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CentaurusMetals

6 August 2012

SERRA DA LONTRA IRON ORE PROJECT DRILL RESULTS AND PROJECT UPDATE

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) provides the following update on the progress of drilling and assessment of its **Serra da Lontra Iron Ore Project**, located 110km from the export port of Ilhéus in the State of Bahia, south-east Brazil (*see Figure 1*).

Drilling at the Senna Prospect, the second of two prospect areas at Serra da Lontra, has been ongoing and highlights of recent drill results include the following **continuous intersections of siliceous itabirite** with several of these intersections falling within wider mineralised zones (*see attached Figure 2 for drill hole location map and Tables 1 and 2 for a full listing of new intersections from drilling at the Senna Prospect*):

- **39.5 metres @ 38.1% Fe, 5.7% Al_2O_3 and 0.08% P** from 11.3m in Hole SDL-DD-12-0026
- **30.7 metres @ 37.8% Fe, 5.3% Al_2O_3 and 0.08% P** from surface in Hole SDL-DD-12-0028
- **21.3 metres @ 38.1% Fe, 6.2% Al_2O_3 and 0.08% P** from 8.2m in Hole SDL-DD-12-0025
- **17.0 metres @ 35.8% Fe, 9.7% Al_2O_3 and 0.09% P** from 9.0m in Hole SDL-RC-12-0041
- **8.0 metres @ 50.5% Fe, 0.6% Al_2O_3 and 0.09% P** from surface in Hole SDL-RC-12-0042

While significant intersections of siliceous itabirite have been encountered at the Senna Prospect, drilling has intersected more amphibolitic itabirite than originally anticipated, with some of the continuous intersections of amphibolitic itabirite including:

- **40.0 metres @ 43.2% Fe, 1.8% Al_2O_3 and 0.08% P** from surface in Hole SDL-RC-12-0042
- **48.6 metres @ 32.3% Fe, 1.7% Al_2O_3 and 0.07% P** from 35.4m in Hole SDL-DD-12-0024
- **21.1 metres @ 33.3% Fe, 1.9% Al_2O_3 and 0.08% P** from 98.7m in Hole SDL-DD-12-0022
- **20.0 metres @ 35.1% Fe, 0.7% Al_2O_3 and 0.13% P** from 23.0m in Hole SDL-RC-12-0032

The siliceous itabirite outcrop of the **Senna Prospect** was originally mapped over 1.2km of strike, coincident with a significant ground magnetic anomaly. However, the recent drilling targeting the outcrop has confirmed that siliceous itabirite mineralisation continues sub-surface for approximately 400 metres of strike and to depths of up to 50 metres. Below this, the dip of the mineralisation appears to steepen and is predominantly amphibolitic itabirite averaging 15-40 metres in width. Consequently, the Company's expectations for siliceous itabirite at this prospect area have not been met.

In light of these new results, the Company is of the view that any future resource estimate that only considers the siliceous itabirite for the Serra da Lontra Project will be unlikely to achieve the previously established Exploration Target[1] of 30 to 50 million tonnes grading 30 to 40% Fe, and that, to achieve the target, the Company will need to demonstrate that the amphibolitic itabirite can be beneficiated to a saleable product.

[1] *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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Based on this new information, the Company has increased its efforts to understand the metallurgical response of the amphibolitic itabirite mineralisation. Comprehensive testwork on both the siliceous and amphibolitic itabirite is ongoing at the University of São Paulo with the objective of defining a suitable process route that will allow product to be achieved for both mineralisation types.

The slow progress of drilling at the Senna Prospect due to the combined effect of heavy seasonal rainfall and the local topography will result in the maiden JORC resource estimate for the Serra da Lontra Project now being delivered in September 2012 (originally targeted for August 2012).

While the maiden resource estimate is completed, the Company will have its geological team commence exploring its regional tenement holdings around Serra da Lontra in Bahia State and the recently acquired Curral Velho Project in Paraiba. Both projects have favourable logistics solutions, should Centaurus be able to define economic resources, and strong potential to form part of Centaurus' planned export business.

Centaurus' Managing Director, Mr Darren Gordon, said: "It's too early to make a definitive call on the economic potential of Serra da Lontra until we get results from metallurgical testwork on the amphibolitic mineralisation and complete the resource estimation work. However, it seems evident from the drilling that, while we have intersected good widths and grades of mineralisation, it is unlikely that the Project will host siliceous itabirite in the quantities originally envisaged.

"The Company has a disciplined and focused approach to project assessment and evaluation and, while Serra da Lontra is likely to deliver a JORC resource of some magnitude, its development will need to be measured against its potential returns and the prospectivity of Centaurus' wider tenement package in Bahia.

"Accordingly, if the metallurgical results do not deliver satisfactory results, we will focus on exploring the Company's other regional properties in Bahia and Paraiba and continue our project generation activities to facilitate the Company's medium term export plans. We remain very enthusiastic about our export strategy given the various properties with high export potential which we already have in our portfolio, as well as others in the region which we are aware of.

"The Company's Jambreiro Iron Ore Project remains the key focus of our team in Brazil with the Project continuing to progress extremely well towards the release of our Bankable Feasibility Study late next month as the basis for our initial production centre. Recent pilot plant results have confirmed that a high grade, low impurity sinter feed blend product can be produced from this Project for supply into the Brazilian steel market, which represents another key tick for Jambreiro as it moves towards development."

-ENDS-

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Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited. Roger Fitzhardinge 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'. Roger Fitzhardinge consents to the inclusion in the report of the matters based on the information in the form and context in which it appears

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Figure 1 – Location Map Showing Infrastructure in the Immediate Locality of Serra da Lontra

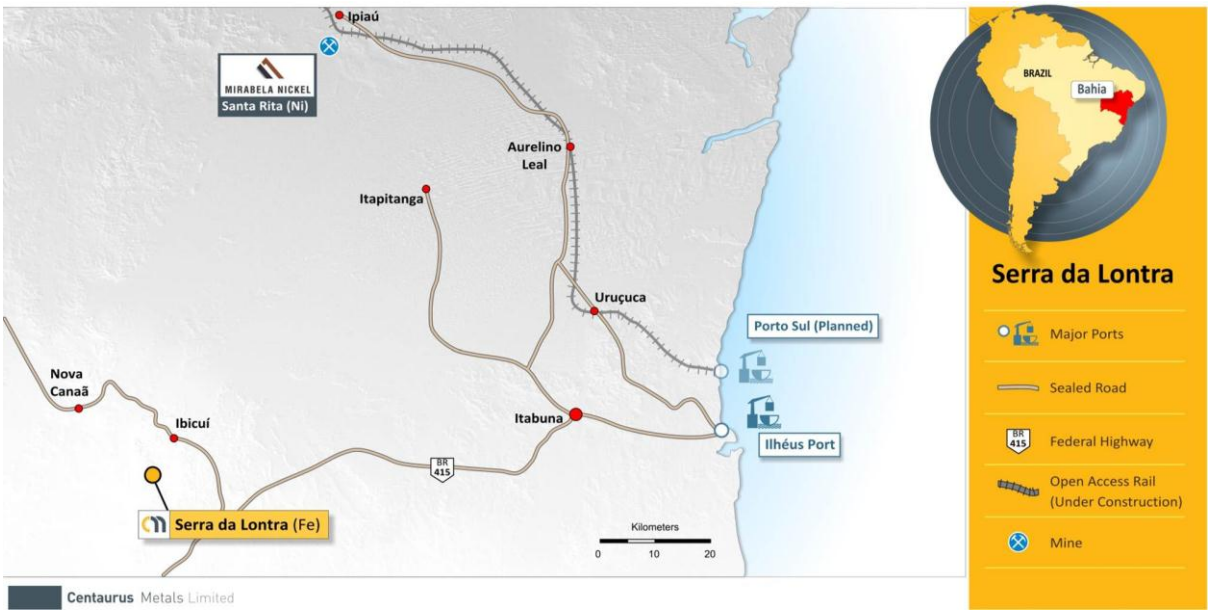

Figure 2 – Serra da Lontra Iron Ore Project Map Analytical Signal Mag Image and Down Hole Composite Drill Results, August 2012

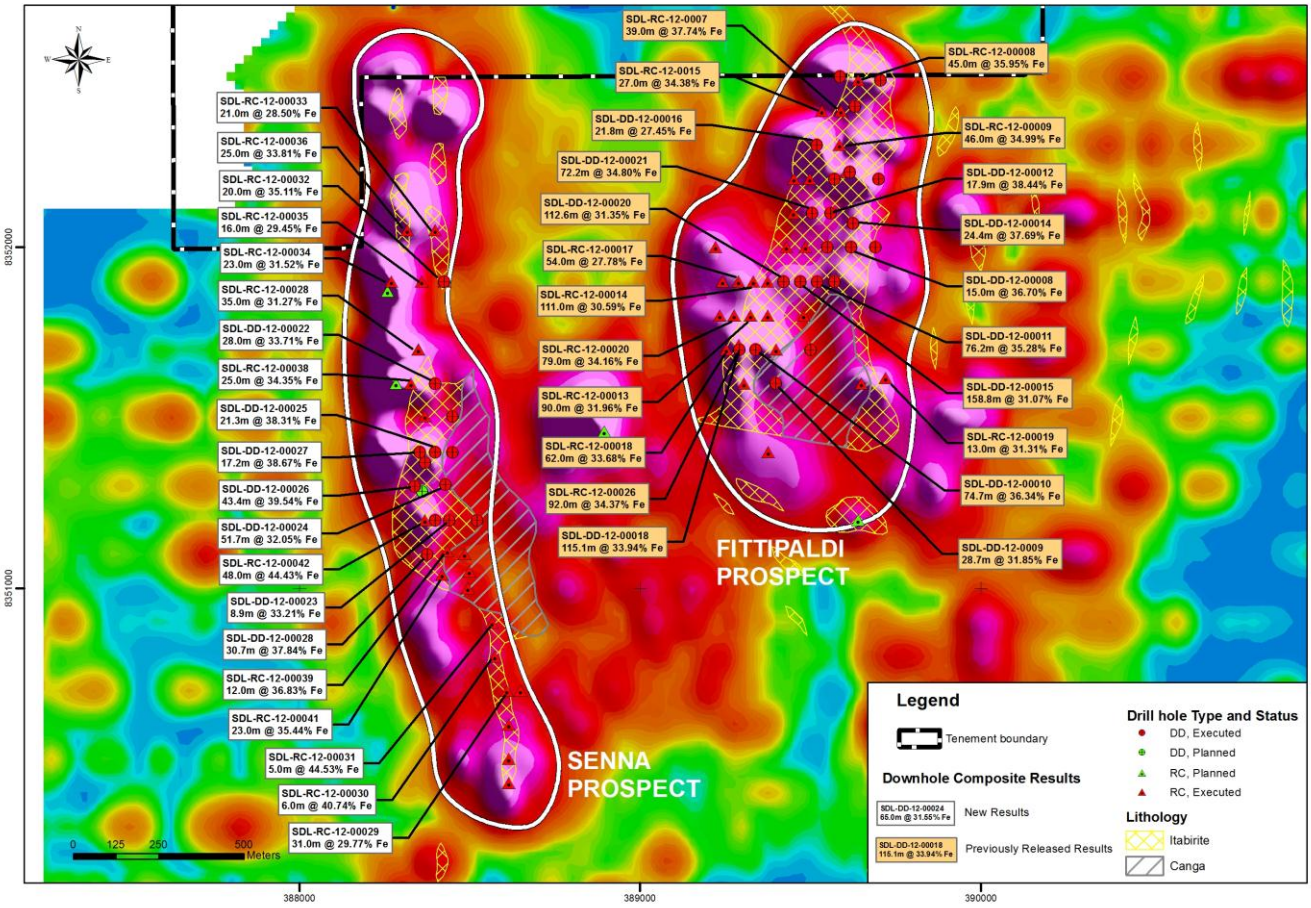

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Table 1 – Serra da Lontra Iron Ore Project: New Diamond Drill Hole Results, August 2012

Hole ID	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Rock Type	Fe%	SiO_2%	Al_2O_3%	P%
SDL-DD-12-00022		65.17	72.15	6.98	Amphibiotic Itabirite	34.89	43.96	0.81	0.08
SDL-DD-12-00022		98.70	119.75	21.05	Amphibiotic Itabirite	33.32	44.21	1.87	0.08
SDL-DD-12-00022	**131.75**	**Downhole composite**		**28.03**		**33.71**	**44.15**	**1.61**	**0.08**
SDL-DD-12-00023		34.00	42.92	8.92	Amphibiotic Itabirite	33.21	41.86	4.95	0.07
SDL-DD-12-00023	**125.91**	**Downhole composite**		**8.92**		**33.21**	**41.86**	**4.95**	**0.07**
SDL-DD-12-00024		0.00	3.10	3.10	Amphibiotic Itabirite	27.77	25.93	19.27	0.06
SDL-DD-12-00024		35.43	84.00	48.57	Amphibiotic Itabirite	32.32	45.91	1.66	0.07
SDL-DD-12-00024	**122.32**	**Downhole composite**		**51.67**		**32.05**	**44.71**	**2.72**	**0.07**
SDL-DD-12-00025		8.20	29.50	21.30	Siliceous Itabirite	38.31	34.29	6.18	0.08
SDL-DD-12-00025	**80.00**	**Downhole composite**		**21.30**		**38.31**	**34.29**	**6.18**	**0.08**
SDL-DD-12-00026		0.00	3.90	3.90	Siliceous Itabirite	53.77	13.04	1.50	0.10
SDL-DD-12-00026		11.13	50.60	39.47	Siliceous Itabirite	38.13	35.09	5.72	0.08
SDL-DD-12-00026	**102.76**	**Downhole composite**		**43.37**		**39.54**	**33.10**	**5.34**	**0.08**
SDL-DD-12-00027		0.00	8.80	8.80	Amphibiotic Itabirite	39.13	19.94	13.90	0.08
SDL-DD-12-00027		38.25	46.60	8.35	Amphibiotic Itabirite	38.18	37.65	1.77	0.08
SDL-DD-12-00027	**65.30**	**Downhole composite**		**17.15**		**38.67**	**28.56**	**8.00**	**0.08**
SDL-DD-12-00028		0.00	30.71	30.71	Siliceous Itabirite	37.84	35.33	5.26	0.08
SDL-DD-12-00028	**56.00**	**Downhole composite**		**30.71**		**37.84**	**35.33**	**5.26**	**0.08**

Intervals calculated using a 20% Fe cut-off grade with 3 metre minimum mining width
All samples were analysed using an XRF fusion method with LOI at 1000 ^{0}C

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Table 2 – Serra da Lontra Iron Ore Project: New RC Drill Hole Results, August 2012

Hole ID	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Rock Type	Fe%	SiO_2%	Al_2O_3%	P%
SDL-RC-12-00028		0.00	3.00	3.00	Soil	20.93	16.55	29.93	0.05
SDL-RC-12-00028		53.00	63.00	10.00	Amphibolitic Itabirite	33.70	44.46	1.80	0.08
SDL-RC-12-00028		84.00	93.00	9.00	Amphibolitic Itabirite	29.99	45.12	3.29	0.07
SDL-RC-12-00028		95.00	108.00	13.00	Amphibolitic Itabirite	32.69	39.39	3.49	0.08
SDL-RC-12-00028	**117**	**Downhole composite**		**35.00**		**31.27**	**40.36**	**5.22**	**0.07**
SDL-RC-12-00029		0.00	7.00	7.00	Siliceous Itabirite	40.54	30.24	6.01	0.10
SDL-RC-12-00029		7.00	13.00	6.00	Amphibolitic Itabirite	26.75	28.58	20.43	0.08
SDL-RC-12-00029		13.00	18.00	5.00	Siliceous Itabirite	38.11	21.25	13.04	0.23
SDL-RC-12-00029		18.00	22.00	4.00	Ferruginous Amphibolite	22.66	26.56	26.55	0.12
SDL-RC-12-00029		22.00	31.00	9.00	Amphibolitic Itabirite	21.92	19.21	9.47	0.07
SDL-RC-12-00029	**70**	**Downhole composite**		**31.00**		**29.77**	**24.79**	**13.59**	**0.11**
SDL-RC-12-00030		0.00	6.00	6.00	Siliceous Itabirite	40.74	24.22	9.27	0.05
SDL-RC-12-00030	**66**	**Downhole composite**		**6.00**		**40.74**	**24.22**	**9.27**	**0.05**
SDL-RC-12-00031		0.00	5.00	5.00	Siliceous Itabirite	44.53	22.59	6.02	0.08
SDL-RC-12-00031	**40**	**Downhole composite**		**5.00**		**44.53**	**22.59**	**6.02**	**0.08**
SDL-RC-12-00032		23.00	43.00	20.00	Amphibolitic Itabirite	35.11	16.81	0.69	0.13
SDL-RC-12-00032	**70**	**Downhole composite**		**20.00**		**35.11**	**16.81**	**0.69**	**0.13**
SDL-RC-12-00033		27.00	39.00	12.00	Amphibolitic Itabirite	27.78	32.54	14.99	0.15
SDL-RC-12-00033		45.00	49.00	4.00	Amphibolitic Itabirite	27.84	47.93	2.84	0.08
SDL-RC-12-00033		64.00	69.00	5.00	Amphibolitic Itabirite	30.78	44.68	0.08	3.16
SDL-RC-12-00033	**80**	**Downhole composite**		**21.00**		**28.50**	**38.36**	**9.13**	**0.85**
SDL-RC-12-00034		0.00	4.00	4.00	Soil	37.02	24.08	9.91	0.08
		4.00	16.00	12.00	Amphibolitic Itabirite	32.38	28.59	8.52	0.06
SDL-RC-12-00034		60.00	64.00	4.00	Amphibolitic Itabirite	25.98	45.30	0.07	4.19
SDL-RC-12-00034		68.00	71.00	3.00	Ferruginous Amphibolite	28.14	45.20	4.55	0.08
SDL-RC-12-00034	**98**	**Downhole composite**		**23.00**		**31.52**	**32.88**	**6.77**	**0.78**
SDL-RC-12-00035		0.00	9.00	9.00	Siliceous Itabirite	28.99	28.60	16.82	0.08
SDL-RC-12-00035		39.00	46.00	7.00	Ferruginous Amphibolite	30.03	47.86	3.06	0.07
SDL-RC-12-00035	**112**	**Downhole composite**		**16.00**		**29.45**	**37.03**	**10.80**	**0.08**
SDL-RC-12-00036		49.00	61.00	12.00	Amphibolitic Itabirite	31.90	45.43	3.06	0.07
SDL-RC-12-00036		68.00	77.00	9.00	Amphibolitic Itabirite	37.20	45.21	0.71	0.08
SDL-RC-12-00036		80.00	84.00	4.00	Amphibolitic Itabirite	31.90	46.25	1.61	0.07
SDL-RC-12-00036	**94**	**Downhole composite**		**25.00**		**33.81**	**45.48**	**1.98**	**0.07**
SDL-RC-12-00037	**50**	**Downhole composite**			**No Significant Intersection**				
SDL-RC-12-00038		0.00	22.00	22.00	Amphibolitic Itabirite	34.51	27.80	12.31	0.10
SDL-RC-12-00038		33.00	36.00	3.00	Amphibolitic Itabirite	33.19	44.80	2.13	0.06
SDL-RC-12-00038	**60**	**Downhole composite**		**25.00**		**34.35**	**29.84**	**11.09**	**0.09**
SDL-RC-12-00039		20.00	32.00	12.00	Amphibolitic Itabirite	36.83	36.01	5.78	0.09
SDL-RC-12-00039	**56**	**Downhole composite**		**12.00**		**36.83**	**36.01**	**5.78**	**0.09**
SDL-RC-12-00040	**60**	**Downhole composite**			**No Significant Intersection**				
SDL-RC-12-00041		0.00	6.00	6.00	Laterite	34.46	20.78	13.62	0.08
SDL-RC-12-00041		9.00	26.00	17.00	Siliceous Itabirite	35.79	31.59	9.73	0.09
SDL-RC-12-00041	**48**	**Downhole composite**		**23.00**		**35.44**	**28.77**	**10.74**	**0.09**
SDL-RC-12-00042		0.00	8.00	8.00	Siliceous Itabirite	50.55	23.87	0.58	0.09
SDL-RC-12-00042		8.00	48.00	40.00	Amphibolitic Itabirite	43.20	33.40	1.79	0.08
SDL-RC-12-00042	**58**	**Downhole composite**		**48.00**		**44.43**	**31.81**	**1.59**	**0.08**

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