

5 November 2012

UPDATED ORE RESERVE ESTIMATION – JAMBREIRO IRON ORE PROJECT

Proven and Probable JORC Ore Reserve of 48.5Mt grading 28.1% Fe for Friable Component of Project

- Updated Proven and Probable JORC Ore Reserve calculated as part of Jambreiro Bankable Feasibility Study (BFS) comprising 48.5Mt at an average grade of 28.1% Fe for the friable component of the Jambreiro resource.
- Major increase in Proven component of Ore Reserve, with Proven Reserves now comprising approximately 73% of the overall Ore Reserve estimate.
- Ore Reserve will provide 18Mt of high-grade (+64.5%), low impurity sinter blend concentrate – sufficient to underpin 9 years of production at the planned 2Mtpa concentrate production rate.
- Very low life-of-mine strip ratio of 0.97:1.
- JORC Measured, Indicated and Inferred Resources of 76.7Mt grading 25.9% Fe remain outside of the Ore Reserve pit limits, predominantly comprising Compact Itabirite.

Centaurus Metals (ASX Code: **CTM**) is pleased to announce an updated JORC Ore Reserve estimate for its flagship Jambreiro Iron Ore Project in south-east Brazil of **48.5Mt grading 28.1% Fe**. The Ore Reserve was calculated as part of the Bankable Feasibility Study (BFS) for the Jambreiro Project.

The overall Jambreiro JORC Resource estimate of 125Mt at an average grade of 26.7% Fe includes both Friable and Compact material. In establishing the new Ore Reserve, only the Measured and Indicated component of the Friable Resource estimate (53.7Mt at 28.4% Fe) was considered.

The new Proven and Probable Ore Reserve estimate represents a 90% conversion of the Friable Measured and Indicated Resource outlined above, and represents a significant increase in the Proven component of the Reserve estimate, which now comprises approximately 73% of the overall Ore Reserve (compared with approximately 25% in the maiden November 2011 Ore Reserve estimate).

The final pit design includes 46.8Mt of waste movement for a total life-of-mine material movement of 95.3Mt at a strip ratio of 0.97:1 (including pre strip material in advance of operations). Figure 1 below shows the total material movement and strip ratio in each year of the planned operation at Jambreiro. The full mine schedule is outlined in Appendix B.

The Ore Reserve estimation follows the completion of an extensive resource drilling program at Jambreiro, metallurgical testing including pilot plant testwork, pit design and mine scheduling and capital and operating cost estimations. Detailed work on the mine operating costs has seen direct mining costs reduced by 22% to R\$1.56 per tonne of total material movement.

The reduction in direct mining costs has largely been a result of changes in the mine shift regime, a reduction in average haulage distances for waste and increases in the size of trucks and excavators to be used on the mine.

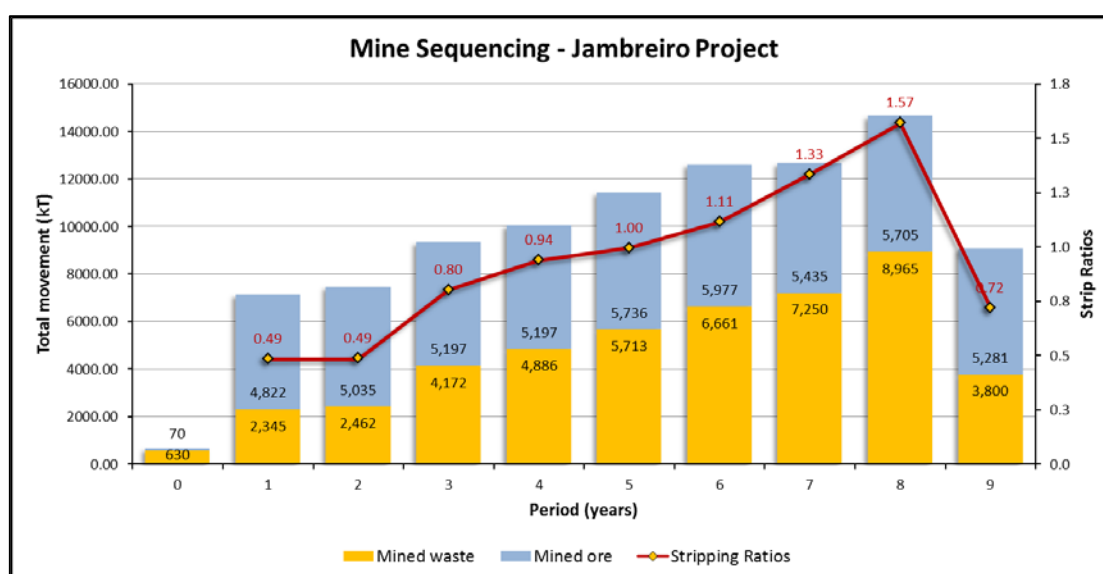


The following table sets out the total operating costs of the Project over the initial 9-year mine life:

Table 1 – Summary of Jambreiro Life-of-Mine Operating Costs

Operating Cost Category	A\$ per Tonne of Product	A\$ per tonne material moved
Mine	4.1	0.82
Processing Plant	8.1	
Site Administration	2.3	
Total Direct Operating Costs (C1 Costs)	14.5	
Royalties	1.7	
Total Operating Cash Costs	16.2	

Figure 1 – Jambreiro Mine Sequencing and Strip Ratios



As a result of extensive metallurgical testwork (including a 30 tonne pilot plant test program which confirmed that a high-grade sinter blend concentrate can be produced from the friable Jambreiro ore), the BFS Ore Reserve is scheduled to produce total concentrate production of 18Mt at +64.5% Fe, which will provide an initial mine life of 9 years at the planned production rate of 2Mt per annum.

While the Resource and Reserve have been estimated at a conservative 64.5% Fe, testwork has shown the flexibility of the Jambreiro ore body to produce a sinter blend concentrate grading up to 67.2% Fe, 3.2% SiO₂, 0.7% Al₂O₃ and 0.01% P. Consequently, the Company will take advantage of this characteristic of the Resource and tailor the final product specification to extract maximum value while meeting various customers product specification requirements.

This high-quality iron product, with its particularly low levels of impurities, is an attractive sinter blend product in the domestic steel industry in Brazil, and discussions with potential customers seeking a long-term consistent supply are ongoing.

A summary of the Ore Reserves and Mineral Resources is set out in Table 2 below, with a full table of these Resources and Reserves outlined in Appendix A.



Table 2 – October 2012 Reserve & Resource Classification

Ore Reserve Classification	Mt	Fe%	SiO ₂ %	Al ₂ O ₃ %	P%	LOI %
Proven	35.4	28.5	49.6	4.3	0.04	1.7
Probable	13.1	27.2	49.0	5.3	0.04	2.4
Total	48.5	28.1	49.4	4.6	0.04	1.9
Mineral Resource Classification						
Measured	46.7	28.3	51.0	4.2	0.04	1.6
Indicated	35.5	26.5	49.9	4.3	0.05	1.7
Inferred	42.9	25.3	49.5	4.5	0.06	1.3
Total	125.2	26.7	50.2	4.4	0.05	1.5

Mineral Resources are inclusive of Ore Reserves

The open pit design on a number of the sections at Jambreiro can be seen in Figures 3 to 6. The location of these sections can be seen on the Project Layout Map in Figure 2.

Currently 1.9Mt of Inferred friable ore lies within the pit limits. It is expected that, during operations, this and other near-mine friable resources will be upgraded to Reserves and eventually mined.

Project and Mine Life Upside Beyond Friable Jambreiro Reserve

The JORC Mineral Resource base at Jambreiro now stands at 125.2Mt grading 26.7% Fe and remains open at depth. The total Friable component of the resource, including Inferred, is 65.8Mt grading 27.7% Fe with a further 59.4Mt grading 25.6% Fe forming the Compact component.

Pit optimisation work using similar technical and economic parameters as the Ore Reserve study, with cost adjustment for the compact ore, indicates that the following JORC Resource lies within a larger conceptual open pit, provided Inferred resources are able to be converted to higher Resource categories with additional drilling:

In Pit Resource - **102.6Mt at 26.7% Fe (82% of the Global Resource base – 125.4Mt)**
Strip ratio - **1.05:1**
Potential Product - **36.3Mt of +64% Fe sinter blend concentrate for an 18.2 year mine life.**

This conceptual in-pit Resource includes the current JORC Ore Reserve of 48.5Mt, which accounts for 90% of the friable resources. The remaining 54.1Mt includes 33.8Mt of Measured and Indicated Resources and a further 20.3 Mt of Inferred Resources¹. These resources almost exclusively compact ore, represents a strong opportunity to continue mining beyond the initial friable project by up to a further 9 years.

It is the Company's intention to pursue cash flow in the first instance from the friable ore reserves and then undertake additional drilling to convert the remaining JORC Inferred resources (within the larger conceptual open pit limit) to Indicated status once profitable operations have commenced.

¹ These Inferred Resources, by definition, are of insufficient confidence to have economic considerations applied that would enable them to be categorised as mineral reserves.

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Outside of the currently defined resources at Jambreiro, the Company is confident that it will define friable ore resources from within trucking distance of the Jambreiro Processing Facility and allow the Company to continue operations beyond the initial 9-year mine life or lift production of friable material beyond the 2Mtpa currently planned.

-ENDS-

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Competent Person's Compliance 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

The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader who is a professional Mining Engineer and a Member of the Member of Australian Institute of Geoscientists. Beck Nader is the Managing Director of BNA Consultoria e Sistemas Ltda and is a consultant to Centaurus.

Beck Nader has 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'. Beck Nader consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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Figure 2 – Jambreiro Iron Ore Project Site Layout Map

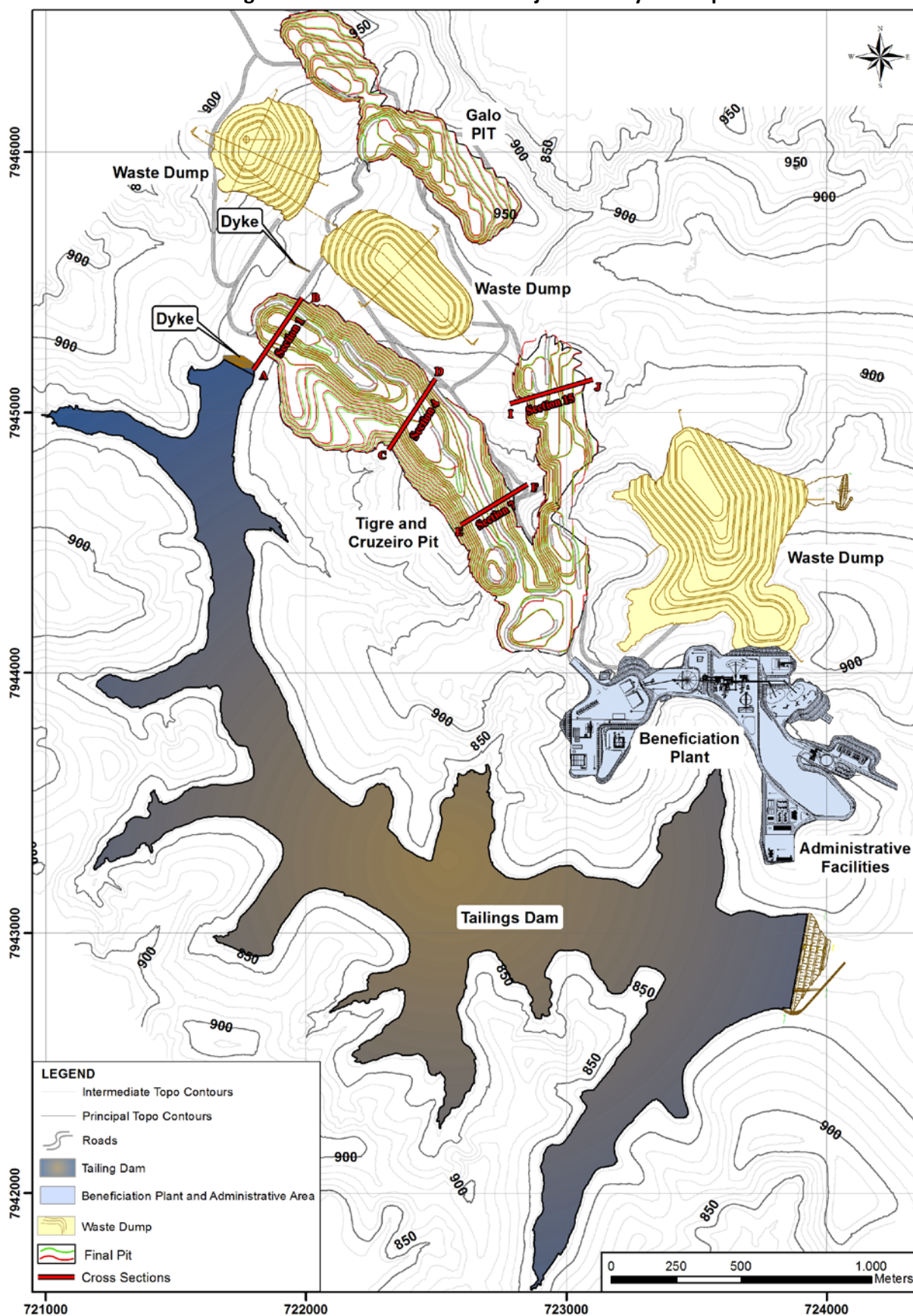




Figure 3 – Cross Section 1 with Pit Design for October 2012 Ore Reserve

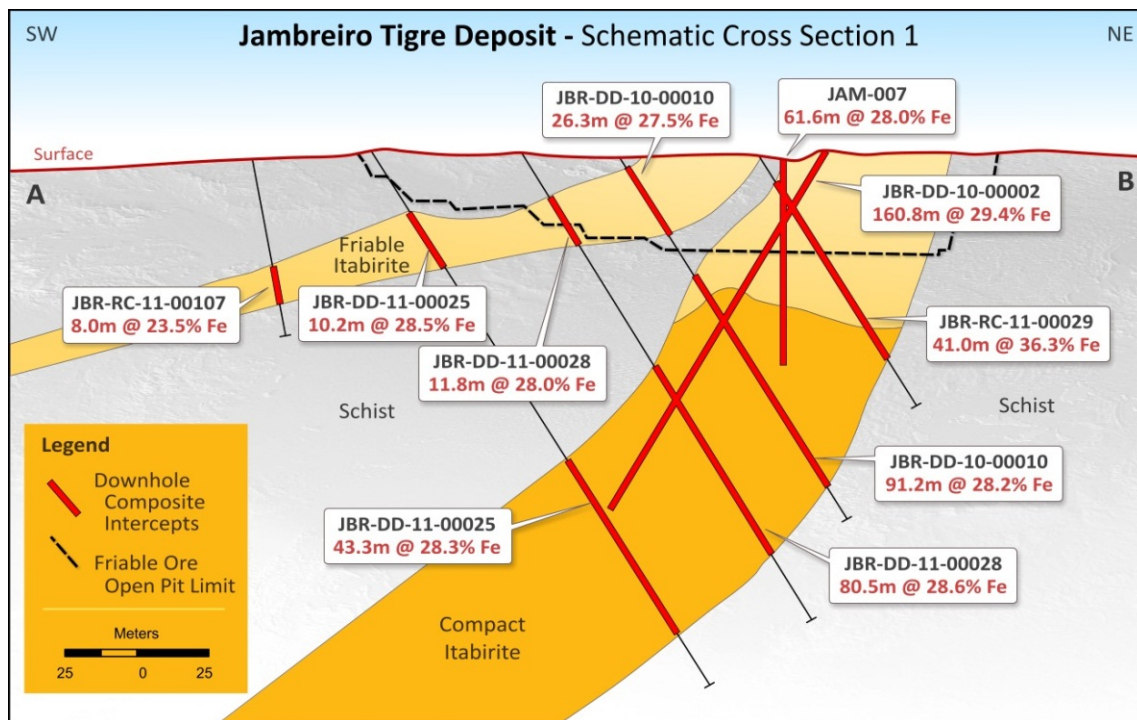


Figure 4 – Cross Section 4 with Pit Design for October 2012 Ore Reserve

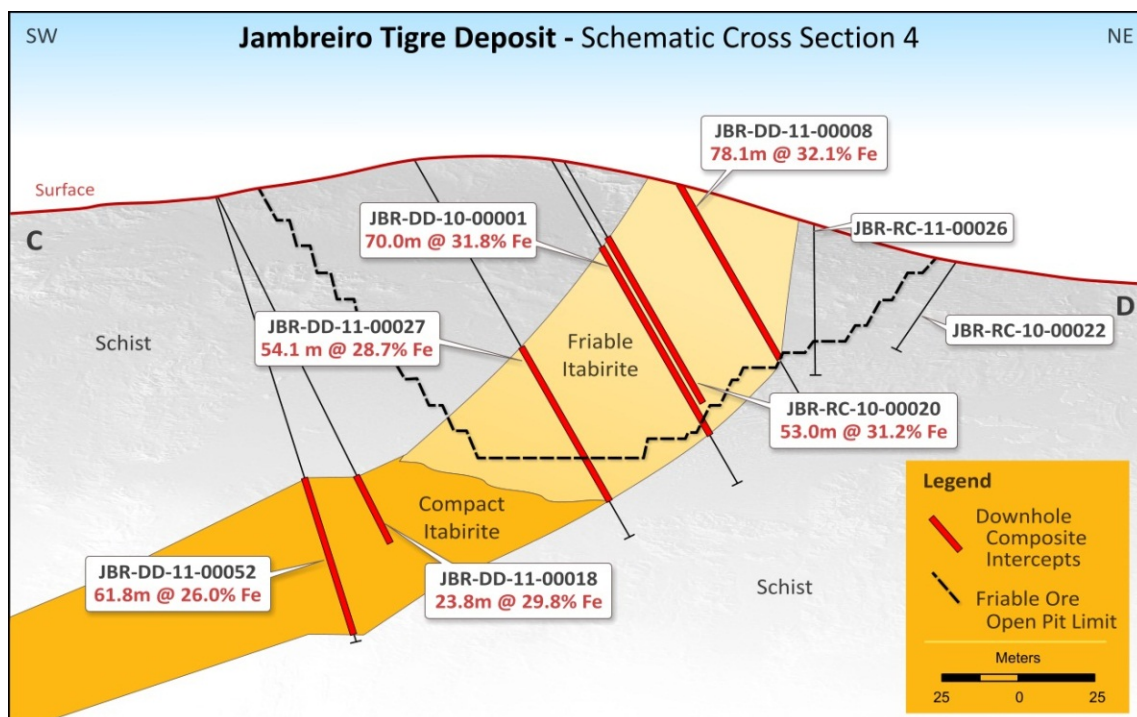




Figure 5 – Cross Section 7 with Pit Design for October 2012 Ore Reserve

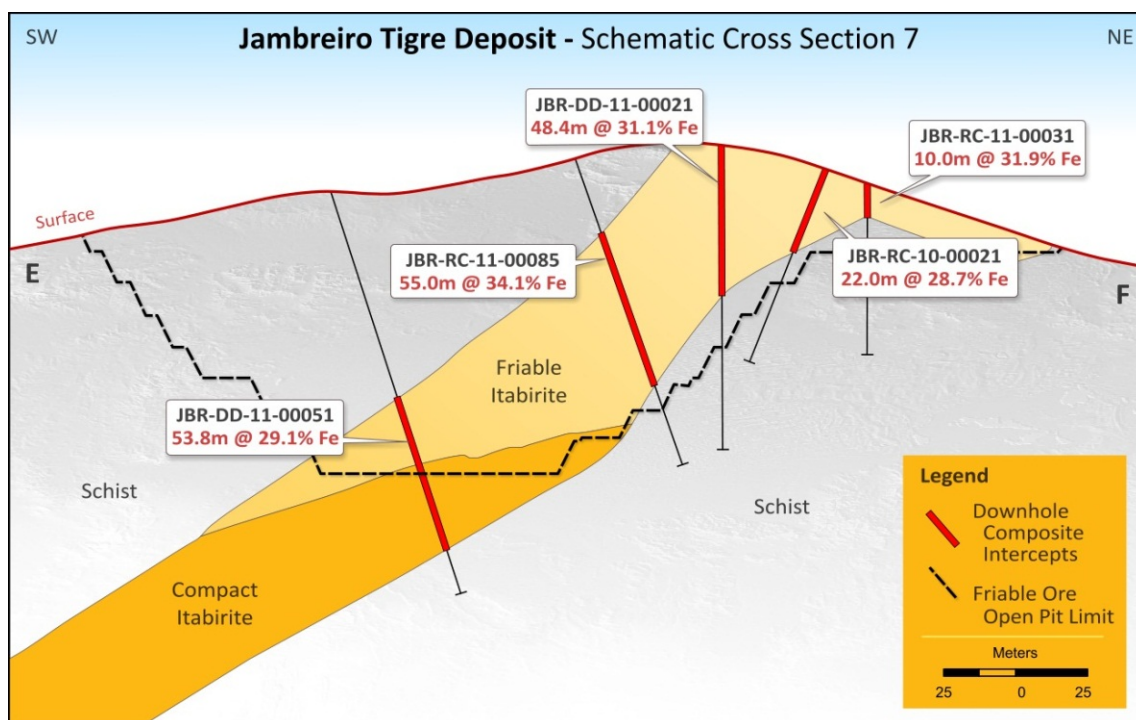
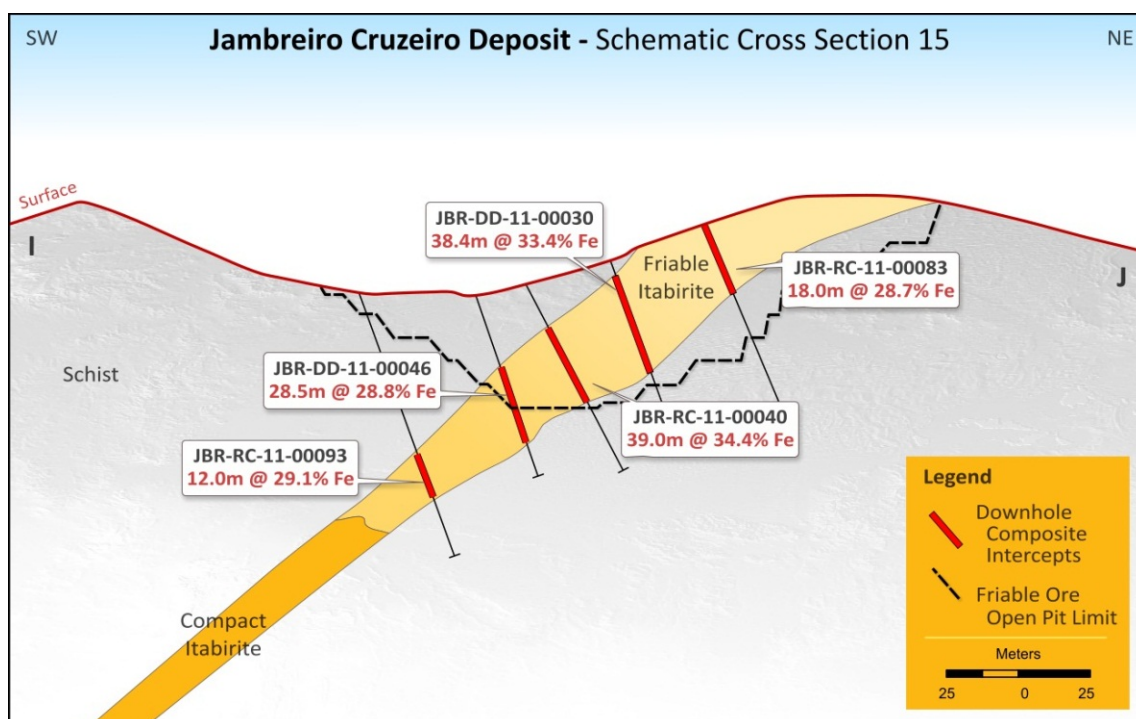


Figure 6 – Cross Section 15 with Pit Design for October 2012 Ore Reserve



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Appendix A - Jambreiro Resource and Reserve Estimates – October 2012

(Mineral Resources are inclusive of Ore Reserves)

Deposit/Prospect	JORC Resource Category	Mt	Fe %	SiO2 %	Al2O3 %	P %	LOI %
Tigre	Measured	39.2	28.3	51.2	4.3	0.04	1.6
	Indicated	17.8	26.1	51.6	3.8	0.05	1.3
	Measured + Indicated	56.9	27.6	51.3	4.1	0.04	1.5
	Inferred	24.4	25.3	52.7	4.1	0.07	1.0
	TOTAL	81.3	26.9	51.7	4.1	0.05	1.3
Cruzeiro	Measured	7.6	28.1	49.9	4.1	0.05	1.8
	Indicated	9.7	26.4	47.2	3.3	0.06	1.5
	Measured + Indicated	17.3	27.1	48.4	3.6	0.05	1.7
	Inferred	4.9	27.2	18.7	3.4	0.05	1.7
	TOTAL	22.2	27.1	41.8	3.6	0.05	1.7
Galo	Indicated	8.1	27.3	49.1	6.6	0.04	2.9
	Inferred	6.3	25.4	51.0	7.0	0.05	1.5
	TOTAL	14.4	26.5	50.0	6.8	0.04	2.3
Coelho	Inferred	7.2	24.2	58.3	4.5	0.03	1.6
	TOTAL	7.2	24.2	58.3	4.5	0.03	1.6
Summary	Measured	46.7	28.3	51.0	4.2	0.04	1.6
	Indicated	35.5	26.5	49.9	4.3	0.05	1.7
	Measured + Indicated	82.3	27.5	50.5	4.3	0.05	1.7
	Inferred	42.9	25.3	49.5	4.5	0.06	1.3
	TOTAL	125.2	26.7	50.2	4.4	0.05	1.5

Deposit	JORC Reserve Category	Mt	Fe %	SiO2 %	Al2O3 %	P %	LOI %
Tigre	Proven	30.1	28.4	49.8	4.3	0.04	1.7
	Probable	3.8	26.1	52.0	4.4	0.04	1.9
	TOTAL	33.9	28.1	50.1	4.3	0.04	1.7
Cruzeiro	Proven	5.3	28.8	48.2	4.2	0.04	2.0
	Probable	2.2	28.5	46.7	3.7	0.05	1.9
	TOTAL	7.5	28.7	47.8	4.0	0.04	1.9
Galo	Probable	7.0	27.3	48.0	6.2	0.04	2.8
	TOTAL	7.0	27.3	48.0	6.2	0.04	2.8
Jambreiro Total	Proven	35.4	28.5	49.6	4.3	0.04	1.7
	Probable	13.1	27.2	49.0	5.3	0.04	2.4
	TOTAL	48.5	28.1	49.4	4.6	0.04	1.9

Cut-off 20% Fe ; Mine Dilution - 2% ; Mine Recovery - 98%

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Appendix B - Jambreiro Mine Production Schedule

Period (Year)	ROM	GRADE (%)				Mass	Product	Strip	Waste	Total
	Wet (Kt)	Fe	SiO ₂	Al ₂ O ₃	P	Rec. (%)	Dry (Kt)	Ratio	Wet (Kt)	Wet (Kt)
0	70	30.5	47.3	4.4	0.03	40.4	28		630	700
1	4,809	30.5	47.3	4.4	0.03	40.4	1,943	0.49	2,344	7,153
2	5,035	28.8	49.4	4.7	0.04	38.0	1,914	0.49	2,462	7,497
3	5,210	28.1	50.8	4.4	0.03	37.2	1,939	0.80	4,173	9,383
4	5,197	28.5	49.0	5.2	0.03	37.8	1,964	0.94	4,886	10,083
5	5,736	28.4	49.6	4.3	0.04	37.7	2,161	1.00	5,713	11,448
6	5,977	27.7	49.2	4.3	0.04	36.7	2,195	1.11	6,661	12,639
7	5,435	27.0	49.2	4.4	0.04	35.9	1,951	1.33	7,250	12,685
8	5,705	27.1	50.5	4.9	0.04	36.0	2,057	1.57	8,965	14,670
9	5,281	27.3	49.6	4.6	0.05	36.2	1,911	0.72	3,800	9,081
Total	48,455	28.1	49.4	4.6	0.04	37.3	18,062	0.97	46,884	95,339
Mine Dilution - 2% ; Mine Recovery - 98%										