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HD Centaurus delays Jambreiro **iron ore** project

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Australia's Centaurus Metals said Thursday it cannot proceed with the construction of its Jambreiro **iron ore** project in Brazil during the second quarter of 2014 as planned, as the recent decline in **iron ore** prices has affected its ability to finalize an offtake agreement and secure debt financing.

"Based on a number of discussions with debt and **equity** providers, it is evident that the current challenging market environment is restricting our ability to secure the necessary development funding without a long-term offtake agreement in place," Centaurus managing director Darren Gordon said in the statement.

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Benchmark **iron ore** prices have fallen by nearly 31% from \$134.50/mt on a CFR North **China** basis at the start of the year, to be assessed at \$93.50/mt Wednesday, Platts data show.

The Jambreiro project was earlier scheduled to start commercial production in Q2 2015 at an output rate of 1 **million** mt/year. This could be expanded to 2 **million**-3 **million** mt/year at a later stage.

A **company** spokesman was unable to say Thursday what the new production timeline would be. Centaurus had previously pushed back the target startup of Jambreiro to Q2 2015 from mid-2014, as negotiations for an offtake deal had taken longer than expected.

The **company** had been in discussions with a leading Brazilian **iron ore** and steel group about a potential life of mine offtake agreement. "While we have a strong belief in our ability to sell **ore** into the domestic market in Brazil, debt and **equity** markets clearly want to see a long-term offtake agreement in place first, even for the smaller volumes contemplated by our staged development approach," Gordon said.

Centaurus intends to continue to seek debt funding and offtake deals for Jambreiro, which is fully permitted for 3 **million** mt/year of **iron ore** production and a 1 **million** mt/year start-up operation.

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