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Centaurus Updates Jambreiro Project Development Schedule

Commissioning now planned for mid-2014 as off-take discussions focus on life-of-mine contract

Key Points

- Project schedule adjusted to provide the time necessary to finalise negotiations on a potential life-of-mine sales contract for the Jambreiro Iron Ore Project.
- Detailed engineering work will be advanced on recently identified flowsheet enhancements, resulting in capital and operating cost savings.
- The nature of the off-take arrangements to be secured for the Project remains a key driver to the design of the final funding package.
- Initial on-site development work has commenced, including construction of a temporary water dam to provide water during the main construction phase of the Project.

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) advises that, as a result of positive recent developments with its ongoing negotiations for product off-take, it has revised its target schedule for development of its flagship Jambreiro Iron Ore Project in south-east Brazil.

The review of the development schedule has been driven by these negotiations with potential customers in the Brazilian domestic steel industry and the opportunity to establish a life-of-mine contract for the iron ore concentrates to be produced at Jambreiro.

For any steel mill customer in south-eastern Brazil, a new life-of-mine off-take will require them to progressively alter their currently contracted sinter feed sources. The implementation of this operational redirection by the steel mills will require additional time, as will the need for both parties to carefully establish the terms of the contracts in order to deliver strong mutual benefits.

Centaurus now expects to commission the Jambreiro Project in mid-2014, rather than by the end of calendar year 2013 as originally planned.

The Company remains in regular contact with its preferred international Project Finance banks, to establish a debt financing package for the Jambreiro Project, subject to suitable off-take arrangements being put in place.

This new Project Schedule allows the Company to proceed to implement enhancements to the process beneficiation circuit which have been subject to ongoing pilot plant testing following the completion of the Bankable Feasibility Study ("BFS") last November. These enhancements have revealed significant capital and operating cost savings.



In conjunction with its Management Support Contractor, MCA, and Detailed Engineering and Procurement (EP) Contractor, Tetra Tech, Centaurus has commenced work to incorporate spiral concentrator units into the beneficiation circuit, which represents the principal improvement identified in the recent testwork.

The pilot testwork provided the data to complete basic engineering of the spiral circuit to a Bankable Feasibility Study level, allowing the Company to quantify the capital and operating cost benefits of introducing the spirals step into the circuit.

With commissioning of the Project now targeted for mid-2014, the revised Project Schedule will allow time to:

- complete the full detailed engineering of the three-stage spirals circuit;
- fully integrate it into the plant design;
- complete the competitive tendering process for the additional equipment; and
- incorporate spirals construction into the overall Project Execution Plan.

As a result of these initiatives, the Definitive Cost Estimate for the Project has now also been re-scheduled to be delivered in July 2013, when detailed engineering is expected to be over 70 per cent complete.

The schedule extension will also provide the Company with capacity to incorporate other enhancements into the development of the Jambreiro Project such as a reduction in the size of the thickener which forms part of the tailings management system. A capital cost saving has become possible following the equipment supplier's performance guarantee testwork, completed subsequent to the BFS, which demonstrates that faster tailings settling rates are possible than originally estimated in the BFS.

With Detailed Engineering continuing and with the Company having recently secured the key environmental Installation Licence for the Jambreiro Project, Centaurus has commenced some initial on-site development work.

Water availability during construction and the operational phase is an important consideration for the Project. Consequently, the Company has mobilised a local earthmoving contractor to commence construction of a temporary water dam which will allow the harvesting of water during the 2013/14 wet season, significantly de-risking the development schedule once the Project development is fully implemented.

Centaurus' Managing Director, Mr Darren Gordon, said the prospect of a life-of-mine sales contract was a very exciting development for the Project, with the benefits of securing a strong off-take partner for the life of the Project far outweighing the six month delay in delivering first concentrate.

"The extra time in the schedule will also now be used proactively to enhance the detailed plant design and execution planning, which will ultimately deliver strong benefits to shareholders," Mr Gordon said.

"We are working hard to complete a suitable off-take arrangement that will facilitate a favourable funding package for the Project, which we are aiming to complete in the coming months. We remain in regular contact with our preferred international Project financiers on the progress of these off-take negotiations, and this should allow us to move quickly through the financing process once the off-take arrangements are squared away.

"Based on the current information available to us, we are now targeting the commencement of full on-site construction of the permanent works at Jambreiro towards the end of the third Quarter of 2013, which would see us commission the Project in mid-2014."

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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

Australian Office
Centaurus Metals Limited
Level 1, 16 Ord Street
WEST PERTH WA 6005

Brazilian Office
Centaurus Brasil Mineração Ltda
Rua Pernambuco, 1.077 - S - Funcionários
Belo Horizonte - MG - CEP: 30.130-150
BRAZIL

ASX: CTM
ACN 009 468 099
office@centaurus.com.au
Telephone: +61 8 9420 4000