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PASSABEM BENEFICIATION TESTWORK DELIVERS HIGH- GRADE HEMATITE PRODUCT

PRODUCT GRADE OF 67.4% Fe FROM DRILL CORE SAMPLES AND 66.1% Fe FOR SURFACE SAMPLES

International iron ore company Centaurus Metals Ltd (ASX Code: CTM) is pleased to report that recently completed beneficiation test work for its **Passabem Iron Ore Project** in south-east Brazil shows that a **high-grade hematite product grading 67.4% Fe** with low impurities can be produced using a low-cost magnetic separation process.

The results of the current round of beneficiation test work undertaken by UFMG in Minas Gerais on both medium grade and low-grade compact itabirite drill core from the Passabem Project show that a **67.4% Fe hematite sinter product** can be produced with low impurities using a two-stage, rougher and cleaner, Wet High Intensity Magnetic Separation (WHIMS) process.

The encouraging results support Centaurus' strategy of beneficiating its itabirite-hosted iron ore deposits in Brazil to produce a high-quality, high-grade product for sale to the domestic steel industry. The Company's objective is to ramp up to an initial production level of 3Mtpa of high-grade hematite from a combination of its domestic iron ore projects in Brazil by the end of 2013.

The Passabem Iron Ore Project has a JORC compliant Indicated & Inferred Mineral Resource of **39Mt grading 31.0% Fe**.

A summary of the testwork results is set out in Table 1 below:

Table 1 – Summary of the Beneficiation Test Work on Passabem Drill Core

	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	Mass Recovery %	Metal Recovery %
Low Grade Sample – Core							
Head Grade	25.5	60.6	0.93	0.09	0.09		
Beneficiated Product	67.4	3.0	0.44	0.01	0.16	32.3	85.4
Medium Grade Sample - Core							
Head Grade	34.8	49.7	0.13	0.02	0.06		
Beneficiated Product	67.4	3.1	0.09	0.01	0.10	40.3	77.9

Beneficiation test work results based on 8,000 gauss and 20% solids using rougher and cleaner stage WHIMS process

In addition to the test work undertaken on the drill core, beneficiation test work on a surface sample from Passabem shows that this material can be upgraded to a high-grade hematite product grading 66% Fe with low impurities.

This test work on the surface sample has only been undertaken to the rougher stage at this point in time, with further work required to be undertaken to determine if the cleaner stage will cost effectively increase iron grade and reduce silica grade as per the test work on the drill core.

The results of the test work to date on the surface sample are set out in Table 2 below:

Table 2 - Summary of the Beneficiation Test Work on Passabem Surface Sample

	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	Mass Recovery %	Metal Recovery %
Surface Sample							
Head Grade	36.1	47.8	0.26	0.02	0.04		
Beneficiated Product	66.1	5.6	0.23	0.02	0.07	49.6	90.7

Beneficiation test work results based on 8,000 gauss and 20% solids using rougher stage WHIMS process only

The WHIMS process is a well known process that is used extensively throughout Brazil to beneficiate itabirite mineralisation.

Centaurus is now in a position to progress the Passabem Project to a Scoping Study which will indicate high level economics based on conceptual pit designs. Further in-fill drilling is also required before a decision on how to proceed with the Passabem Project can be made.

Commenting on the results, Centaurus' Managing Director, Mr Darren Gordon, said: *"The first round of testwork on Passabem ore has shown that a very good hematite product can be produced – one which we expect will be highly sought after by the growing steel industry in Brazil. We now look forward to undertaking further drilling, beneficiation testwork and Scoping Study work on the Project over the coming 6 to 12 months as we work towards determining the overall economics of the Project."*

"The completion of this first round of beneficiation work is an important milestone for the Company as we move towards the delivery of 3Mtpa of production into the Brazilian steel market by the end of 2013. We now look forward to announcing beneficiation results for our other Brazilian domestic projects in the coming months."

-ENDS-

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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.