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## CENTAURUS COMPLETES KEY LAND ACCESS AND CO-OPERATION AGREEMENT WITH CENIBRA FOR FLAGSHIP BRAZILIAN IRON ORE PROJECT

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International iron ore company Centaurus Metals Ltd (ASX Code: CTM) is pleased to announce that it has concluded a landmark **10-year land access and comprehensive co-operation agreement** for its Jambreiro Iron Ore Project in south-eastern Brazil, representing another key milestone towards development of the flagship project.

The agreement – which has been signed with the Landowner in the Jambreiro region, the leading Brazilian forestry and pulp group Cenibra – formally provides Centaurus with long-term access to the surface rights for the land on which the Jambreiro Project is located and ensures that it has unrestricted access for the first stage of the Project where friable itabirite is planned to be mined.

Under the agreement, Centaurus has paid BRL\$1.15 million (A\$625,000) to Cenibra for 10 years of access to fully cleared land. Cenibra will therefore remove all eucalypt trees on the Jambreiro mine and plant area well before development of the Project commences later this year. Some of this clearing has already been undertaken by Cenibra.

Centaurus has an option to extend the land access agreement at the end of the initial 10-year period.

The agreement also concluded the registration of transfer of title for the acquisition of the portfolio of 18 tenements in the Guanhões region of Minas Gerais which includes the Jambreiro Project from Cenibra. Under the terms of the agreement, Centaurus has completed its purchase of 100% of the tenements and made an initial payment of US\$2 million to Cenibra.

A final payment of US\$1 million is due to be paid in March 2013 with Cenibra to then receive a production royalty of 1.85% on all sales of iron ore generated from the tenement package.

The Jambreiro Iron Ore Project only comprises three of these tenements and there is significant exploration upside on the remaining tenements. The other tenements will be explored in the second half of 2012. The agreement with Cenibra also establishes a framework for further land access, exploration and removal activities on these other prospective areas.

Centaurus has recently completed an in-fill RC drill program at Jambreiro to upgrade at least the first four years of production into the Measured Resource category. The drilling has provided a high level of confidence in the existing Jambreiro deposits and a resource upgrade is expected to be delivered by the end of May. Initial pilot plant test work has shown that the Jambreiro ore can be cost effectively upgraded to a high grade (65.6% Fe), low impurity (2.8% SiO<sub>2</sub>, 0.90% Al<sub>2</sub>O<sub>3</sub> and 0.01% P) sinter product.

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Centaurus' Managing Director, Mr Darren Gordon, said: *"The completion of this landmark access and co-operation agreement with the major regional stakeholder represents a huge step forward for the Jambreiro Project and another important milestone for Centaurus on our pathway to becoming an iron ore producer.*

*"The agreement provides the Company with unfettered access to the project area and will save significant construction time once the Installation Licence is granted in the 1<sup>st</sup> half of 2013 by avoiding the need for a major land-clearing exercise. Centaurus is also now in a strong position to consider future projects in the areas adjacent to Jambreiro."*

**-ENDS-**

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