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CENTAURUS EMBARKS ON NEXT STAGE OF IRON ORE EXPORT STRATEGY WITH MAIDEN DRILLING PROGRAM AT SERRA DA LONTRA

7,500m of Diamond and RC Drilling Planned – 2 rigs on site

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to report that drilling has commenced at its 100%-owned **Serra da Lontra Iron Ore Project**, located 140km from the export port of Ilhéus in Bahia, Brazil (*Figure 1*), marking the beginning of the next key phase of its iron ore export development strategy.

Two diamond rigs (Layne Christensen) are now on site and drilling ahead, while the Reverse Circulation (RC) rig (Servitec Sondagem) is due to arrive on site and commence drilling before the end of January. The initial drill program of 7,500 metres should deliver first assay results by early March with the entire drill program expected to be completed by the end of April.

The Serra da Lontra Project currently has an **Exploration Target of 30-50Mt of itabirite mineralisation grading between 35-45%**¹. The current drilling program is designed to underpin a maiden JORC resource estimate for Serra da Lontra by May this year.

The start of resource drilling follows preliminary work undertaken last year including collection of bulk outcrop samples during an initial mapping and sampling program. Beneficiation testwork is now underway on these samples at the University of São Paulo. The Company expects that the itabirite mineralisation will beneficiate to a **high-grade (+65%) hematite product**.

The recent detailed geological mapping and the results from the ground magnetic survey, received in December 2011, have generated excellent exploration targets for the first phase of drilling.

Drilling has commenced at the **Fittipaldi Prospect**, which outcrops as a continuous 1.1 kilometre long ridge with estimated true widths of itabirite mineralisation of between 30 to 40 metres, dipping between 40-60° towards the east. A large magnetic anomaly immediately to the west of the ridge will also be tested (*Figure 2*).

On completion of drilling at the Fittipaldi Prospect in February, the rigs will move to the **Senna Prospect**, which is located on a higher ridge 1.2km south-west of the Fittipaldi Prospect. At the Senna Prospect itabirite outcrop has been mapped over 1.2km of strike but the recent ground magnetics indicate that the anomaly extends for a further 800 metres. The itabirite mineralisation has an estimated true width of between 40 to 55 metres and is dipping 40-60° towards the east, sub-parallel to the slope of the ridge (*Figure 2*).

The Serra da Lontra Project, which Centaurus acquired last year, is currently the lead project in its planned iron ore export business. The Company now has 13 granted exploration licences for a total of 17.0km², all within a 150km radius of the export port of Ilhéus.

¹ Note: 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.

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Centaurus' Managing Director Mr Darren Gordon, said: *"We are really excited about the potential at Serra da Lontra as our exploration team has generated some excellent drill targets on the Senna and Fittipaldi Prospects. Between these two prospects we have identified over 2.3 kilometres of itabirite outcrop, with the ground magnetic survey results suggesting that there is potential for a further kilometre of strike."*

"There are two diamond rigs currently on site with an RC rig mobilising at the end of the month. We should have the first assay results by early March and the exploration team is working towards establishing a maiden JORC Resource at Serra da Lontra by May."

"With the port of Ilhéus being just 140 kilometres away by sealed highway, the Serra da Lontra Project offers excellent logistics for development of a 1-2Mtpa export project for Centaurus from the state of Bahia."

-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 Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy. 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 Reserve'. Roger Fitzhardinge consents to the inclusion in the report of the matters based on the information in the form and context in which it appears

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Figure 1 –Location Map Showing Infrastructure in the Immediate Locality of Serra da Lontra.

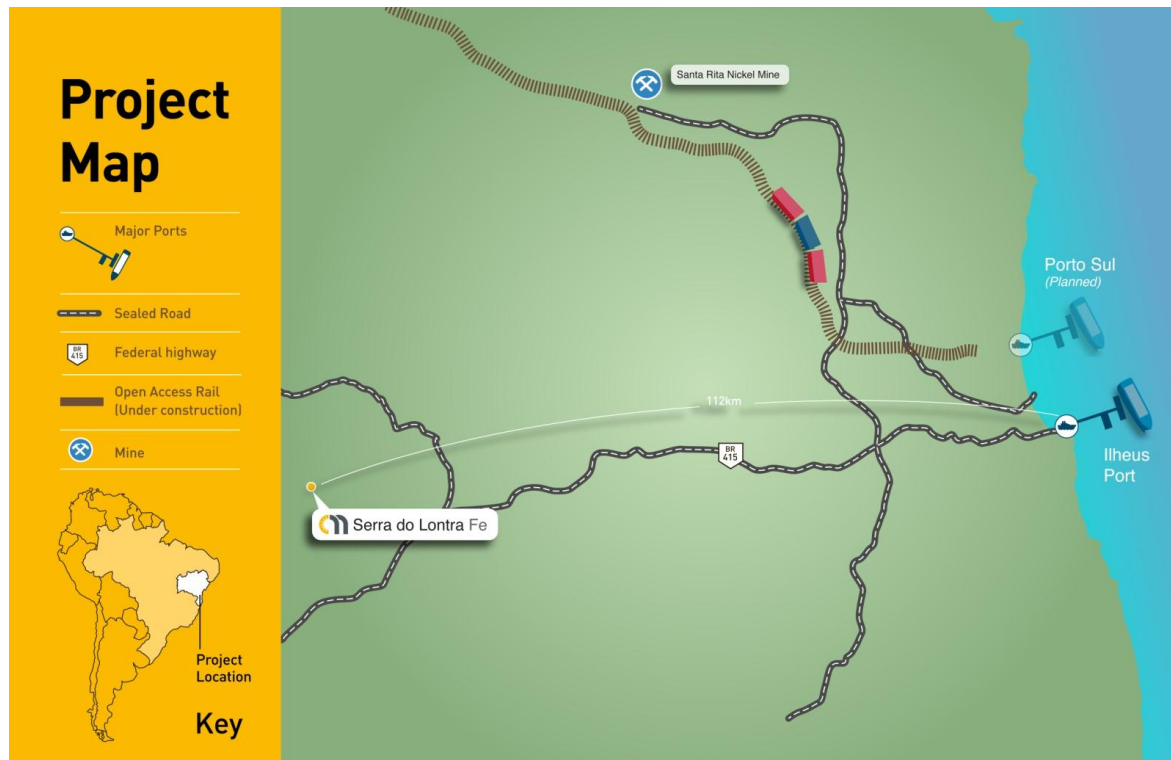


Figure 2 –Serra da Lontra Analytical Signal Mag Image and Outcrop Sample Results – November 2011

