AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE

CentaurusMetals

21 January 2011

DECEMBER 2010 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS

- **Company's total JORC compliant resource inventory in south-east Brazil increased to 126.1 million tonnes at an average grade of 30.5% Fe.**

- **Large maiden resource for Jambreiro Iron Ore Project**
  - 77Mt @ 29.5% Fe JORC Inferred Resource.

- **Passabem test work delivers high grade product**
  - Product grade of 67.4% Fe from drill core samples and 66.1% Fe from surface samples.

- **Updated resource at Itambé Iron Ore Project**
  - 1,000 metre infill drill program completed.
  - 10Mt JORC Indicated and Inferred resource grading 36.6% Fe.

- **New Iron Ore prospect identified**
  - Reconnaissance drilling at the Candonga Iron Ore Prospect returned encouraging results including 85.6m @ 40% Fe and 12m @ 60.6% Fe.

- **Divestment of non-core assets**
  - Sale of the Dish and the Percyvale gold and copper/gold projects to Southern Crown Resources completed following its listing in November 2010.
  - Agreement reached to sell the Citadel copper/gold project to Antipa Minerals.

- **Share Purchase Plan closed oversubscribed and Tranche 2 of share placement completed.**

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JAMBREIRO IRON ORE PROJECT (CTM 100%)

In late October, Centaurus announced 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.

The maiden JORC Inferred Resource for the Jambreiro Project – which was achieved in just four months following commencement of work at the Project in June - 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 **126.1 million tonnes at an average grade of 30.5% Fe**, marking an important milestone in the development of Centaurus' domestic iron ore production business.

The Jambreiro JORC Mineral Resource estimate is set out in Table 1 below:

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

Mineralisation Type	Million Tonnes	Fe %	SiO_2 %	Al_2O_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.

The Jambreiro Project has 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. Arcelor Mittal, also within the same radius, is currently expanding capacity 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:

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

Prospect Name	Million Tonnes	Fe %	SiO_2 %	Al_2O_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 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_2O_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**

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

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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.

Ground Magnetic Survey

During December, a more detailed ground magnetic survey was completed at Jambreiro. With line spacing's of 50 metres, over 100 kilometres of survey lines were completed, predominately over the Tigre Prospect. Results of the survey are expected in February.

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 complete an in-fill program of 20 holes for 3,500 metres, which will be undertaken in early 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.

PASSABEM IRON ORE PROJECT (CTM 100%)

Beneficiation test work completed in December for the Passabem Iron Ore Project in south-east Brazil shows that a **high-grade hematite product grading 67.4% Fe** with low impurities can be produced using a low-cost magnetic separation process.

The results of the current round of beneficiation test work undertaken by UFMG in Minas Gerais on both medium grade and low-grade compact itabirite drill core from the Passabem Project show that a **67.4% Fe hematite sinter product** can be produced with low impurities using a two-stage, rougher and cleaner, Wet High Intensity Magnetic Separation (WHIMS) process.

The encouraging results support Centaurus' strategy of beneficiating its itabirite-hosted iron ore deposits in Brazil to produce a high-quality, high-grade product for sale to the domestic steel industry.

The Passabem Iron Ore Project has a JORC compliant Indicated & Inferred Mineral Resource of **39Mt grading 31.0% Fe**.

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A summary of the recent test work results is set out in Table 4 below:

Table 4 – Summary of the Beneficiation Test Work on Passabem Drill Core

	Fe%	SiO_2%	Al_2O_3%	P%	Mn%	Mass Recovery %	Metal Recovery %
Low Grade Sample – Core							
Head Grade	25.5	60.6	0.93	0.09	0.09		
Beneficiated Product	**67.4**	**3.0**	**0.44**	**0.01**	**0.16**	**32.3**	**85.4**
Medium Grade Sample - Core							
Head Grade	34.8	49.7	0.13	0.02	0.06		
Beneficiated Product	**67.4**	**3.1**	**0.09**	**0.01**	**0.10**	**40.3**	**77.9**

Beneficiation test work results based on 8,000 gauss and 20% solids using rougher and cleaner stage WHIMS process

In addition to the test work undertaken on the drill core, beneficiation test work on a surface sample from Passabem shows that this material can be upgraded to a high-grade hematite product grading 66% Fe with low impurities.

This test work on the surface sample has only been undertaken to the rougher stage at this point in time, with further work required to be undertaken to determine if the cleaner stage will cost effectively increase iron grade and reduce silica grade as per the test work on the drill core.

The results of the test work to date on the surface sample are set out in Table 5 below:

Table 5 - Summary of the Beneficiation Test Work on Passabem Surface Sample

	Fe%	SiO_2%	Al_2O_3%	P%	Mn%	Mass Recovery %	Metal Recovery %
Surface Sample							
Head Grade	36.1	47.8	0.26	0.02	0.04		
Beneficiated Product	**66.1**	**5.6**	**0.23**	**0.02**	**0.07**	**49.6**	**90.7**

Beneficiation test work results based on 8,000 gauss and 20% solids using rougher stage WHIMS process only

The WHIMS process is a well known process that is used extensively throughout Brazil to beneficiate itabirite mineralisation.

Centaurus is now in a position to progress the Passabem Project to a Scoping Study which will indicate high level economics based on conceptual pit designs. Further in-fill drilling is also required before a decision on how to proceed with the Passabem Project can be made.

ITAMBÉ IRON ORE PROJECT (100%)

In December, Centaurus reported an updated resource of **10.0Mt grading 36.6% Fe** for its 100%-owned Itambé Iron Ore Project in Brazil following in-fill drilling with approximately half of the resource now falling into the Indicated category.

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While the overall tonnage has been reduced (the previously reported Inferred Resource was 15.5Mt @ 37.2% Fe), the drilling has enabled the Company to more accurately define the geological model. The revised resource estimate will now underpin the development of conceptual pit designs and allow the Company to update the high-level economic studies on the Project ahead of Pre-Feasibility Study work.

The updated Itambé JORC Mineral Resource estimate is set out in Table 6 below:

Table 6 – Itambé Iron Ore Project December 2010 Resource Estimate – Resource Category

Resource Category	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P%	LOI%
Indicated	4.69	37.1	37.0	4.52	0.06	2.67
Inferred	5.33	36.2	40.9	3.51	0.04	2.13
TOTAL	**10.02**	**36.6**	**39.1**	**3.98**	**0.05**	**2.38**

25% Fe Cut-off

The Itambé Resource comprises three mineralisation types, namely Friable and Compact Itabirite mineralisation plus a newly identified zone of Itabirite Scree material. The breakdown of the total resources between these material types is set out in Table 7 below:

Table 7 – Itambé Iron Ore Project December 2010 Resource Estimate – Mineralisation Type

Mineralisation Type	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P%	LOI%
Friable	4.16	40.0	34.1	4.46	0.06	2.42
Compact	4.68	33.7	47.1	1.52	0.03	0.89
Scree	1.18	36.1	25.0	12.1	0.10	8.23
TOTAL	**10.02**	**36.6**	**39.1**	**3.98**	**0.05**	**2.38**

25% Fe Cut-off

Previous beneficiation test work at Itambé in 2009 on the friable mineralisation indicated that a 67% Fe hematite product with low impurities could be produced using a magnetic separation process.

Following the most recent in-fill drilling program at Itambé, a number of samples of each mineralisation type have been sent off for beneficiation test work. Results from this test work are anticipated early in the 2011. A feature of the newly identified scree, however, is some high grade surface zones. Beneficiation test work on samples from these surface exposures indicate that a high grade (66% Fe) hematite sinter product can be produced with low impurities, particularly the silica and phosphorus levels, using a Wet High Intensity Magnetic Separation (WHIMS) process. These results were achieved with a 67% mass recovery.

Table 8 below summarises the recent beneficiation results on the Itabirite Scree surface material from Itambé:

Table 8 - Summary of the Beneficiation Test Work on Itambé Mineralisation

	Fe%	SiO_2%	Al_2O_3%	P%	Mn%	Mass Recovery %	Metal Recovery %
Itabirite Scree Sample 2010							
Head Grade	53.3	12.7	5.33	0.05	0.03		
Beneficiated Product	**66.0**	**1.7**	**2.23**	**0.03**	**0.04**	**67.2**	**83.1**

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The Itambé Project has good access to existing local infrastructure and is well located about 40km from a number of key regional steel mills such as Arcelor Mittal's João Monlevade blast furnace.

Indicated and Inferred Resource

The JORC compliant Mineral Resource Estimation is based on 42 drill holes for a total of 1,800 metres of vertical diamond drilling.

The Itambé Iron Ore Project consists of flat-lying, near-surface zones of itabirite-hosted mineralisation of varying thicknesses up to 25 metres. The resource estimate comprises both friable and compact mineralisation as well as an enriched itabirite scree material weathered from the in situ Itabirite. The outcropping Itabirite mineralisation is coarse-grained and of a friable nature.

Future Work Program

It is anticipated that the nature of the ore and its favourable orientation will make for a low strip ratio, low-cost mining operation. Conceptual mining and pit optimisation studies will now be prepared to assess the project's high level economics ahead of a Pre-Feasibility Study.

CANDONGA IRON ORE PROSPECT

During the Quarter, Centaurus identified a new iron ore prospect, the **Candonga Prospect**, located 30km from its emerging Jambreiro Project. Initial drilling, re-assay of historical drill core and ground magnetic survey work has confirmed the presence of substantial widths of iron ore.

The recent drill program undertaken by Centaurus, which consisted of three RC percussion drill holes and one diamond hole, returned significant intersections of iron mineralisation in three of the four holes drilled. Better intersections from the recent drilling program included:

- **85.6 metres @ 40.0% Fe, 1.1% Al_2O_3 and 0.07% P** from 3 metres in diamond drill hole CDG-DD-001.
- **53.0 metres @ 45.6% Fe, 1.5% Al_2O_3 and 0.12% P** from surface in RC drill hole CDG-RC-003.
- **12.0 metres @ 60.6% Fe, 4.2% Al_2O_3 and 0.02% P** from 1 metre in RC drill hole CDG-RC-002.

In addition to these results, assay results received from re-sampling Candonga historical drill core included:

- **47.8 metres @ 36.9% Fe, 2.2% Al2O3 and 0.12% P** from surface in diamond drill hole BAR-003.

The recent holes were drilled to test an itabirite iron formation which outcrops in various locations over a strike length of some 1.6 kilometres and varies in surface width between approximately 10 and 50 metres. Importantly, structural complexity and proximity to intrusive rocks in the area has generated zones of high-grade iron enrichment such as the intersection in Hole CDG-RC-002. Further exploration is planned to determine the geological controls and distribution of this high-grade mineralisation.

The zones of iron enrichment at Candonga also contain mineralisation which has a distinct magnetic signature. A ground magnetic survey has recently been completed to better define these zones. Several areas of potential enriched iron mineralisation have been outlined (*see Figure 3*). These areas will be targeted by further drilling.

Metallurgical sampling of the iron mineralisation is planned. Samples will be submitted to the UFMG laboratory for beneficiation and process test work.

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The close proximity of the Candonga Prospect to the Jambreiro Iron Ore Project may result in the Candonga mineralisation providing valuable mill feed to a future potential operation based at Jambreiro.

RIO PARDO IRON ORE PROJECT

Geological mapping was completed and preliminary planning was finalised for the initial drilling at the Rio Pardo Project. The first phase of drilling will concentrate on the principle outcrops of Canga and diamactite (the local ore type) and is scheduled for the first quarter of 2011.

PONTE DE PEDRA MANGANESE PROJECT

The Ponte de Pedra Manganese Prospect is a group of tenements approximately 180 kilometres North of Belo Horizonte. During the period, geological mapping and sampling was conducted over prospective areas of the tenement holding, including several old workings. Occurrences of supergene and primary manganese were identified. Results of rock chip sampling are due in the first quarter of 2011.

DIVESTMENT OF NON CORE ASSETS

Percyvale and Dish Projects

Centaurus previously reached agreement in July this year to divest its non-core Percyvale and Dish Projects, located on the East Coast of Australia, to Southern Crown Resources ("Southern Crown"), consistent with its focus on developing an iron ore business in Brazil.

The $4 million Initial Public Offer of Southern Crown closed early and oversubscribed ahead of its listing on the Australian Securities Exchange in December.

Following the listing of Southern Crown on the ASX, Centaurus holds an interest of 1.56 million shares and 2 million options exercisable at 25 cents (subject to certain performance criteria) in Southern Crown's issued capital.

Citadel Project

In November, Centaurus entered into an agreement to divest its non-core Citadel Gold-Copper Project in Western Australia to a new resources company, Antipa Minerals Ltd ("Antipa"), which is planning to undertake a capital raising by way of an Initial Public Offering ("IPO") and list on the Australian Securities Exchange in early 2011.

Under the Agreement with Antipa, Centaurus will divest the Citadel Project for consideration of 6,250,000 shares at an issue price of 20 cents each with a free attaching option for every two shares held. Centaurus should hold approximately 13.5% of the post-IPO issued capital of the Company. The Agreement is subject to a number of conditions, including the successful listing of Antipa on the ASX.

CORPORATE

The Shareholder Share Purchase Plan ("SPP") announced in the previous Quarter closed on 28 September 2010 fully subscribed by shareholders, raising $3.8 million. The SPP, together with the previously announced share placement, raised the Company $18.2 million to advance Centaurus' iron ore projects in Brazil, where the Company is planning to be producing 3mtpa of high grade hematite for the Brazilian domestic steel industry by the end of 2013.

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Cash Position

At 31 December 2010, the Company held cash reserves of approximately A$15.9 million.

Shareholder Information

At 31 December 2010, the Company had 848,923,637 shares on issue with the Top 20 holding 35.9% of the total issued capital. Directors and Senior Management held 11% of the total issued capital.

Darren Gordon
MANAGING DIRECTOR

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 mineralisation 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.

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

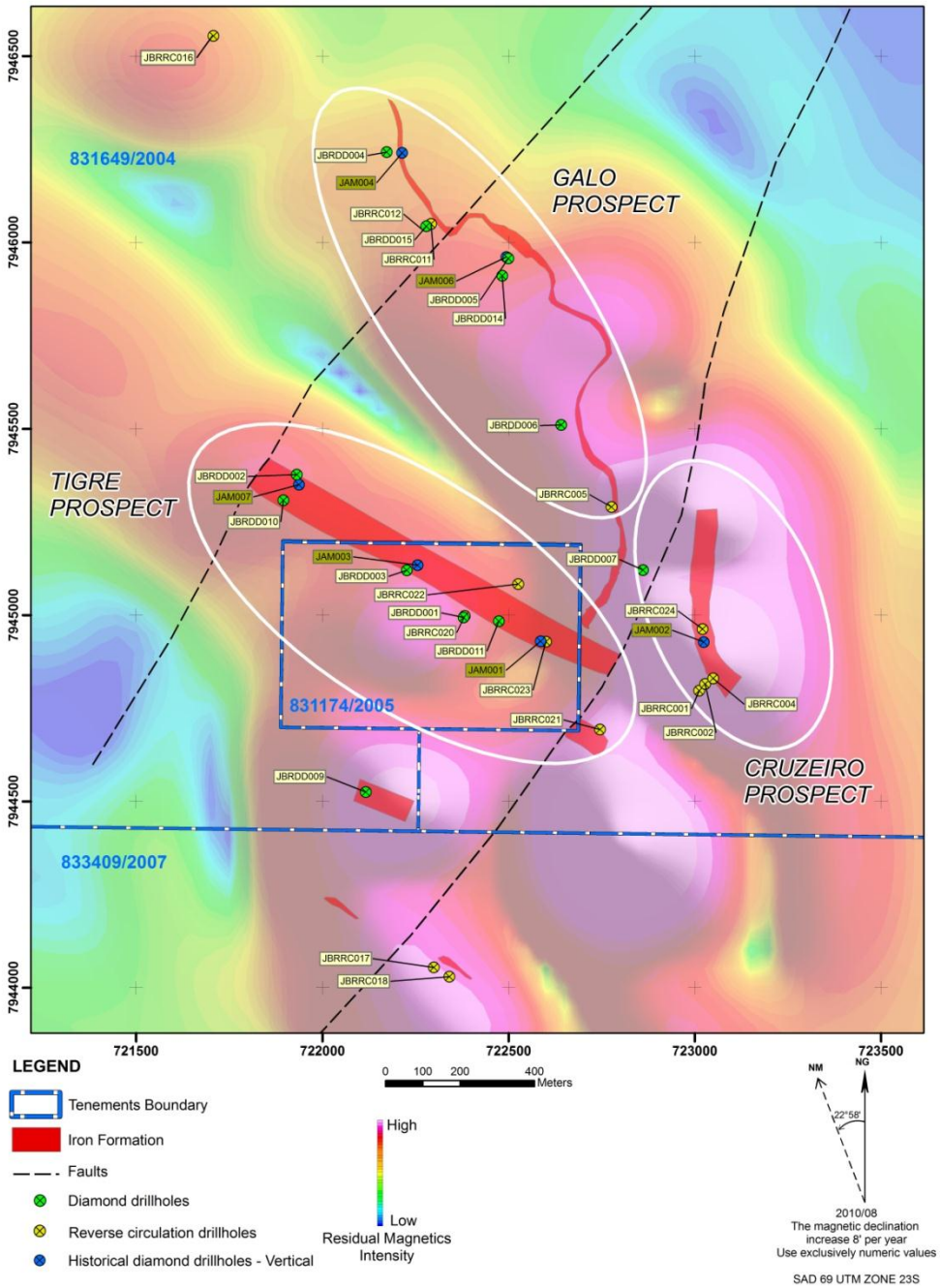

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Figure 2 – Tigre Prospect Cross Section showing material type.

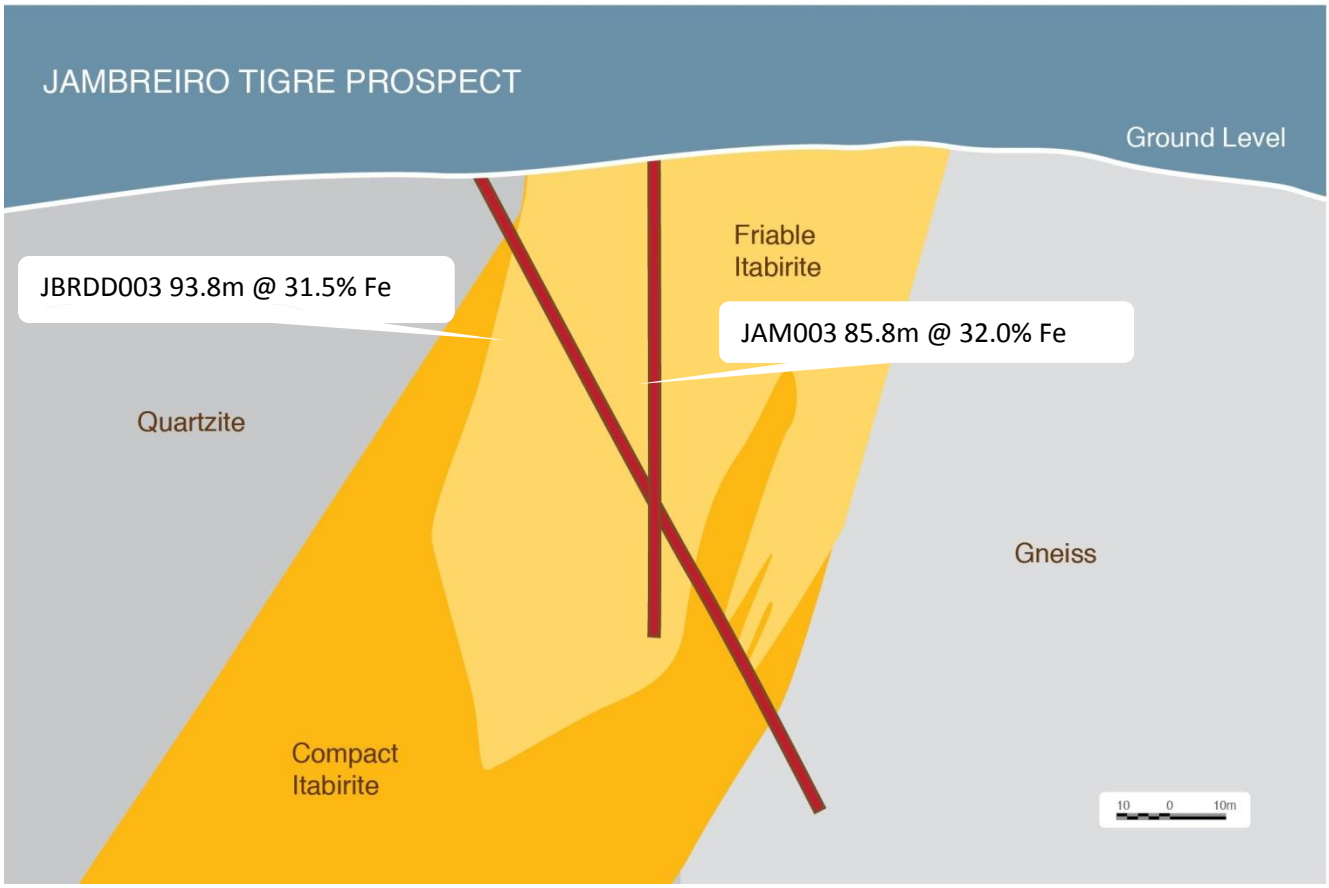

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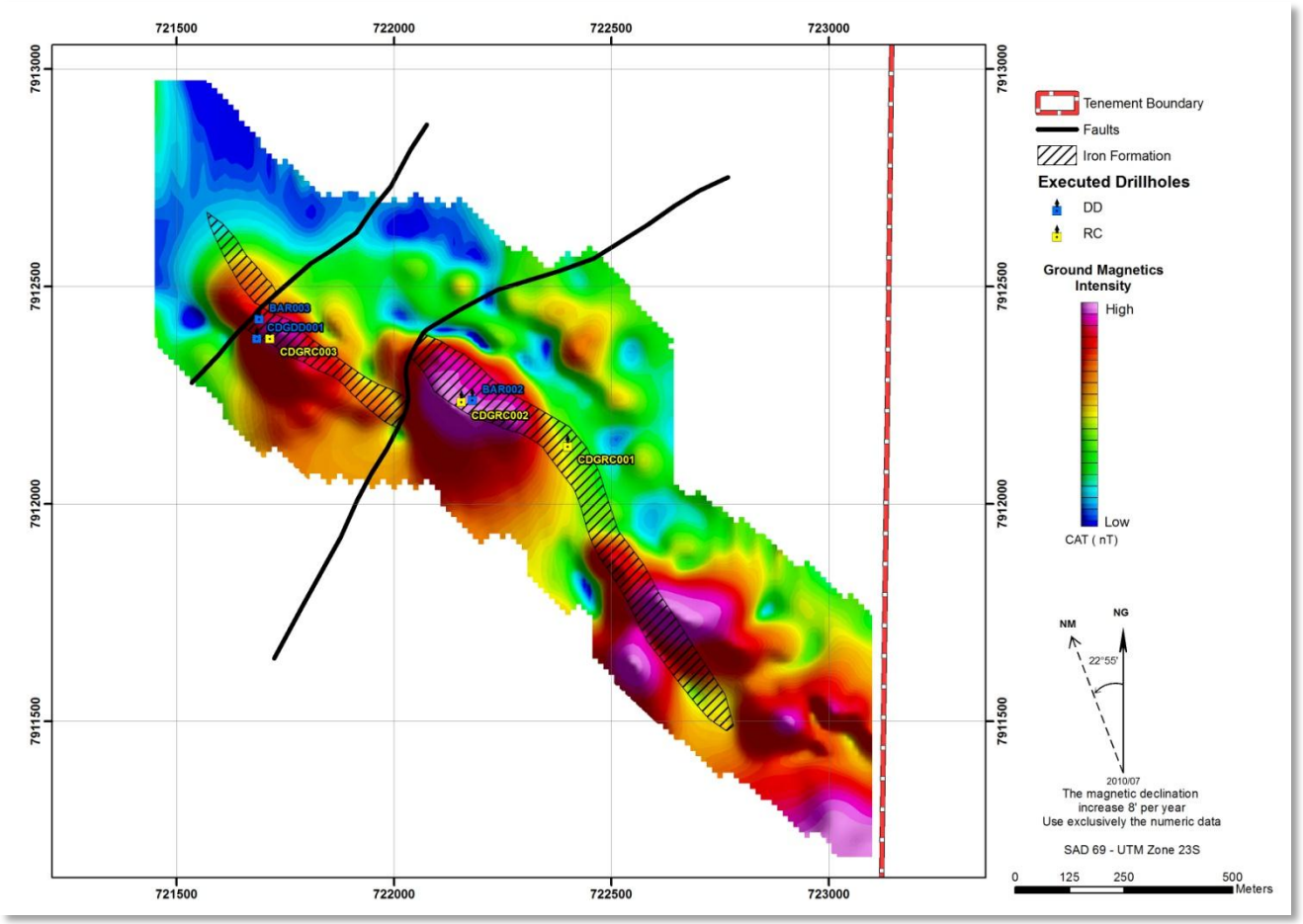
Figure 3 – Candonga Prospect Showing Drill Hole Locations over Initial Ground Magnetic Survey



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