

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

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CENTAURUS ACQUIRES NEW IRON ORE PROJECT IN BRAZIL FOR EXPORT BUSINESS

- **Serra do Lontra Project to underpin Centaurus' strategy to initially export 1-2 million tonnes per annum of high-grade hematite to international markets by mid-2014**
- **Exploration Target of 30 to 50 million tonnes of itabirite ore (grading 35 - 45% Fe)¹ expected to beneficiate to a high grade (+64% Fe) hematite product**
- **Project located within trucking distance to the Brazilian export port of Ilhéus**

International iron ore company Centaurus Metals Ltd (ASX Code: CTM) is pleased to advise that it has acquired a portfolio of tenements in south-eastern Brazil known as the **Serra do Lontra Project** as the initial basis of its strategy to export 1-2Mtpa of high-grade hematite to international markets by mid-2014.

The Serra do Lontra Project

Located 140 kilometres via sealed road from the major regional export port of Ilhéus, in the State of Bahia, Brazil (see Figures 1 and 2), the project (the "Project") consists of 12 tenements, 1 being a granted Exploration Licence which the Company has acquired ("the Granted Exploration Lease") and 11 being Exploration Licence Applications made by Centaurus. The Exploration Licence Applications should be granted within 6 months.

Under the terms of the acquisition, Centaurus will pay a total of US\$3 million for the Granted Exploration Lease, with an initial payment having already been made concurrent with the transfer of title to the Company. Further payments are to be made over an 18 month period based on the progress of the exploration activities on the Granted Exploration Lease.

In establishing the Exploration Target¹ of 30 to 50 million tonnes, Centaurus has mapped the outcropping iron formation on the Granted Exploration Lease only (not the entire Project) over a strike length of some 1.5 kilometres on the main target (Serra Pelada) and over 0.5 kilometres on the secondary target (Boa Esperança) with solid mineralisation widths of 40 to 55 metres.

Based on this initial geological mapping of the outcropping itabirite mineralisation, limited surface sampling and the comparison of the mineralisation to Centaurus' existing itabirite projects in Brazil, it is estimated that the outcropping itabirite mineralisation will grade between 35% and 45% Fe and beneficiate to a high grade (+64%) hematite product.

¹Note: It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information above relating to the exploration target should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resources have not been used in this context. The potential quantity and grade range is conceptual in nature, since there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource.

Exploration and Development on Exploration Lease

Centaurus will focus its initial exploration activities on the Granted Exploration Lease with a view to defining a JORC Resource which can be developed into a project capable of producing iron ore for international export markets. Approvals work, both environmental and mining, will commence immediately.

The expected low capital expenditure to develop the Project, and the ability to access existing infrastructure, means that Centaurus will be able to apply the same principles being proven in the execution of the Company's domestic projects. Based on internal estimations of the costs, generated from Centaurus' comparable projects and other projects in the region, the Company expects to be able to achieve the following indicative operating costs should Serra do Lontra become an operational project:

- Mining and beneficiation: US\$12-16/tonne
- Transportation to Ilhéus Port: US\$15-20/tonne
- Port and loading charges: US\$5-7/tonne
- **TOTAL ESTIMATED COSTS: US\$32-43/tonne**

To provide an indication of the potential operating margins which could be generated by an operation of this nature, current FOB export prices for iron ore from Brazil to international markets are in the order of US\$150 to US\$170 per tonne.

Bahia Export Strategy

Centaurus' export strategy in Bahia is to beneficiate itabirite ore into a high grade saleable hematite product, use existing roads to truck product to either the existing multi-purpose port at Ilhéus, or the proposed new nearby bulk shipping facility of Porto Sul, and then export to international markets.

Both the existing open access port and the planned new open access port are well located to the major iron ore markets of the Middle East and Europe.

Following meetings with key government departments in the State of Bahia and discussions with CODEBA, the Port Authority that manages a number of ports in Bahia including the Ilhéus Port Facility, Centaurus expects that it will be able to secure a positive outcome with regard to accessing the required port space for a future operation.



Members of the CTM executive team meeting with Sr. James Silva Santos Correia, Secretary of Industry, Commerce and Mining (Centre) for Bahia State

Commenting on the acquisition, Centaurus' Managing Director, Mr Darren Gordon, said: *"We are delighted to have secured Serra do Lontra as an initial project to commence implementation of our export strategy in Brazil.*

Based on the field visits undertaken during due diligence, the geological mapping work completed to date, and the fact that there is significant outcropping mineralisation at Serra do Lontra, we are confident that our exploration work will confirm the Project's Exploration Target to support an export business from Brazil.

The high grade hematite produced in Brazil is highly sought after by international markets and the fact that Serra do Lontra is close enough to the coast to truck ore to open access port facilities will allow us to generate strong export market returns off a relatively low capital base. We look forward to commencing exploration activities including ground magnetic survey work in the next 4 weeks."

-ENDS-

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Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Geologist Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy and by Geologist Dr Klaus Petersen who is a Member of the Australasia Institute of Mining and Metallurgy and CREA (Conselho Regional de Engenharia e Agronomia). Roger Fitzhardinge and Dr Klaus Petersen are permanent employees of Centaurus Metals Limited.

Roger Fitzhardinge and Dr Klaus Petersen have sufficient experience which is relevant to the style of mineralisation 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 Dr Klaus Petersen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Figure 1 – Regional Location Map Showing Position of Serra do Lontra Relative to Existing Projects



Figure 2 –Location Map Showing Infrastructure in the Immediate Locality of Serra do Lontra

