

2 October 2013

JAMBREIRO PROJECT DEVELOPMENT UPDATE

Key Points

- Discussions well advanced with a leading Brazilian-based iron ore and steel group in respect to off-take and encompassing a potential life-of-mine, take-or-pay arrangement.
 - Off-take terms expected to be concluded within the coming weeks, paving the way for a long-term Off-take Agreement that will enable Centaurus to move forward with project financing and development.
 - In order to align the supply of iron ore with the delivery requirements of the proposed off-take customer, Centaurus has revised its first planned delivery date for Jambreiro ore to Q1 2015. Construction is now planned to commence in Q1 2014.
 - Jambreiro Mining Lease Application receives final technical approval from the Department of Mines (DNPM) in Brasilia, with issue and gazettal of the final Mining Lease expected shortly.
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International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to provide the following update on development activities for its **Jambreiro Iron Ore Project** in south-eastern Brazil.

Off-take Discussions and Timetable

Off-take discussions have significantly advanced over the last two months with Centaurus close to finalising off-take terms with a leading Brazilian-based iron ore and steel group for the long-term supply of premium quality iron ore concentrate from Jambreiro.

The off-take negotiations are expected to pave the way for a life of mine, take-or-pay Off-take Agreement with finalisation of the off-take terms expected to occur over the next few weeks.

In order to align the supply of iron ore from Jambreiro with the delivery timeframe and requirements of its proposed off-take partner, Centaurus has revised its first planned delivery date for ore from Jambreiro to Q1 2015 (previous guidance was mid-2014).

As previously advised, the establishment of new life-of-mine off-take requires any steel mill customer in south-eastern Brazil to progressively alter its currently contracted feed sources. The implementation of this operational redirection by Centaurus' proposed off-take partner, whilst extending the proposed first delivery date of the Project, will result in significant long-term benefits to both parties.

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This revised schedule will also now allow Centaurus to avoid construction commencing during the upcoming wet season, when significant productivity would be lost.

With off-take terms expected to be completed in October, and with the development schedule now aligned with the Company's proposed customer base, Centaurus is working towards the commencement of on-site construction in March 2014. In the meantime, the Company will continue to advance its detailed engineering and design work and lock down any further savings in the capital cost estimate for the Project.

Mining Lease

Centaurus is also pleased to advise that its Mining Lease Application for the Jambreiro Project has received the final Department of Mines (DNPM) technical approval from its Federal office in Brasilia, with the technical sign-off now passed to the Ministry of Mines and Energy to facilitate the issue and gazettal of the final Mining Lease.

Centaurus' Managing Director, Mr Darren Gordon, said he was confident that off-take terms for a life-of-mine arrangement would be finalised in the coming weeks as a result of excellent recent progress in off-take discussions, with the completion of this agreement expected to greatly assist in locking down the financing package for Jambreiro.

"After several months of discussions and negotiations, we are now very close to completing a long-term take-or-pay arrangement for the supply of iron ore into the Brazilian domestic steel sector that will underpin the future of the Jambreiro Project and the Company. With many key terms and principles of the off-take arrangement already well developed, we are now just working through the final detail, and we hope to have these completed soon."

"While this work has effectively resulted in a further change to our delivery timetable, we believe the benefits of securing a quality, long-term off-take partner far outweigh what is in the scheme of things a relatively minor adjustment to our schedule."

"The completion of off-take terms and subsequent Off-take Agreement will provide technical and financial certainty around the project development, enabling us to secure the necessary debt funding for the Project before the planned commencement of construction in March next year."

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