

14 December 2011

NEW PHASE OF IN-FILL DRILLING COMMENCES AT JAMBREIRO IRON ORE PROJECT FOR BANKABLE FEASIBILITY STUDY

AIM TO CONVERT FIRST 2-3 YEARS OF PRODUCTION TO PROVEN RESERVES TO SUPPORT DEBT FUNDING STRATEGY

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to report that a new program of Reverse Circulation (RC) drilling has commenced at its flagship **Jambreiro Iron Ore Project** in south-east Brazil as 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 2-3 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 testwork, which will greatly assist in securing product off-take arrangements with the Brazilian domestic steel mills.

The new phase of drilling follows the release of the Pre-Feasibility Study on the Jambreiro Project last month, which outlined a robust 2Mtpa project capable of generating revenues of \$1.4 billion and EBITDA of \$948 million over an initial 8.5 year life.

Drill Program – Jambreiro

The overall RC drill program will comprise 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.

Drill Program – Other Guanhões Tenements

Once drilling is completed at Jambreiro, the RC rig will be used to undertake exploration drilling on the surrounding tenements in the Guanhões Region. Centaurus has 18 tenements (including Jambreiro and Candonga) in the Guanhões Region covering a total area of 25,000 hectares.

Surface mapping has identified itabirite mineralisation on 13 of the 18 tenements. The Company has initially planned 2,500 metres of RC drilling to test some of the targets on these tenements (Figure 2).

-ENDS-

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AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

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 the 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 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'. 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.



Figure 1 – Geosedna RC Rig drilling at Jambreiro Project

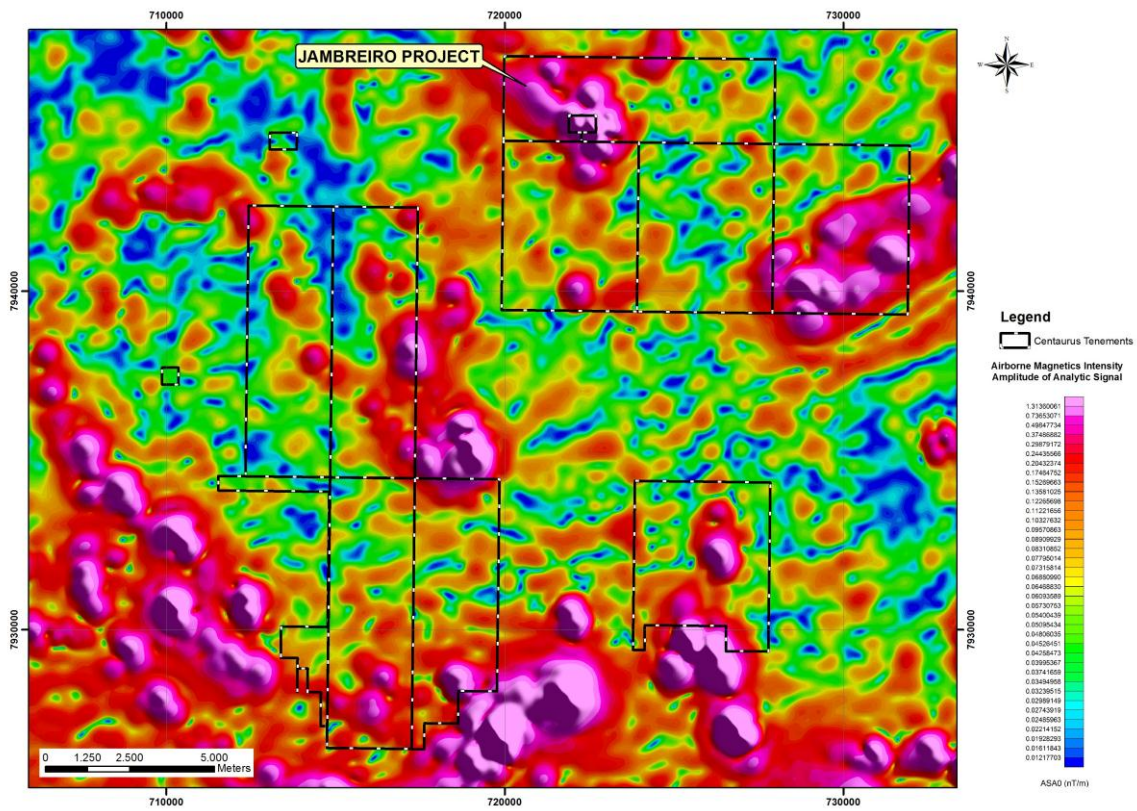


Figure 2 – Guanhães Regional tenement Group on regional AeroMag, December 2011