

10 April 2013

## CANAVIAL PROJECT CONTINUES TO GROW WITH MORE POSITIVE DRILLING RESULTS: MAIDEN RESOURCE ON TRACK

*10 kilometres from the Jambreiro Iron Ore Project – Maiden JORC Resource on schedule for May*

International iron ore company Centaurus Metals Ltd (ASX Code: **CTM**) is pleased to advise that it is on track to deliver a maiden JORC compliant Mineral Resource estimate for its 100%-owned, **Canavial Iron Ore Project**, located 10km from its flagship Jambreiro Iron Ore Project in south-east Brazil (see Figure 1), after receiving further encouraging drilling results.

The Canavial Project has the potential to provide an additional source of friable itabirite mineralisation to the Jambreiro Project, where construction is scheduled to commence shortly. Centaurus has commenced detailed engineering works on Jambreiro and last week received the key Installation Licence (LI) for the project, allowing on-site construction activity to commence.

The mineralisation identified at surface and in Reverse Circulation (RC) drilling at Canavial is, for the most part, the same as that which underpins the Jambreiro Project. In addition, Canavial is predominantly covered by a eucalypt plantation, which means that environmental licensing for drilling and future project development will be relatively simple, as was the case with Jambreiro.

Highlights of the most recent RC drilling results from Canavial include the following continuous intersections of friable itabirite (see Table 1 attached for a full list of the drilling intersections to date from the Canavial Iron Ore Project):

- **38.0m @ 47.5% Fe, 4.1% Al<sub>2</sub>O<sub>3</sub> and 0.09% P** from 10.0 metres, and  
**35.0m @ 30.6% Fe, 2.2% Al<sub>2</sub>O<sub>3</sub> and 0.07% P** from 65.0 metres in Hole CAN-RC-13-00022<sup>1</sup>
- **38.0m @ 41.6% Fe, 5.4% Al<sub>2</sub>O<sub>3</sub> and 0.09% P** from 3.0 metres in Hole CAN-RC-13-00031

These results are consistent with the results of the initial drill program undertaken in 2011 and the drilling undertaken at the end of 2012, which returned the following intersections.

- **45.0m @ 37.9% Fe, 7.2% Al<sub>2</sub>O<sub>3</sub> and 0.12% P** from 26.0 metres in Hole CAN-RC-11-00005
- **37.0m @ 41.9% Fe, 7.2% Al<sub>2</sub>O<sub>3</sub> and 0.05% P** from surface in Hole CAN-RC-12-00009
- **23.0m @ 42.0% Fe, 10.2% Al<sub>2</sub>O<sub>3</sub> and 0.07% P** from surface in Hole CAN-RC-12-00015
- **19.0m @ 27.9% Fe, 3.2% Al<sub>2</sub>O<sub>3</sub> and 0.10% P** from 13.0 metres in Hole CAN-RC-11-00006
- **19.0m @ 29.0% Fe, 4.6% Al<sub>2</sub>O<sub>3</sub> and 0.07% P** from 69.0 metres in Hole CAN-RC-12-00011

The target mineralisation at Canavial is divided in two zones, the Central Zone and the Southern Zone. The Central Zone mineralisation strikes in a NW-SE orientation and has a strike extent of around 1,000m, dipping between 30 and 50° to the north-east. The shallow zones of friable itabirite mineralisation are between 15 to 35m thick and extend over 100m down-dip between holes on section.

<sup>1</sup> Due to a change in dip of the itabirite mineralisation, the mineralised intervals of drill hole CAN-RC-13-00022 is not representative of the true width. The true width of the mineralisation is estimated to be half of the mineralised intersections in this part of the project area.



The down dip continuity is demonstrated in Section 5 where drill hole CAN-RC-11-00005, which intersected 45.0 metres at 37.9% Fe, is located 100 metres down dip from drill hole CAN-RC-12-00009, which intersected 37.0 metres at 41.9% Fe, (see Section 5 in Figure 5). Some 700 metres along strike on Section 2 (see Figure 3) drill hole CAN-RC-12-00015 intersected 23.0 metres at 42.0% Fe.

The Southern Zone is a NW-SE zone with a strike extent of around 700m where the mineralisation is sub-vertical (see Section 10 in Figure 6). The change in dip angle is due to the proximity of the nose of a large-scale fold in the south eastern limit of the tenement area. The zones of friable itabirite mineralisation are between 10 to 20m thick and vertical to sub-vertical.

The mineral assemblage of the Canavial friable itabirite mineralisation is similar to that of the Jambreiro Project with hematite (probably martite) and magnetite being the dominant iron oxides with quartz and some clay minerals. Locally, some shallow mineralised intervals have elevated levels of  $Al_2O_3$  and P due to the clay minerals.

It is expected that these gangue minerals will clean up in the beneficiation process to produce a high iron, low impurity iron product similar to that which is to be produced at Jambreiro. The mineral characterization and process testwork is concentrating on the friable itabirite mineralisation of the Canavial Project.

Below the friable itabirite zones there are zones of amphibolitic itabirite intercalated with amphibolite and quartz-mica schist. Sections 2, 4 and 5 (see Figures 3-5) demonstrate the stratigraphic relationship of the different mineralized zones.

The current drilling campaign at Canavial, comprising over 3,000m of RC drilling, has now been completed. It is expected that the maiden JORC Resource estimate for the project will be completed in May 2013. Three, 50kg samples of RC chips have been taken for ore beneficiation test work specifically tailored to the current Jambreiro process circuit.

Centaurus' Managing Director, Mr Darren Gordon, said the latest results from the Canavial Project provided further evidence that the project has the potential to support a significant satellite operation providing additional feed for the Jambreiro processing plant that could see the mine life of Jambreiro extended or the production rate lifted.

"Having a potential source of additional friable itabirite feed just 10 kilometres from the Jambreiro Plant site has obvious advantages to the Company as we look to grow the business," Mr Gordon said.

-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 mineralization 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.*



Figure 1 – Canavial Project Location Map

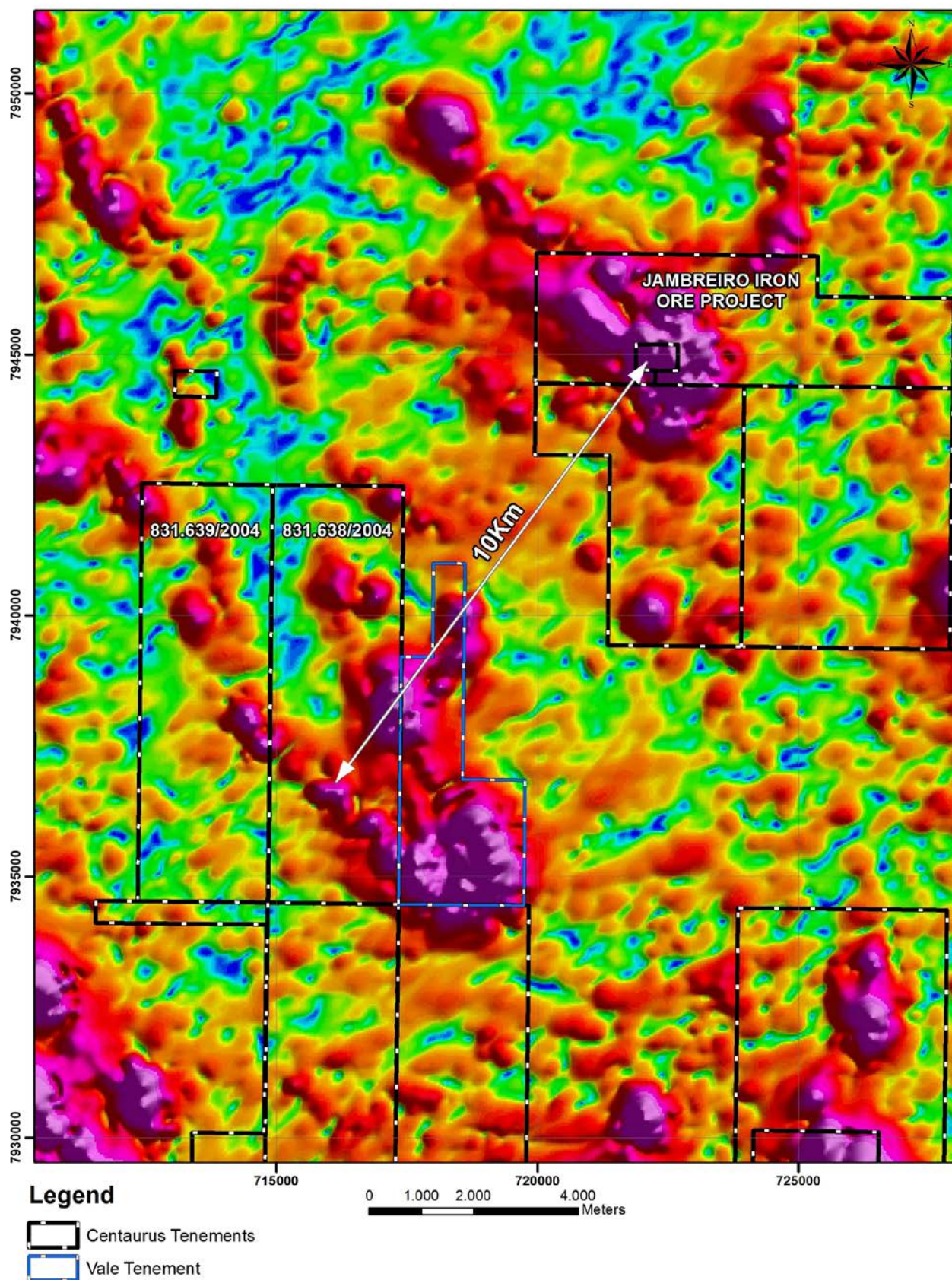


Figure 2 – Canavial Iron Ore Project Map – Analytical Signal Mag Image and Drill Results – April 2013

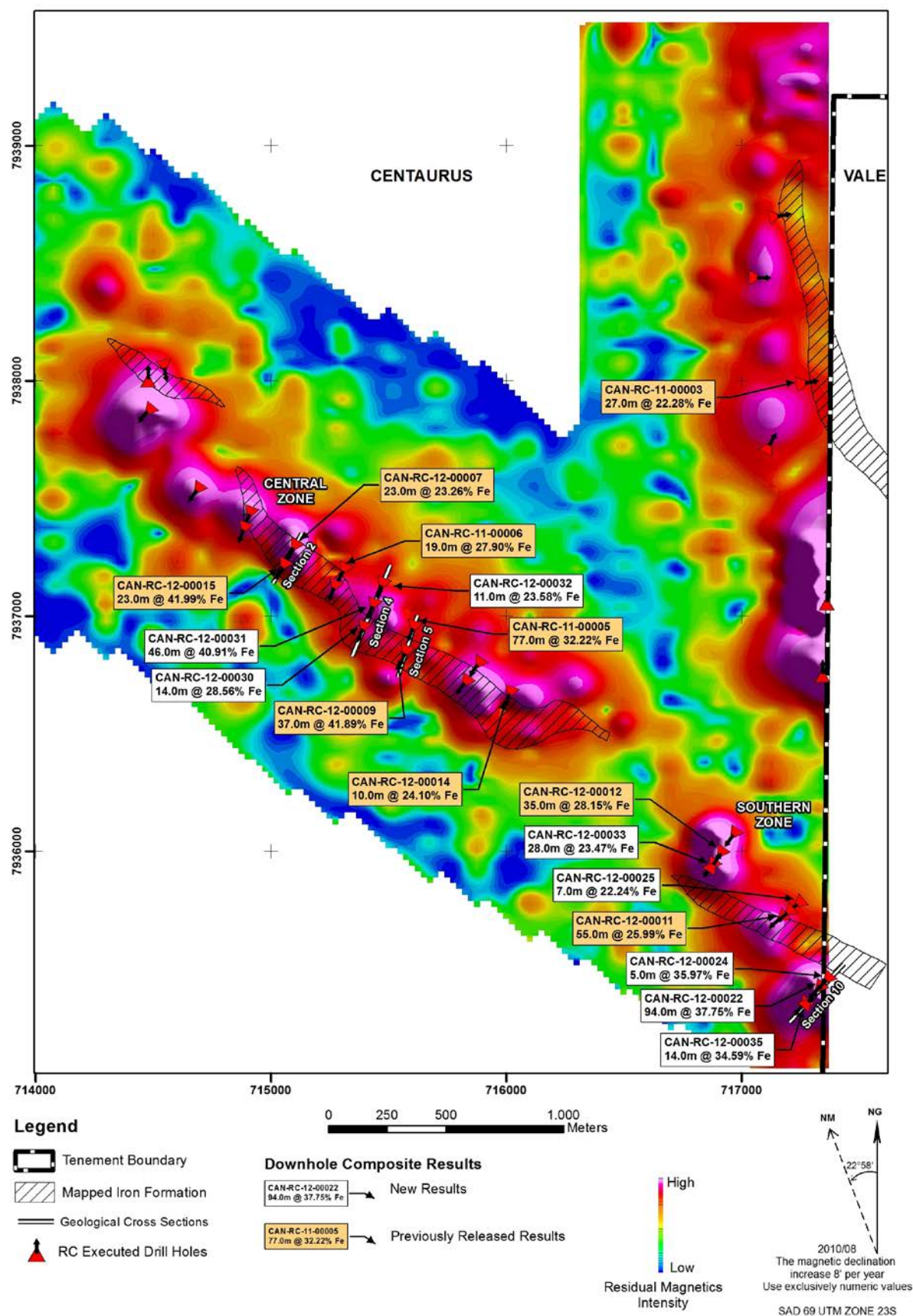


Figure 3 – Canavial Iron Ore Project – Schematic Cross Section 2

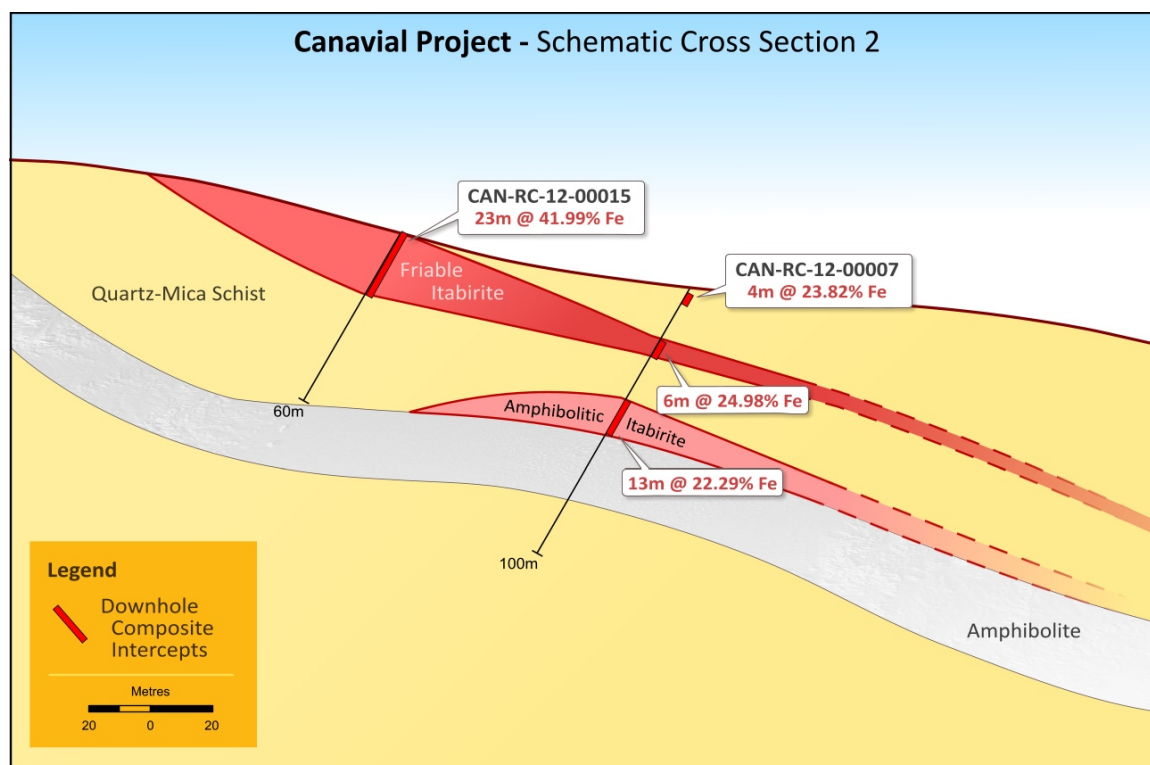


Figure 4 – Canavial Iron Ore Project – Schematic Cross Section 4

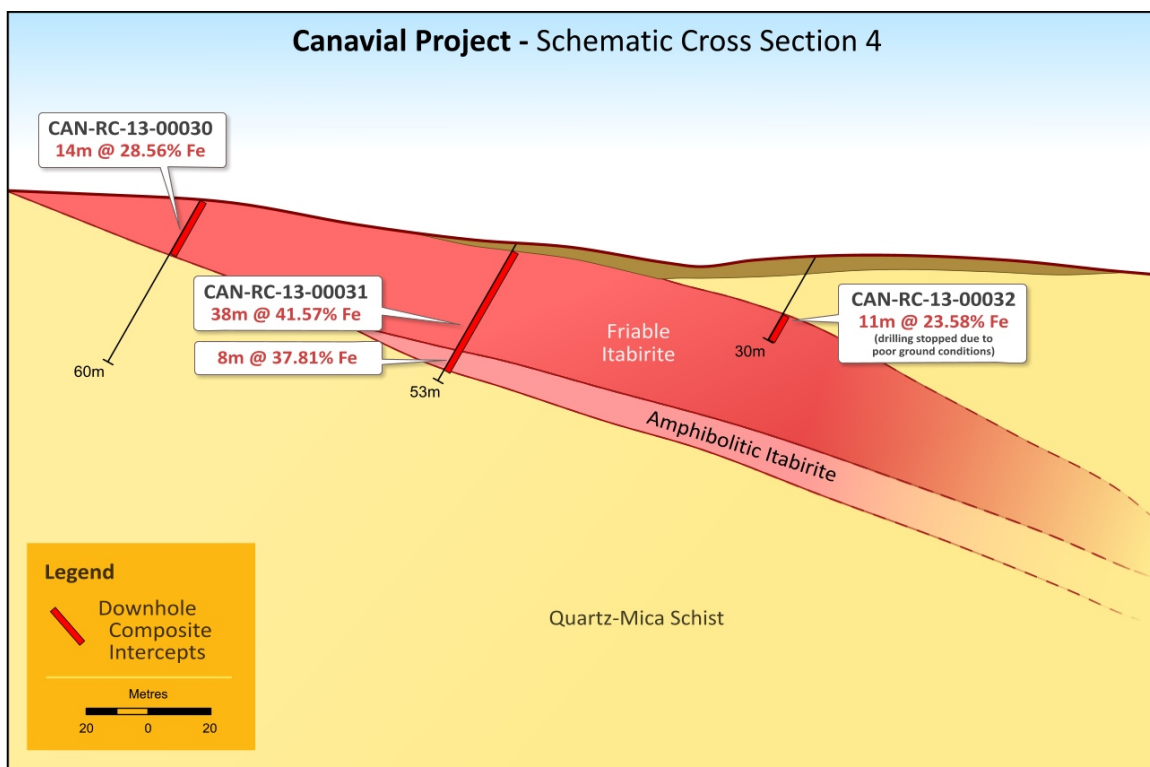


Figure 5 – Canavial Iron Ore Project – Schematic Cross Section 5

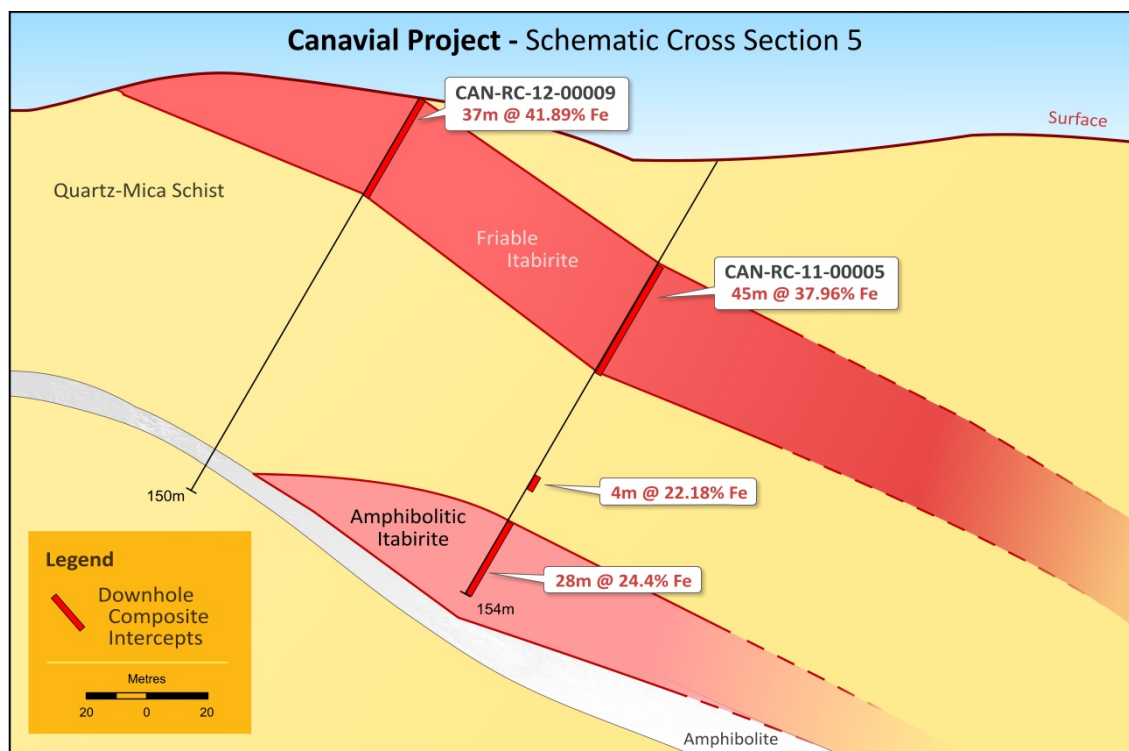
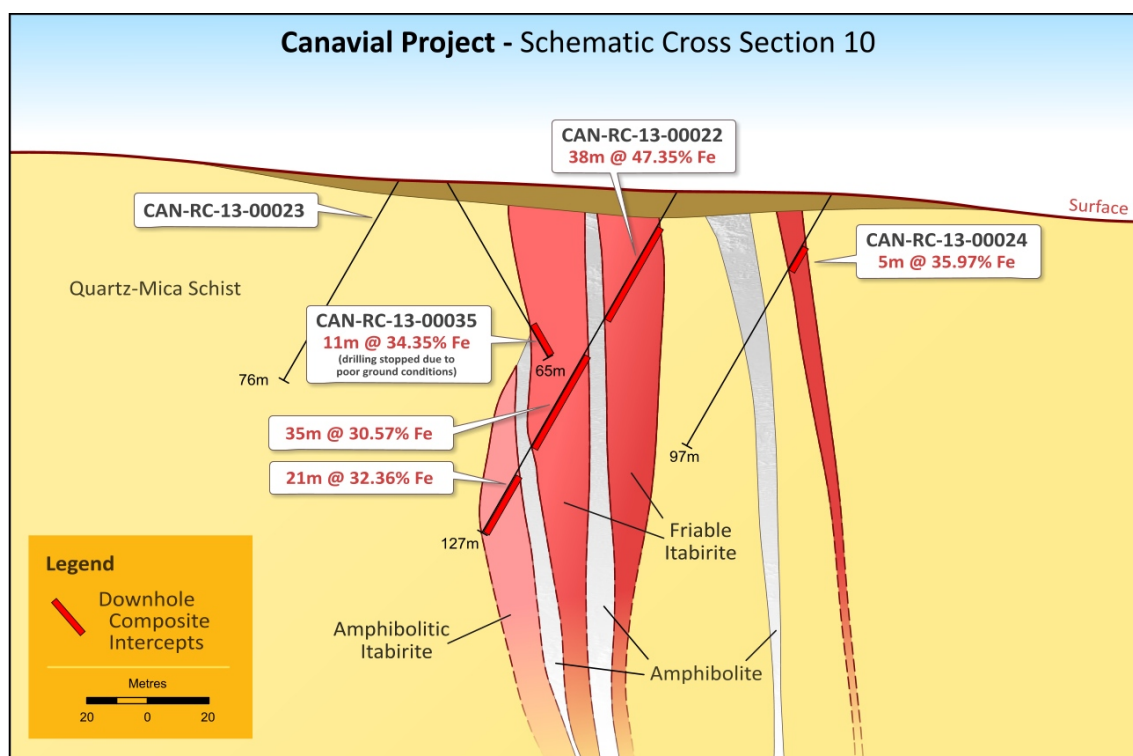


Figure 6 – Canavial Iron Ore Project – Schematic Cross Section 10





**Table 1 – Canavial Iron Ore Project - RC Drill Hole Results –April 2013**

| DOWN-HOLE INTERSECTIONS - CANAVIAL I & II - RC |          |           |     |     |     |                |                             |        |                    |                        |       |                    |                                  |      |
|------------------------------------------------|----------|-----------|-----|-----|-----|----------------|-----------------------------|--------|--------------------|------------------------|-------|--------------------|----------------------------------|------|
| Hole ID                                        | SAD East | SAD North | mRL | Dip | Azi | Final Depth(m) | From (m)                    | To (m) | Downhole width (m) | Rock Type              | Fe%   | SiO <sub>2</sub> % | Al <sub>2</sub> O <sub>3</sub> % | P%   |
| CAN-RC-13-00022*                               |          |           |     |     |     |                | 10.00                       | 48.00  | 38.00              | Friable Itabirite      | 47.35 | 19.37              | 4.01                             | 0.09 |
| CAN-RC-13-00022*                               |          |           |     |     |     |                | 65.00                       | 100.00 | 35.00              | Friable Itabirite      | 30.57 | 38.50              | 2.25                             | 0.07 |
| CAN-RC-13-00022*                               |          |           |     |     |     |                | 106.00                      | 127.00 | 21.00              | Amphibolitic Itabirite | 32.36 | 38.00              | 1.99                             | 0.04 |
| CAN-RC-13-00022*                               | 717331   | 7935410   | 846 | -60 | 220 | 127.00         | Downhole composite          |        | 94.00              |                        | 37.75 | 30.65              | 2.90                             | 0.07 |
| CAN-RC-13-00023*                               |          |           |     |     |     |                | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00023*                               | 717262   | 7935347   | 843 | -60 | 220 | 76.00          | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00024*                               |          |           |     |     |     |                | 21.00                       | 26.00  | 5.00               | Friable Itabirite      | 35.97 | 32.48              | 8.91                             | 0.03 |
| CAN-RC-13-00024*                               | 717362   | 7935452   | 849 | -60 | 220 | 97.00          | Downhole composite          |        | 5.00               |                        | 35.97 | 32.48              | 8.91                             | 0.03 |
| CAN-RC-13-00025*                               |          |           |     |     |     |                | 16.00                       | 19.00  | 3.00               | Friable Itabirite      | 21.05 | 44.80              | 12.68                            | 0.14 |
| CAN-RC-13-00025*                               |          |           |     |     |     |                | 24.00                       | 28.00  | 4.00               | Friable Itabirite      | 23.13 | 35.55              | 16.74                            | 0.20 |
| CAN-RC-13-00025*                               | 717239   | 7935776   | 866 | -60 | 230 | 59.00          | Downhole composite          |        | 7.00               |                        | 22.24 | 39.51              | 15.00                            | 0.18 |
| CAN-RC-13-00026*                               |          |           |     |     |     |                | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00026*                               | 716875   | 7935939   | 896 | -60 | 215 | 90.00          | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00027*                               |          |           |     |     |     |                | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00027*                               | 716969   | 7936074   | 877 | -60 | 215 | 115.00         | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00028                                |          |           |     |     |     |                | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00028                                | 717061   | 7938448   | 884 | -60 | 90  | 100.00         | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00029                                |          |           |     |     |     |                | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00029                                | 717126   | 7937705   | 834 | -60 | 30  | 130.00         | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00030                                |          |           |     |     |     |                | 0.00                        | 14.00  | 14.00              | Friable Itabirite      | 28.56 | 27.58              | 17.31                            | 0.05 |
| CAN-RC-13-00030                                | 715391   | 7936935   | 840 | -60 | 200 | 60.00          | Downhole composite          |        | 14.00              |                        | 28.56 | 27.58              | 17.31                            | 0.05 |
| CAN-RC-13-00031                                |          |           |     |     |     |                | 3.00                        | 41.00  | 38.00              | Friable Itabirite      | 41.57 | 24.05              | 5.45                             | 0.09 |
| CAN-RC-13-00031                                |          |           |     |     |     |                | 41.00                       | 49.00  | 8.00               | Amphibolitic Itabirite | 37.81 | 29.48              | 4.35                             | 0.05 |
| CAN-RC-13-00031                                | 715440   | 7937037   | 832 | -60 | 200 | 53.00          | Downhole composite          |        | 46.00              |                        | 40.91 | 24.99              | 5.26                             | 0.08 |
| CAN-RC-13-00032                                |          |           |     |     |     |                | 19.00                       | 30.00  | 11.00              | Friable Itabirite      | 23.58 | 49.65              | 8.88                             | 0.08 |
| CAN-RC-13-00032                                | 715470   | 7937124   | 823 | -60 | 200 | 30.00          | Downhole composite          |        | 11.00              |                        | 23.58 | 49.65              | 8.88                             | 0.08 |
| CAN-RC-13-00033*                               |          |           |     |     |     |                | 27.00                       | 31.00  | 4.00               | Friable Itabirite      | 20.96 | 29.88              | 22.50                            | 0.12 |
| CAN-RC-13-00033*                               |          |           |     |     |     |                | 46.00                       | 50.00  | 4.00               | Friable Itabirite      | 24.60 | 45.73              | 4.55                             | 0.03 |
| CAN-RC-13-00033*                               |          |           |     |     |     |                | 56.00                       | 76.00  | 20.00              | Amphibolitic Itabirite | 23.74 | 45.14              | 1.47                             | 0.04 |
| CAN-RC-13-00033*                               | 716873   | 7935936   | 885 | -60 | 35  | 82.00          | Downhole composite          |        | 28.00              |                        | 23.47 | 43.04              | 4.91                             | 0.05 |
| CAN-RC-13-00034*                               |          |           |     |     |     |                | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00034*                               | 717204   | 7935730   | 851 | -60 | 230 | 108.00         | NO SIGNIFICANT INTERSECTION |        |                    |                        |       |                    |                                  |      |
| CAN-RC-13-00035*                               |          |           |     |     |     |                | 44.00                       | 47.00  | 3.00               | Friable Itabirite      | 35.46 | 31.93              | 4.46                             | 0.10 |
| CAN-RC-13-00035*                               |          |           |     |     |     |                | 56.00                       | 67.00  | 11.00              | Friable Itabirite      | 34.35 | 32.24              | 6.16                             | 0.06 |
| CAN-RC-13-00035*                               | 717286   | 7935363   | 807 | -60 | 40  | 67.00          | Downhole composite          |        | 14.00              |                        | 34.59 | 32.17              | 5.80                             | 0.07 |

Intervals calculated using a 20% Fe cut-off grade with 3 metre minimum mining width;

\* Mineralized interval does not represent the true width; true width is estimated to be half of downhole interval width.