# Cerro Resources-Mt. Philp Haematite Iron Project: 25.4Mt Initial Inferred Mineral Resource

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LONGUEUIL, QUEBEC -- (Marketwire) -- 10/04/11 -- Cerro Resources NL (ASX: CJO)(TSX VENTURE: CJO) is pleased to announce an initial inferred mineral resource for its 100%-owned Mt. Philp Haematite Iron Prospect located in Queensland, Australia.

**Highlights**

- 25.4Mt @ 36.6% Fe initial Inferred mineral resource estimate, including 12.1Mt @ 47.6% Fe;

- Initial resource comprised of Northern 2.75km of 4km+ defined strike ironstone formation;
- Resource contains 45% silica and no significant deleterious elements;

- Iron/Silica distribution within the resource is consistent with material used in original metallurgical sighter test work;

- Drilling continues with the aim of defining an inferred resource over the total strike length.

The Mount Philp Deposit is located in Northwest Queensland, approximately 54 kilometres southeast of Mount Isa.

The deposit occurs as a single north-northeast trending iron rich stratigraphic unit that extends over 4 kilometres within the Proterozoic Corella Formation that grades from Haematitic Quartzite through Banded Siliceous Ironstone and Siliceous Ironstone into massive Haematitic Ironstone. The ironstone is generally fine to medium grained with increasing grainsize related to haematite content. Remobilization of haematite with coarse recrystallization is evident in the vicinity of some shears.

Following preliminary drilling in 2007, Cerro has now completed a detailed program of geologic mapping, surface rock-chip sampling and partial drill testing of the Mount Philp Deposit during 2010-2011 to enable an initial resource estimation.

In total, 27 diamond and reverse circulation drill-holes have been completed and included in the Resource over a total of 2.7km. Drilling is located on a nominal 100 metre pattern along the strike length of the ironstone. At this stage of the program the majority of pads at the northern half of the deposit have been drilled with fans of drill holes declined at 30 and 60 degrees. In the southern half of the drilled area the current drilling has stepped out to 200 metres. Following completion of the drilling in the far south the Company will be in a position to define a mineral resource estimate over the total strike length.

Drill samples were submitted to Australian Laboratory Services Pty Ltd for sample preparation and assay by XRF methods. Forty-four independent standards have also been assayed by ALS with results within 2.5% of the manufacturer's estimated value. Forty core samples were duplicated by the laboratory as a check on sample homogeneity. Sample results are within 2%.

Surface topography was contoured from handheld GPS data. Sectional interpretations of the Ironstone boundaries, as defined by drillhole intercepts and surface outcrop, were interpreted in plan view to define the extent and geometry of the ironstone body. Sample statistics of the ironstone indicate a bimodal distribution in iron and silica with iron inversely proportional to silica. Variograms are generally poorly defined but do indicate a cross-strike range of 20 metres (comparable with the average true width of the ironstone) and an inferred strike range of around 160 metres which justifies the planned 100 metre drill section spacing for defining an Indicated Resource.

Block grades for iron, silica, phosphorous and alumina were interpolated using an inverse distance squared interpolator acting within a geologically defined, oriented and scaled search ellipsoid. Grades were only interpolated within the interpreted ironstone boundaries. The same search and interpolation parameters were used for all models - iron, silica, phosphorous and alumina.

Figure 1 3D view of the Interpreted Mount Philp geology model from the South East is available at the

following address:
http://media3.marketwire.com/docs/CJO_111004_Fig1.jpg

The resource was calculated as the sum of block volumes contained within the zones coded as Siliceous Ironstone (code 20) and Haematitic Ironstone (code 30). Tonnages were calculated by applying the average zone bulk densities to those volumes.

A resource of 25 million tonnes grading 36% iron and 45% silica is estimated based on the current drill pattern.

Table 1: Resource Summary for Northern 2.75km

| Geological Boundary | Volume '000 m3 | SG t/m3 | Tonnes millions | Fe % | SiO2 % | P % | Al2O3 % |
|---|---|---|---|---|---|---|---|
| Haematite Ironstone | 3145 | 3.85 | 12.1 | 47.6 | 29.1 | .02 | 0.94 |
| Siliceous Ironstone | 4076 | 3.27 | 13.3 | 26.5 | 59.8 | .02 | 1.25 |
| Total (i) | | | 25.4 | 36.6 | 45.2 | .02 | 1.10 |

(i) Mineral resources that are not mineral reserves do not have demonstrated economic viability.

As the drill density is sufficient to define the continuity and shape of the ironstone body but insufficient to map short scale grade variations within the ironstone the resource is classified as Inferred.

Preliminary metallurgical test work conducted in 2010 on samples from within the inferred resource model, indicated the ability to produce a high grade (68% iron) product using the well proven flotation method to remove silica. The flotation sighter tests on samples of varying silica content indicated that the production of a final iron ore grade product is achievable from high silica content material. This indicates the ability to process all the material within the resource, regardless of silica content, and produce a final iron ore grade product. The flotation sighter test work produced an average 68% iron product at 77% iron recovery and 1.5% silica content (Refer Announcement: 22 December 2010). Further test work is to be conducted to optimise the flotation conditions to maximise iron recovery whilst still maintaining the low silica content in the final product.

Table 2: Metallurgical Test Work Results from Flotation Sighter Tests (Dec. 2010)

| | Feed Grade | | Flotation Concentrate Grade | | Iron Recovery |
|---|---|---|---|---|---|
| Sample | Iron (% Fe) | Silica (% SiO2) | Iron (% Fe) | Silica (% SiO2) | (%) |
| Zone 1 | 53.9 | 21.6 | 68.0 | 1.5 | 76.9 |
| Zone 2 | 44.8 | 34.4 | 67.7 | 1.5 | 82.6 |
| Zone 3 | 31.8 | 52.9 | 67.5 | 1.5 | 68.6 |

Table 3 - Resource Summary by Rock-type and Cut-off Grade is available at the following address:
http://media3.marketwire.com/docs/CJO_111004_Table3.pdf

Figure 2 Prospect Location is available at the following address:
http://media3.marketwire.com/docs/CJO_111004_Fig2.jpg

Figure 3 Mount Philp Drillhole Summary Plan is available at the following address:
http://media3.marketwire.com/docs/111004_CJO_Figure3.pdf

The estimate is classified as an inferred mineral resource, consistent with the definitions of the JORC Code. The mineral resource estimate was prepared by Trevor Leahey, a consultant to Cerro. Cerro has retained the services of an independent QP for the preparation of a technical report in compliance with NI 43-101. The technical report will be filed on SEDAR within 45 days of this news release. Cerro is not aware of any environmental, permitting, legal, title, taxation, socio-political, marketing or other issues which may materially affect its estimate of mineral resources.

**Competent Person/Qualified Person**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr John Skeet (as it relates to process related material), who is a Member of the Australasian Institute of Mining and Metallurgy and Mr Trevor Leahey (as it relates to exploration results and mineral resources), who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Skeet is the Chief Operating Officer of Cerro Resources NL and Mr Trevor Leahey is a consultant to Cerro Resources NL. They 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' and 'qualified persons' as this term is defined in Canadian National Instrument 43-101 ('NI 43-101'). Mr Skeet and Mr Leahey consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

**About Cerro Resources**

Cerro Resources is a precious and base metals exploration and development company. The Company is currently focused on Mexico where it is developing the Cerro del Gallo gold/silver project in the central state of Guanajuato, Mexico and is actively exploring the Namiquipa silver project in northern Mexico. It also maintains an active working focus on the Mt Isa, Queensland, region where it is exploring the Mt Philp haematite project and it holds an interest in the Kalman molybdenum, rhenium, and copper project.

Additional information about the Company is available on the Company's website at www.cerroresources.com and on SEDAR.

***Forward-Looking Information***

*This news release contains certain 'forward-looking information' under Canadian securities laws. All statements that address future plans, activities, events or developments that the Company believes, expects or anticipates will or may occur are forward-looking information. Specifically, this news release contains forward looking information about the completion of the potential to produce a saleable iron ore product, the plans to increase the iron recovery, the planned continuation of a drilling program and plans to increase the mineral resource estimate. Forward looking information is based upon assumptions by management that are subject to known and unknown risks and uncertainties beyond the Company's control, including risks related to mining exploration and the availability of financing for companies such as the Company. There can be no assurance that outcomes anticipated in the forward looking information will occur, and actual results may differ materially for a variety of reasons. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information, except as may be required by law.*

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