

**CENTAURUS METALS LIMITED**  
**ACN 009 468 099**  
**NOTICE OF GENERAL MEETING AND**  
**EXPLANATORY MEMORANDUM**

For a General Meeting to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on  
Wednesday, 20 October 2010 at 2pm (WST)

*As this is an important document, please read it carefully.*

*If you are unable to attend the General Meeting, please complete  
the proxy form enclosed and return it in accordance with the  
instructions set out on that form.*

**CENTAURUS METALS LIMITED**

**ACN 009 468 099**

**NOTICE OF GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a General Meeting of Shareholders of Centaurus Metals Limited ("Centaurus Metals" or the "Company") will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 20 October 2010 commencing at 2pm (WST) ("Meeting"). The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

**AGENDA**

**ORDINARY BUSINESS**

**To consider and, if thought fit, pass the following resolutions as ordinary resolutions:**

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**Resolution 1 - Ratification of Tranche 1 Placement**

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, the Shareholders ratify the issue of 88,400,000 fully paid ordinary shares in the capital of the Company, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

**Voting Exclusion**

The Company will disregard any votes cast on this resolution by any person who participated in the issue and any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**Resolution 2 – Issue of Tranche 2 Placement**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to a maximum of 103,600,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

**Voting Exclusion**

The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **Resolution 3 – Issue of Shares to Didier Murcia**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purposes of ASX Listing Rule 10.11, Section 208(1) of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue up to 3,333,333 fully paid ordinary shares in the Company at an issue price of 7.5 cents each to Didier Murcia (or his nominee) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by Didier Murcia (or his nominee) or any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **Resolution 4 – Issue of Shares to Keith McKay**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That for the purposes of ASX Listing Rule 10.11, Section 208(1) of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue up to 600,000 fully paid ordinary shares in the Company at an issue price of 7.5 cents each to Keith McKay (or his nominee) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by Keith McKay (or his nominee) or any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## Resolution 5 – Approval for Issue of Options – George Jones

To consider, and if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 10,000,000 options to acquire fully paid ordinary shares in the capital of the Company to George Jones (or his permitted nominee), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice."*

### Voting Exclusion

The Company will disregard any votes cast on this resolution by George Jones (or his permitted nominee) or any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by George Jones as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5pm (WST) on 18 October 2010.

### BY ORDER OF THE BOARD



**Geoff James**  
Company Secretary  
13 September 2010

**CENTAURUS METALS LIMITED**  
**ACN 009 468 099**  
**EXPLANATORY MEMORANDUM**

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**INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of Shareholders of Centaurus Metals Limited ("**Centaurus**" or the "**Company**") in connection with the business to be conducted at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 20 October 2010 at 2pm (WST). This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

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**1. RESOLUTION 1 – Ratification of Tranche 1 Placement**

**1.1 Background**

On 8 September 2010 the Company announced that it would make a placement ("Placement") of up to \$14.4 million to sophisticated and professional investors who are predominantly clients of Hartleys Limited and Southern Cross Equities Limited. The Placement is to occur in two tranches, Tranche 1 and Tranche 2. This Resolution deals with Tranche 1 of the Placement. Resolution 2 deals with Tranche 2 of the Placement.

Subject to certain exceptions, none of which are relevant here, the Directors are restricted by Listing Rule 7.1 from issuing or agreeing to issue new securities in the Company in any 12 month period, which amount to more than 15% of the Company's ordinary securities on issue without shareholder approval ("**15% Limit**").

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to the 15% Limit requiring shareholder approval. The Company confirms that the issue of shares the subject of Resolution 1 did not breach Listing Rule 7.1.

The Company wishes to ratify this issue pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital at any time during the next 12 months.

**1.2 ASX Listing Rule 7.4**

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) by the date of this Meeting, the Company expects to issue 88,400,000 fully paid ordinary shares, this will be confirmed by way of an announcement made to the ASX prior to the Meeting;
- (b) the Shares will be issued for 7.5 cents each, raising a total of \$6.63 million for Tranche 1 of the Placement;
- (c) the Shares are fully paid ordinary shares that rank equally in all respects with the Company's existing Shares;

- (d) the Shares are expected to be issued by 20 September 2010 and in any case will be issued prior to the date of the Meeting;
- (e) the allottees to whom the Shares will be issued to are sophisticated and professional investors who are predominantly clients of Hartleys Limited and Southern Cross Equities Limited;
- (f) none of the allottees are related parties of the Company or its associates; and
- (g) the funds raised by the issue of the Shares the subject of Resolution 1 are to be used to progress exploration and development of the Company's iron ore projects in Brazil.

### **1.3 Directors' Recommendation**

If Resolution 1 is passed, the 15% Limit imposed by Listing Rule 7.1 will be renewed to the extent of the ratification. The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

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## **2. RESOLUTION 2 – Issue of Tranche 2 Placement**

### **2.1 Background**

Resolution 2 seeks Shareholder approval for the allotment and issue of the securities the subject of the Tranche 2 Placement, being up to a maximum of 103,600,000 Shares at an issue price of 7.5 cents per Share ("**T2 Shares**").

ASX Listing Rule 7.1 provides a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement date of that 12 month period.

The effect of Resolution 2 will be to allow the Directors to issue the T2 Shares pursuant to the Placement during the period of 1 month after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% Limit.

### **2.2 ASX Listing Rule 7.1**

The following information is provided to Shareholders in relation to the Tranche 2 Placement for the purposes of Listing Rule 7.3:

- (a) the maximum number of T2 Shares to be issued is 103,600,000 Shares;
- (b) the T2 Shares will be issued no later than 1 month after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended the allotment of all the T2 Shares will occur on the same date;
- (c) the issue price of the T2 Shares will be 7.5 cents each, raising a total of \$7.77 million for Tranche 2 of the Placement;

- (d) the allottees to whom the Shares will be issued to are sophisticated and professional investors who are predominantly clients of Hartleys Limited and Southern Cross Equities Limited and these allottees will not be related parties of the Company;
- (e) The T2 Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) The funds raised by the issue of the T2 Shares are to be used to progress exploration and development of the Company's iron ore projects in Brazil.

## **2.3 Directors Recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 2.

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## **3. RESOLUTION 3 – Issue of Shares to Didier Murcia**

### **3.1 Background**

Resolution 3 seeks Shareholder approval for the issue of up to 3,333,333 Shares to Mr Didier Murcia (or his nominee). The Shares will be issued on the same terms and conditions as the Tranche 2 Placement as set out above.

Shareholder approval for the issue of Shares to a Director is required by ASX Listing Rule 10.11 which requires the approval of Shareholders before any securities are issued to a Director. Shareholder approval is also sought under Section 208 of the Corporations Act because a Director is a "related party" of the Company as defined in the Corporations Act.

### **3.2 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Shares to a Director of the Company.

Mr Didier Murcia is a Director of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue Shares to a Director as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note the issue of Shares to Mr Didier Murcia (or his nominee) in accordance with proposed Resolution 3 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine the number of securities which the Company may issue in the future without Shareholder approval.

For the purposes of ASX Listing Rule 10.11, the following information is provided in relation to the issue of Shares pursuant to Resolution 3 as required by ASX Listing Rule 10.13:

- (a) The maximum number of Shares to be issued by the Company to Mr Didier Murcia or his nominee, Tohei Pty Ltd as trustee for the Murcia Super Fund, is 3,333,333;
- (b) The Shares will be issued within 1 month after Resolution 3 is passed;
- (c) the Shares will be issued for 7.5 cents each;
- (d) the Shares will be fully paid ordinary shares that rank equally in all respects with the Company's existing Shares;

- (e) the funds raised by the issue of the Shares are to be used to progress exploration and development of the Company's iron ore projects in Brazil.

### **3.3 Section 208 of the Corporations Act**

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to that section apply or shareholders have, in general meeting, approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of the Shares to Mr Didier Murcia (or his nominee) constitutes a "financial benefit" as defined in the Corporations Act. Mr Didier Murcia is a "related party" of the Company as defined under the Corporations Act because he is a Director of the Company. Accordingly, the proposed issue of Shares to Mr Didier Murcia (or his nominee) will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the Directors the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances and so the Directors have resolved to seek Shareholder approval under section 208 of the Corporations Act to permit the issue of the Shares to Mr Didier Murcia (or his nominee).

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 3:

- (a) The related party to whom the Shares will be issued is Mr Didier Murcia. The Shares will be issued to Mr Didier Murcia or his nominee, Tohei Pty Ltd as trustee for the Murcia Super Fund;
- (b) The maximum number of Shares (being the nature of the financial benefit to be provided) to be issued to Mr Didier Murcia (or his nominee) is 3,333,333;
- (c) The Shares will be issued for 7.5 cents each in cash;
- (d) If Shareholders approve the issue of Shares to Mr Didier Murcia, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.55% on an undiluted basis and based on the number of Shares on issue as at the date of this Notice;
- (e) The primary purpose of the issue of Shares is to allow the Company to obtain funding to progress exploration and development of the Company's iron ore projects in Brazil. The Directors (other than Mr Didier Murcia) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Shares to Mr Didier Murcia on the terms proposed;
- (f) As at the date of this Notice, Mr Didier Murcia and his associates hold 9,373,902 shares (direct and indirect) and 1,500,000 options (direct and indirect) in the Company;
- (g) Mr Didier Murcia is paid a Director's fee of \$75,000 per annum as Chairman. No other remuneration is paid;

- (h) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

|                    | Date              | Price     |
|--------------------|-------------------|-----------|
| Highest            | 24 March 2010     | 9.6 cents |
| Lowest             | 23 December 2009  | 4.5 cents |
| Last Trading Price | 13 September 2010 | 8.1 cents |

- (i) ASIC policy in relation to documents lodged under Section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Shares proposed to be issued. The value of the Shares is 7.5 cents per Share, being the amount to be subscribed for each Share;
- (j) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolution 3.

### **3.4 Directors Recommendation**

Mr Didier Murcia has a material personal interest in the outcome of Resolution 3 as he or his nominee will be the recipient of the Shares. Accordingly Mr Didier Murcia does not wish to provide a recommendation for the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 3, recommend Shareholders approve Resolution 3 as they are of the view the issue of Shares to Mr Didier Murcia (or his nominee) is appropriate to assist the Company obtaining funding to further exploration at the Company's iron ore projects in Brazil.

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## **4. RESOLUTION 4 – Issue of Shares to Keith McKay**

### **4.1 Background**

Resolution 4 seeks Shareholder approval for the issue of up to 600,000 Shares to Mr Keith McKay (or his nominee). The Shares will be issued on the same terms and conditions as the Tranche 2 Placement as set out above.

Shareholder approval for the issue of Shares to a Director is required by ASX Listing Rule 10.11 which requires the approval of Shareholders before any securities are issued to a Director. Shareholder approval is also sought under Section 208 of the Corporations Act because a Director is a "related party" of the Company as defined in the Corporations Act.

### **4.2 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Shares to a Director of the Company.

Mr Keith McKay is a Director of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue Shares to a Director as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note the issue of Shares to Mr Keith McKay (or his nominee) in accordance with proposed Resolution 4 will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine

the number of securities which the Company may issue in the future without Shareholder approval.

For the purposes of ASX Listing Rule 10.11, the following information is provided in relation to the issue of Shares pursuant to Resolution 4 as required by ASX Listing Rule 10.13:

- (a) The maximum number of Shares to be issued by the Company to Mr Keith McKay (or his nominee) is 600,000;
- (b) The Shares will be issued within 1 month after Resolution 4 is passed;
- (c) the Shares will be issued for 7.5 cents each;
- (d) the Shares will be fully paid ordinary shares that rank equally in all respects with the Company's existing Shares;
- (e) the funds raised by the issue of the Shares are to be used to progress exploration and development of the Company's iron ore projects in Brazil.

#### **4.3 Section 208 of the Corporations Act**

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to that section apply or shareholders have, in general meeting, approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of the Shares to Mr Keith McKay (or his nominee) constitutes a "financial benefit" as defined in the Corporations Act. Mr Keith McKay is a "related party" of the Company as defined under the Corporations Act because he is a Director of the Company. Accordingly, the proposed issue of Shares to Mr Keith McKay (or his nominee) will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the Directors the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances and so the Directors have resolved to seek Shareholder approval under section 208 of the Corporations Act to permit the issue of the Shares to Mr Keith McKay or his nominee.

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 4:

- (a) The related party to whom the Shares will be issued is Mr Keith McKay. As mentioned in the resolution, the Shares may be issued to a nominee of Mr Keith McKay;
- (b) The maximum number of Shares (being the nature of the financial benefit to be provided) to be issued to Mr Keith McKay (or his nominee) is 600,000;
- (c) The Shares will be issued for 7.5 cents each in cash;
- (d) If Shareholders approve the issue of Shares to Mr Keith McKay, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.10% on an undiluted basis and based on the number of Shares on issue as at the date of this Notice;

- (e) The primary purpose of the issue of Shares is to allow the Company to obtain funding to progress exploration and development of the Company's iron ore projects in Brazil. The Directors (other than Mr Keith McKay) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Shares to Mr Keith McKay on the terms proposed;
- (f) As at the date of this Notice, Mr Keith McKay and his associates hold 2,419,000 shares (direct and indirect) and 2,000,000 options (direct and indirect) in the Company;
- (g) Mr Keith McKay is paid a Director's fee of \$50,000 per annum in his capacity as a non-executive Director. No other remuneration is paid;
- (h) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares on the ASX are as set out below:

|                    | <b>Date</b>       | <b>Price</b> |
|--------------------|-------------------|--------------|
| Highest            | 24 March 2010     | 9.6 cents    |
| Lowest             | 23 December 2009  | 4.5 cents    |
| Last Trading Price | 13 September 2010 | 8.1 cents    |

- (i) ASIC policy in relation to documents lodged under Section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Shares proposed to be issued. The value of the Shares is 7.5 cents per Share, being the amount to be subscribed for each Share;
- (j) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision on whether it is in the best interests of the Company to pass Resolution 4.

#### **4.4 Directors Recommendation**

Mr Keith McKay has a material personal interest in the outcome of Resolution 4 as he or his nominee will be the recipient of the Shares. Accordingly Mr Keith McKay does not wish to provide a recommendation for the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 4, recommend Shareholders approve Resolution 4 as they are of the view the issue of Shares to Mr Keith McKay or his nominee is appropriate to assist the Company obtaining funding to further exploration at the Company's iron ore projects in Brazil.

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## **5. RESOLUTION 5 – Approval for Issue of Options - George Jones**

### **5.1 Background**

On 6 September 2010, the Company announced to the ASX it had entered into an agreement with George Jones to appoint him as a consultant to the Company. It is a term of the appointment that, subject to shareholder approval, the Company issue to George Jones 10 million options to acquire fully paid ordinary shares in the Company.

Mr Jones will provide advice to Centaurus' Board and Management team on a number of important aspects of its business as it progresses the development of several potential iron ore production projects in south-east Brazil.

Centaurus is working towards an initial production strategy based on the supply of 3Mtpa of high-grade iron ore into the domestic steel industry in and around Brazil's "Iron Quadrangle" by the end of 2013 and to develop a resource base for a potential future export business.

Mr Jones has an extensive international contact network and knowledge of the global iron ore and steel industry and capital markets which will greatly assist Centaurus as it works towards building a substantial iron ore company in Brazil.

Specifically, Mr Jones will provide advice in respect to the development of strategic relationships for Centaurus' future export plans in Brazil, access to new capital markets, current market conditions in the global iron ore market and future off-take arrangements and associated project development funding.

Mr Jones is one of Australia's most accomplished mining executives, with more than 35 years experience in the mining, banking and finance industries.

As the former Executive Chairman of Portman Mining Limited, he was instrumental in overseeing the growth of that company over the course of a decade, taking it from a start-up iron ore producer in the early 1990s to a 6Mtpa producer of direct shipping iron ore with a market capitalisation of over \$600 million in 2005 when it was acquired by Cleveland-Cliffs.

More recently, he has overseen the growth and development of leading Australian iron ore company Gindalbie Metals Limited over the past five years as Chairman. In this role, he has led the financing and development of the \$2 billion Karara Magnetite Project in Western Australia, the largest new resource development project in Western Australia's Mid West region.

Mr Jones is also Chairman of the international iron ore company Sundance Resources Limited.

As stated above, the Directors are restricted by Listing Rule 7.1 from issuing or agreeing to issue new securities in the Company in any 12 month period, which amount to more than 15% of the Company's ordinary securities on issue without shareholder approval ("**15% Limit**").

The effect of Resolution 5 will be to allow the Directors to issue the 10 million options to George Jones or his permitted nominee, in accordance with the terms of the agreement for his appointment as a consultant to the Company without using the Company's 15% limit.

## **5.2 ASX Listing Rule 7.1**

The following information is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) a total of 10 million Options to acquire fully paid ordinary shares are proposed to be issued pursuant to a letter of engagement between the Company and George Francis Jones dated 5 September 2010;
- (b) the Options will be issued to George Jones or JBP Nominees Pty Ltd as trustee for the Jones Super Fund, in consideration of him accepting engagement as a consultant to

the Company. No amounts will be paid for the issue of the Options and therefore no funds will be raised;

- (c) the Options are proposed to be issued with the following vesting dates, exercise date and expiry date:

| Tranche   | No of Options | Vesting Date     | Exercise Price | Expiry Date                                                                         |
|-----------|---------------|------------------|----------------|-------------------------------------------------------------------------------------|
| Tranche 1 | 5 million     | 31 March 2011    | 10 cents       | 31 August 2014 subject to earlier expiry as set out in paragraphs (d) and (e) below |
| Tranche 2 | 5 million     | 31 December 2011 | 12 cents       | 31 August 2014 subject to earlier expiry as set out in paragraphs (d) and (e) below |

- (d) if any Option has not vested as at the expiry or termination of the consultancy arrangements between the Company and George Jones then those Options will immediately lapse;
- (e) any Options which have vested prior to the expiry of the consultancy agreement between the Company and George Jones will need to be exercised within 3 months of the termination of the consultancy arrangement, unless otherwise extended at the election of the Board of the Company;
- (f) The options entitle the holder to subscribe for fully paid shares in the Company on the following terms and conditions:
- (i) each Option gives the holder the right to subscribe for 1 fully paid ordinary share. To obtain the right given by each Option the holder must exercise those Options in accordance with their terms and conditions;
  - (ii) the Options will expire at 5:00pm (WST) 31 August 2014, subject to earlier expiry as set out in paragraphs (c) to (e) above. Any Option not exercised before the expiry date will automatically lapse on the expiry date;
  - (iii) the amount payable on exercise of the Options is as set out above in paragraph (c);
  - (iv) the Options held by the holder may be exercised in whole or in part, and if exercised in part, multiples of 5,000 must be exercised on each occasion;
  - (v) a holder may exercise the Options by lodging with the Company, before the expiry date:
    - (A) written notice of exercise of Options specifying the number of Options being exercised; and
    - (B) a cheque or electronic funds transfer for the exercise price for the number of Options being exercised;
    - (C) an exercise notice is only effective when the Company has received the full amount of the exercise price in cleared funds;

- (vi) within 10 business days of receipt of the exercise notice accompanied by the exercise price, the Company will allot the number of shares required under these terms and conditions for the number of Options specified in the exercise notice;
- (vii) the Options are transferable only at the discretion of the Board of the Company;
- (viii) all shares allotted on exercise of the Options will, on allotment, rank equally in all respects with other fully paid ordinary shares in the Company;
- (ix) the Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all shares allotted pursuant to the exercise of Options on ASX within 10 business days after the date of allotment of those shares;
- (x) if at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction;
- (xi) there are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the record date will be at least 6 business days after the issue is announced. This will give holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue; and
- (xii) an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

### **5.3 Directors' Recommendation**

The Directors unanimously recommend Shareholders vote in favour of Resolution 5.

## PROXY FORM

The Company Secretary  
Centaurus Metals Limited

**By delivery:**

Level 1, 16 Ord Street  
West Perth WA 6005

**By post:**

PO Box 975  
West Perth WA 6872

**By facsimile:**

+61 8 9420 4040

I/We being a shareholder/s of Centaurus Metals Limited hereby appoint <sup>1</sup> \_\_\_\_\_ or failing such appointment, or if no appointment is made, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street West Perth WA 6005 on Wednesday 20 October 2010 at 2.00 pm (WST), and at any adjournment thereof in the manner indicated below or, in the absence of indication, as he thinks fit. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to cast is \* [ ] % of the Shareholder's votes\*/ [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

**INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS**

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

|              |                                              | For                      | Against                  | Abstain                  |
|--------------|----------------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Ratification of Tranche 1 Placement          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Issue of Tranche 2 Placement                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Issue of Shares to Didier Murcia             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Issue of Shares to Keith McKay               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Approval for Issue of Options – George Jones | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chair of the Meeting intends to vote undirected proxies in favour of each Resolution.

☐

If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy for a Resolution, please place a mark in the box.

By marking this box, you acknowledge the Chair of the Meeting may exercise your proxy even if he has an interest in the outcome of the Resolution/s and that votes cast by the Chair of the Meeting for those Resolutions other than as proxy holder will be disregarded because of that interest.

You must either mark the boxes directing your proxy how to vote or mark the box indicating you do not wish to direct your proxy how to vote, otherwise the Chair will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolution.

If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in calculating the required majority on a poll.

**Authorised signature/s** This section **must** be signed in accordance with the instructions overleaf to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of proxy

\*Omit if not applicable

**CENTAURUS METALS LIMITED**  
**ACN 009 468 099**

**Instructions for Completing Proxy Form**

1. **(Appointing a Proxy):** A Shareholder entitled to attend and vote at a General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders must sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) **post to Centaurus Metals Limited, PO Box 975, West Perth, WA 6872; or**
  - (b) **deliver to the West Perth office of the Company, Level 1, 16 Ord Street, West Perth; or**
  - (c) **facsimile to the Company on facsimile number +61 8 9420 4040**

so that it is received not later than 2:00pm (WST) on 18 October 2010.

**Proxy forms received later than this time will be invalid.**