CHAIRMAN’S ADDRESS: 2011 ANNUAL GENERAL MEETING

Good afternoon Ladies and Gentlemen:

I am very pleased to welcome you to Centaurus’ 2011 Annual General Meeting and to make some brief introductory comments on what has been a very active and successful year for the Company.

Much of the hard work over the past 12 months culminated in the announcement last week of the results of the Pre-Feasibility Study on our flagship Jambreiro Iron Ore Project, which we expect to be our first iron ore operation in south-eastern Brazil and the cornerstone of our domestic iron ore business.

This is a key milestone for Centaurus, with the Pre-Feasibility Study demonstrating excellent returns from a proposed 2Mtpa operation supplying a high-grade final product to the domestic steel industry in Brazil.

Key highlights of the Pre-Feasibility Study included life-of-mine cash operating costs of A$19.86 per tonne, forecast life-of-mine revenue of $1.25 billion and EBITDA of $858 million, with projected annual operating cash flows of $101 million.

The project generates a post-tax Net Present Value of A$289 million, which provides a very strong foundation for the Company’s current market capitalisation of approximately A$80 million and provides a strong indication of the growth potential in our stock as we progress the Jambreiro Project towards production.

On the strength of the excellent Pre-Feasibility Study results, the Board has committed to the immediate commencement of a Bankable Feasibility Study which is targeted for completion in the third Quarter of 2012.

We have already commenced the Environment Impact Assessment for Jambreiro which we expect to lodge with SUPRAM, the Brazilian Government body responsible for environmental approvals in Minas Gerais, in February next year. Subject to the project approvals timeline in Brazil, that will position us to target commencement of operations and first production of iron ore in the final Quarter of calendar 2013.

While that may seem a long time away, it is in fact a relatively quick turnaround for a significant new iron ore project offshore, particularly considering that we only completed the acquisition of this project in June last year – just three and a half years from acquisition to first ore on truck.

I would also make the point that the timeline to production is dictated by the approvals timeline in Brazil; if we could possibly move any faster towards production we certainly would.

We expect that the capital cost for Jambreiro will be financed through a combination of debt and equity with indications that 70 per cent debt funding is achievable.

We have held initial discussions with debt providers including the development banks in Brazil and all groups have shown a strong interest in involving themselves with Centaurus to fund the project due to the quality of the ore, the early payback generated from the strong cash flows and relatively low front-end capital requirements.
We are confident that we will be able to secure the required equity funding support to underpin project development. The ability to participate in funding quality project development opportunities such as Jambreiro was one of the key drivers for the Company’s new major shareholder, Atlas Iron, making its investment in Centaurus.

As I said in the Annual Report, during the past 12 months we have been able to put in place all of the key foundations to enable us to achieve our core corporate objective of building a substantial new international iron ore production company that intends to sell iron ore into steel markets both within Brazil and globally.

These included:

- confirming the Jambreiro Project as the cornerstone of our domestic production strategy following successful drilling campaigns and scoping work which culminated in an upgraded JORC resource and maiden Ore Reserve which underpinned last week’s Pre-Feasibility Study;
- securing an exciting new project, Serra da Lontra, to underpin our export strategy;
- establishing a Strategic Alliance with Atlas Iron, which acquired a 19.9% stake in Centaurus in return for an $18.7 million cash injection; and
- completing a successful 1-for-8 consolidation of our share capital from approximately 1 billion shares to 133.5 million shares, making the Company significantly more attractive to global institutional investors.

While the Jambreiro Project has been confirmed as the cornerstone of our domestic iron ore business, the newly acquired Serra da Lontra Project is expected to underpin our entry to the seaborne iron ore market.

As part of this strategy, our focus has been to build a portfolio of export-focused iron ore projects within trucking distance of the port of Ilhéus, located 600km to the north east of the Jambreiro Project.

Over the coming financial year, we intend to move rapidly from resource definition to project development while also continuing the ongoing discussions with the Bahian State Government regarding access to port infrastructure.

Given the significantly higher prices for iron ore in international export markets – approximately double the price which we expect to achieve from domestic sales – the acquisition of the Serra da Lontra Project represents a key development for Centaurus, adding substantial weight to our project portfolio and giving us the ability to generate strong cash margins from an emerging export business.

The Strategic Alliance with Atlas – which includes technical, development and product marketing support – is also a very important development for Centaurus, giving us the financial, corporate and strategic support of one of Australia’s most dynamic and successful mid-tier mining groups.

I am very pleased to welcome Atlas’ Chief Commercial Officer, Mark Hancock, to the Centaurus Board as a non-executive Director. Mark has already made a strong contribution and we look forward to his input over the years to come.

As a result of these achievements, Centaurus has not only successfully weathered the financial and economic storms experienced in global equity markets over the past year, but also positioned itself for a period of strong growth as it moves towards production.
The Company’s outstanding asset base in south-east Brazil gives it a unique competitive advantage in the emerging iron ore sector. Centaurus is one of the few ASX-listed companies offering direct exposure to the rapid development and growth of the economies of Brazil and its fellow Mercosur free trade association members.

With a population of over 190 million, Brazil is fast becoming the manufacturing centre for Mercosur countries. This manufacturing base – together with the growth in construction ahead of the 2014 Soccer World Cup and 2016 Olympic Games – supports the International Monetary Fund’s recent forecast that Brazil’s economy is anticipated to grow at above 4% into 2012, with its ongoing expansion expected to continue to outstrip that of the developed economies.

Our growth strategy leverages off both the growing team of experienced and highly skilled mining professionals we have assembled and our substantial tenement and project position in Brazil.

We continued to strengthen our mining team in Brazil during the year with several senior management appointments in our Belo Horizonte office. These appointments will stand Centaurus in good stead as we move from an explorer through the development phase to become a producer of high-quality hematite iron ore.

In conclusion, I would like to acknowledge the efforts of our Managing Director, Darren Gordon, whose hard work and dedication during the year – supported by an outstanding senior management team and group of high quality consultants – has ensured that Centaurus moves towards 2012 in a very strong position.

During the year, Geoff Clifford stepped down from the Centaurus Board to enable him to spend more time with his family. I would like to take this opportunity to thank Geoff for his many years of service to Centaurus and, previously, Glengarry Resources.

Finally, I would like to thank our shareholders for their continued support during what has been a challenging and volatile time in global markets. I am confident this support will be rewarded in the years ahead as we execute our strategy to become one of Australia’s next leading mid-tier iron ore producers.

Thank you.

Didier Murcia
Non-executive Chairman