

27 October 2010

CENTAURUS DELIVERS MAIDEN 77Mt INFERRED RESOURCE FOR JAMBREIRO IRON ORE PROJECT, BRAZIL

*LIFTS COMPANY RESOURCE INVENTORY IN BRAZIL TO OVER 130Mt, PROVIDING A STRONG FOUNDATION
FOR PLANNED 3Mtpa DOMESTIC IRON ORE BUSINESS*

International iron ore company Centaurus Metals Limited (ASX Code: **CTM**) is pleased to announce a maiden JORC Inferred Resource estimate of **77.1Mt grading 29.5% Fe** for the Company's **Jambreiro Iron Ore Project** in the State of Minas Gerais, Brazil, confirming its potential to become a cornerstone of the Company's domestic iron ore production business.

The maiden JORC Inferred Resource for the Jambreiro Project – which has been achieved in just four months following the acquisition of the Project in June under Centaurus' innovative option agreement with leading Brazilian pulp company, Cenibra – confirms that Jambreiro is a significant itabirite-hosted iron deposit.

The delivery of the Jambreiro Resource also increases the Company's overall JORC compliant resource inventory in south-east Brazil to **131.6 million tonnes at an average grade of 30.9% Fe**, marking an important milestone in the development of Centaurus' domestic iron ore production business.

Based on metallurgical test work completed to date, comparison with other itabirite-hosted iron ore deposits in the region and feasibility work completed to date, Centaurus is confident that this in situ resource base can produce over **50 million tonnes of high-grade hematite product grading +63% Fe**.

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

Table 1 – Jambreiro Iron Ore Project October 2010 Inferred Resource Estimate – 25% Fe Cut off

Mineralisation Type	Million Tonnes	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Friable Itabirite	17.6	31.4	48.4	3.6	0.04	1.57
Compact Itabirite	59.5	28.9	52.1	2.9	0.04	0.86
TOTAL	77.1	29.5	51.3	3.1	0.04	1.02

Preliminary beneficiation test work completed in June 2010 has shown that friable mineralisation at Jambreiro can be upgraded to a +63% Fe sinter feed product with a 48% mass recovery using a simple and low-cost gravity separation process. Beneficiation test work on the compact itabirite mineralisation at Jambreiro is currently underway.

Centaurus is confident that the Jambreiro Project will play a lead role in its plans to become a 3Mtpa iron ore producer by the end of 2013; accordingly, the Company will shortly re-commence drilling on the Project to upgrade the Resource to Measured and Indicated status. Pre-Feasibility study work is also likely to commence in early 2011 following completion of the necessary beneficiation test work.

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The Jambreiro Project has very good access to existing local infrastructure and is well located about 130km from the city of Ipatinga, home to Usiminas' existing 4.5Mtpa steel mill and the site of their proposed Santana Paraiso mill which will double Usiminas' capacity within the steel valley. Arcelor Mittal is also currently expanding capacity, within the same radius, at their João Monlevade blast furnace and Timoteo stainless steel plant.

Inferred Resource Estimate

The Jambreiro Iron Ore Project consists of multiple zones of itabirite-hosted mineralisation of varying thicknesses up to 80 metres. The principal zones have been identified as the Tigre, Cruzeiro and Galo Prospects (see Figure 1). Table 2 below outlines the Resource base, estimated for each individual prospect:

Table 2 – Jambreiro Iron Ore Project October 2010 Inferred Resource Estimate – by Prospect

Prospect Name	Million Tonnes	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	LOI %
Tigre	69.0	29.3	51.4	3.1	0.04	0.98
Cruzeiro	5.8	31.0	50.9	2.2	0.04	1.36
Galo	2.3	30.3	48.6	3.6	0.04	1.52
TOTAL	77.1	29.5	51.3	3.1	0.04	1.02

At 69Mt grading 29.3% Fe, the Tigre Prospect is shaping up to be the main focus of the Jambreiro Project. It is a continuous zone of itabirite mineralisation with a strike length of some 1.1 kilometres and an average true width of between 70 to 80 metres.

The outcropping Tigre mineralisation is coarse-grained and friable and continues to approximately 50 metres depth before becoming more compact. Figure 2 attached is a typical cross-section through the Tigre deposit.

The geometry and material characteristics of the Tigre mineralisation indicate a low strip ratio and the potential to support a low-cost open cut mining operation. Preliminary open pit optimisation work is underway to identify conceptual pit models.

Beneficiation Test Work

As announced in June 2010, Centaurus' initial beneficiation test work on the Jambreiro Project was performed on a 200kg sample of the friable itabirite mineralisation. The average iron grade of the sample collected was 32.6% Fe from which a low-cost gravity upgrade process (using spirals) produced a 63% Fe hematite sinter product with very low levels of phosphorus and alumina (see Table 3) at a mass recovery of 48%.

In addition, a better than 93% Fe metal recovery to concentrate was achieved, highlighting the purity of the hematite in the Jambreiro mineralisation.

Table 3 – Beneficiation Test Work Results – June 2010

	Fe %	SiO ₂ %	Al ₂ O ₃ %	P %	Mass Recovery %
Head Grade	32.6	51.1	1.67	0.02	
Beneficiated Sample	63.0	8.2	0.68	0.01	48.8

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Samples from the compact itabirite mineralisation have been collected from the drill core and these samples are currently with the UFMG laboratory undergoing a suite of beneficiation tests.

Infrastructure

The Jambreiro Iron Ore Project has very good access to existing infrastructure. The Project is located 10km from a sealed road and about 25km from the town of Guanhões (30,000 people). Mains power, water, sealed roads, accommodation and industrial facilities are all within close proximity of the Project.

Ipatinga, the major city of the *Vale do Aço* (Steel Valley) region is 130km to the south east along well maintained sealed highways.

Ipatinga is the centre for one of the largest steel-making complexes in Brazil and home to Usiminas' 4.5Mtpa steel facility. Its proximity to Ipatinga makes Jambreiro one of the closest independent potential feed sources for these steel mills.

Future Work Program

The Inferred Resource is based on over 30 drill holes. The mineralisation of the Tigre Prospect is continuous over 1.1 kilometres of strike with true widths of up to 80 metres. In order to upgrade the resource to Indicated status, the Company will need to complete an in-fill program of 20 holes for 3,500 metres, which will be undertaken in early in 2011.

A new round of detailed geophysics, trenching and geological mapping is currently underway.

Pre-Feasibility work is also likely to commence in early 2011, once all beneficiation test work results have been received.

Centaurus' Managing Director, Mr Darren Gordon, said: *"We are delighted with this maiden resource estimate, which confirms that Jambreiro is a significant iron ore discovery with the potential to become a focal point of our emerging domestic iron ore business in Brazil. Based on the work undertaken to date, we are confident that Jambreiro will be a central part of our plans to be producing 3Mtpa of high grade hematite for the Brazilian domestic steel industry by the end of 2013.*

"Our main focus at this Project over the next six months will be to drill out the ore body and upgrade the new Inferred Resource to Measured and Indicated status, complete all necessary beneficiation work and complete a Pre-Feasibility study which should demonstrate that Jambreiro is a financially robust Project.

"As a result of this resource estimate, Centaurus now has an in situ Resource base of over 130 million tonnes in Brazil which conservatively should produce over 50 million tonnes of high grade (+63% Fe) hematite production for the growing Brazilian steel industry, which is located within 150 kilometres of our three key Brazilian domestic projects."

-ENDS-

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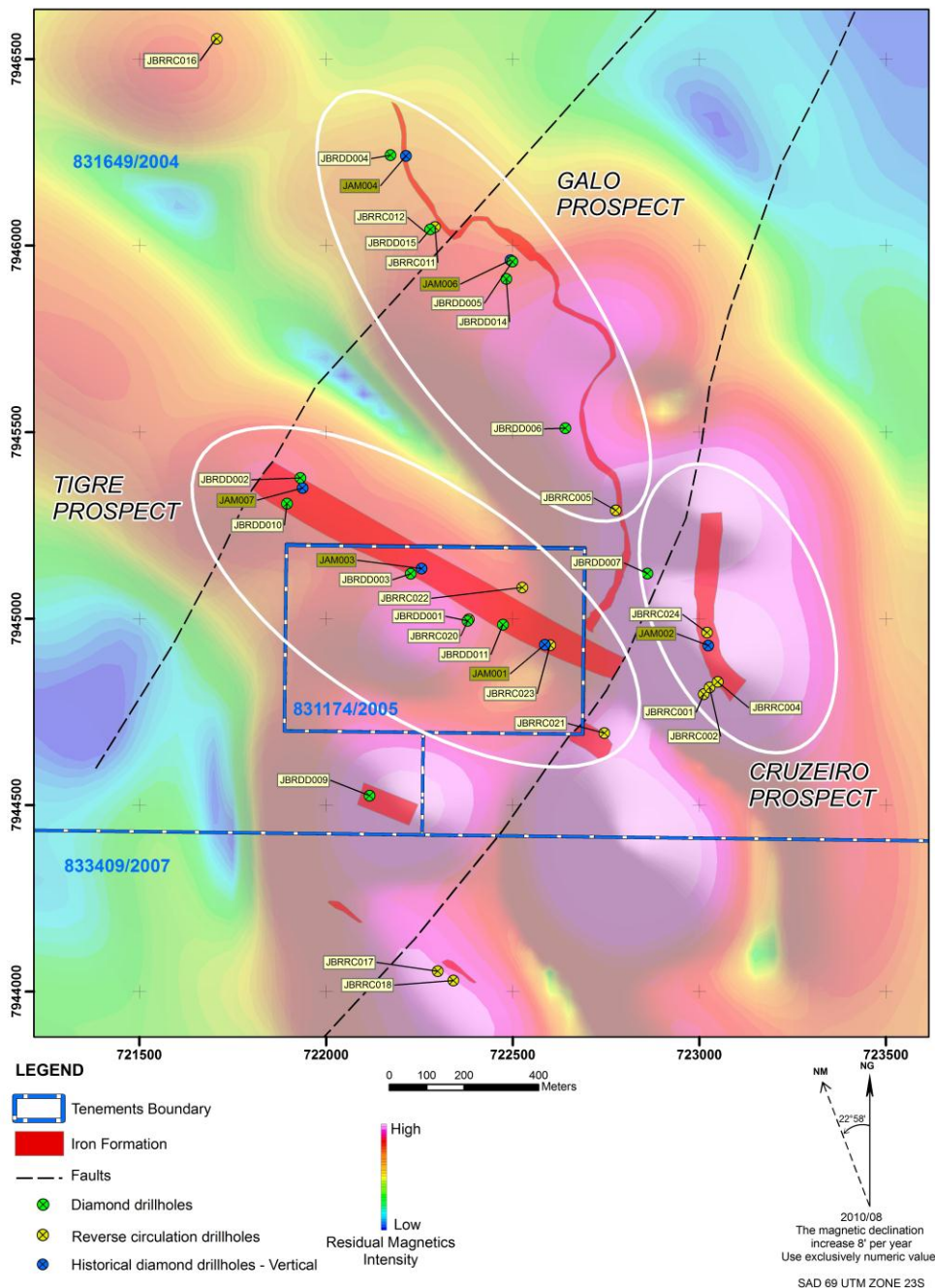
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Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources for the Jambreiro Iron Ore Project 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.

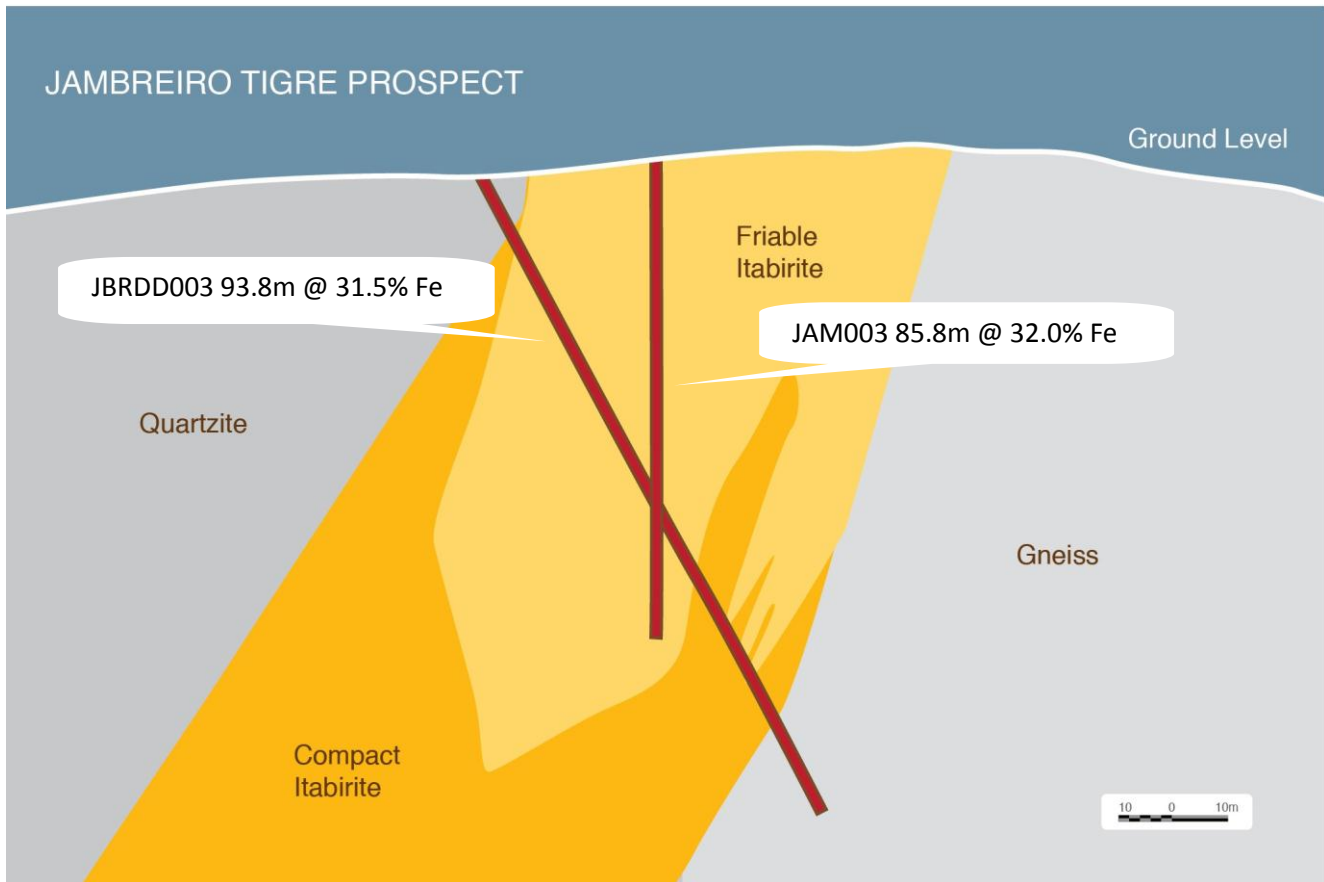
Figure 1 – Jambreiro Iron Ore Project Showing Drill Hole Locations and Prospects over Initial Ground Magnetic Survey





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Figure 2 – Tigre Prospect Cross Section showing material type.



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Appendix A – Details of the Jambreiro Inferred Resource

General Information	
Project Name	Jambreiro Iron Ore Project
Deposit Names	Tigre Prospect, Galo Prospect, Cruzeiro Prospect
Location	Located approximately 180 Km NE of Belo Horizonte 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, 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 150m.
Spatial Limits of Resource: Total Resource Area	721550mE to 723150mE
	7944600mN 7946500mN
	635mRL to 991mRL (surface)
Resource Base	Tigre Prospect – max depth of 200m below surface.
	Galo and Cruzeiro Prospects – max depth of 150m below surface.
Responsibilities	
Data Collection	Centaurus Metals
Data Management	Centaurus Metals
Data Validation	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	Three methods incorporated into JBR Density work	
Compact	Immersion method using full core	
Friable	Volume/ Mass method and in situ Bulk density method	
Number of samples	In situ = 15	
	Volume Mass = 48	
	Water Displacement = 96	
Bulk Density Values		
Material Type	Bulk Density (t/m³)	No. Of Samples
Itabirite Compact	3.00	28
Itabirite Friable	2.07	44
Quartzite	2.19	21
Amphibolite	2.65	32
Schist	1.56	25
Gneiss	2.58	9
Waste	2.24	87

Drilling		
	Holes	Metres
Historical DDH	5	311.2
DDH	13	1388.8
RC	15	1065.0
Total	33	2765.0
Survey		
Grid System	SAD_69 23S	
Collar Survey	Total survey collars for all drill holes	
DH Survey	No down hole surveys have been completed	
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 (PPC)	
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	92 Duplicate, 29 Standards across all batches. Standards inserted every 50 samples, duplicates every 20.	

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Block Model Parameters			
Estimation Method	Inverse distance squared (ID ²)		
	Y	X	Z
Parent Block Sizes	25m	25m	25m
Sub Block Sizes	2.5m	2.5m	2.5m
Attributes:			
Rock_code	(Itb_F, Itb_C and Waste)		
OB	Model Name		
Fe%	Fe Grade, ID ²		
SiO₂%	SiO ₂ % Grade, ID ²		
Al₂O₃%	Al ₂ O ₃ % Grade, ID ²		
P%	P% Grade, ID ²		
LOI%	LOI , ID ²		
CLASS	Resource Classification Class		
Density	Bulk Density of Itb_C, Itb_F and waste		