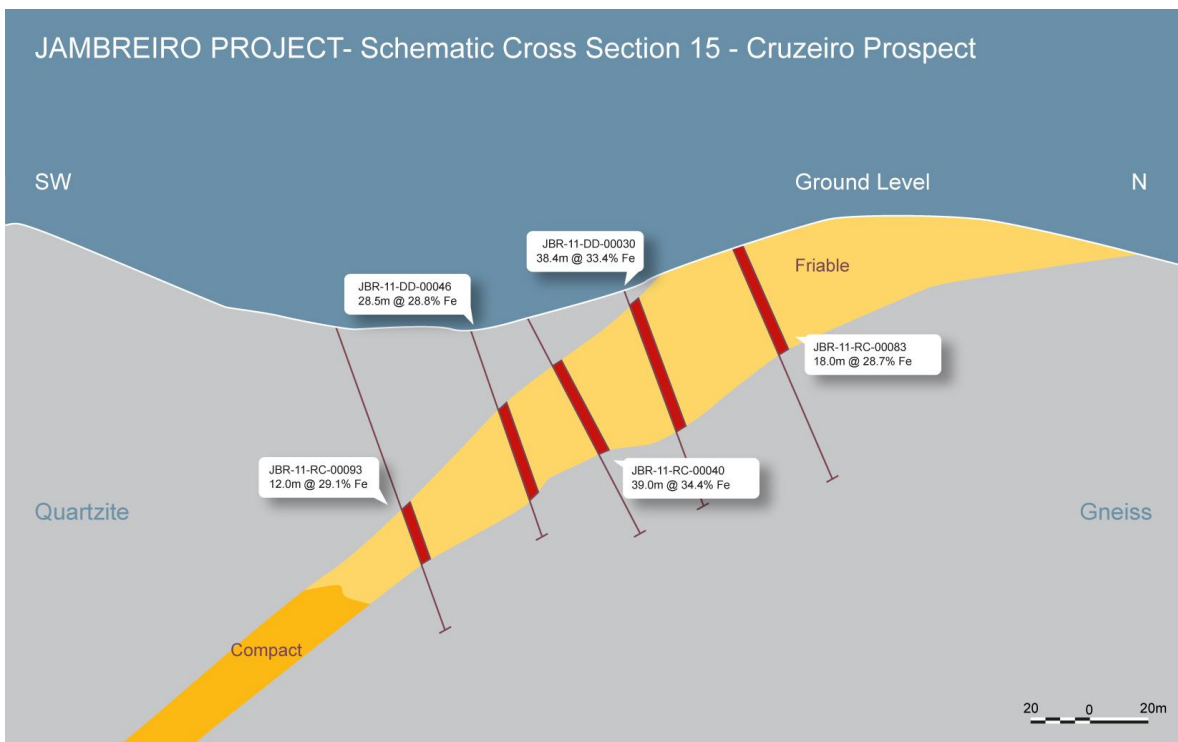


Figure 5 – Tigre Prospect Cross Section Showing Material Type – Section 15



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Appendix A – Details of the Jambreiro Inferred Resource

General Information	
Project Name	Jambreiro Iron Ore Project
Prospect Names	Tigre Prospect, Galo Prospect, Cruzeiro Prospect, Ceolho Prospect
Location	Located approximately 180 Km NE of BH and 23Km North of Guanhães.
Geological Description	The Jambreiro Project is located within the Guanhães Group of the Mantiqueira Complex. The region is structurally complex with duplex fault systems and complex folding ranging from micro folding in outcrop to large scale regional deformation.
	The Itabirite unit is part of an iron formation including ferruginous quartzites and quartzites hosted within a metasedimentary sequence. This sequence is emplaced in regional gneissic basement.
	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 with minor amphibole (Grunerite), Mica (muscovite) and feldspar (albite)
	Itabirite thicknesses vary from 5m to up to 100m thick within the Tigre prospect. Itabirite has been intersected at depths up to 180m.
Spatial Limits of Resource: Total Resource Area	721302mE to 723102mE
	7943707mN 7946642mN
	544mRL to 1017mRL (surface)
Resource Base	Tigre Prospect – max depth of 150m from base of drilling.
	Galo, Cruzeiro & Coelho Prospects – max depth 150m from base of drilling.
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.

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Bulk Density Measurements		
Method		
	Compact	Immersion method using full core
	Friable	Volume/ Mass method and in situ Bulk density method
Number of samples		In situ = 15
		Volume Mass = 299
		Water Displacement = 286
Bulk Density Values		
Material Type	Bulk Density (t/m³)	No. Of Samples
Itabirite Compact	2.29	179
Itabirite Semi Friable	2.67	64
Itabirite Friable	3.10	96
Waste Compact	2.57	107
Waste Semi Friable + Friable	2.00	139

Drilling		
	Holes	Metres
Historical DDH	7	365.4
DDH	59	6,006.4
RC	108	8,620.0
Total	174	14,991.8
Survey		
Grid System	SAD_69 23S	
Collar Survey	Total survey collars for all drill holes	
DH Survey	Downhole survey completed for DDH – using Maxibore, 10m intervals	
Sampling		
Type and Method	1m samples for RC and DDH. 3m composites taken within waste material	
DDH	Half core sampling to lithological boundaries.	
RC	One metre samples. Samples homogenised after leaving cyclone and split.	
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	
Physical Sample Prep		
DDH	Cutting, Crushing, Drying, Pulverising, Splitting	
RC	Drying, Crushing, Pulverising, Splitting	
Analytical Method	Metal Oxide determination through X-RAY Florescence (XR21L) Oxide and elemental analyses including Fe, SiO ₂ , Al ₂ O ₃ ,P, Mn, TiO ₂ , CaO, MgO, K ₂ O, Na ₂ O and Cr ₂ O ₃ . FeO by a Volumetric Determination (VL3) and LOI using Loss Determination by Gravity	
Elements	Fe, SiO ₂ , Al ₂ O ₃ ,P, Mn, TiO ₂ , CaO, MgO, K ₂ O, Na ₂ O, Cr ₂ O ₃ and FeO	
QAQC	288 Duplicate, 360 Standards and 164 Blanks across all batches. Standards inserted every 25 samples, duplicates every 20.	

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Block Model Parameters			
Estimation Method	Ordinary Kriging (OK)		
	Y	X	Z
Parent Block Sizes	50m	50m	10m
Sub Block Sizes	5m	5m	1m
Attributes:			
Rock_code	(Itb_F, Itb_SF, Itb_C and Waste)		
OB	Model Name		
Fe%	Fe Grade, OK		
SiO₂%	SiO ₂ % Grade, OK		
Al₂O₃%	Al ₂ O ₃ % Grade, OK		
P%	P% Grade, OK		
LOI%	LOI , OK		
CLASS	Resource Classification Class		
Density	Bulk Density of Itb_C, Itb_SF, Itb_F and waste		