AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE

CentaurusMetals

31 August 2010

CENTAURUS DELIVERS 39MT IRON ORE RESOURCE AT PASSABEM

MAJOR RESOURCE INCREASE FOLLOWS SUCCESSFUL DRILLING PROGRAMS AT KEY BRAZILIAN PROJECT

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to announce a substantial increase in the JORC compliant resource for its 100%-owned Passabem Iron Ore Project in south-east Brazil to **39 million tonnes grading 31.0% Fe** (*see Table 1 below*).

The new Indicated and Inferred Resource represents a fifteen fold increase on the previously reported Inferred Resource of 2.6Mt grading 31.3% Fe and follows the recent completion of a successful resource expansion drilling program that has extended the mineralisation over a strike length of 5 kilometres. The drilling has also allowed an upgrade of some of the deposit to Indicated Resource status. The revised Passabem Mineral Resource is summarised below:

Table 1 – Passabem Mineral Resource Statement as at August 2010

	Tonnes (Mt)	Fe%	SiO_2%	Al_2O_3%	P%	Mn%	LOI%
Indicated	2.8	33.0	48.8	1.90	0.03	0.10	0.64
Inferred	36.2	30.9	54.0	0.74	0.07	0.06	0.09
TOTAL	**39.0**	**31.0**	**53.6**	**0.82**	**0.07**	**0.06**	**0.13**

Note: Estimate calculated using Inverse Distance Squared technique with a cut off of 27% Fe applied.

Previous beneficiation test work completed on the Passabem mineralisation in 2009 showed that mineralisation with a head grade of 28.5% Fe could be upgraded to **a high-grade iron product (+66% Fe)** using a simple, wet magnetic separation process. Further beneficiation tests are currently being conducted on the core collected from the recently completed drilling program with the results of this test work expected in the next four weeks.

The ore zone is hosted by a structurally simple tabular unit of itabirite mineralisation, continuous over the 5 kilometre strike length. The mineralisation has an average width of some 12 metres with zones up to 19 metres wide, strikes approximately north-south and dips between 40 and 70 degrees to the west.

The resource upgrade confirms that the Passabem Project, which is located close to the key steel-making regions of Ipatinga and João Monlevade, has the potential to form an important part of Centaurus' domestic iron ore production business in Brazil together with its other developing iron ore assets in south-eastern Brazil.

Future Work Plans

Following the encouraging resource upgrade, further in-fill drilling will now be planned to upgrade the resource to the Measured and Indicated categories. Additionally, further bench-scale metallurgical work needs to be conducted to facilitate the commencement of a feasibility study.

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Centaurus' Managing Director, Mr Darren Gordon, said: "*We are very pleased that our most recent drilling campaign at Passabem has resulted in such a significant increase in the size of the resource which is above our initial expectations.*

"Our resource base in Brazil is increasing rapidly and our strategy of developing multiple projects to supply the large and growing domestic Brazilian steel market is well on track," Mr Gordon said.

-ENDS-

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Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Cullen who is a Member of the AusIMM. Ian Cullen is a permanent employee of Centaurus Metals Limited. Ian Cullen 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'. Ian Cullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

RESOURCE ESTIMATION PARAMETERS

The Mineral Resource at the Passabem Iron Ore Project was prepared with the assistance of BNA Consultoria e Sistemas Ltda using Micromine software. The parameters used in the resource estimation are outlined below:

- In total the grade interpolation dataset used for the resource estimate consisted of 13 diamond holes and 9 Reverse Circulation holes. All drill core has been logged for lithological and structural information.
- A specific gravity database has been collected and a dry in-situ bulk density of 3.37t/m^3 for the in-situ itabirite mineralisation was applied.
- All drill holes and channel samples used in the resource estimate were completed by Centaurus using standard sampling protocol and QA/QC procedures.
- All samples were analysed at Intertek Laboratory using an XRF fusion method with LOI at 1000^0 C.
- The resource model was derived via modelling of the in situ Itabirite mineralisation of the deposit. Grade interpolation used the inverse distance squared estimation method, block dimensions were 25m×25m×25m with minimum sub-block dimensions 2.5m×2.5m×2.5m.
- The resource encompasses an envelope extending from surface to a maximum depth 125 metres below surface.
- The resource has been allocated to the Inferred and Indicated categories.

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