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CENTAURUS EXPANDS BRAZILIAN IRON ORE PORTFOLIO AFTER EXERCISING OPTION OVER 16 NEW TENEMENTS

Guanhães Region Shaping up as Key Part of the Company's Brazilian Domestic Iron Ore Business

International iron ore company Centaurus Metals Ltd (ASX Code: CTM) is pleased to advise that it has exercised its option to acquire a **further 16 prospective iron ore tenements** in south-eastern Brazil under the innovative arrangement with the leading Brazilian Pulp Company, Cenibra.

The new tenements – most of which are located immediately west of the recently acquired Jambreiro Project (see *Figure 1 attached*) in the **Guanhães Group** of tenements – further enhance Centaurus' project portfolio in the State of Minas Gerais, around the "Iron Quadrangle" region of south-eastern Brazil.

Two of the tenements were selected from the Ipatinga Group, located near the major Brazilian steel-maker Usiminas. No further option fee is payable for the additional tenements selected under the Guanhões Group but a small option fee has now been paid for the tenements acquired in the Ipatinga Group.

The acquisition of the new tenements follows the Company's recent acquisition of the **Jambreiro Project** (see *ASX Announcement – 11 June 2010*) under the Cenibra arrangement.

Evaluation programs have been prepared which will include the drilling of approximately 2,500 metres over the acquired tenements.

Of the new tenements in the Guanhões Group, one of the initial prospects of focus will be the **Candongá Prospect**. Candonga has been mapped over a **strike length of some 2 kilometres** with the outcrop showing that the material is medium to coarse grained friable itabirite. Ground magnetic work is planned and will assist with targeting the upcoming drill program. Historical drill core from two diamond drill holes from the Candonga Prospect has been located and is now in the process of being re-logged, sampled and sent for assay together with drill core from other tenements acquired under the Cenibra Agreement.

Centaurus' Managing Director, Mr Darren Gordon said: *"We are very pleased to exercise our option over a further 16 tenements following the acquisition of the Jambreiro tenements last month. Our initial field review has demonstrated that these are very prospective tenements for iron ore and warrant further detailed exploration. We have established an exploration budget for these newly acquired tenements and intend to progress our work program over the coming months.*

"The tenements selected under the Cenibra Agreement will allow a regional focus to be applied to our activities around Guanhões which should translate into lower costs from both an exploration and future production perspective.

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“Importantly, the tenement package around Guanhães is now expected to form an integral part of our Domestic Iron Ore Business, which is based on plans for the Company to produce 3mtpa of high grade iron ore into the Brazilian domestic steel market by the end of 2013,” Mr Gordon added.

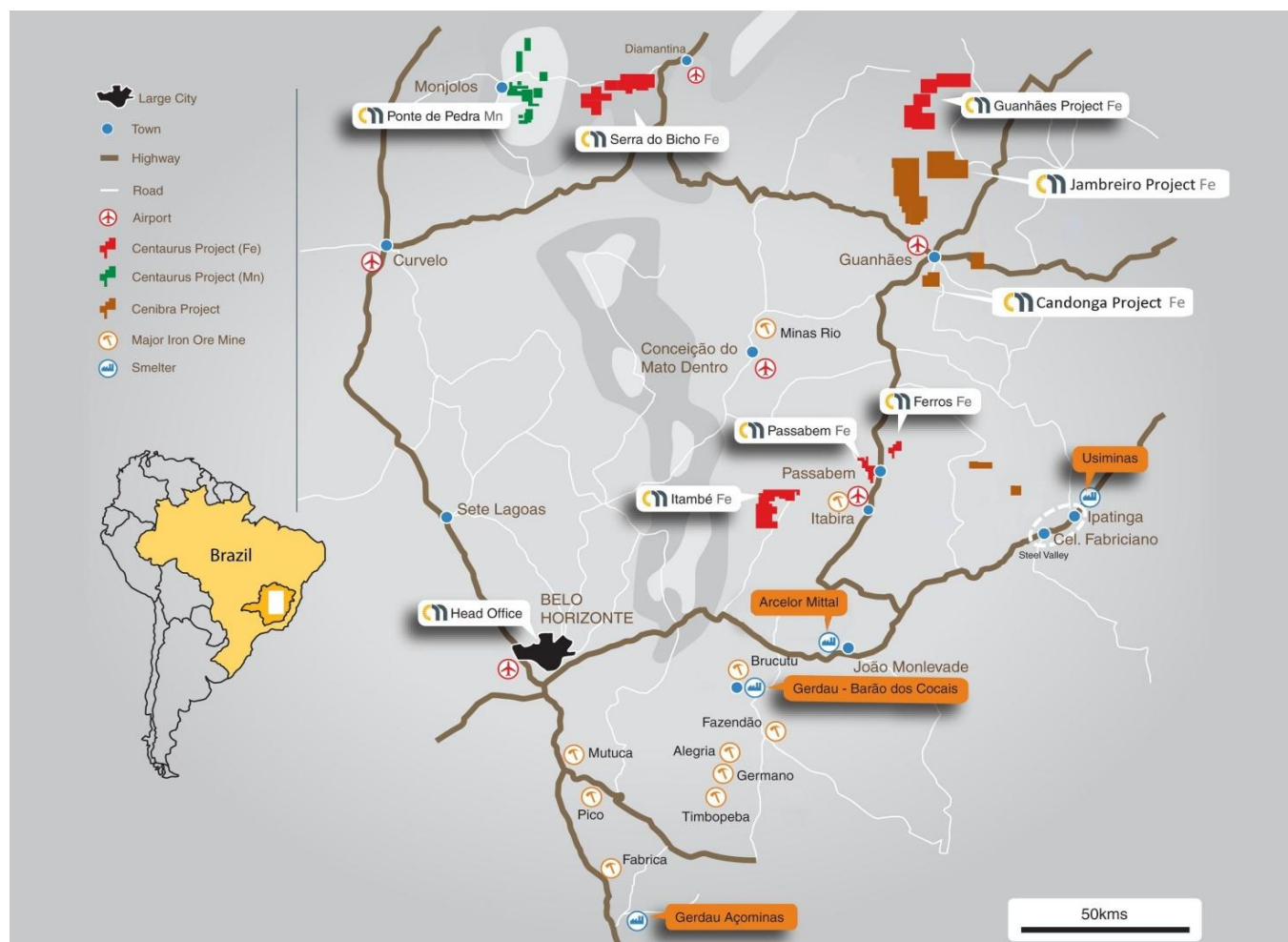


Figure 1 – Location Map of Centaurus Tenements including those acquired under the Cenibra Agreement

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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.