

19 October 2010

DRILLING INTERSECTS SUBSTANTIAL WIDTHS OF IRON ORE AT NEWLY IDENTIFIED CANDONGA PROSPECT

Centaurus Metals Limited (ASX Code: **CTM**) is pleased to announce that it has identified a new iron ore prospect, the **Candonga Prospect**, located 30km from its emerging Jambreiro Project, where initial drilling, re-assay of historical drill core and ground magnetic survey work has confirmed the presence of **substantial widths of iron ore**.

The recent drill program undertaken by Centaurus, which consisted of three RC percussion drill holes and one diamond hole, returned significant intersections of iron mineralisation in three of the four holes drilled. Better intersections from the recent drilling program included:

- **85.6 metres @ 40.0% Fe, 1.1% Al₂O₃ and 0.07% P** from 3 metres in diamond drill hole CDG-DD-001
- **53.0 metres @ 45.6% Fe, 1.5% Al₂O₃ and 0.12% P** from surface in RC drill hole CDG-RC-003
- **12.0 metres @ 60.6% Fe, 4.2% Al₂O₃ and 0.02% P** from 1 metre in RC drill hole CDG-RC-002

In addition to these results, assay results received from re-sampling Candonga historical drill core included:

- **47.8 metres @ 36.9% Fe, 2.2% Al₂O₃ and 0.12% P** from surface in diamond drill hole BAR-003

Full analytical details are set out in Appendices A & B to this announcement.

The recent holes were drilled to test an itabirite iron formation which outcrops in various locations over a strike length of **some 1.6 kilometres** and varies in surface width between approximately 10 and 50 metres. Importantly, structural complexity and proximity to intrusive rocks in the area has generated zones of high-grade iron enrichment such as the intersection in Hole CDG-RC-002. Further exploration is planned to determine the geological controls and distribution of this high-grade mineralisation.

The zones of iron enrichment at Candonga also contain mineralisation which has a distinct magnetic signature. A ground magnetic survey has recently been completed to better define these zones. Several areas of potential enriched iron mineralisation have been outlined (*see Figure 1*). These areas will be targeted by further drilling.

Metallurgical sampling of the iron mineralisation is planned. Samples will be submitted to the UFMG laboratory for beneficiation and process testwork. The current turnaround time for the Candonga samples is expected to be at least two months due to the current volume of samples which Centaurus already has with the laboratories for beneficiation test work and the amount of work being undertaken by other companies in the region.

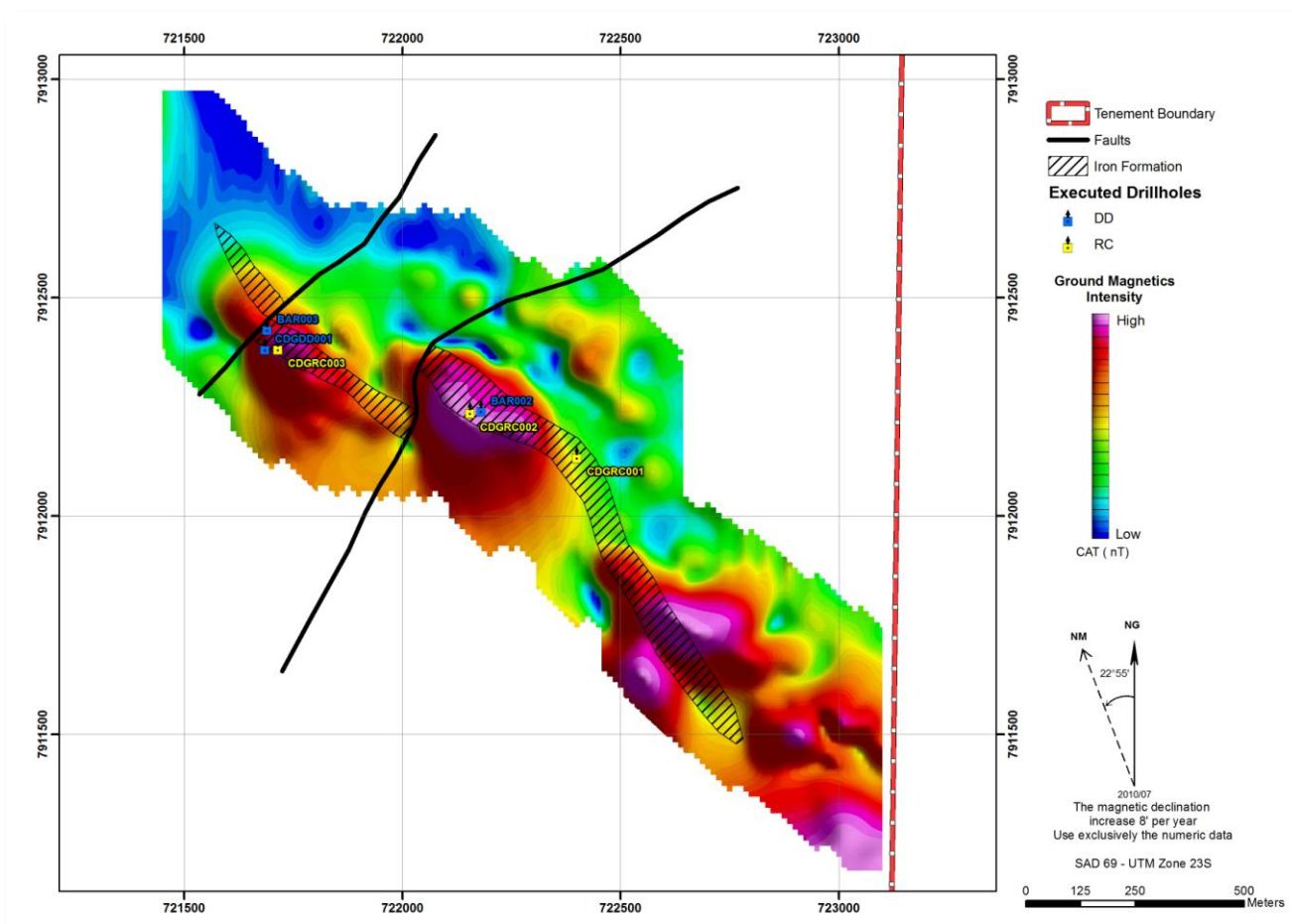
The close proximity of the Candonga Prospect to the Jambreiro Iron Ore Project may result in the Candonga mineralisation providing valuable mill feed to an operation based at Jambreiro.

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE



Centaurus' Managing Director, Mr Darren Gordon, said: "As exploration progresses around Jambreiro we are continuing to identify new zones of mineralisation, which bodes well for the potential of Jambreiro to become a central regional hub for our future production targets. While further significant work needs to be undertaken at Candonga, the early exploration success at this prospect is pleasing and gives us confidence to aggressively explore our landbank in the wider Guanhães region of Brazil."

Figure 1 – Candonga Prospect Showing Drill Hole Locations over Initial Ground Magnetic Survey



-ENDS-

Released By:

Nicholas Read
Read Corporate
Mb: (+61) 419 929 046
Tel: (+61-8) 9388 1474

On behalf of:

Mr Darren Gordon
Managing Director
Centaurus Metals Ltd
Tel: (+61-8) 9420 4000

Competent Person's Statement

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

**AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT
& MEDIA RELEASE**



**Appendix A
Candonga Prospect: RC Drill Hole Results
October 2010**

DOWN-HOLE INTERSECTIONS - CANDONGA - RC														
Hole ID	SAD East	SAD North	DIP	Azi	Final Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	LOI%
CDGRC002	722155	7912234	-60	30	80.00	1.00	13.00	12.00	60.64	5.57	4.23	0.02	0.35	0.11
						Downhole composite		12.00	60.64	5.57	4.23	0.02	0.35	0.11
CDGRC003	721715	7912380	-60	90	53.00	0.00	53.00	53.00	45.64	27.61	1.46	0.12	0.12	4.38
						Downhole composite		53.00	45.64	27.61	1.46	0.12	0.12	4.38

*Intervals calculated using a 25% Fe cut-off grade with 3 metre minimum mining width
All samples were analysed using an XRF fusion method with LOI at 1000 °C*

**Appendix B
Candonga Prospect: Historical and Current Diamond Drill Hole Results
October 2010**

DOWN-HOLE INTERSECTIONS - CANDONGA - DDH														
Hole ID	SAD East	SAD North	Dip	Azi	Total Depth(m)	From (m)	To (m)	Downhole width (m)	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	LOI%
CDGDD001	721685	7912380	60	90	88.45	3.00	88.65	85.65	39.97	35.65	1.05	0.07	0.15	1.95
						Downhole composite		85.65	39.97	35.65	1.05	0.07	0.15	1.95
BAR002	722181	7912238	90	0	42.00	0.00	15.00	15.00	48.58	16.27	7.54	0.07	0.90	3.28
						Downhole composite		15.00	48.58	16.27	7.54	0.07	0.90	3.28
BAR003	721690	7912425	90	0	53.00	0.00	47.80	47.80	36.91	39.47	2.15	0.12	0.03	4.56
						Downhole composite		47.80	36.91	39.47	2.15	0.12	0.03	4.56

*Intervals calculated using a 25% Fe cut-off grade with 3 metre minimum mining width
All samples were analysed using an XRF fusion method with LOI at 1000 °C*