

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

1 March 2011

JAMBREIRO BENEFICIATION TEST WORK DELIVERS HIGH-GRADE HEMATITE PRODUCT

PRODUCT GRADE OF 65.2% Fe ACHIEVED FROM LOW-GRADE COMPACT ITABIRITE SAMPLE

International iron ore company Centaurus Metals Ltd (ASX Code: CTM) is pleased to report that its flagship **Jambreiro Iron Ore Project** in south-east Brazil has taken another important step forward with recently completed beneficiation test work indicating the potential to produce a **high-grade hematite product grading 65.2% Fe** with low impurities using a low-cost magnetic separation process.

The results of the first beneficiation test work undertaken on the Company's behalf by UFMG in Minas Gerais on low-grade (25% Fe) compact itabirite drill core from the Jambreiro Project show that a **65.2% Fe hematite product** can be produced with very low impurities using a two-stage, rougher and cleaner, Wet High Intensity Magnetic Separation (WHIMS) process (see Table 1).

In addition to this, when a re-cleaner process was added to the flowsheet, the iron grade of the final product **increased to over 66% Fe** with a corresponding reduction in silica levels. These results are considered to be very encouraging and provide Centaurus with confidence that the Company will be able to tailor its final product specification to meet future customers' particular requirements in relation to iron grade and impurity levels.

It is expected that the higher grade in-situ ore at Jambreiro – being more representative of the overall resource base – will deliver a similar high-grade hematite product but with higher mass and metal recoveries. The iron ore produced from Jambreiro is expected to be highly sought after by the domestic steel sector in Brazil.

The encouraging beneficiation test work results follow the recent commencement of a new round of resource in-fill drilling at Jambreiro to upgrade the current JORC compliant Inferred Mineral Resource of **77Mt grading 29.5% Fe** to Indicated status. The current program will also test new targets identified from recent in-fill ground magnetic surveys and ongoing geological mapping, with the aim of expanding the resource.

A summary of the beneficiation test work results is set out in Table 1 below:

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

	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	Mn%	Mass Recovery %	Metal Recovery %
Low Grade Sample – Core							
Head Grade	25.0	55.9	2.24	0.07	0.07		
Beneficiated Product - Cleaner	65.2	4.6	0.92	0.01	0.11	36.6	87.1
Beneficiated Product – Re-Cleaner	66.2	3.7	0.89	0.01	0.11	35.0	84.1

Beneficiation test work results based on 5,000 gauss and 20% solids using rougher and cleaner stage WHIMS process

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

The results from the testing of the compact ore are very robust and have provided confirmation that a high-grade, high-quality product can be achieved from both the compact and friable itabirite ore at the Jambreiro Project.

In addition to the beneficiation test work on the compact ore from Jambreiro, a new round of test work on a larger sample of friable ore from Jambreiro is underway. Centaurus has previously achieved a +63% Fe product using a simple rougher gravity (spirals) separation process and expects a further improvement in the iron grade and reduced silica levels once the new sample is processed with a cleaner gravity separation process and potentially a magnetic separation process.

Commenting on the results, Centaurus' Managing Director, Mr Darren Gordon, said: *"We are very pleased with the results of this first round of beneficiation test work on compact ore from Jambreiro, which demonstrates the ability to achieve a high-grade hematite product. The results also indicate that we will be able to tailor our final product specification to our future customer's requirements."*

"We expect that the final product achieved from Jambreiro will be highly sought after by the growing steel industry in Brazil given the high iron grade and low impurity levels. We now look forward to completing the current round of RC and diamond drilling which should lift the existing resource base into the Indicated category and allow us to complete Feasibility Study work."

"The completion of beneficiation work on the compact ore from Jambreiro is an important milestone for the Company as this ore type represents approximately three-quarters of the current resource base of the Project."

-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 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 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 Reserves'. 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.