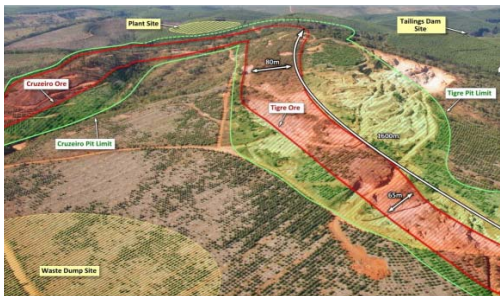
AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

25 January 2013

DECEMBER 2012 QUARTERLY ACTIVITIES REPORT

HIGHLIGHTS



JAMBREIRO IRON ORE PROJECT

- **Key Environmental Licence Issued.**
- **Updated Proven and Probable Ore Reserve of 48.5Mt @ 28.1% Fe defined.**
- **Bankable Feasibility Study Completed With Key Highlights Including:**
  - **A$140M post-tax NPV_8 and 33% IRR;**
  - **2Mtpa operation delivering a high grade (+65% Fe), low impurity sinter blend concentrate product into the domestic steel industry in SE Brazil over an initial mine life of 9 years;**
  - **Extremely competitive mine gate cash operating costs (life-of-mine C1 cost plus royalties) of A$16.2/tonne of sinter blend concentrate product;**
  - **Life-of-mine revenue of A$847M and EBITDA of A$556M;**
  - **Annual average operating cash flows of A$62M;**
  - **Pre-production capital estimate (including contingency) of A$136M; and**
  - **Capital payback period of 2.25 years.**

G100 AND GUANHÃES GROUP IRON ORE PROJECTS

- **RC Drilling Commenced.**

SERRA DA LONTRA IRON ORE PROJECT

- **Proof of Concept Study Completed.**
- **Decision Not To Proceed With Option Payment.**

CORPORATE

- **Appointment of Sheila Lyons as Non-Executive Director and John Westdorp as Chief Financial Officer.**
- **Cash Reserves of $23.4M at Quarter End.**

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DOMESTIC IRON & STEEL BUSINESS IN BRAZIL

During the December Quarter, Centaurus continued to progress the development of its Domestic Iron & Steel Business in the "Iron Quadrangle" region of south-eastern Brazil with its initial focus on development of the flagship Jambreiro Iron Ore Project (Figure 1). The Project is targeted to commence production at a rate of 2Mtpa of sinter blend concentrate by the end of 2013.

Figure 1: Location of Jambreiro Iron Ore Project

JAMBREIRO IRON ORE PROJECT

During the Quarter, the main focus of work on the Jambreiro Project was the ongoing progression of the environmental approval process, estimation of an updated Ore Reserve and the completion of the Bankable Feasibility Study (BFS).

Environmental Approval Process

In October 2012 the Company received the Preliminary Licence ("LP") for the Jambreiro Project following approval of the Project's Environmental Impact Assessment ("EIA").

The key approval – which is effectively the penultimate regulatory milestone before on-site construction can commence – was achieved well within the Company's development timetable.

The grant of the LP provides Centaurus with the ability to operate at a production rate of 3Mtpa of final saleable product from Jambreiro, although the Company initially intends to commence operations at a production rate of 2Mtpa.

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The LP is a key approval for the Company and the Jambreiro Project as it validates that the overall project definition is environmentally and socially sound. By historical standards, the grant of the LP is the most challenging stage of the environmental approval process in Brazil.

Following the receipt of the LP, the Company lodged the Installation Licence ("LI") Application – in the form of a document called a Plano de Controle Ambiental ("PCA") – with the State Environmental Agency in Minas Gerais, SUPRAM.

Once the LI is approved, the Company will have all of the environmental approvals required to commence the on-site construction of the Jambreiro processing plant. The Company's development timetable remains on track to secure the Installation Licence in April 2013.

Updated Ore Reserves

During the Quarter, the Company updated the Proven and Probable JORC Ore Reserve estimate as part of the Jambreiro Bankable Feasibility Study ("BFS") comprising 48.5Mt at an average grade of 28.1% Fe for the friable component of the Jambreiro resource.

A summary of the JORC Ore Reserves and Mineral Resources is set out in Table 1 below, with a full table of these Resources and Reserves outlined in Appendix A.

Table 1 – October 2012 JORC Ore Reserve & Mineral Resource Estimate

Ore Reserve Classification	Mt	Fe%	SiO_2%	Al_2O_3%	P%	LOI %
Proven	35.4	28.5	49.6	4.3	0.04	1.7
Probable	13.1	27.2	49.0	5.3	0.04	2.4
Total	**48.5**	**28.1**	**49.4**	**4.6**	**0.04**	**1.9**
Mineral Resource Classification						
Measured	46.7	28.3	51.0	4.2	0.04	1.6
Indicated	35.5	26.5	49.9	4.3	0.05	1.7
Inferred	42.9	25.3	49.5	4.5	0.06	1.3
Total	**125.2**	**26.7**	**50.2**	**4.4**	**0.05**	**1.5**

Mineral Resources are inclusive of Ore Reserves

The overall Jambreiro JORC Resource estimate of 125Mt at an average grade of 26.7% Fe includes both Friable and Compact material. In establishing the new Ore Reserve, only the Measured and Indicated component of the Friable Resource estimate (53.7Mt at 28.4% Fe) was considered.

The new Proven and Probable Ore Reserve estimate represents a 90% conversion of the Friable Measured and Indicated Resource outlined above, and represents a significant increase in the Proven component of the Reserve estimate, which now comprises approximately 73% of the overall Ore Reserve (compared with approximately 25% in the maiden November 2011 Ore Reserve estimate).

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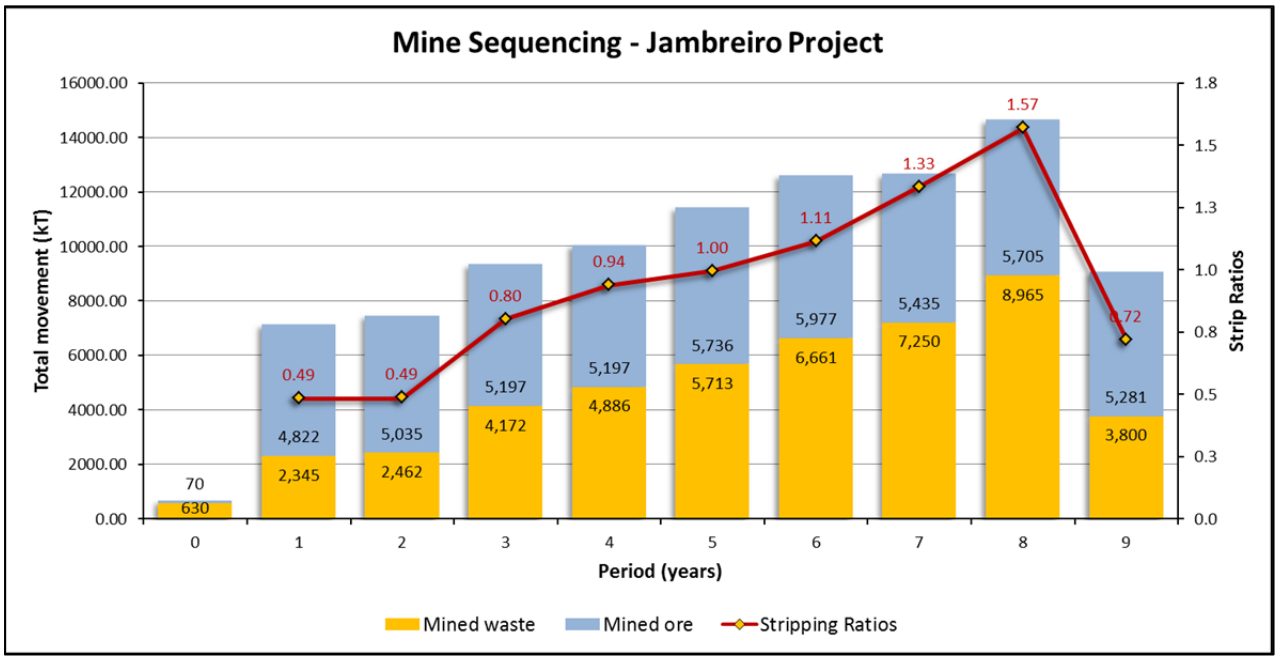
The final pit design includes 46.8Mt of waste movement for a total life-of-mine material movement of 95.3Mt at a strip ratio of 0.97:1 (including pre strip material in advance of operations). Figure 2 below shows the total material movement and strip ratio in each year of the planned operation at Jambreiro.

Figure 2 – Jambreiro Mine Sequencing and Strip Ratios



As a result of extensive metallurgical testwork (including a 30 tonne pilot plant test program which confirmed that a high-grade sinter blend concentrate can be produced from the friable Jambreiro ore), the BFS Ore Reserve is scheduled to produce total concentrate production of 18Mt at +64.5% Fe, which will provide an initial mine life of 9 years at the planned production rate of 2Mt per annum.

While the Resource and Reserve have been estimated at a conservative 64.5% Fe, testwork has shown the flexibility of the Jambreiro ore body to produce a sinter blend concentrate grading up to 67.2% Fe, 3.2% SiO_2, 0.7% Al_2O_3 and 0.01% P. Consequently, the Company will take advantage of this characteristic of the Resource and tailor the final product specification to extract maximum value while meeting various customers' product specification requirements.

The open pit design on a number of the sections at Jambreiro can be seen in Figures 10 to 13. The location of these sections can be seen on the Project Layout Map in Figure 9.

Project and Mine Life Upside Beyond Friable Jambreiro Reserve

The JORC Mineral Resource base at Jambreiro now stands at 125.2Mt grading 26.7% Fe and remains open at depth. The total Friable component of the resource, including Inferred, is 65.8Mt grading 27.7% Fe with a further 59.4Mt grading 25.6% Fe forming the Compact component.

Pit optimisation work using similar technical and economic parameters as the Ore Reserve study, with cost adjustment for the compact ore, indicates that the following JORC Resource lies within a larger conceptual open pit, provided Inferred resources are able to be converted to higher Resource categories with additional drilling:

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In Pit Resource	**- 102.6Mt at 26.7% Fe (82% of the Global Resource base – 125.4Mt)**
Strip ratio	**- 1.05:1**
Potential Product	**- 36.3Mt of +64% Fe sinter blend concentrate for an 18.2 year mine life.**

This conceptual in-pit Resource includes the current JORC Ore Reserve of 48.5Mt, which accounts for 90% of the friable resources. The remaining 54.1Mt includes 33.8Mt of Measured and Indicated Resources and a further 20.3 Mt of Inferred Resources[1]. These resources, almost exclusively compact ore, represent a strong opportunity to continue mining beyond the initial friable project by up to a further 9 years.

It is the Company's intention to pursue cash flow in the first instance from the friable ore reserves and then undertake additional drilling to convert the remaining JORC Inferred resources (within the larger conceptual open pit limit) to Indicated status once profitable operations have commenced.

Outside of the currently defined resources at Jambreiro, the Company is confident that it will define friable ore resources from within trucking distance of the Jambreiro Processing Facility and allow the Company to continue operations beyond the initial 9-year mine life or lift production of friable material beyond the 2Mtpa currently planned.

Bankable Feasibility Study

During the Quarter the Company finalised the results of the Jambreiro Bankable Feasibility Study ("BFS"), which outlined a robust 2Mtpa project capable of generating revenues of A$847 million and EBITDA of A$556 million over its initial 9-year life.

The strong economics of the proposed A$136 million development – including a A$140 million post-tax NPV_8 and IRR of 33% for a 2Mtpa operation – provide a strong foundation for the Company to lock down off-take arrangements and debt finance to facilitate a Final Investment Decision.

At the heart of the BFS results are exceptionally low forecast mine gate cash operating costs (C1 + Royalties) of A$16.2/tonne, which will position Centaurus at the bottom end of the global cost curve and underpin its ability to generate strong operating margins at all stages of the commodity price cycle.

The Company's Project Execution Plan (PEP) has been built around commencement of on-site construction immediately following receipt of an Installation Licence (LI), anticipated in April 2013, with commissioning of the processing plant to occur in December 2013.

BFS Background and Assumptions

The BFS was prepared in conjunction with the leading Brazilian engineering groups Contecmina, WALM and BNA Micromine Consultoria.

[1] *These Inferred Resources, by definition, are of insufficient confidence to have economic considerations applied that would enable them to be categorised as mineral reserves.*

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Contecmina focused on the pilot plant test work, process flowsheet, the plant design and infrastructure for the Project, including the associated capital and operating costs, while BNA Micromine focused on Mineral Resources and Ore Reserves estimations, mining fleet requirements and mine capital and operating cost estimates. WALM managed the geotechnical aspects of the Project with particular emphasis on water management and the design of the tailings dam and waste dumps. The Company managed the financial modelling and economic assessment of the Project.

The BFS for Jambreiro is based on annual production of 2Mtpa of high-grade sinter blend concentrate, all sales into the domestic market at FOB mine gate prices and initial Friable Proven and Probable Ore Reserves of 48.5Mt grading 28.1% Fe (90% conversion of the total friable Measured and Indicated Resource base).

The key assumptions used in the BFS are set out in Table 2 below with key financial outcomes set out in Table 3. The Site Layout Map for the Jambreiro Project is shown in Figure 9, with the detailed plant layout shown in Figure 14.

Table 2 – Key BFS Assumptions

Key Assumption	
Ore Reserves	48.5Mt
Grade	28.1% Fe
Metal recovery per dry tonne	90%
Reserve – Final Product	18Mt
Grade	+64.5% Fe
Waste to Ore Ratio (LOM)	0.97 to 1
Production Rate	2Mtpa
Average LoM Exchange Rate AUD to BRL	1.90
Average LoM Exchange Rate AUD to USD	0.86
Average LoM Exchange Rate USD to BRL	2.21
Average Sales Price – FOB Mine Gate	A$47/dmt
Discount Rate	8%

Table 3 – Key Financial Outcomes

Key Financial Outcome	Total
Total Revenue	A$847 million
EBITDA	A$556 million
Capital Costs	A$136 million
Annual Average Operating Cash Flow	A$62 million
Operating Cash Cost (per tonne Product - LoM)	A$16.2/dmt
NPV_8 Pre- tax	**A$242 million**
NPV_8 Post- tax	**A$140 million**
Pre Tax IRR	**47%**
Post Tax IRR	**33%**

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Pre-Production Capital Costs

The total pre-production capital costs for the initial Project have been estimated at A$136 million at an AUD: BRL exchange rate of 2.0, which equates to a very attractive A$68 per tonne of annual production.

The low capital costs are predominantly a function of the ore type at Jambreiro. Because the ore is highly friable and naturally liberated, the plant only requires limited comminution to break up the small amount of loosely agglomerated material. A low ball charge grinding mill is used to control product silica levels to suit various customer requirements. The BFS has also seen the Company effectively introduce a Jig into the front of the processing plant to allow a relatively coarse product to be extracted direct to final product, thereby reducing the size and operating cost of downstream milling and magnetic separation equipment.

The project capital cost schedule is set out in Table 4 below:

Table 4 – Jambreiro Project Capital Cost Schedule

Capital Equipment	Total (A$ m)
DIRECT COSTS	
Pre Strip & Mine Preparation	2.1
Mobile Equipment	5.9
Crushing & Screening	12.9
Jig	10.8
Ball Mill	14.8
Magnetic Separation	13.9
Filtration & Thickening	12.3
Product Handling	4.4
Tails Management & Water Recovery	6.8
Water Supply	2.2
Power Supply	17.3
Industrial Support Facilities	3.4
Administrative Support Facilities	3.1
Commissioning , Spares + First Fill	0.6
TOTAL DIRECT CAPEX	**110.5**
INDIRECT COSTS	
Detailed Engineering & EPCM	8.3
Owner Costs	3.6
Other indirect	4.1
TOTAL INDIRECT CAPEX	**16.0**
CONTINGENCY (7.5% of Direct & Indirect Capex)	**9.5**
TOTAL CAPEX	**136.0**

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Operating Cash Costs

The C1 operating cash costs plus royalties over the life-of-mine (LoM) at the mine gate are a very attractive A$16.2 per tonne of sinter blend concentrate product. A breakdown of the operating cash costs is provided in Table 5 below:

Table 5 – Jambreiro Project Life of Mine Operating Cash Costs

Operating Costs	A$ per Tonne Product
Mining	4.1
Processing & Beneficiation	8.1
Administration	2.3
SITE OPERATING CASH COST (C1)	**14.5**
Royalties – Government and Landowner	1.7
TOTAL OPERATING CASH COSTS (C1 + Royalties)	**16.2**

Detailed work on the mine operating costs has seen direct mining costs reduced by 22% to R$1.56 per tonne of total material movement.

The mine operation costs are low due to the friable nature of the ore, which does not require drill and blast for the first four years of production and the short haulage distances to the ROM and waste dumps arising from enhanced mine planning and design.

The larger components of the operating costs comprise diesel fuel, labour and power. Power has been estimated at BRL$247 (A$130) per Megawatt hour, fuel has been costed at BRL$2.00 (A$1.05) per litre and labour assumes a full-time on-site workforce of 286 people, which is typical of a project of Jambreiro's size in Brazil, utilising smaller, locally sourced plant and equipment under a company operated mining fleet.

In addition to the operating cash costs, the BFS has allowed for a Federal Government (CFEM) Royalty of 2% and Landowner royalty of 1.85% on the value of iron ore sales revenue, less certain allowable deductions for taxes charged in Brazil.

For the purposes of the BFS, the financial modelling assumes that product will be sold FOB mine gate and, as such, transport costs have not been directly considered in the operating costs. The transport costs have, however, been extensively studied during the BFS process. Transport costs are approximately A$0.12 per tonne kilometre for a transport cost of A$21 per wet tonne of sinter blend concentrate to the target customer base.

Pricing Assumptions & Domestic Sales Market

As part of the BFS, Centaurus undertook extensive analysis of the pricing regime in the domestic market with input from leading international market authority, CRU Strategies. The Company's analysis at the time of the BFS indicated that iron ore is sold to both domestic steel mills and established large Brazilian iron ore mining companies. Steel mill pricing is a function of the prevailing international export markets less logistic charges back to the mill's location.

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Consequently, an analysis of the domestic market pricing is in essence an analysis of the international iron ore pricing environment. In this regard, the Company has examined the iron ore price forecasts by the major international investment banks as well as independent authorities such as CRU Strategies.

The domestic steel mills have indicated that they are impressed by the high-grade low impurity sinter blend concentrate to be produced from the Jambreiro Project and the ability of Centaurus to deliver this product on a long-term consistent basis.

For the purpose of the BFS, Centaurus estimated an FOB mine gate price curve over the life of the Project, starting at a price of US$55/dmt in CY 2014. This price is referenced against an international landed China price forecast (adjusted for iron grade) of US$130/dmt, and then declining over the 9-year mine life in a similar profile to forecasts for seaborne traded iron ore prices. The curve resulted in a conservative annual average real price of US$40.4/dmt (A$47/dmt) FOB mine gate being utilised to assess the economics of the Project.

The Company believes that this pricing profile reflects current and future market forecasts and makes sufficient allowance for the cost of internal logistics to land ore at the various domestic steel mills. The price assumption also reflects Centaurus' need to facilitate early market penetration for Jambreiro products.

Concurrently with establishing a strong domestic market for Jambreiro sinter blend concentrate, the Company continues to analyse opportunities to sell the high quality Jambreiro product to international export markets.

Sensitivity analysis indicates that the Project is most sensitive to iron ore prices followed by exchange rates, discount rates, operating expenditure and capital expenditure. The degree of sensitivity is represented in the Tornado chart in Figure 3 below. The values used for each variable under each case and the impact on post-tax NPV is summarised in Table 6 below:

Table 6 – Values used for Sensitivity Analysis of 2Mtpa Concentrate Production Scenario

2 Mtpa	Case					Post Tax – NPV (A$M)				
Variable	**-20%**	**-10%**	**Base**	**+10%**	**+20%**	**-20%**	**-10%**	**Base**	**+10%**	**+20%**
Average LoM Price (FOB Mine) A$/dmt	38	42	47	52	56	73.9	106.8	139.6	172.4	205.2
Capital Expenditure (A$M)	163	150	136	122	109	119.6	129.6	139.6	149.6	159.6
Direct Operating Expenditure (A$M/dmt)	17.4	16.0	14.5	13.1	11.6	117.4	128.5	139.6	150.7	161.9
Foreign Exchange Rate R$/A$	2.28	2.09	1.90	1.71	1.52	116.3	126.9	139.6	155.1	174.5
Discount Rate %	10	9	8	7	6	119.1	129.0	139.6	151.0	163.1

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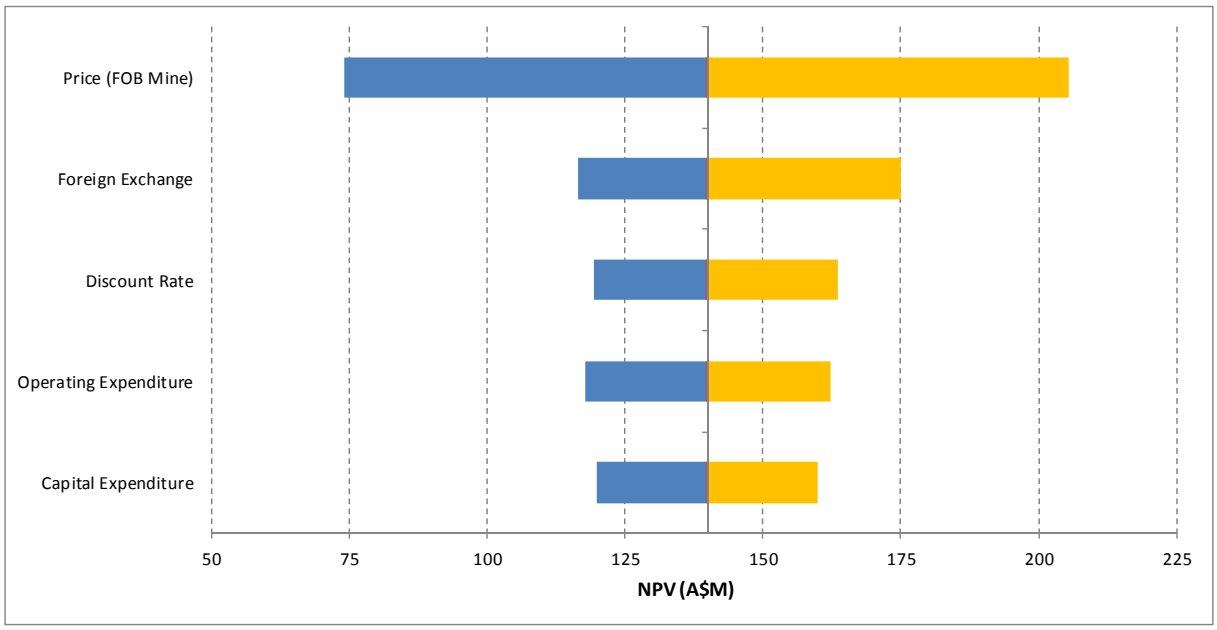
Figure 3 – NPV Sensitivity Analysis



Financing of the Project

The Jambreiro Project's capital costs will be financed through a combination of debt and equity. The Company has received a number of indicative term sheets from project financiers and at the end of the quarter the Company was working towards shortlisting a select group of leading international banks such that the shortlisted group could undertake detailed due diligence of the BFS results and provide credit approved terms capable of acceptance by the Company.

The Company continues to assess the best avenue to source the equity funding required to develop the Project such that the Project Execution Plan is not compromised. The ability to participate in funding quality project development opportunities such as Jambreiro is one of the reasons the Company has attracted 19.6% strategic shareholder, Atlas Iron Ltd, to its Share Register.

Project Implementation Plan

The project site implementation is scheduled to start upon the approval of the Installation Licence (LI), expected in April 2013. Plant construction and pre-strip mining will be carried out from April to November 2013. Plant commissioning is planned for November 2013, and the production ramp-up should occur from December 2013 to April 2014.

In order to allow for the tight time constraints of construction, the BFS has defined long-lead time items, has considered manufactured equipment procurement and plans for the use of off-site fabrication of buildings and metallic support structures for process equipment instead of conventional concrete. This is aimed at reducing the site execution time, minimising the peak execution work force and reducing the risks of weather and other delays.

Interim Board approval for an expenditure of A$4.0 million was provided for the commencement of detailed engineering and the procurement processes for the long-lead capital items.

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To ensure that the project implementation timeline is met, Centaurus will establish a project team from the commencement of detailed design through to ramp-up. Contracting of construction and erection works in an EPC contract will be then managed by this team and supported by a dedicated management company. Turnkey supply and installation packages will be used for some major installations.

Simultaneously, Centaurus will start contracting the operational staff to supervise and monitor the pre-stripping contractor and to recruit and train the rest of the mining operations team.

The ramp-up of operations is scheduled to begin in December 2013, aiming to achieve 100% plant design capacity before the end of April 2014.

G100 IRON ORE PROJECT

Exploration

During the Quarter, the Company undertook an initial Reverse Circulation ("RC") exploration drilling program at a new greenfields exploration target, the **G100 Project**, located 15km north of the Jambreiro Project.

The commencement of RC drilling at G100 followed a detailed mapping program and ground magnetic survey in August 2012. The survey had confirmed the strength and scale of the large regional aeromagnetic signature at the Project in a similar geological setting to Jambreiro (see Figure 4).

The regional aeromagnetic map clearly demonstrates the relative size of the G100 Project compared with the footprint of the Jambreiro Project. Further, the results of the ground magnetic survey are shown in Figure 5 below. The survey included 70km of survey lines covering an area of 30km^2 in the southern part of the tenement package. The overall strike length of the anomaly at the G100 Project is more than 30km with Centaurus' tenement package covering 98% of the magnetic signature.

Extensive geological mapping over the G100 Project has so far not identified any significant outcrops of iron formation, although there are vast occurrences of soils with hematite (possibly martite) and magnetite occurrences that have been identified with the magnetic anomalies and the topographical highs of the project area. Because of the absence of outcrop, the exploration model for the G100 Project, at this stage, relies heavily on the magnetic signature and geo-morphological similarities to the Jambreiro Iron Ore Project.

A first phase of eight RC holes was completed at G100. Access to priority drill targets was restricted and it is expected drilling will re-commence in Q1 2013 once further landowner access and environmental permits are secured.

No assay results on the first phase of drilling have been received to date but based on logging of the eight drill holes, iron mineralisation of significant grade or quantities has not yet been encountered.

The size and strength of the magnetic anomaly is impressive but further drilling is still required to determine if sub-surface iron mineralisation is responsible for the strong magnetic signature of the Project. The first eight holes do not appear to explain the strength of the magnetic signature at the G100 Project.

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Figure 4: Regional Aeromagnetic map – CODEMIG, Analytical Signal

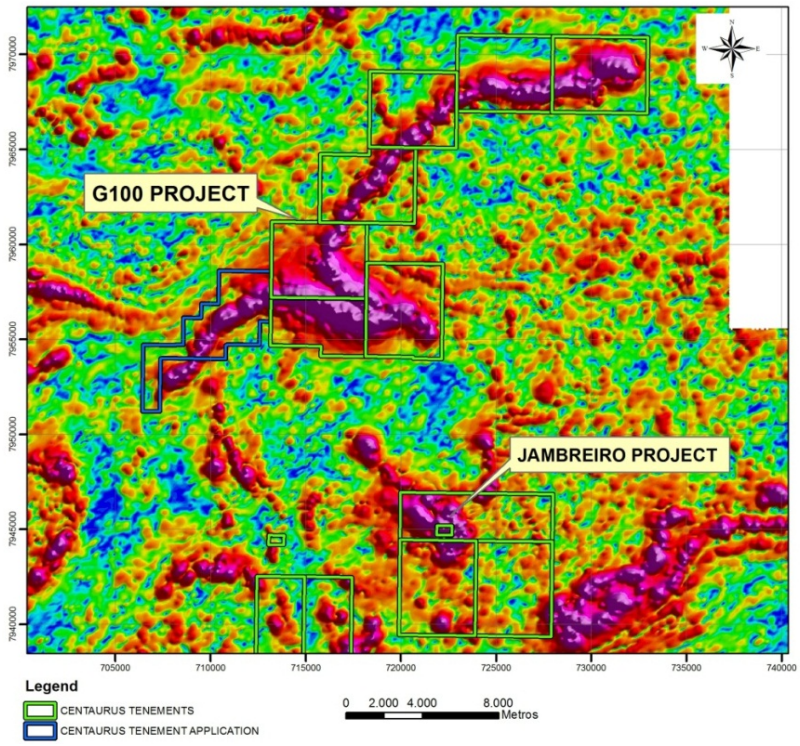
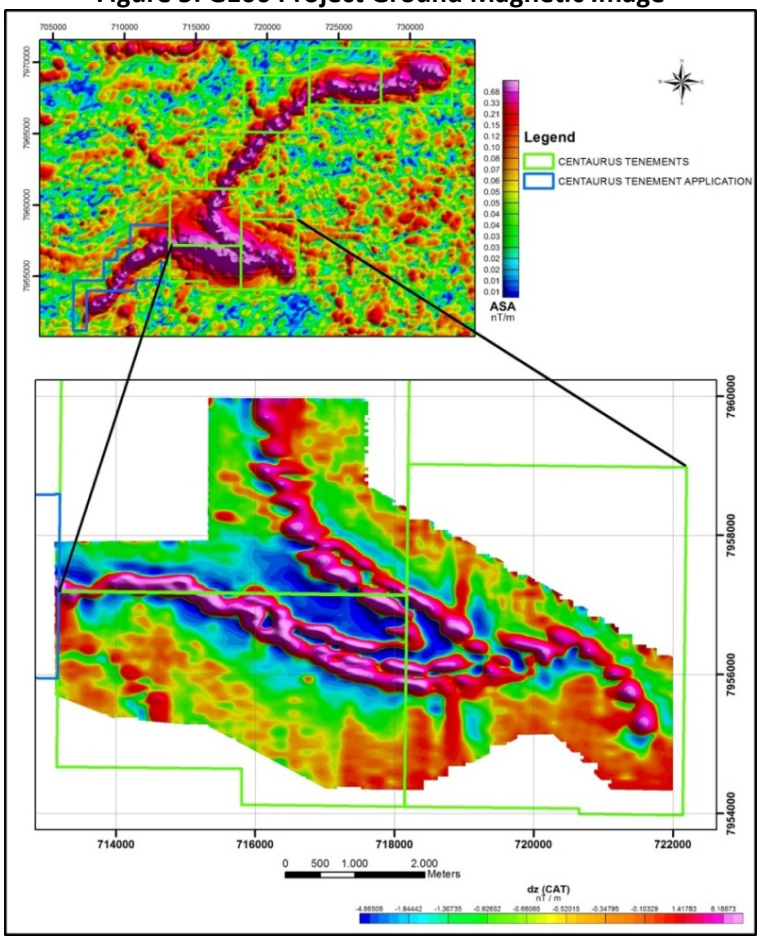


Figure 5: G100 Project Ground Magnetic Image



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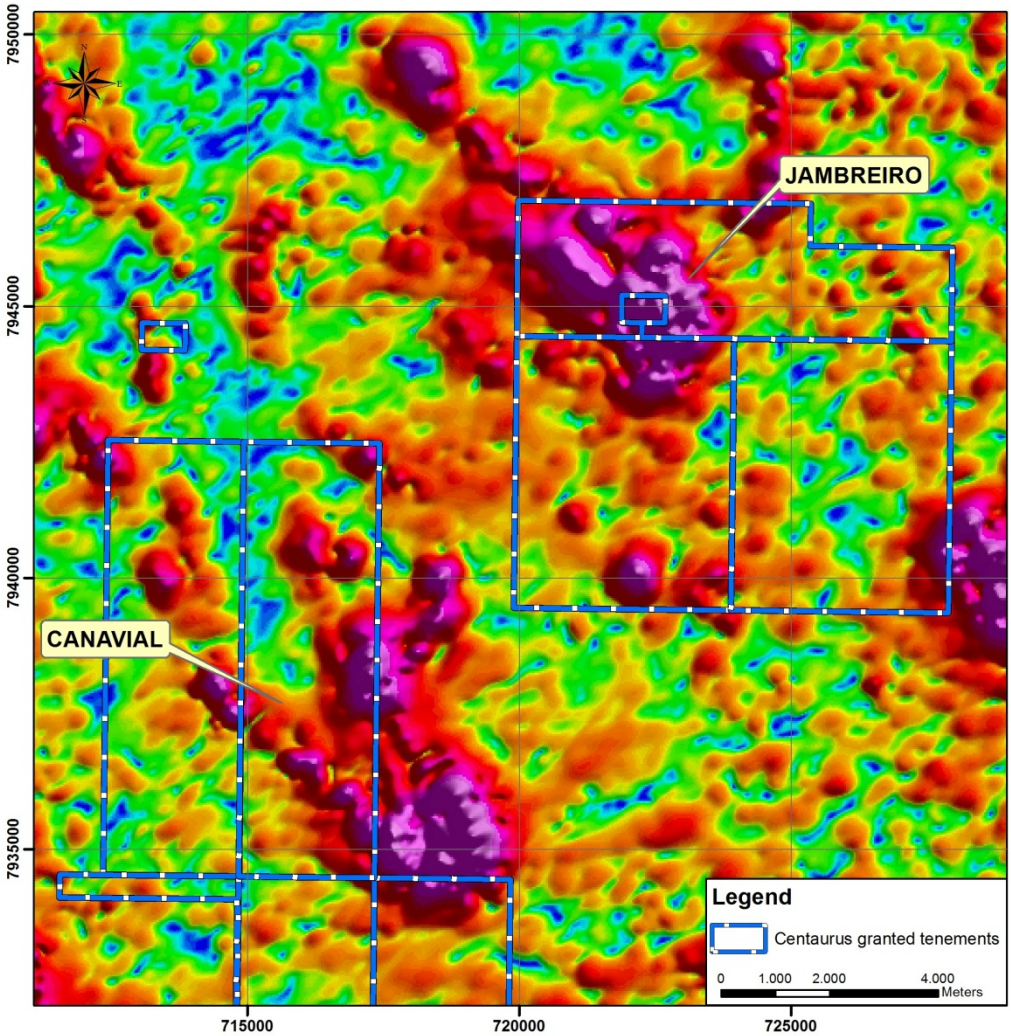
GUANHÃES GROUP PROJECTS

Exploration

Canavial Project

Following the completion of the phase 1 drilling at G100, the Company commenced an RC drilling program at the Canavial Project, which is located only 8km from the Jambreiro Project to the south west (see Figure 6).

Figure 6: Canavial Project Ground Magnetic Image



The majority of the Canavial tenement area is mapped as quartz-mica schists or soils with some small outcrops of itabirite mineralisation associated with the Middle and Upper Formations of the Archean Guanhães Group. The Canavial tenement area is the North West extension of itabirite mineralisation found on a Vale tenement to the immediate south-east.

No results have been received to date on the RC drilling completed during the Quarter. The current exploration drilling follows up six RC holes that were drilled on the Canavial tenements in late 2011.

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EXPORT IRON & STEEL BUSINESS IN BRAZIL

During the Quarter, Centaurus continued to progress the development of its Export Iron & Steel Business in Brazil with its initial focus being on exploration activities at the Serra da Lontra Iron Ore Project.

SERRA DA LONTRA IRON ORE PROJECT

Exploration

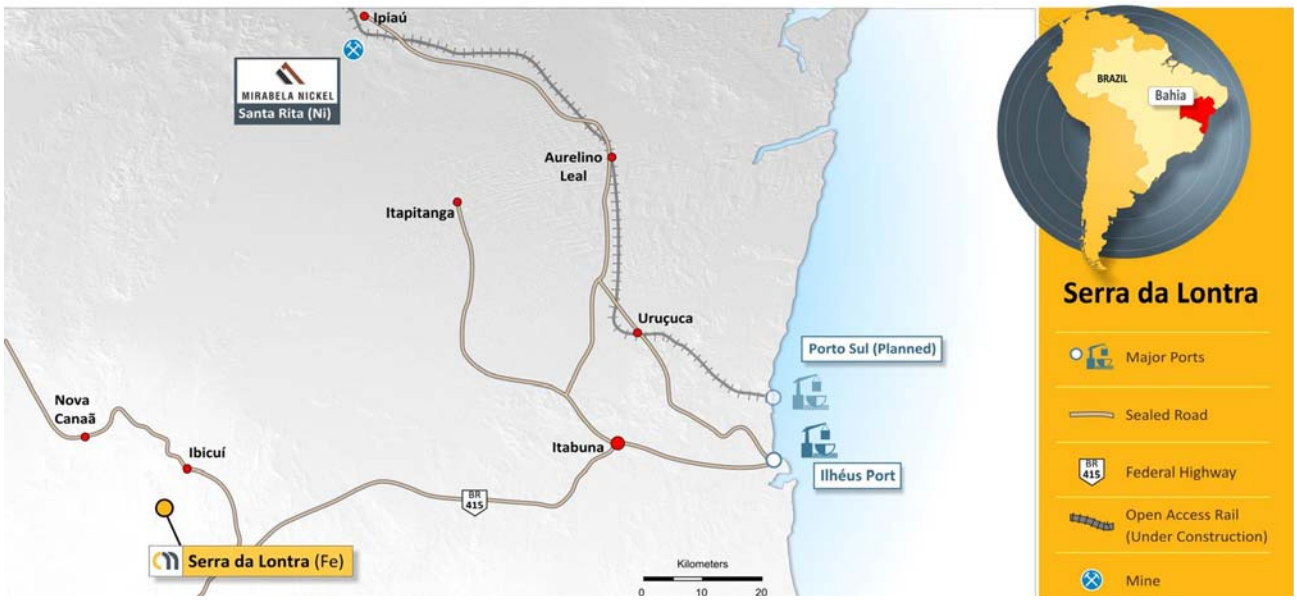
During the Quarter the Company progressed the assessment of the **Serra da Lontra Iron Ore Project**, located 110km from the export port of Ilhéus in the State of Bahia, south-east Brazil (see Figure 7).

A Proof of Concept ("POC") study for Serra da Lontra was undertaken to test the technical and financial feasibility of the Project as a stand-alone export project. The financial results of the POC study showed that a stand-alone project based only on the siliceous itabirite mineralisation identified during drilling is not economic at the current time.

The metallurgical testwork undertaken for the Project was not able to demonstrate that the amphibolitic itabirite can be beneficiated to a saleable product.

As a result of the POC study work, the Company decided not to proceed with the final option payment of US$3 million to the vendor of the Serra da Lontra Project but is negotiating to see if an alternative payment structure can be agreed. Should negotiations with the vendor prove to be unsuccessful, the Company will return the tenement to the vendor and retain no further interest in the Project.

Figure 7: Location Map Showing Infrastructure in the Immediate Locality of Serra da Lontra



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Centaurus is committed to its strategy of developing a longer term export business in Brazil. The Company is continuing to undertake exploration in the Ibicuí region to identify projects to underpin the export market strategy.

CURRAL VELHO PROJECT

During the Quarter, the Company progressed exploration on the **Curral Velho Iron Ore Project**. The Project consists of 6 tenements over an area of 83.3 square kilometres. It is located approximately 350 kilometres from the major Brazilian export port of Suape in the State of Pernambuco (see Figure 8) and only 60 kilometres from the new Transnordestina Rail system which is currently under construction and due for completion in late 2013, connecting to the Suape port complex.

The regional airborne magnetic and gamma image has identified an anomaly along 25 kilometres of strike with the Centaurus tenements covering 16 kilometres of the anomaly.

The geology team has initially focused on checking and mapping the two known mineralised trends. The mapping started on one of these trends in the tenement where the most significant outcrop has been identified. The mineralisation has been found outcropping along a 1.2 kilometre ridge with iron formation outcrops at average widths between 15-30 metres dipping between 40-60^{o} to the south-east. The outcrop is not always continuous but there is float between the in situ outcrops.

The regional magnetic anomaly indicates continuation of the iron units below the surface. For 2013, a ground magnetics program of 60 line kilometres has been planned to be carried out in stages of 400 and 200 metre line spacing.

Three 50kg samples were taken from the Project and sent for material characteristics and metallurgical testwork.

Figure 8: Curral Velho Project Location, Itaporanga, PB.

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CORPORATE

New Appointments

In October 2012, the Company appointed experienced international corporate finance executive, Ms Sheila Lyons, to its Board as a non-executive Director and representative of its new major shareholder, Boston-based Liberty Metals & Mining Holdings, LLC.

In December 2012, the Company expanded the senior management team with the commencement of experienced senior finance executive, Mr John Westdorp, as Chief Financial Officer.

AGM

The Company's AGM was held on 23 November 2012 with all resolutions approved on a show of hands.

Change of Financial Year End

The Company has elected to change its financial year end from 30 June to 31 December, effective from 1 July 2012. The purpose of the change of financial year end is to synchronise with the Brazilian operations of the Group.

Cash Position

At 31 December 2012, the Company held cash reserves of approximately A$23.4 million.

Shareholder Information

At 31 December 2012, the Company had 195,747,919 shares on issue with the Top 20 holding 59.74% of the total issued capital. Directors and Senior Management held 5.4% of the total issued capital.

Darren Gordon
MANAGING DIRECTOR

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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 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 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 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'. 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.

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Figure 9 – Jambreiro Iron Ore Project Site Layout Map

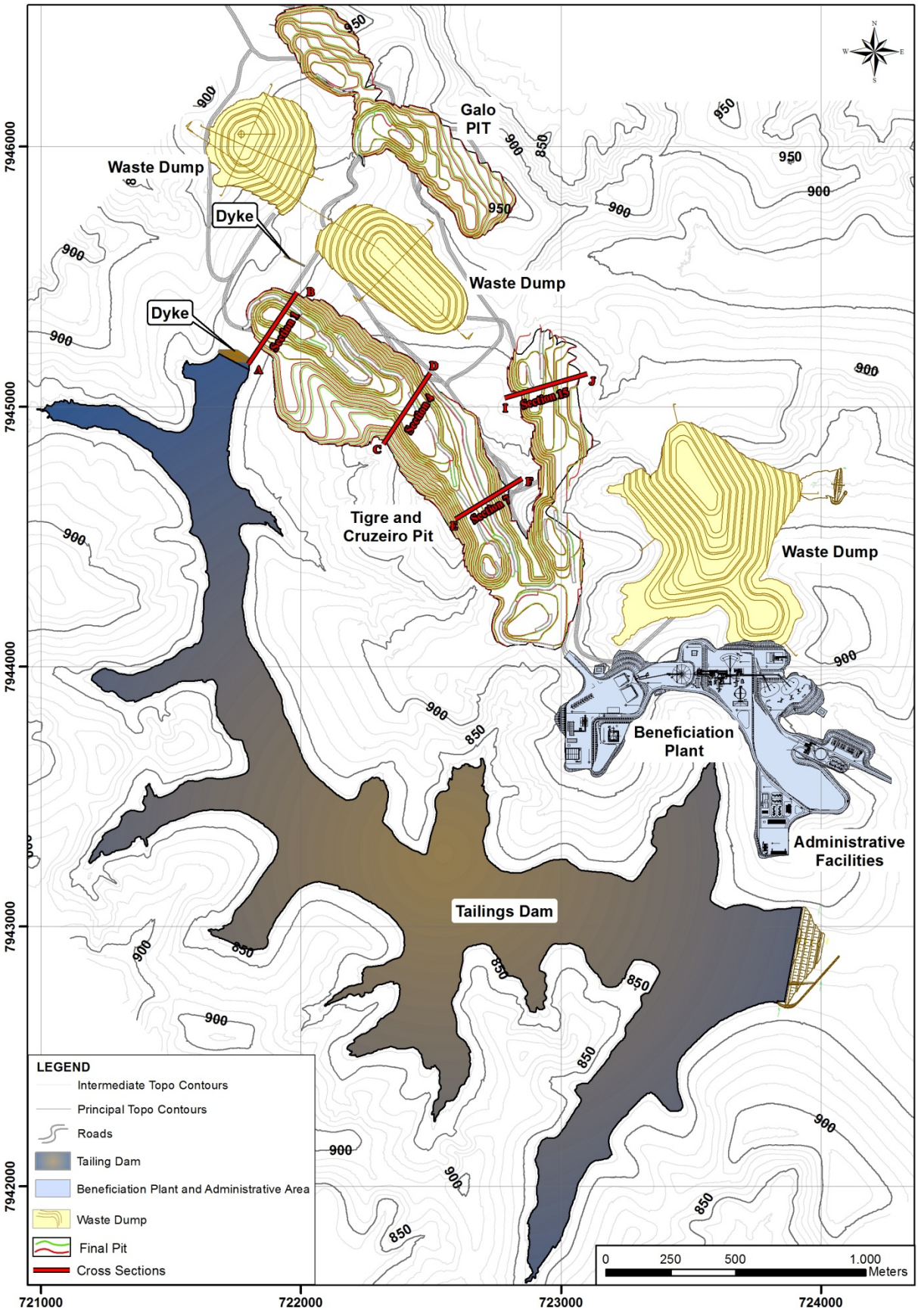

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Figure 10 – Cross Section 1 with Pit Design for October 2012 Ore Reserve

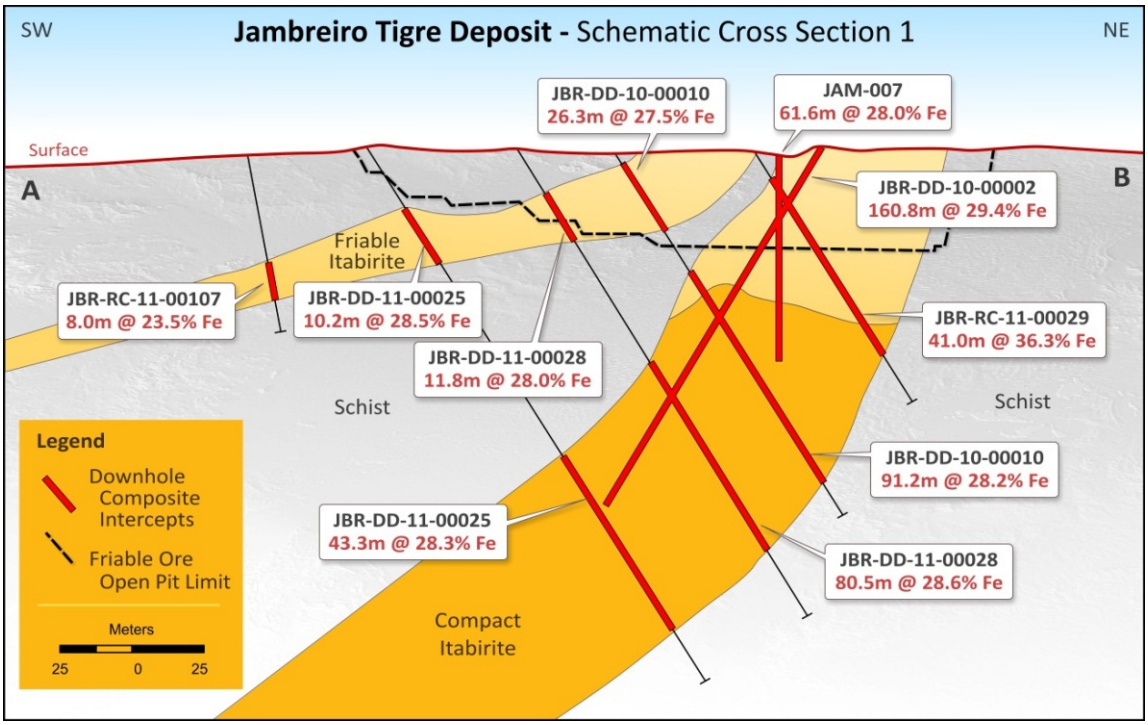

Figure 11 – Cross Section 4 with Pit Design for October 2012 Ore Reserve

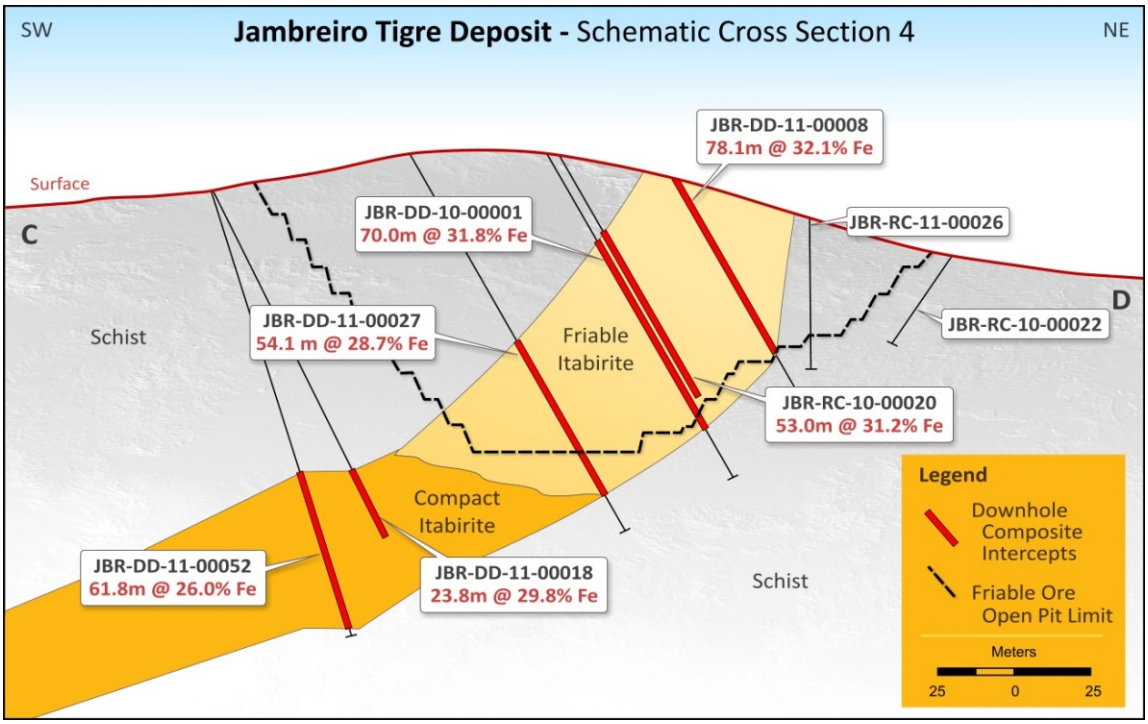

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Figure 12 – Cross Section 7 with Pit Design for October 2012 Ore Reserve

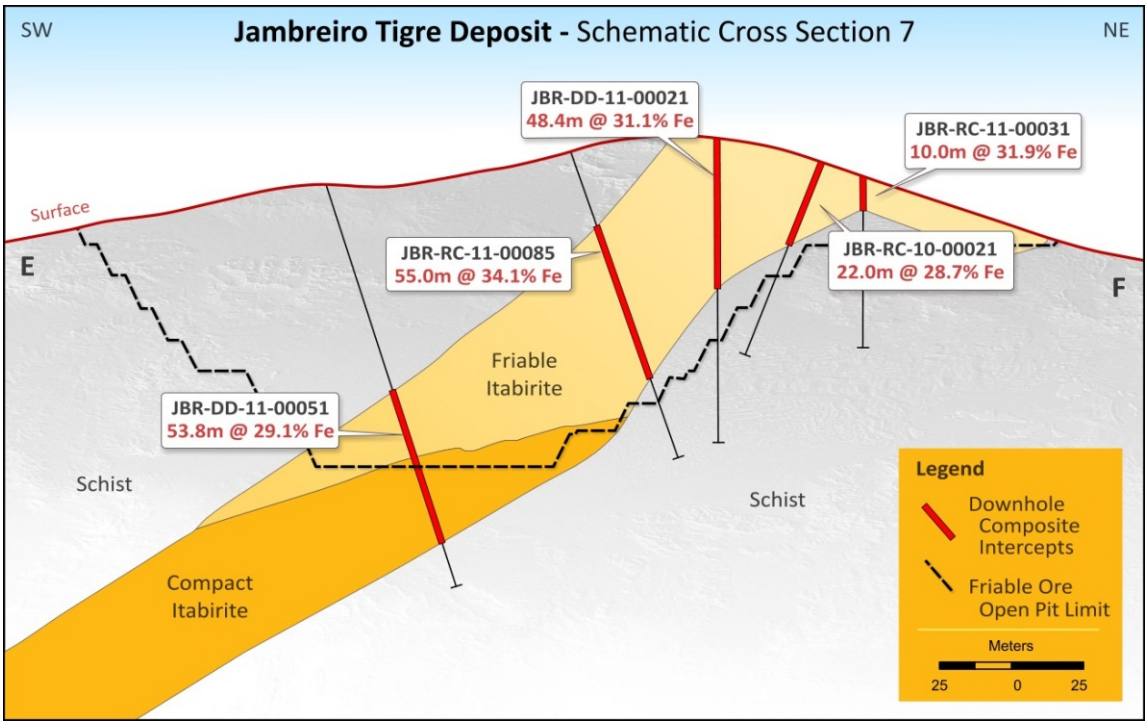

Figure 13 – Cross Section 15 with Pit Design for October 2012 Ore Reserve

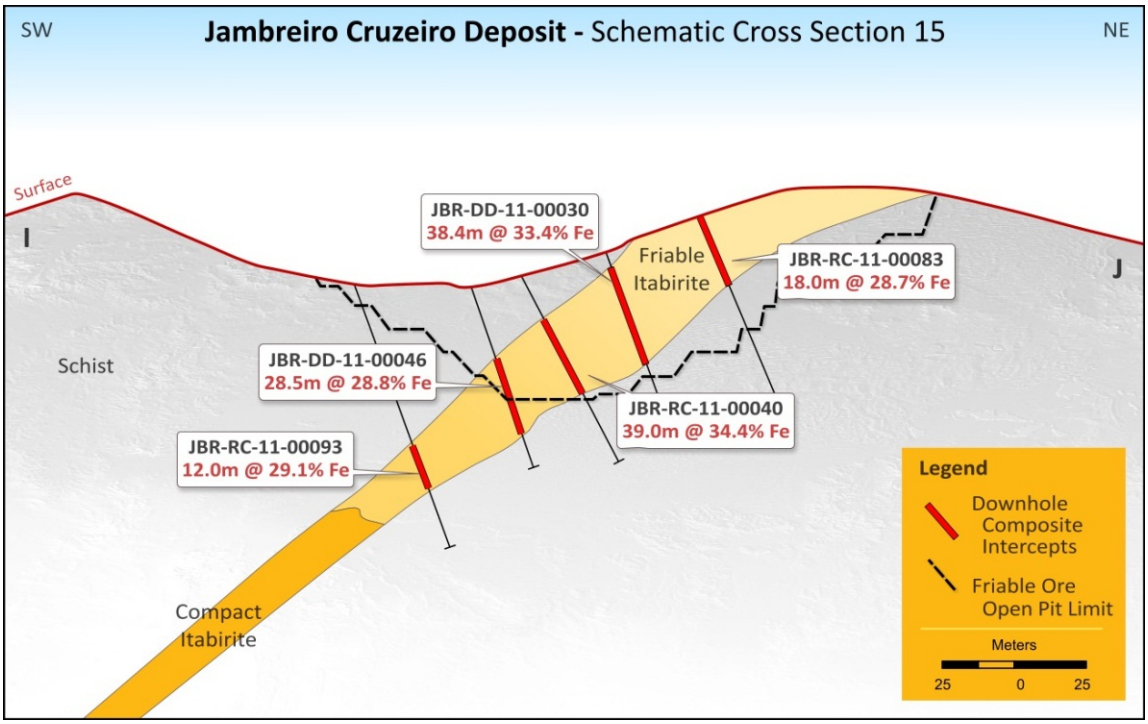

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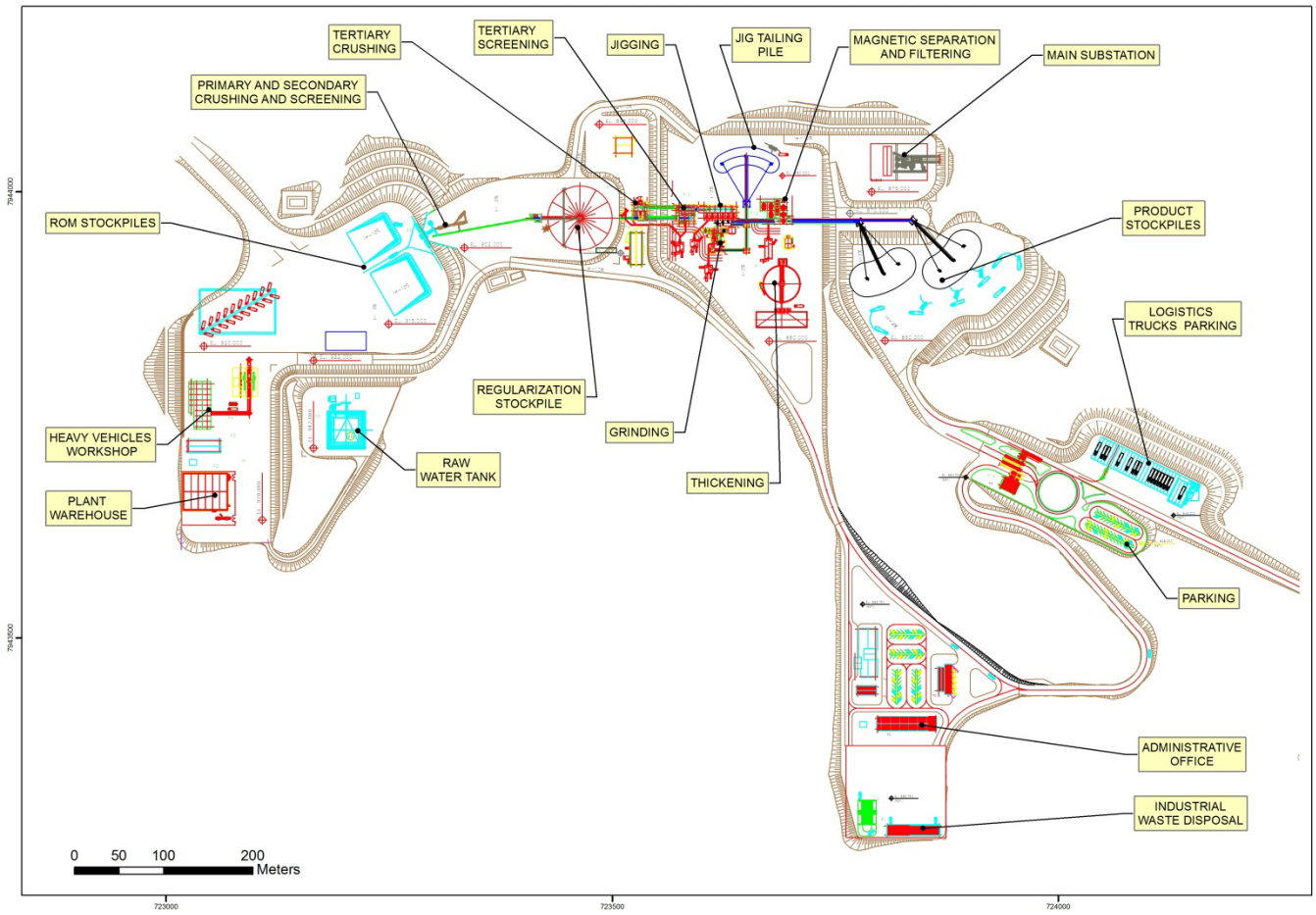
Figure 14 – Jambreiro Plant and Facilities Layout



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Appendix A - Jambreiro Resource and Reserve Estimates – October 2012

(Mineral Resources are inclusive of Ore Reserves)

Deposit/Prospect	JORC Resrouce Category	Mt	Fe %	SiO2 %	Al2O3 %	P %	LOI %
Tigre	Measured	39.2	28.3	51.2	4.3	0.04	1.6
	Indicated	17.8	26.1	51.6	3.8	0.05	1.3
	Measured + Indicated	56.9	27.6	51.3	4.1	0.04	1.5
	Inferred	24.4	25.3	52.7	4.1	0.07	1.0
	TOTAL	81.3	26.9	51.7	4.1	0.05	1.3
Cruzeiro	Measured	7.6	28.1	49.9	4.1	0.05	1.8
	Indicated	9.7	26.4	47.2	3.3	0.06	1.5
	Measured + Indicated	17.3	27.1	48.4	3.6	0.05	1.7
	Inferred	4.9	27.2	18.7	3.4	0.05	1.7
	TOTAL	22.2	27.1	41.8	3.6	0.05	1.7
Galo	Indicated	8.1	27.3	49.1	6.6	0.04	2.9
	Inferred	6.3	25.4	51.0	7.0	0.05	1.5
	TOTAL	14.4	26.5	50.0	6.8	0.04	2.3
Coelho	Inferred	7.2	24.2	58.3	4.5	0.03	1.6
	TOTAL	7.2	24.2	58.3	4.5	0.03	1.6
Summary	**Measured**	46.7	28.3	51.0	4.2	0.04	1.6
	Indicated	35.5	26.5	49.9	4.3	0.05	1.7
	Measured + Indicated	**82.3**	**27.5**	**50.5**	**4.3**	**0.05**	**1.7**
	Inferred	42.9	25.3	49.5	4.5	0.06	1.3
	TOTAL	**125.2**	**26.7**	**50.2**	**4.4**	**0.05**	**1.5**

Deposit	JORC Reserve Category	Mt	Fe %	SiO2 %	Al2O3 %	P %	LOI %
Tigre	Proven	30.1	28.4	49.8	4.3	0.04	1.7
	Probable	3.8	26.1	52.0	4.4	0.04	1.9
	TOTAL	33.9	28.1	50.1	4.3	0.04	1.7
Cruzeiro	Proven	5.3	28.8	48.2	4.2	0.04	2.0
	Probable	2.2	28.5	46.7	3.7	0.05	1.9
	TOTAL	7.5	28.7	47.8	4.0	0.04	1.9
Galo	Probable	7.0	27.3	48.0	6.2	0.04	2.8
	TOTAL	7.0	27.3	48.0	6.2	0.04	2.8
Jambreiro Total	**Proven**	**35.4**	**28.5**	**49.6**	**4.3**	**0.04**	**1.7**
	Probable	**13.1**	**27.2**	**49.0**	**5.3**	**0.04**	**2.4**
	TOTAL	**48.5**	**28.1**	**49.4**	**4.6**	**0.04**	**1.9**

Cut-off 20% Fe ; Mine Diluition - 2% ; Mine Recovery - 98%

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