

25 October 2010

## CENTAURUS TO DELIVER NEW RESOURCE FOR THIRD BRAZILIAN IRON ORE PROJECT FOLLOWING INFILL DRILLING PROGRAM

### New resource estimate & beneficiation test work underway at Itambé Project

Centaurus Metals Limited (ASX Code: **CTM**) is pleased to advise that work has commenced to calculate a new JORC resource estimate and undertake beneficiation test work following a 1,000 metre in-fill diamond drilling program at its 100%-owned **Itambé Iron Ore Project** in south-east Brazil.

The recently completed in-fill drilling program at Itambé, designed to elevate the existing Inferred Resource of 15.5Mt grading 37.2% to the Measured and Indicated categories, has confirmed the flat-lying and higher grade nature of the itabirite mineralisation and further enhanced the Company's understanding of the geological model for the Project.

The mineralisation generally commences from surface and consists of both friable and compact itabirite mineralisation as well as itabirite scree material which contains lump size fragments of hematite.

Significant intersections from the recent drilling include:

- **24.0m @ 48.2% Fe, 3.22% Al<sub>2</sub>O<sub>3</sub> and 0.06% P** from surface in hole IBP-DD-0027 (friable itabirite)
- **12.2m @ 32.7% Fe, 0.40% Al<sub>2</sub>O<sub>3</sub> and 0.02% P** from 39.4 metres in hole IBP-DD-0032 (compact itabirite)
- **12.0m @ 45.4% Fe, 3.34% Al<sub>2</sub>O<sub>3</sub> and 0.05% P** from surface in hole IBP-DD-0028 (itabirite scree)
- **9.0m @ 49.4% Fe, 1.92% Al<sub>2</sub>O<sub>3</sub> and 0.05% P** from surface in hole IBP-DD-0021 (friable itabirite)
- **9.8m @ 36.4% Fe, 2.58% Al<sub>2</sub>O<sub>3</sub> and 0.03% P** from 15.2m in hole IBP-DD-0042 (compact itabirite)

*See Appendix A for a full list of drill hole intersections.*

Historical beneficiation test work on the Itambé friable mineralisation, via a low cost, low intensity magnetic separation process, indicates that iron mineralisation with a head grade of 51.6% Fe upgrades to a high-grade (67.7% Fe) hematite product with low impurities and a mass recovery of 61%.

Further beneficiation test work is currently underway to test the more recent sampling, including test work on the compact itabirite and itabirite scree material. The beneficiation work is on a larger scale than previous test work and will significantly enhance the Company's overall understanding of the likely final product specification.

Following the upgraded Indicated and Inferred Resource of 39Mt grading 31.0% Fe for the Passabem Project announced on 31 August and with a maiden JORC resource imminent for the newly acquired Jambreiro Project, Itambé is the third advanced iron ore project within the Centaurus portfolio for which new resource work is being undertaken.

These three projects will form the cornerstone of Centaurus' plans to deliver production of 3Mtpa of high-grade hematite (+63% Fe) to the local Brazilian steel industry in the Iron Quadrangle region by the end of 2013.



## AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

The closer spaced drilling undertaken as part of the recently completed drill program has increased the Company's knowledge of the friable and compact itabirite mineralisation and will result in the completion of a new JORC resource estimate. This new resource estimate should be available within six weeks.

Drill hole IBP-DD-0027 intersected 24 metres of friable itabirite grading 48.2% Fe from surface with this interval being significantly wider than the average intersection of 10 metres, as well as carrying a considerably higher iron grade than those intersected in the Company's 2009 drill program.

In addition, the intersection in drill hole IBP-DD-0042, located 500 metres to the north east of the previous drilling, is considered to be significant as it has confirmed the presence of consistent mineralisation, in terms of width and grade, in a previously undrilled area of the tenement associated with a strong coincident magnetic signature (see Figure 1).

Follow-up drilling in the north-east limb of the tenement will therefore be required to fully test the mineralisation in this area.

Commenting on the recent program, Centaurus' Managing Director, Mr Darren Gordon, said: *"These drilling results are pleasing and confirm the consistency of shallow itabirite mineralisation at the Itambé Project which will be amenable to low-cost mining.*

*"The enhanced understanding of the Project gained from our recent drilling will allow us to complete a new resource estimate and to set appropriate operating parameters for a Feasibility Study into Itambé's future development.*

*"We are continuing to progress all three of our key domestic iron ore projects in Brazil – Jambreiro, Passabém and Itambé – so that we can deliver production of 3mtpa of high grade hematite to the local Brazilian steel industry by the end of 2013."*

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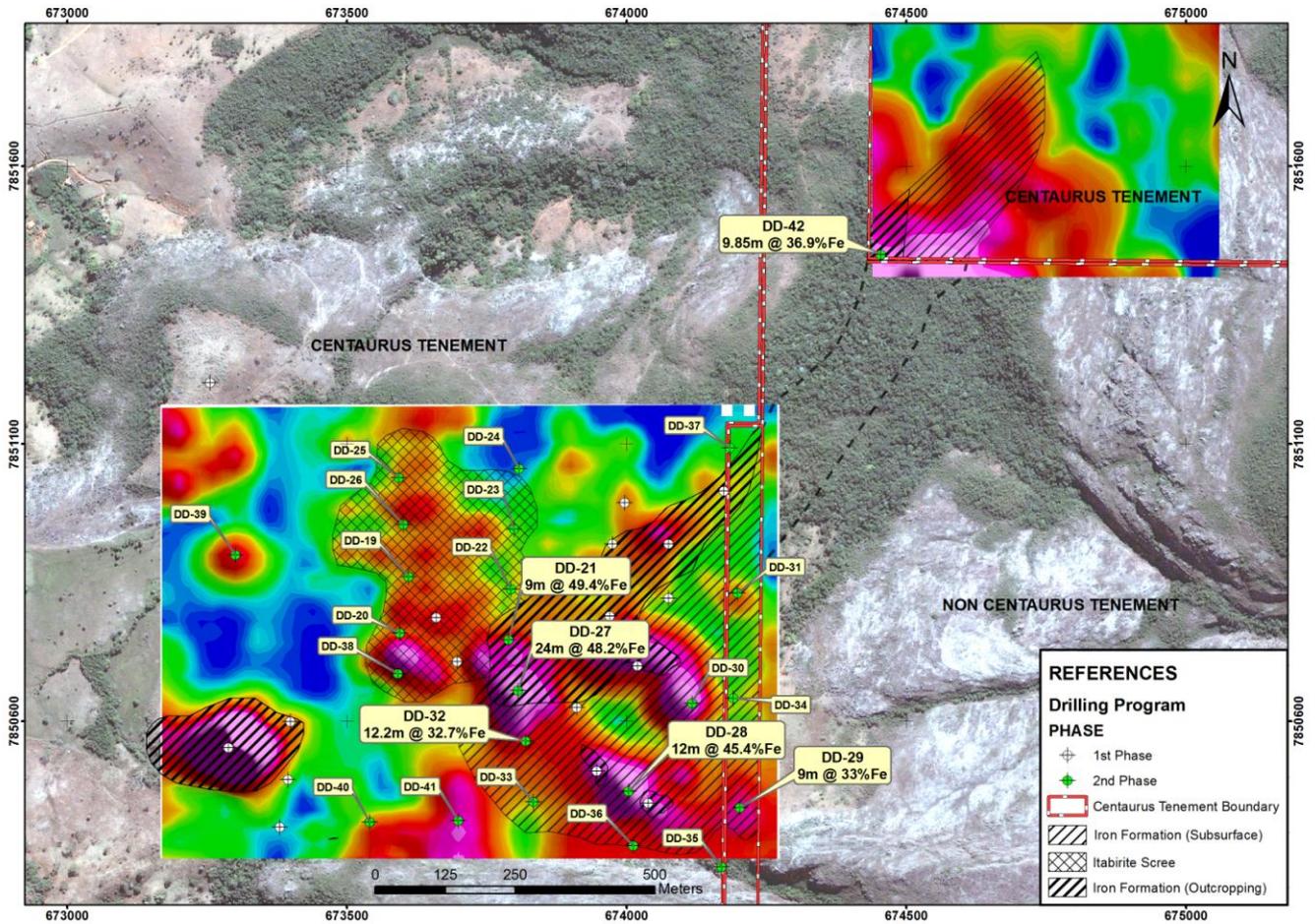
### Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Roger Fitzhardinge who is a Member of the AusIMM. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited. Roger Fitzhardinge has sufficient experience which is relevant to the style of mineralisation 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 Reserves'. Roger Fitzhardinge consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT  
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Figure 1 – Itambé Iron Ore Project Showing Drill Hole Locations over Ground Magnetic Survey



**AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT  
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**Appendix A  
Itambé Iron Ore Project  
Diamond Drill Hole Results  
October 2010**

CentaurusMetals		DOWN-HOLE INTERSECTIONS - ITAMBÉ - DDH										
Hole ID	SAD East	SAD North	DIP	From (m)	To (m)	Downhole width (m)	Rock Type	Fe%	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P%	LOI
IBP-DD-0019	673610	7850861	-90	0.00	6.00	6.00	Itabirite Scree	34.07	13.65	20.88	0.14	12.17
				<b>Downhole composite</b>		<b>6.00</b>		<b>34.07</b>	<b>13.65</b>	<b>20.88</b>	<b>0.14</b>	<b>12.17</b>
IBP-DD-0020	673595	7850759	-90	0.00	12.50	12.50	Itabirite Scree	31.06	41.94	7.40	0.06	4.42
				<b>Downhole composite</b>		<b>12.50</b>		<b>31.06</b>	<b>41.94</b>	<b>7.40</b>	<b>0.06</b>	<b>4.42</b>
IBP-DD-0021	673789	7850747	-90	0.00	2.00	2.00	Itabirite Scree	55.13	13.23	3.37	0.10	3.38
				2.00	9.00	7.00		Friable Itabirite	47.80	28.61	1.50	0.04
				<b>Downhole composite</b>		<b>9.00</b>	<b>49.42</b>		<b>25.19</b>	<b>1.92</b>	<b>0.05</b>	<b>1.53</b>
IBP-DD-0022	673793	7850838	-90	0.00	3.00	3.00	Itabirite Scree	32.47	36.94	7.56	0.05	6.18
				3.00	6.40	3.40		Friable Itabirite	58.25	10.21	3.37	0.03
				<b>Downhole composite</b>		<b>6.40</b>	<b>46.17</b>		<b>22.74</b>	<b>5.33</b>	<b>0.04</b>	<b>3.75</b>
IBP-DD-0023	673799	7850946	-90	2.00	3.00	1.00	Itabirite Scree	23.47	42.40	11.97	0.07	6.95
				<b>Downhole composite</b>		<b>1.00</b>		<b>23.47</b>	<b>42.40</b>	<b>11.97</b>	<b>0.07</b>	<b>6.95</b>
IBP-DD-0025	673593	7851039	-90	0.00	6.00	6.00	Itabirite Scree	31.58	16.44	20.99	0.14	12.81
				<b>Downhole composite</b>		<b>6.00</b>		<b>31.58</b>	<b>16.44</b>	<b>20.99</b>	<b>0.14</b>	<b>12.81</b>
IBP-DD-0027	673806	7850656	-90	0.00	2.00	2.00	Itabirite Scree	47.18	11.56	10.21	0.15	7.61
				2.00	24.00	22.00		Friable Itabirite	48.25	25.85	2.58	0.05
				<b>Downhole composite</b>		<b>24.00</b>	<b>48.16</b>		<b>24.66</b>	<b>3.22</b>	<b>0.06</b>	<b>1.84</b>
IBP-DD-0028	674004	7850474	-90	0.00	12.00	12.00	Itabirite Scree	45.37	27.63	3.34	0.05	1.93
				16.00	20.00	4.00		Friable Itabirite	27.74	56.02	1.67	0.02
				<b>Downhole composite</b>		<b>16.00</b>	<b>40.97</b>		<b>34.72</b>	<b>2.92</b>	<b>0.04</b>	<b>1.67</b>
IBP-DD-0029	674203	7850445	-90	3.00	6.00	3.00	Itabirite Scree	21.66	31.01	19.75	0.46	11.72
				33.3	42.30	9.00		Compact Itabirite	33.02	47.19	0.73	0.04
				<b>Downhole composite</b>		<b>12.00</b>	<b>30.18</b>		<b>43.15</b>	<b>5.48</b>	<b>0.15</b>	<b>3.14</b>
IBP-DD-0030	674117	7850633	-90	0.00	5.40	5.40	Itabirite Scree	40.28	31.67	3.52	0.07	2.59
				7.7	11.20	3.50		Compact Itabirite	38.60	41.40	1.43	0.04
				<b>Downhole composite</b>		<b>8.90</b>	<b>39.62</b>		<b>35.49</b>	<b>2.70</b>	<b>0.06</b>	<b>1.76</b>
IBP-DD-0031	674199	7850831	-90	11.95	17.85	5.90	Friable Itabirite	21.58	64.00	2.62	0.02	1.16
				43.55	50.55	7.00		Compact Itabirite	35.36	46.36	1.19	0.01
				<b>Downhole composite</b>		<b>12.90</b>	<b>29.06</b>		<b>54.43</b>	<b>1.84</b>	<b>0.02</b>	<b>0.75</b>
IBP-DD-0032	673820	7850565	-90	0.00	5.00	5.00	Itabirite Scree	23.13	13.75	27.20	0.61	16.40
				39.4	51.60	12.20		Compact Itabirite	32.70	51.20	0.40	0.02
				<b>Downhole composite</b>		<b>17.20</b>	<b>29.92</b>		<b>40.32</b>	<b>8.19</b>	<b>0.19</b>	<b>4.81</b>
IBP-DD-0033	673833	7850455	-90	71.85	79.85	8.00	Compact Itabirite	33.39	44.30	1.34	0.02	0.63
				<b>Downhole composite</b>		<b>8.00</b>		<b>33.39</b>	<b>44.30</b>	<b>1.34</b>	<b>0.02</b>	<b>0.63</b>
IBP-DD-0034	674191	7850642	-90	39.20	41.25	2.05	Compact Itabirite	35.18	46.24	0.49	0.04	0.33
				<b>Downhole composite</b>		<b>2.05</b>		<b>35.18</b>	<b>46.24</b>	<b>0.49</b>	<b>0.04</b>	<b>0.33</b>
IBP-DD-0035	674170	7850338	-90	60.15	67.15	7	Compact Itabirite	31.72	46.99	1.11	0.08	0.18
				<b>Downhole composite</b>		<b>7.00</b>		<b>31.72</b>	<b>46.99</b>	<b>1.11</b>	<b>0.08</b>	<b>0.18</b>
IBP-DD-0036	674012	7850376	-90	45.05	53.5	8.45	Compact Itabirite	31.85	45.52	0.91	0.02	2.95
				<b>Downhole composite</b>		<b>8.45</b>		<b>31.85</b>	<b>45.52</b>	<b>0.91</b>	<b>0.02</b>	<b>2.95</b>
IBP-DD-0042	674455	7851424	-90	6.2	10.8	4.6	Friable Itabirite	38.20	40.25	1.78	0.03	1.09
				15.2	25.05	9.85		Compact Itabirite	36.39	43.73	2.58	0.03
				<b>Downhole composite</b>		<b>14.45</b>	<b>36.96</b>		<b>42.62</b>	<b>2.33</b>	<b>0.03</b>	<b>1.25</b>

Intervals calculated using a 20% Fe cut-off grade with 2m minimum mining width  
All samples were analysed using an XRF fusion method with LOI at 1000 °C