20 January 2012

DECEMBER 2011 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **JAMBREIRO IRON ORE PROJECT – DOMESTIC**
  - **Ore Reserves of 49mt @ 28.2% Fe defined.**
  - **Pre-Feasibility Study completed with key outcomes being:**
    - **2Mtpa operation delivering a 66% Fe final product into domestic steel industry in SE Brazil.**
    - **Initial 8.5 year mine life based on friable Ore Reserve.**
    - **Life-of-mine operating cash costs of A$19.9/tonne of final product.**
    - **Life-of-mine revenue of A$1.25 billion and EBITDA of $858 million.**
    - **Annual operating cash flows of A$101 million.**
    - **Post-tax NPV of A$289 million and IRR of 53%.**
    - **Pre-production capital investment (including contingency) of A$132 million.**
    - **Premium grade product in high demand in the Brazilian domestic steel sector.**
- **SERRA DA LONTRA IRON ORE PROJECT – EXPORT**
  - **Ground magnetic survey completed.**
  - **Preparation work for 7,500 metre drilling program was completed.**
- **CASH RESERVES OF $20.0 MILLION AT QUARTER END.**

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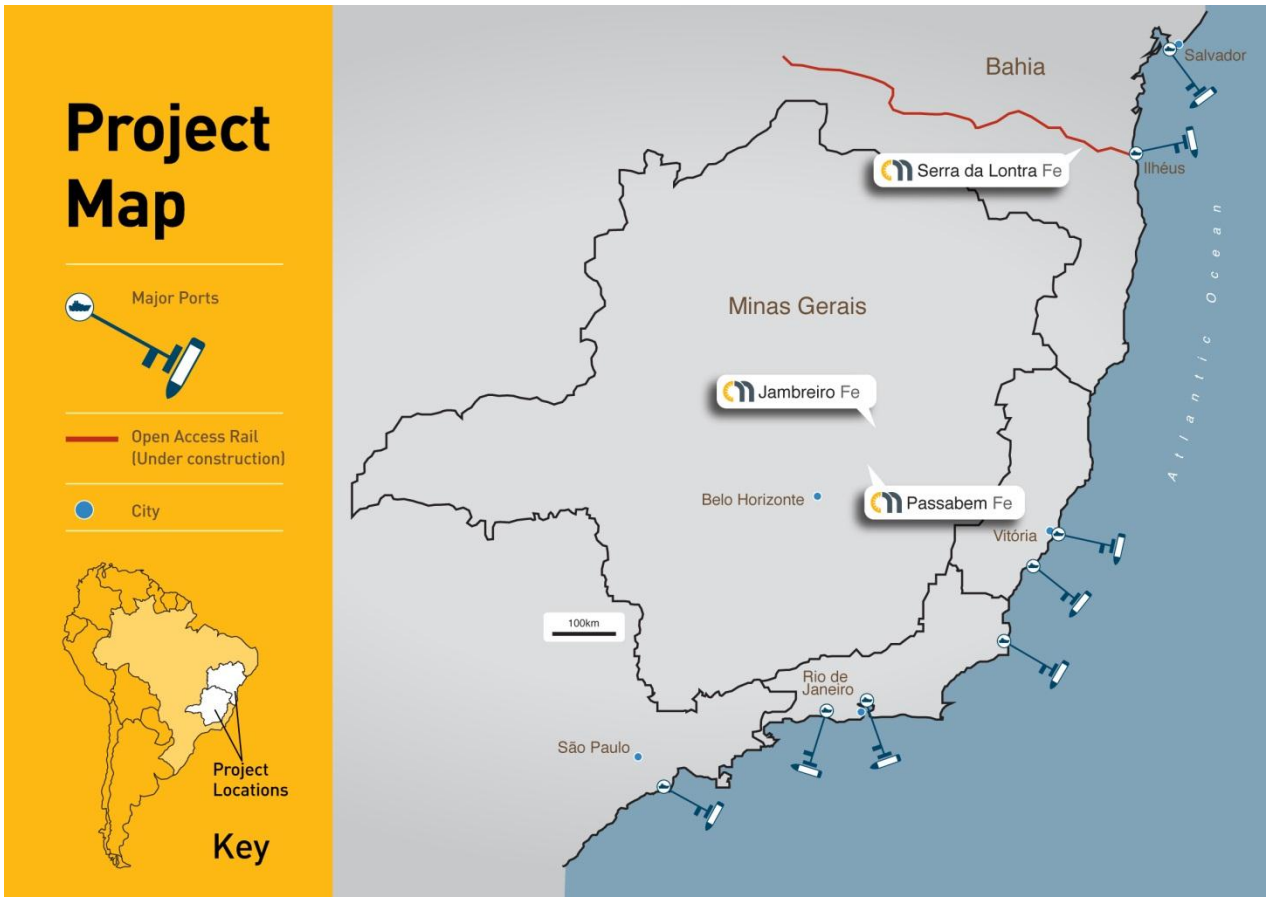
DOMESTIC IRON & STEEL BUSINESS IN BRAZIL

During the December Quarter, Centaurus continued to progress the development of its Domestic Iron & Steel Business in south-east Brazil's "Iron Quadrangle" region with initial focus being on the development of the Jambreiro Iron Ore Project which is targeted to be in production by the end of 2013 at a rate of 2mtpa.



JAMBREIRO IRON ORE PROJECT

During the Quarter, the focus of work on the Jambreiro Project was the estimation of Ore Reserves and the completion of a Pre-Feasibility Study (PFS).

MINERAL RESOURCES & ORE RESERVES

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 (Refer to Table 1). 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. A full table of these Resources and Reserves is set out in Appendix A.

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Table 1 – Jambreiro Reserve & Resource Classifications – November 2011

Ore Reserve Classification	Mt	Fe%	SiO_2%	Al_2O_3%	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
Total	**49.0**	**28.2**	**51.1**	**5.0**	**0.04**	**2.1**
Concentrate Production	**17.1**	**66.6**	**2.8**	**0.69**	**0.02**	**0.4**
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
Total	**116.5**	**26.8**	**51.6**	**4.5**	**0.04**	**1.7**

Resources are inclusive of Reserves

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. Importantly, the strip ratio for the first 5 years of production will average 0.62:1. The year by year mine schedule is set out in Table 2.

Table 2 – Jambreiro Mine Sequencing Results

Year	ROM Kt Wet	Fe %	Mass Rec. %	Con. Produced Kt Dry	Waste ('000t) Kt Wet	Strip Ratio	Total Movement Kt WET
1	5,540	29.06	35.94	1,991	2,721	0.49	8,261
2	5,600	28.76	35.57	1,992	2,887	0.52	8,486
3	5,596	28.94	35.79	2,003	2,995	0.54	8,591
4	5,698	28.14	34.80	1,983	4,398	0.77	10,095
5	5,956	27.85	34.44	2,051	4,575	0.77	10,530
6	5,905	27.45	33.95	2,005	8,484	1.44	14,389
7	5,839	27.89	34.50	2,014	8,370	1.43	14,208
8	5,840	27.65	34.20	1,997	7,661	1.31	13,501
9*	2,994	27.65	34.20	1,024	3,928	1.31	6,922
Total	**48,966**	**28.17**	**34.84**	**17,060**	**46,017**	0.94	94,984

*6 months of operation

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

Table 3 – Average Operating Cash Costs

	A$ per DMT Product	A$ per tonne material
Mine Operating Costs	8.69	1.56
Plant Operating Costs	11.17	
Total Operating Cash Costs	**19.86**	

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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_2 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 commenced in December 2011 to upgrade reserves for the first three years of the planned mine life into the Proven category, with this drilling to provide a sample for a pilot plant test work program scheduled to commence in Q1 2012 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.

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.

PRE-FEASIBILITY STUDY

The Pre-Feasibility Study ("PFS") for the Jambreiro Iron Ore Project in south-east Brazil outlined a 2Mtpa project capable of generating revenues of A$1.25 billion and EBITDA of A$858 million over its initial 8.5 year life.

The strong economics of the proposed development – including A$289 million post-tax NPV and IRR of 53% for a 2Mtpa operation – facilitated the Board's approval to immediately commence a Bankable Feasibility Study ("BFS"). The BFS is scheduled to be completed by the end of the third Quarter of calendar year 2012.

This will pave the way for financing, construction and development of Centaurus' first iron ore operation in Brazil to sell a high-grade 66% Fe product into the domestic steel market in Brazil, becoming the cornerstone of Centaurus' Domestic Iron Ore Business.

PFS Background and Assumptions

Significant work was undertaken in the following areas to facilitate the completion of the PFS, including:

- Estimating Measured and Indicated Resources;
- Pit designs and total material movements;
- Converting Resources into Proven and Probable Ore Reserves;
- Consideration of mine fleet requirements and costs over the initial life of the project;
- Detailed beneficiation test work and process flow sheet design;
- Initial plant design with detailed capital equipment lists and pricing;
- Financial assessment including detailed work on tax regime in Brazil; and
- Direct market information for the sales price of iron ore in the Brazilian domestic market.

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The Study was prepared in conjunction with a number of Brazilian consulting groups including CNEC Worley Parsons, Contecmina Consultoria em Mineração ('Contecmina') and BNA Consultoria e Sistemas Ltda ('BNA').

CNEC Worley Parsons and Contecmina focused on the process flow sheet, the plant design and infrastructure for the Project, including the associated capital and operating costs while BNA focused on Mineral Resources and Ore Reserves estimations, mining fleet requirements and capital and operating cost estimates. The Company managed the financial modeling and economic assessment of the Project.

The key assumptions used in the PFS are set out in Table 4 below with key financial outcomes set out in Table 5. The Site Layout Map for the Jambreiro Project is shown in Figure 1.

The PFS for Jambreiro was based on annual production of 2Mtpa of 66% Fe final product, all sales into the domestic market at Mine Gate prices and initial Friable Proven and Probable Ore Reserves of 49.0Mt grading 28.2% Fe (94% conversion of the total friable Measured and Indicated Resource base). Under this scenario, the initial project has an 8.5 year mine life and delivers a post-tax NPV$^{8\%}$ of A$288.7 million and an IRR of 53%.

Table 4 – Key PFS Assumptions

Key Assumptions	
Ore Reserves	49.0 Mt
Grade	28.2% Fe
Mass Recovery per dry tonne	37.6%
Reserve – Final Product	17.1 Mt
Grade	66% Fe
Waste Movement	46.0 Mt
Total Material Movement	95.0 Mt
Waste to Ore Ratio (LOM)	0.94 to 1
Production Rate	2Mtpa
BRL to AUD Exchange Rate	1.65 to 1
AUD to USD Exchange Rate	1 to 1
Sales Price – Mine Gate	US$73 per DMT
Discount Rate	8%

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Table 5 – Key Financial Outcomes of PFS

Key Financial Outcomes	Total
Total Revenue	A$1.25 billion
Cash Surplus – Pre Tax	A$745 million
Cash Surplus – Post Tax	A$499 million
EBITDA	A$858 million
Capital Costs	A$132 million
Annual Operating Cash Flow	A$101 million
Operating Cash Cost (per tonne Product - LoM)	A$19.9 per tonne
$NPV_{8\%}$ Pre- tax	**A$450 million**
$NPV_{8\%}$ Post- tax	**A$289 million**
Pre Tax IRR	**75%**
Post Tax IRR	**53%**

Capital Costs

The total capital cost for the Project has been estimated at A$131.6 million, which at A$66 per tonne of annual production, is a low capital cost by industry standards. This excludes the cost of the mining fleet, which will be leased and is included within operating cash costs.

Table 6 – Jambreiro Project Capital Cost Schedule

Capital Equipment	Total (A$ M)
DIRECT COSTS	
Sizing & Screening	20.9
Beneficiation	38.4
Product Handling	10.0
Tails Management & Water Recovery	9.4
Water Supply	6.8
Power Supply	5.1
Site Infrastructure & Support Services	15.0
Commissioning, Spares & First Fill	6.1
TOTAL DIRECT CAPEX	**111.7**
Detailed Engineering & Construction Management	8.1
Contingency	11.8
TOTAL CAPEX	**131.6**

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The relatively low capital costs are predominantly a function of the ore type at Jambreiro. As a highly friable, naturally liberated ore, it requires only basic comminution equipment in the circuit to break up the small amount of loosely agglomerated material. A low ball charge grinding mill is used to control product silica levels to suit various customer requirements.

The major silica separation task is performed in wet high intensity magnetic separators (WHIMS) after initial removal of a small amount of magnetite direct to final product.

A little under half of the direct capital investment is for the physical equipment items with the balance of investment required for earthworks, supply and placement of reinforced concrete foundations, fabricated steel and piping, electrics and instrumentation.

Operating Cash Costs

The operating cash costs over the life-of-mine (LoM) are a very attractive at A$19.9 per tonne of final product. A breakdown of the operating cash costs is provided in Table 7.

The friable nature of the ore at Jambreiro contributes significantly to the low operating cash costs of the Project. Mining costs are low as drill and blast of the ore is not required and the average life of mine strip ratio is 0.94:1. Further, the first 5 years of production is estimated to have a strip ratio of 0.62:1. Processing costs are low as the ore only requires sizing before separation without any significant crushing given the iron in the ore is already naturally liberated from the silica before separation occurs.

Table 7 – Jambreiro Project Life of Mine Operating Cash Costs

Operating Costs	A$ per Tonne Product
Mining (Incl Equipment Leasing)	8.1
Sizing, Screening & Beneficiation	8.8
Administration	1.4
Contingency	1.6
OPERATING CASH COST	19.9

The larger components of the operating cash costs are consumed in diesel fuel, labour and power. The cost of power has been estimated at BRL$155 (A$94) per Megawatt hour, fuel has been costed at BRL$1.75 (A$1.06) per litre and labour assumes a full time workforce of 330 people, which is typical of a project of Jambreiro's size in Brazil, utilising smaller, locally sourced plant and equipment under a company-operated mining fleet.

In addition to the operating cash costs, a Federal Government Royalty of 2% and Landowner royalty of 1.85% of the mine gate value of a shipment of ore will levied on all iron ore sales.

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As product will be sold at the Mine Gate, transport costs have not been directly considered in the operating costs. However, transport costs have been studied during the PFS process. Transport costs are approximately R$0.17 per tonne kilometre for A$15 per tonne of concentrate to the likely customer base. For any sales opportunities priced as delivered to the customer, this transport cost will be able to be added to the Company's final sales price.

Pricing Assumptions & Domestic Sales Market

Centaurus has undertaken significant analysis of the current pricing regime in the domestic market in Brazil using local consultants with extensive experience in the procurement of raw materials for the iron making business.

The iron ore pricing analysis indicates that iron ore grading 62% to 64% has a sales price in the domestic market of circa US$75 per tonne at the Mine Gate.

The higher iron grade and lower impurities of the final product to be produced at Jambreiro is highly sought after by the domestic market. The opportunity to purchase consistent quality concentrate from long term, proven reserves will also differentiate Jambreiro products from the significant number of non-Vale suppliers to this domestic market.

After considering the market transactions during the last 12 months, the higher grade ore that will be delivered from Jambreiro and the more recent fluctuations in the global iron ore spot price, the Company used a conservative pricing assumption of US$73 per tonne for the period of the initial Project mine life. The Company believes this pricing assumption will facilitate early market penetration for Jambreiro products and can be improved soon after commencing production via delivery of high quality and consistent ore supply to the domestic market in Brazil. This potential upside has not yet been built into the current PFS financial assumptions.

Sensitivity Analysis

Sensitivity analysis indicates that the Project is most sensitive to iron ore prices followed by exchange rates, discount rates, operating expenditure and capital expenditure. The degree of sensitivity is represented in the Tornado chart (*See Chart 1)* and the values used for each variable under each case and the impact on post-tax NPV is summarised in Table 8 below.

Table 8 – Values used for Sensitivity Analysis of 2 Mtpa Concentrate Production Scenario

2 Mtpa	Case					Post Tax – NPV (A$M)				
Variable	**-20%**	**-10%**	**Base**	**+10%**	**+20%**	**-20%**	**-10%**	**Base**	**+10%**	**+20%**
Price (Mine Gate) USD/dmt	58	66	73	80	88	185.6	237.1	288.7	340.2	391.7
Capital Expenditure ($M)	158	145	132	118	105	270.1	279.4	288.7	297.9	307.2
Operating Cash Costs ($M/dmt)	23.8	21.8	19.9	17.9	15.9	261.0	274.8	288.7	302.5	316.4
Foreign Exchange Rate R$/AUD	1.98	1.82	1.65	1.49	1.32	241.3	262.8	288.7	320.3	359.8
Discount Rate %	10	9	8	7	6	252.9	270.1	288.7	308.6	330.0

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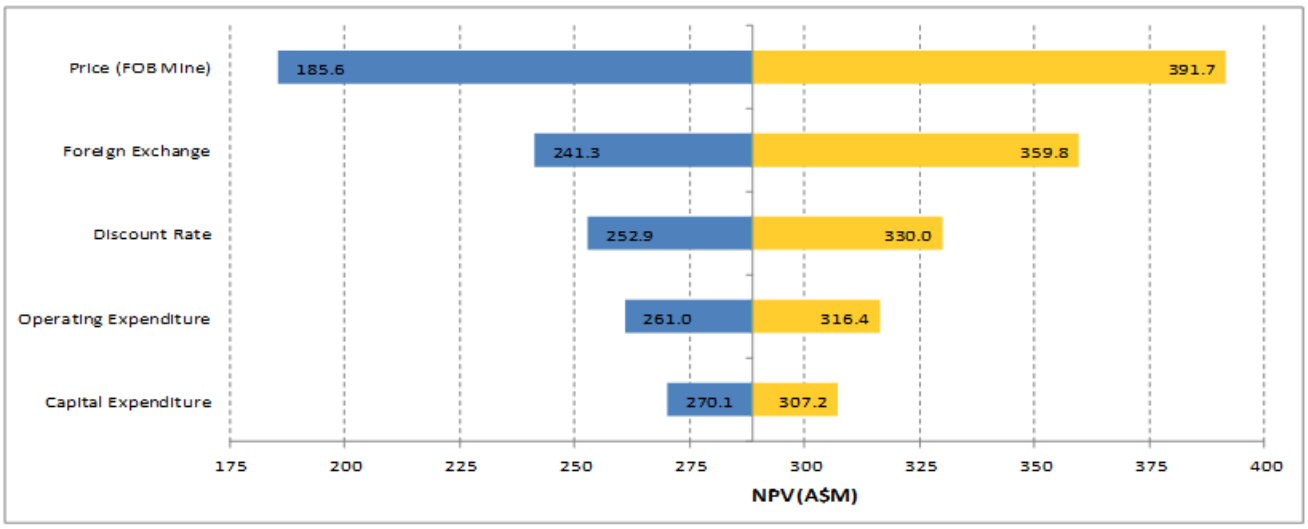
Chart 1 – NPV Sensitivity Analysis



Project and Mine Life Upside beyond Friable Jambreiro Project

The JORC Mineral Resource base at Jambreiro currently stands at 116.5Mt grading 26.8% Fe and remains open at depth. The Friable component of the resource is 67.0 Mt grading 27.3% Fe with a further 49.5Mt grading 26.1% Fe forming the Compact component.

Pit optimisation work using the same technical and economical parameters as the Ore Reserve study, with adjustment for the compact ore, indicates that the following JORC Resource lies within a larger conceptual open pit.

Conceptual Open Pit Size	**93.7 Mt at 27.3% Fe (80.4% of the total Resource base)**
Strip Ratio	**1.2:1**
Potential Final Product	**32.2Mt of 66% Fe**
Potential Mine Life	**16.1 years**

The conceptual in-pit Resource includes the current Ore Reserve of 49.0Mt that accounts for 94% of the friable Measured and Indicated Resources. The remaining 44.7Mt[1], which is almost exclusively compact ore, represents a strong opportunity to continue mining beyond the initial friable project by at least a further 7 years. Beneficiation testing to date has confirmed a high grade, low impurity, saleable product can be produced from the compact ore.

It is the Company's intention to pursue cash flow in the first instance and undertake additional drilling to convert the remaining Inferred Resources (within the larger conceptual open pit limit) to Indicated status once profitable operations have commenced.

[1] *This Resource total includes 24.7Mt of inferred resources, which by definition, is of insufficient confidence to have economic considerations applied that would enable them to be categorised as mineral reserves. There is no guarantee that further drilling will convert all Inferred Resources to Indicated Resources.*

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Financing

It is expected that the Jambreiro Project's capital costs will be financed through a combination of debt and equity with, in the order of 70% debt funding, likely to ultimately be available. Initial discussions have been held with debt providers including development banks in Brazil and all groups have shown a strong interest in involving themselves with Centaurus to fund the Project due to the quality of the ore, the early payback generated from the strong cash flows and relatively low front end capital requirements.

These discussions will be converted into detailed term sheets capable of acceptance during the course of the Bankable Feasibility Study.

In respect of any equity component, the Company's recently expanded share register leaves it well positioned to arrange the necessary funds when required. The ability to participate in funding quality project development opportunities such as Jambreiro was one of the drivers for the Company's new major shareholder, Atlas Iron, making its investment in Centaurus.

Commencement of Bankable Feasibility Study

As a result of the robust economics of the Jambreiro Project demonstrated in the PFS, the Board has approved the commencement of a Bankable Feasibility Study for the Project which is expected to be completed by the end of September 2012.

The main deliverables to complete the BFS will be further drilling to upgrade the first three years of mine life into the Proven Reserve category, to collect bulk samples for pilot plant test work to confirm the consistency of beneficiation characteristics and to undertake further review of the debt financing, tax and product market considerations. The pilot plant test work will allow circuit optimisation for final equipment selection and detailed customer evaluations of the Jambreiro ore on a bulk scale.

Environmental Approvals and Project Development Timetable

During the Quarter, the Company continued to collect the seasonal environmental data required for lodgement of the key environmental approval document, the EIA/RIMA. It is expected that the EIA/RIMA will be lodged in February 2012 with the Environmental Approvals Department of the Brazilian Government (SUPRAM). The current development timetable has the Company producing its first saleable ore from Jambreiro in the last Quarter of calendar year 2013. The timetable remains conditional on the receipt of all relevant environmental and mine approvals in Brazil.

INFILL DRILLING PROGRAM

In December 2011 a new program of Reverse Circulation (RC) drilling commenced at the Jambreiro Iron Ore Project (*see Figure 9*). The program forms part of the Bankable Feasibility Study (BFS) work program.

The RC in-fill program, which is one of several programs to be undertaken as part of the BFS, is planned to convert the first 3 years of friable ore production into Proven Reserves, which will assist with securing the debt funding component of the overall project funding package for Jambreiro.

The drilling will also enable the Company to collect a bulk sample and use it in pilot plant test work, which will greatly assist in securing product off-take arrangements with the Brazilian domestic steel mills.

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The overall RC drill program comprises 2,250 metres of drilling with 1,750 metres of shallow drilling being undertaken to intersect the ore from surface to the bottom of the year 3 pit. Drill holes are planned between current sections closing the section spacing to 100 metres. On sections, holes will continue to be 50 metres apart.

There will be a further 500 metres of drilling to test for pit extensions between the Tigre and Cruzeiro Deposits in an area of the Jambreiro Project that was not previously drilled.

SERRA DA LONTRA IRON ORE PROJECT

EXPLORATION

The Serra da Lontra Iron Ore Project, is located 140 kilometres from the regional export port of **Ilhéus**, in the State of Bahia, Brazil (*see Figure 7*), is expected to provide the foundation for an iron ore export business for Centaurus, complementing its domestic iron ore development strategy.

Ground Magnetic Survey

In October 2011, a ground magnetic survey was completed which included 102km of survey lines covering an area of 12km^2. East-West survey lines were spaced 200 metres perpendicular to the strike of the mineralised bodies along the length of the regional anomaly. Line spacing was reduced to 100 metres over the two principal prospects – Senna and Fittipaldi. The anomalies generated from the ground magnetic survey correlate well with the itabirite mineralisation, which contains both hematite and magnetite.

Detailed geological mapping has confirmed that the Senna Prospect has an outcropping strike length of some 1.2 kilometres (*see Figure 8*). The ground magnetic survey results indicate that the mineralisation is continuous in the sub-surface to the north and connects with 400 metres of mapped outcrop on the next ridge along strike.

This highlights the potential for the strike length of the Senna Prospect to be up to 2 kilometres. Both outcrops have an estimated true width of between 40 to 55 metres and are dipping 40-60° towards the east, sub-parallel to the slope of the ridges.

The Fittipaldi Prospect, located 1.2 kilometres to the northeast of the Senna Prospect, has been mapped as one itabirite zone, although the magnetic anomalies suggest there may be two zones very close together. The Fittipaldi Prospect has a strike length of some 1.1 kilometres (*see Figure 8*) with an estimated true width of between 30 to 40 metres, dipping between 40-60° towards the east.

Outcrop Sampling

During the Quarter, the second batch of outcrop sampling assay results from the Serra da Lontra Project was received which highlighted consistent results with those received in the September Quarter. The results confirm that that the iron grade of the itabirite ranges between 38% and 55% Fe (with an average grade of around 45 % Fe). Alumina (Al_2O_3) grades are between 0.50% and 2.00% and Phosphorus (P) grades are between 0.05% and 0.10%.

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The new ground magnetic results and detailed geological mapping continues to provide strong support for the previously announced Exploration Target for the Serra da Lontra Project of 30 to 50 million tonnes of itabirite mineralisation grading 35-45% Fe[2].

Based on the physical nature of the itabirite and the outcrop assay results, the Company is confident that the itabirite mineralisation should beneficiate well to a high grade (+65%) hematite product at a relatively high mass recovery. The Company has extracted a 300kg sample of in-situ itabirite mineralisation which has been sent to the University of São Paulo for mineral characterization and bench scale beneficiation test work.

Drilling Program

Last week the first drill program at the Serra da Lontra Project commenced. Preliminary drill plans for the Project include 2,500 metres of diamond drilling and 5,000 metres of RC drilling. The drill program will utilise two diamond drill rigs, which have already mobilised, and a RC rig which is due to mobilise and commence drilling at the end of January.

CORPORATE

AGM

The Company's Annual General Meeting was held on Monday 21 November 2011 with all resolutions approved on a show of hands.

CASH POSITION

At 31 December 2011, the Company held cash reserves of approximately A$20.0 million.

SHAREHOLDER INFORMATION

At 31 December 2011, the Company had 133,500,382 million shares on issue with the Top 20 holding 47.1% of the total issued capital. Directors and Senior Management held 8% of the total issued capital.

Darren Gordon
MANAGING DIRECTOR

[2] *Note: It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resources have not been used in this context. The potential quantity and grade range is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.*

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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.

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

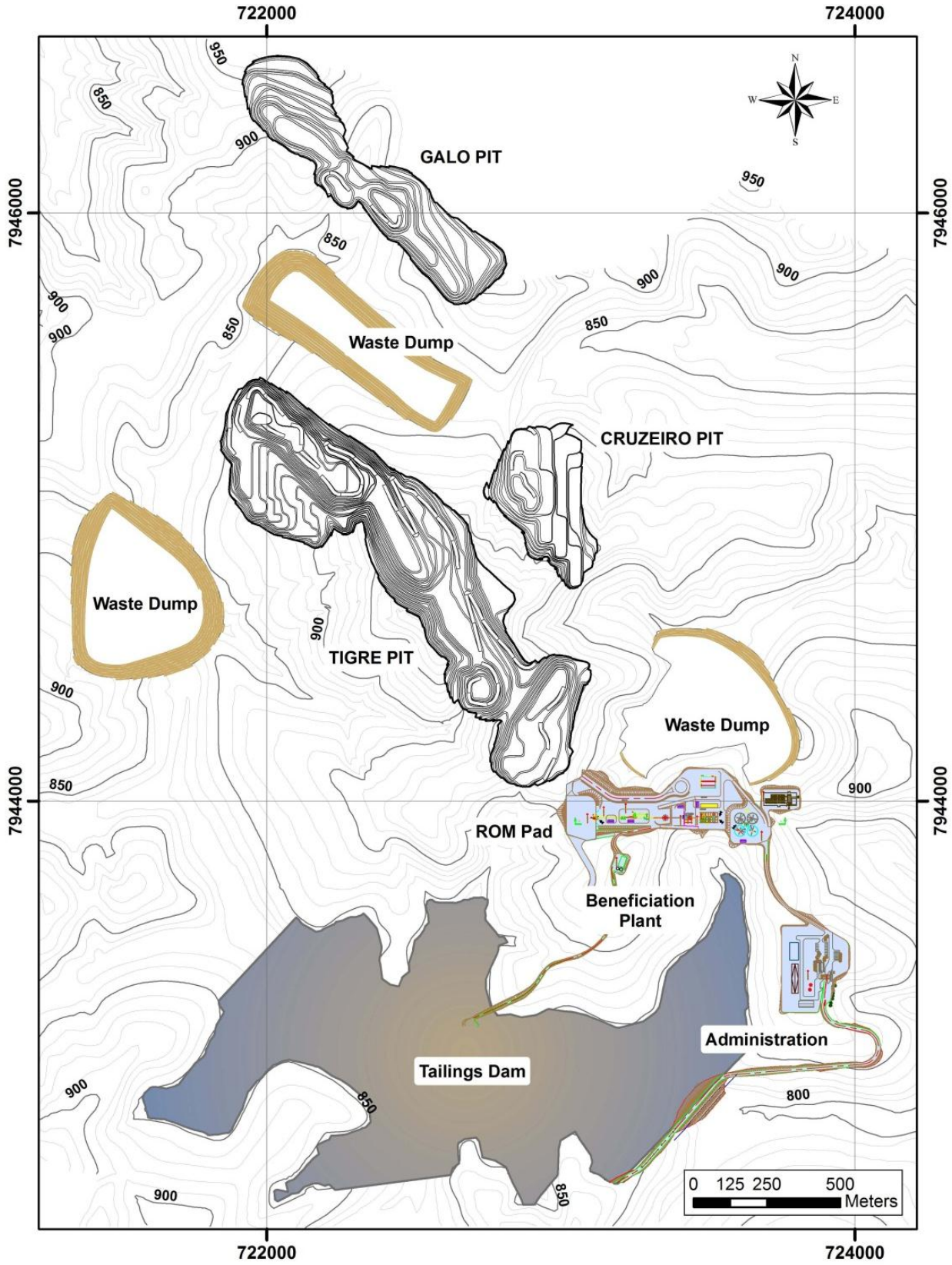

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Figure 2 – Tigre Prospect Cross Section 1 with Pit Design for Initial Ore Reserve

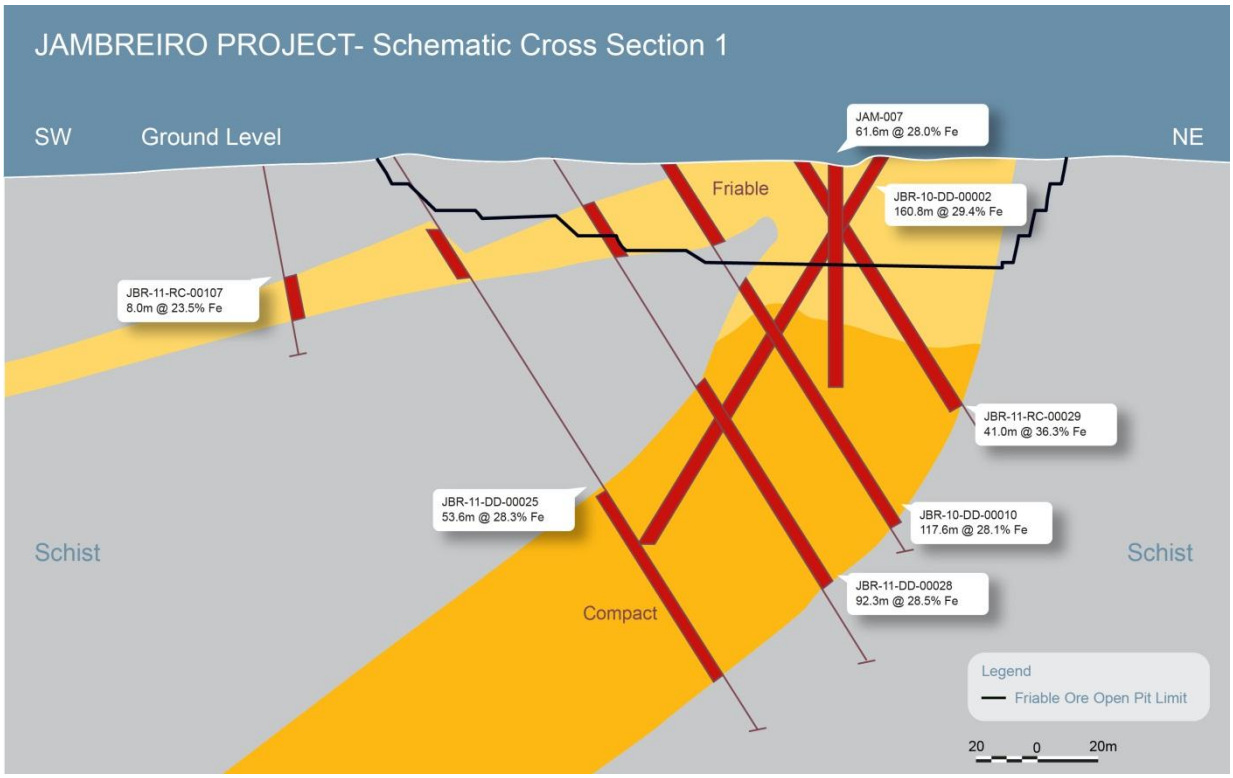

Figure 3 – Tigre Prospect Cross Section 4 with Pit Design for Initial Ore Reserve

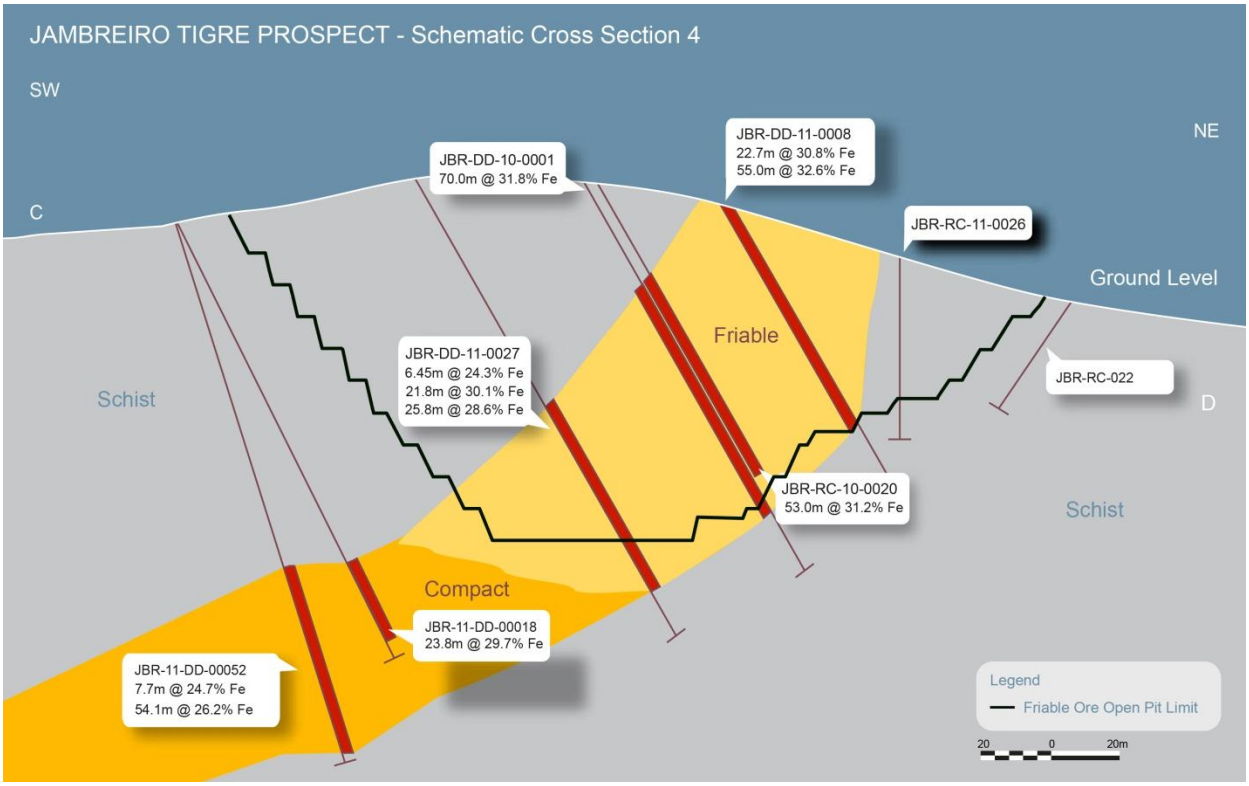

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Figure 4 – Tigre Prospect Cross Section 7 with Pit Design for Initial Ore Reserve

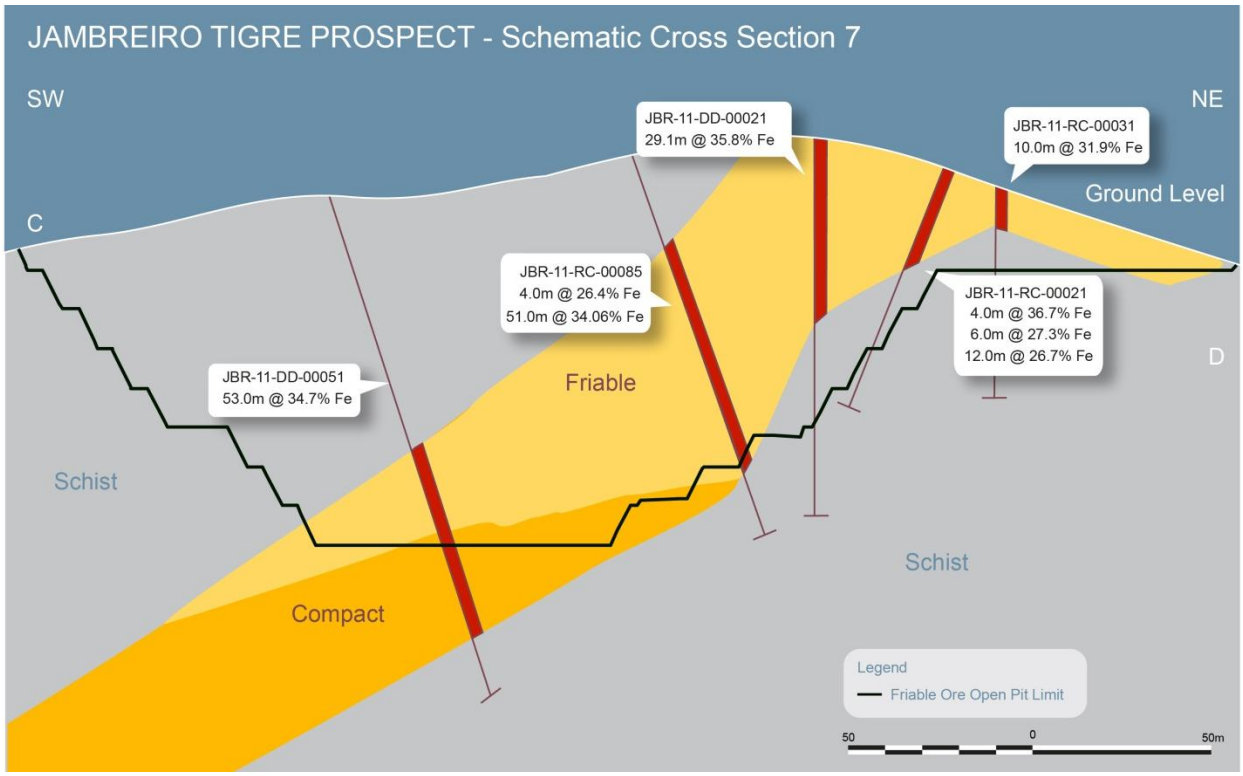

Figure 5 – Tigre Prospect Cross Section 15 with Pit Design for Initial Ore Reserve

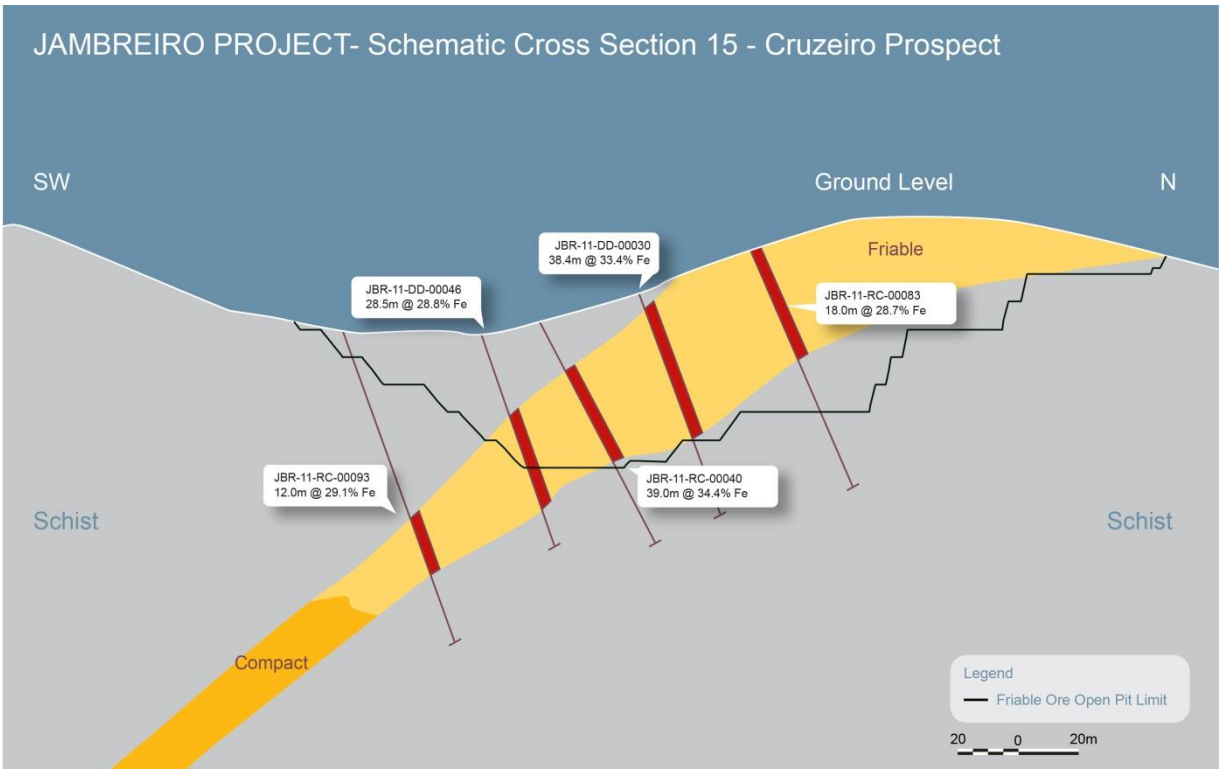

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Figure 6 – Jambreiro Magnetic Image with Cross Section Locations

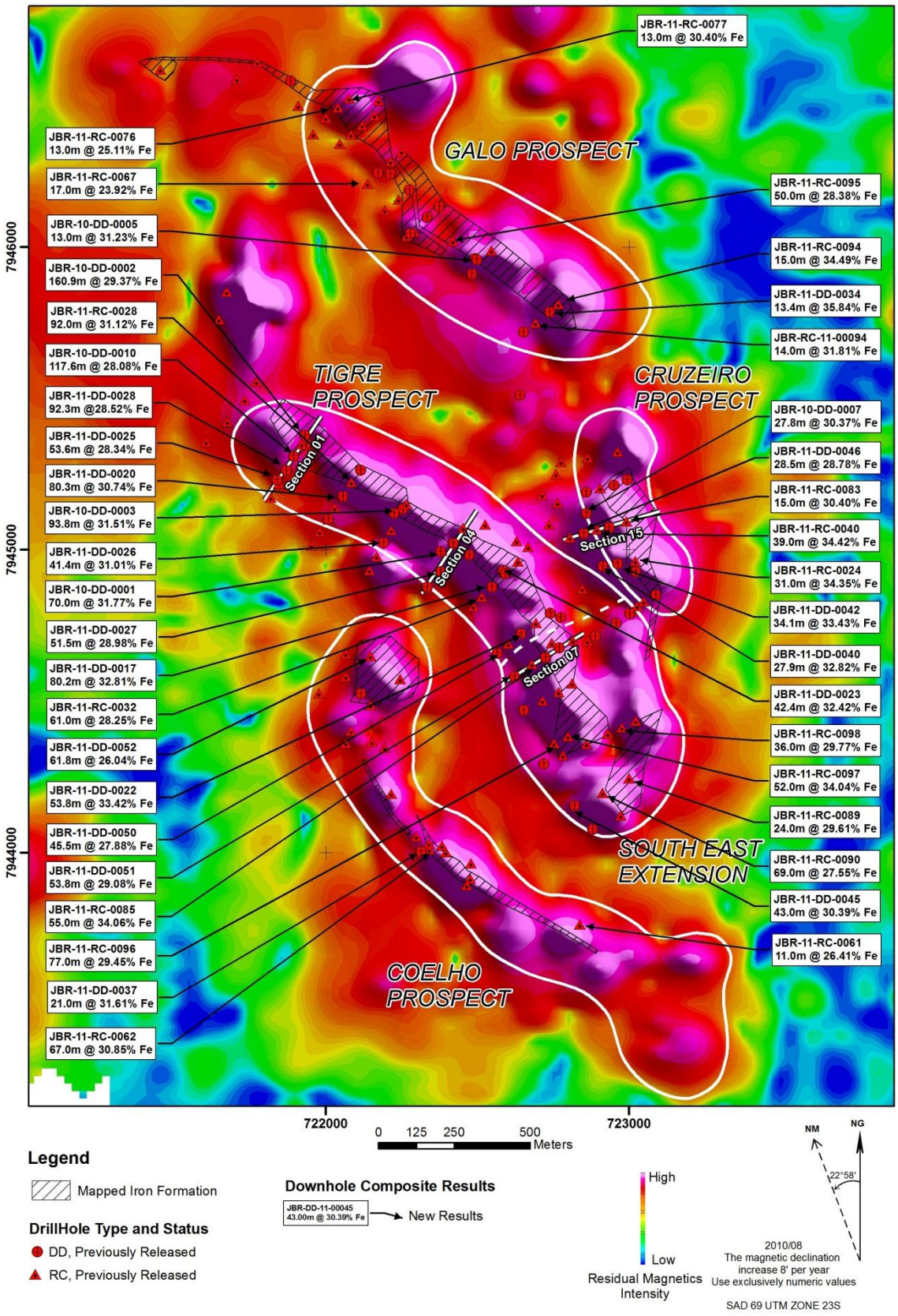

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Figure 7 – Map of the Serra da Lontra Iron Ore Project

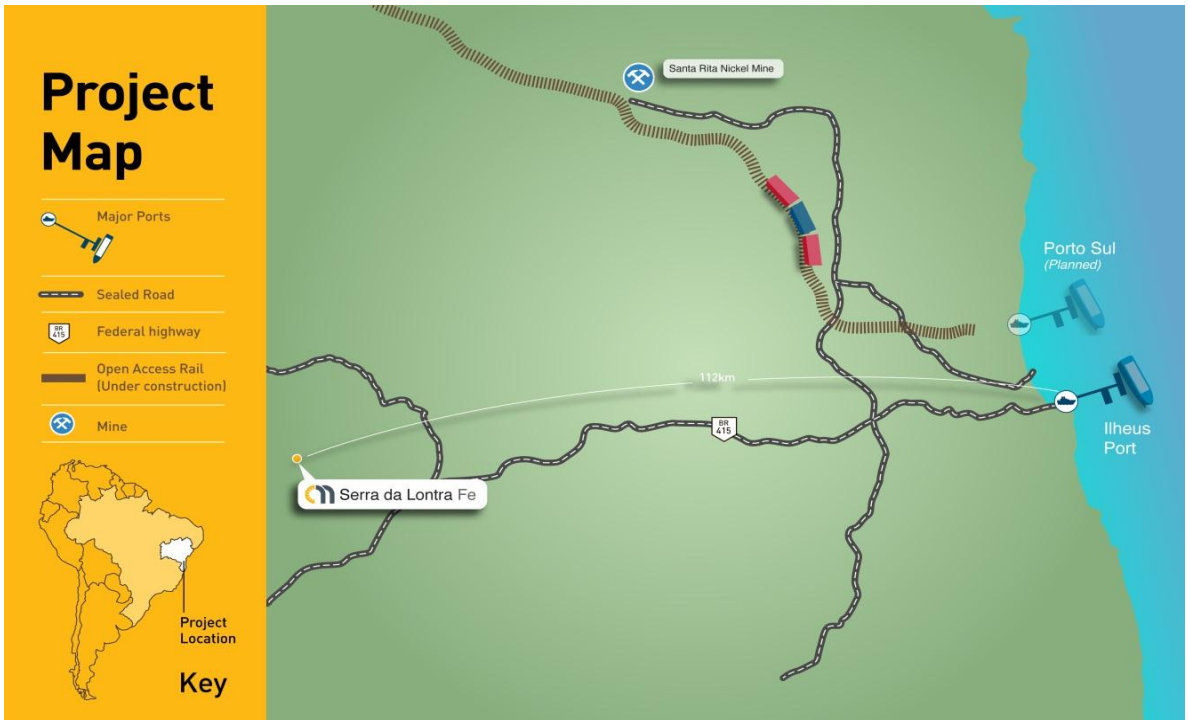

Figure 8 – Surface Map of Serra da Lontra Outcrop with Rock Chip Assays

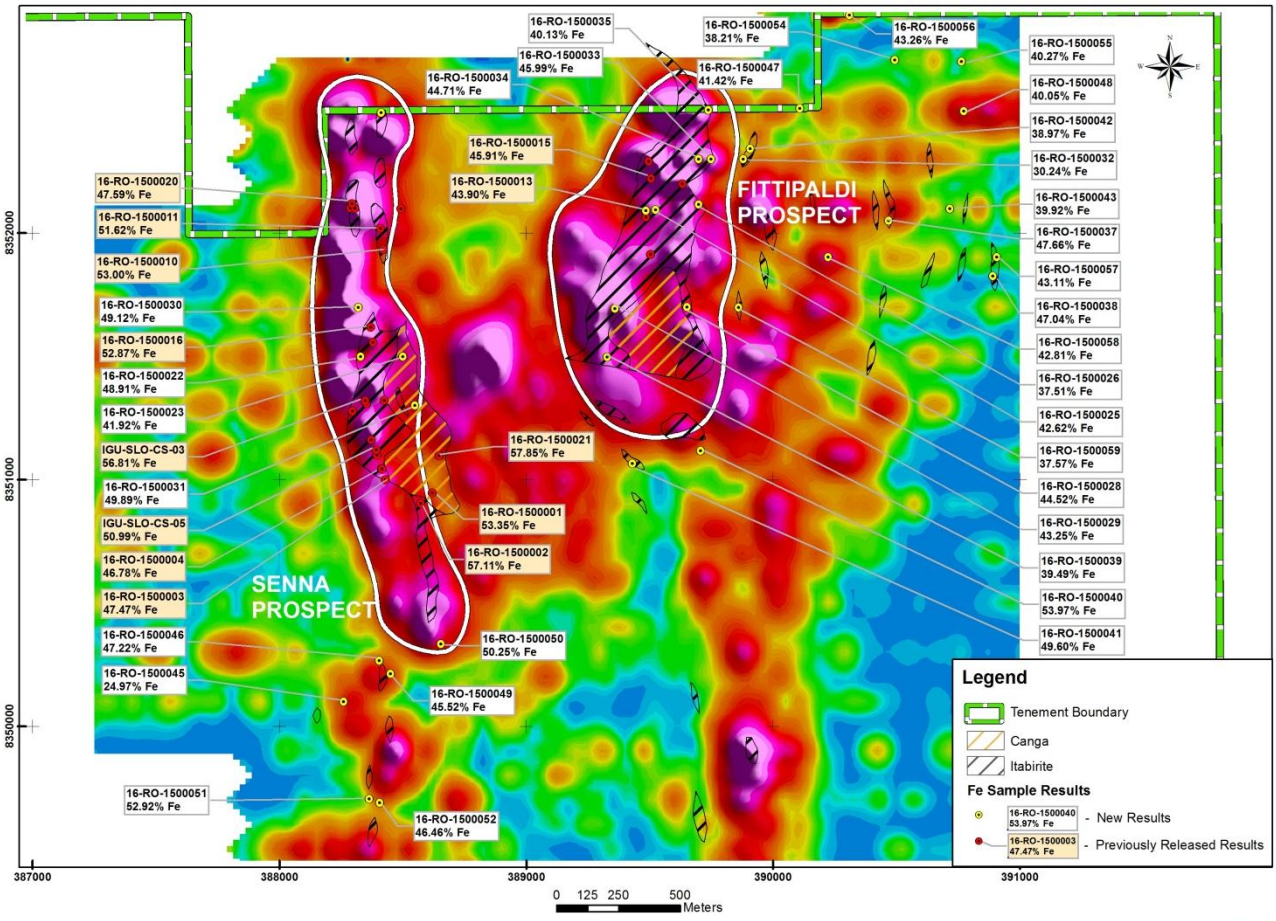

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Figure 9 – Geosedna RC Rig drilling at Jambreiro Project

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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_2 %	Al_2O_3 %	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
	TOTAL	**37.7**	**28.0**	**51.6**	**4.8**	**0.04**	**1.9**
Cruzeiro	Proven						
	Probable	4.5	31.0	49.1	3.9	0.04	1.8
	TOTAL	**4.5**	**31.0**	**49.1**	**3.9**	**0.04**	**1.8**
Galo	Proven						
	Probable	6.8	27.1	49.5	7.4	0.04	3.3
	TOTAL	**6.8**	**27.1**	**49.5**	**7.4**	**0.04**	**3.3**
Jambreiro Total	**Proven**	12.0	28.6	51.2	4.5	0.03	1.7
	Probable	37.0	28.0	51.0	5.2	0.04	2.2
	TOTAL	**49.0**	**28.2**	**51.1**	**5.0**	**0.04**	**2.1**
Friable	**Proven**	12.0	28.6	51.2	4.5	0.03	1.7
	Probable	37.0	28.0	51.0	5.2	0.04	2.2
	TOTAL	**49.0**	**28.2**	**51.1**	**5.0**	**0.04**	**2.1**

Cut-off 20% Fe

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APPENDIX A (Continued)

Jambreiro Iron Ore Project – October 2011 JORC Resource Estimate - By Prospect

Prospect	JORC Category	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Tigre	Measured	13.5	28.4	51.0	4.4	0.04	1.7
(Including South	Indicated	44.3	27.1	51.3	4.1	0.04	1.6
East Extn)	**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	2.3	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	44.5	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
Resources include Reserves

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