

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

For the Annual General Meeting to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday, 30 November 2010 at 4.30pm (WST)

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

If you are unable to attend the Annual 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 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual 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 Tuesday, 30 November 2010 commencing at 4.30pm (WST) ("Meeting"). The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

Financial report (no resolution required)

To receive the Financial Report of the Company for the year ended 30 June 2010 together with the Directors' Report in relation to that financial year and the Auditor's Report on the Financial Report.

Resolution 1 - Adoption of Remuneration Report

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

"That the Remuneration Report appearing in the Company's Annual Report be adopted by the Shareholders."

Resolution 2 – Re-election of Director - Mr Keith McKay

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

"That Mr Keith McKay, who retires by rotation in accordance with Rule 51.1 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

Resolution 3 – Approval of Employee Share Option Plan

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

"That the rules of the Company's Employee Share Option Plan ("Plan") be amended such that the rules annexed to this Notice will form the rules of the Plan from the date of this Meeting and that approval is given under Rule 7.2 Exception 9 of the Listing Rules for the issue of options under the Company's Employee Share Option Plan (as amended by this resolution) as an exception to Rule 7.1 of the Listing Rules for a period of 3 years from the date of this Meeting."

Voting Exclusion

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive plan in relation to the Company) 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.

Resolution 4 – Issue of Options to Mr Didier Murcia

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

That for the purposes of Listing Rule 10.11 and Section 208(1) of the Corporations Act and for all other purposes, the Company approves and authorises the issue of 1,000,000 options to subscribe for fully paid ordinary shares in the Company to Mr Didier Murcia, or his Permitted Nominee, on the terms and conditions specified in the Explanatory Memorandum accompanying this Notice."

Voting Exclusion

The Company will disregard any votes cast on this resolution by Mr 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.

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 28 November 2010.

BY ORDER OF THE BOARD



Geoff James
Company Secretary
20 October 2010

CENTAURUS METALS LIMITED
ACN 009 468 099
EXPLANATORY MEMORANDUM

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 Annual General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday, 30 November 2010 at 4.30pm (WST). This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

Financial report (no resolution required)

A printed hard copy of the Annual Report which includes the Financial Report, Directors’ Report and Auditor’s Report for the year ended 30 June 2010, has been sent to all Shareholders who requested it. The Annual Report is available on the Company’s website at www.centaurus.com.au.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company.

Shareholders will also be given an opportunity to ask the Auditor or its representatives questions about the conduct of the audit and the preparation and content of the Auditor’s Report.

1. RESOLUTION 1 – Adoption of Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Annual Report for the year ended 30 June 2010 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors and other Key Management Personnel.

The provisions of the Corporations Act provide that the vote is only an advisory vote of Shareholders. Resolution 1 is advisory only and does not bind the Directors of the Company. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report; however the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The Chairman of the Meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on the Remuneration Report.

2. RESOLUTION 2 – Re-Election of Director - Mr Keith McKay

In accordance with ASX Listing Rule 14.4 no Director of the Company may hold office (without re-election) past the longer of 3 years and the third Annual General Meeting following their appointment. Further, in accordance with the Company’s Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. These requirements for a Director to retire do not apply to a Managing Director.

Accordingly, Mr McKay retires and being eligible for re-election, offers himself for re-election at the Meeting. A brief biography of Mr McKay is in the Annual Report. The Board supports the re-election of Mr McKay.

3. RESOLUTION 3 – Approval of Employee Share Option Plan

The Directors of the Company have resolved to update the terms of the Employee Share Option Plan (“Plan”), a copy of which is attached. The purpose of the Plan is to assist in the recruitment, reward, retention and motivation of employees and officers of the Company and encourage ownership of shares in the Company by employees and Directors.

Resolution 3 also seeks approval under ASX Listing Rule 7.2 Exception 9 for the issue of options under the Plan (and therefore the issue of shares on exercise of those options) as an exception to Listing Rule 7.1. Under the Listing Rules, such an approval will be valid for a period of 3 years commencing on the date of the Meeting (i.e. issues of options under the Plan will for a period of 3 years be excluded from the calculations in determining the number of securities the Company can issue without shareholder approval under the 15% limit in Listing Rule 7.1).

The rules of the Plan are annexed to and form part of this Explanatory Memorandum.

A summary of the main provisions of the Plan is set out below:

- (a) The Board of Directors may determine which employees and Directors are entitled to participate in the Plan and the extent of the participation.
- (b) The Board of Directors may offer options to any eligible person at such times and on such terms as the Board considers appropriate. However, under the Listing Rules, no options may be issued to a Director of the Company, whether under the Plan or otherwise, without prior shareholder approval.
- (c) The exercise price of the options will be determined by the Board in its absolute discretion but having regard to the market value of the Company’s shares when it resolves to offer the options.
- (d) The Company will not apply for official quotation of any options.
- (e) The options are not transferable except if a participant dies or becomes subject to a legal disability.
- (f) If an Offeree as defined in the Plan ceases to be a Director or an employee after an option has become exercisable, the options may be exercised during the following 3 months or such longer period as the Board determines. Options not vested automatically lapse.
- (g) Participants are not entitled to participate in any new issue of securities to existing holders of shares in the Company unless they have exercised their options prior to the record date for determining entitlements.
- (h) On a reorganisation of the Company’s capital, the rights of participants will be changed to the extent necessary to comply with the Listing Rules of the ASX.
- (i) The Board may terminate or suspend the Plan at any time.

The Company has issued 11,900,000 options under the previous Scheme since it was last approved by shareholders on 20 November 2007 with nil shares being issued following the exercise of options, 4,050,000 options lapsing before or at expiry and 7,850,000 options yet to be exercised having expiry dates between 20 November 2012 and 19 July 2015.

The Board of Directors unanimously recommends that Shareholders vote to approve Resolution 3.

4. RESOLUTION 4 – Issue of Options to Mr Didier Murcia

Resolution 4 seeks Shareholder approval for the issue of 1,000,000 Options to Mr Didier Murcia. The Options will be exercisable on the terms and conditions set out below.

Shareholder approval for the issue of Options 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.

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 Options 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 Options to a Director as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note the issue of Options to Mr Murcia (or his Permitted 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. The Permitted Nominee must be approved by the Board.

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

- (a) The maximum number of Options to be issued by the Company is 1,000,000 Options to Mr Didier Murcia who is a director of the Company (or his Permitted Nominee).
- (b) The Options will be issued for nil cash consideration as they will be issued to provide a material additional incentive for Mr Murcia’s ongoing commitment and dedication to the continued growth of the Company. The Board considers the issue of Options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of directors to the Company, whilst maintaining the Company’s cash reserves.
- (c) The Options will be issued within 1 month after Resolution 4 is passed.
- (d) The Options will expire on the fifth anniversary of their date of issue and each Option will on exercise confer the right to acquire one ordinary share in the Company.
- (e) The amounts payable on exercise of the Options and the vesting dates are as follows:

Tranche	Number of Options	Exercise Price	Vesting Date
1	500,000	11.0 cents	18 months from Shareholder Approval
2	500,000	11.0 cents	36 months from Shareholder Approval

The exercise prices were based on the share price current at the date the Board resolved to seek Shareholder approval for the issue of the Options on 20 October 2010 which was 9.0 cents.

- (f) The Options will otherwise be issued on the terms and conditions set out in this Explanatory Memorandum.
- (g) No funds will be raised by the issue of the Options, although funds will be raised to the extent that the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for those Options.

4. RESOLUTION 4 – Issue of Options to Mr Didier Murcia (continued)

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 Options to Mr Murcia or his Permitted Nominee constitutes a “financial benefit” as defined in the Corporations Act. Further, Mr 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 Options to Mr Murcia (or his Permitted 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 Options to Mr Murcia.

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 Options will be issued is Mr Didier Murcia. As mentioned in the resolution, the Options may be issued to a Permitted Nominee of Mr Murcia. The Permitted Nominee must be approved by the Board.
- (b) The maximum number of Options (being the nature of the financial benefit to be provided) to be issued to Mr Murcia (or his Permitted Nominee) is 1,000,000.
- (c) The Options will be issued for nil cash consideration and accordingly, no funds will be raised from the issue of the Options although as mentioned above, funds will be raised to the extent the Options are eventually exercised. The precise amount raised in the event of exercise of the Options will depend on the number of Options eventually exercised and the exercise price for such Options.
- (d) The terms and conditions of the Options to be issued pursuant to Resolution 4 are set out in this Explanatory Memorandum.
- (e) Mr Murcia has a material personal interest in the outcome of Resolution 4 as he or his Permitted Nominee will be the recipient of the Options. Accordingly Mr 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 4, recommend Shareholders approve Resolution 4 as they are of the view the issue of Options to Mr Murcia or his Permitted Nominee is appropriate to assist the Company in retaining his services and dedication whilst maintaining the Company’s cash reserves (notwithstanding the issue of Options to a non-executive director is not in accordance with the ASX Corporate Governance Council’s guidelines for non-executive director remuneration). The Directors (other than Mr Murcia) considered Mr Murcia’s experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Mr Murcia or his Permitted Nominee.
- (f) If Shareholders approve the issue of Options to Mr Murcia, and all Options are ultimately exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.1% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming no other Options are exercised.

4. RESOLUTION 4 – Issue of Options to Mr Didier Murcia (continued)

- (g) The primary purpose of the issue of Options is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr Murcia. The Directors (other than Mr Murcia) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr Murcia upon the terms proposed.
- (h) As at the date of this Notice, Mr Murcia and his associates hold 9,573,902 shares and 1,500,000 options (direct and indirect) in the Company.
- (i) The Directors have determined that Mr Murcia will be paid a Non-Executive Chairman's fee of \$80,000 per annum, to be reviewed periodically.
- (j) 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	19 October 2010	9.0 cents

- (k) 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 Options proposed to be issued. The value of the Options has been calculated by the Company and is set out in this Explanatory Memorandum.
- (l) 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 whether it is in the best interests of the Company to pass Resolution 4.

Terms and conditions of options

The terms of issue of the Options are as follows:

- (a) Each Option entitles the holder to acquire one Share upon exercise of that Option.
- (b) The amounts payable on exercise of the Options and the vesting dates are as follows:

Tranche	Number of Options	Exercise Price	Vesting Date
1	500,000	11.0 cents	18 months from Shareholder Approval
2	500,000	11.0 cents	36 months from Shareholder Approval

- (c) On the occurrence of a change of control event to the Company all Options which have not yet vested will vest immediately on the occurrence of that event.

These events are defined as an unconditional takeover offer being made for shares in the Company, any merger transaction or scheme of arrangement recommended by the Board for the shares in the Company or a greater than 30% change in the shareholding of the Company from that which existed on 20 October 2010.

- (d) The Options will expire 5 years from the date of issue.
- (e) Options may be issued to a Permitted Nominee. A Permitted Nominee is a third party nominated by the Director and approved by the Board in its absolute discretion.

4. RESOLUTION 4 – Issue of Options to Mr Didier Murcia (continued)

- (f) Options that have vested may be exercised at any time prior to expiry by completing an Option exercise form and delivering it together with the payment for the number of Shares for which the Options are exercised to the registered office of the Company.
- (g) If an optionholder (or if the Options are issued to a Permitted Nominee, the person who nominated that Permitted Nominee) ceases to be a Director or an employee after an Option has become exercisable, the Options may be exercised during the following 3 months or such longer period as the Board determines. Options not exercised within such period will automatically lapse.
- (h) All unvested options immediately lapse if an optionholder (or if the Options are issued to a Permitted Nominee, the person who nominated that Permitted Nominee) ceases to be a Director or an employee, unless otherwise determined by the Board.
- (i) All Shares issued upon exercise of the Options will, from the date they are issued, rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
- (j) The optionholder will be entitled to participate in any new issue of securities to existing holders of shares in the Company provided the optionholder has exercised their options prior to the record date for determining entitlements.
- (k) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options.
- (l) Subject to paragraph (m), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Option or any other terms of those Options.
- (m) On a reorganisation of the Company's capital, the rights of optionholders (including the number of Options and the exercise price) will be changed to the extent necessary to comply with the Listing Rules of the ASX.
- (n) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Options are transferable at the discretion of the Board. The Options will not be listed for quotation on the ASX.

Value of options

The Company has valued the options using the Black - Scholes option pricing model based on the following inputs and assumptions:

- (a) Number of options is 1,000,000.
- (b) Current share price at date of valuation of 8.0 cents.
- (c) Exercise price of 11.0 cents.
- (d) Expected life of options is 5 years.
- (e) Dividend yield is nil.
- (f) Risk-free interest rate of 4.94% (5 year Australian Government bond rate).
- (g) Share price volatility of 99% (source: Bloomberg).

Having regard to the factors set out above, and using the Black - Scholes option pricing model, the value of the options proposed to be issued is \$57,760.

CENTAURUS METALS LIMITED
ACN 009 468 099

RULES OF EMPLOYEE SHARE OPTION PLAN

RULES OF EMPLOYEE SHARE OPTION PLAN

CENTAURUS METALS LIMITED
ACN 009 468 099
RULES OF EMPLOYEE SHARE OPTION PLAN
(adopted by the Board on 20 October 2010)

1. NAME OF PLAN

- 1.1 This Plan shall be called the Centaurus Metals Limited Employee Share Option Plan 2010.

2. ESTABLISHMENT AND TERMINATION OF THE PLAN

- 2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.
- 2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- 2.3 The Board may not issue any further Options after the Plan has been terminated. However, these Rules will continue to apply to Options on issue at the date of such termination until the last of those Options lapses or is exercised.

3. PURPOSE OF PLAN

- 3.1 The purpose of this Plan is to:
- (a) recognise the ongoing ability of the employees of the Company and their expected efforts and contribution in the long term to the performance and success of the Company;
 - (b) provide an incentive to the employees of the Company to remain in their employment in the long term;
 - (c) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its employees; and
 - (d) provide employees of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

4. OPERATION OF THE PLAN

- 4.1 The Plan operates according to these Rules which bind the Company and each Participant.

5. ELIGIBILITY

- 5.1 Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation.
- 5.2 The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

6. OFFER OF OPTIONS AND EXERCISE PRICE

- 6.1 Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must state:
 - (a) the name and address of the Offeree;
 - (b) the number of Options offered;
 - (c) that the Offeree may accept the whole or any lesser number of Options offered;
 - (d) the minimum number of Options and any multiple of such minimum or any other number which may be accepted;
 - (e) the period within which the Offer may be accepted, and the period or periods during which the Options or any of them may be exercised and the Expiry Date or Expiry Dates;
 - (f) the consideration payable for the grant of any Option (if any);
 - (g) any Exercise Conditions;
 - (h) the Exercise Price; and
 - (i) any other matters which the Board may determine.
- 6.2 The Exercise Price of each Option will be determined by the Board in its absolute discretion but having regard to the Market Value of the Shares when it resolves to offer the Option.

7. ACCEPTING OFFERS

- 7.1 Upon receipt of an Offer, the Offeree may, within the period specified in the Offer:
 - (a) accept the whole or, subject to the terms of the Offer, any lesser number of Options offered by giving to the Company an Application Form signed by the Offeree; or
 - (b) nominate by notice in writing to the Board a nominee in whose favour the Offeree wishes to renounce the Offer and include with such notice an Application Form signed by the nominee accepting the whole or, subject to the terms of the Offer, any lesser number of Options offered. The Board shall, in its absolute discretion, resolve whether to allow such renunciation of

an Offer in favour of the nominee but shall not be required to give any reason for such decision.

7.2 Upon:

- (a) receipt of an Application Form referred to in paragraph 7.1(a); or
- (b) the Board resolving to allow a renunciation of an Offer in favour of a nominee ("**Permitted Nominee**"), referred to in paragraph 7.1(b),

then the Offeree or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted the number of Options accepted subject to these Rules.

7.3 If Options are issued to a Permitted Nominee, the Offeree must, without limiting any provision in these Rules, ensure that the Permitted Nominee complies with these Rules.

7.4 On the issue of Options following receipt by the Company of an Application Form, the Offeree or the Permitted Nominee, as the case may be, becomes a Participant.

7.5 A Participant has no interest in a Share the subject of an Option held by the Participant unless and until the Share is issued to that Participant under these Rules.

8. CERTIFICATES

8.1 The Company must within 10 Business Days after the Issue Date give a Participant one or more Certificates stating:

- (a) the number of Options issued to the Participant;
- (b) the Exercise Price of those Options;
- (c) the Issue Date of those Options,
- (d) the period or periods within which the Options may be exercised and the Expiry Date or Expiry Dates; and
- (e) any Exercise Conditions.

9. QUOTATION

9.1 The Company will not apply for Official Quotation of any Options.

9.2 The Company must apply for Official Quotation of Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.

10. NOT TRANSFERABLE

10.1 Subject to paragraph 13.4, Options are not transferable.

- 10.2 If a Participant purports to sell, transfer, assign, mortgage, charge or otherwise dispose of or encumber any of the Options or any right or benefit attaching to any of the Options other than as permitted by these Rules, all Options held by the Participant shall lapse and terminate.

11. EXERCISE OF OPTIONS

- 11.1 Subject to any Exercise Conditions, Options may be exercised at any time during the period specified in the relevant Certificate.
- 11.2 Notwithstanding paragraph 11.1, all Options may be exercised:
- (a) during a Bid Period; or
 - (b) within one (1) month after a Change of Control Event has occurred; or
 - (c) if on an application under section 411 of the Corporations Act, a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.
- 11.3 Options may only be exercised by the Participant giving notice in writing to the Board delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:
- (a) the Certificate for those Options, for cancellation by the Company; and
 - (b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the number of Options then being exercised by the Participant multiplied by the Exercise Price of those Options.
- The notice is only effective when the Company has received value for the full amount referred to in paragraph (b).
- 11.4 Subject to paragraph 13.1, within 10 Business Days after the notice referred to in paragraph 11.3 becoming effective, the Board must:
- (a) allot and issue the number of Shares to be issued for the Options being exercised;
 - (b) cancel the Certificate for the Options being exercised; and
 - (c) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.
- 11.5 The Board may, in its absolute discretion, by notice to the Participant waive or vary (provided such variation is not adverse to the Participant) all or any of the Exercise Conditions attaching to Options at any time.

12. SHARES ALLOTTED ON EXERCISE OF OPTIONS

- 12.1 All Shares allotted upon exercise of the Options rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares so allotted to participate fully in:
- (a) dividends declared by the Company after the date of allotment; and
 - (b) all issues of securities made or offered *pro rata* to holders of Shares.

13. LAPSE OF OPTIONS

- 13.1 Options not validly exercised on or before the Expiry Date will automatically lapse and all rights of the Participant under the Plan for those Options cease.
- 13.2 If an Offeree ceases to be an Eligible Person for any reason at any time after an Option is or has become exercisable, then such Offeree, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
- (i) **three (3) months** of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,
- and any Options the subject of this clause not exercised within the **three (3) months** or the longer period determined by the Board, will automatically lapse.
- 13.3 A certificate signed by the company secretary of the Company stating that an Offeree ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the date of such occurrence.
- 13.4 If at any time prior to the Expiry Date of any Options a Participant dies or becomes subject to a legal disability, the Participant's Legal Personal Representative may:
- (a) elect to be registered as the new holder of the deceased Participant's Options; and
 - (b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these Rules as if he or she were the holder of them.

14. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUES, REORGANISATIONS OF CAPITAL AND WINDING UP

14.1 New Issues

- (a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:

- (i) they have become entitled to exercise their Options under the Plan; and
 - (ii) they do so before the record date for the determination of entitlements to the new issue of securities and participate as a result of being holders of Shares.
- (b) The Company must, to the extent the Company is able to, give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

14.2 Bonus Issues

There is no right to change the Exercise Price of an Option nor the number of underlying Shares over which the Option can be exercised, if the Company completes a bonus issue.

14.3 Pro Rata Issues

There is no right to change the Exercise Price of an Option nor the number of underlying Shares over which the Option can be exercised, if the Company completes a pro rata issue to the holders of Shares.

14.4 Reorganisation of Capital

If, prior to the Expiry Date of any Options, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options to which such Participant is entitled and the Exercise Price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

14.5 Winding Up

If, prior to the expiry of any Options, a resolution for a members' voluntary winding up of the Company is proposed (other than the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to any Participant of the proposed resolution and specifying a period during which the Participant may exercise his or her Options. The Participant may, during the period referred to in the notice, exercise his or her Options.

14.6 Fractions of Shares

For the purpose of this clause 14, if Options are exercised by a Participant simultaneously, then the Participant may aggregate the number of Shares or fractions of Shares for which the Participant is entitled to subscribe. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

14.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 14 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.

14.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under this clause 14 to any rights of the Participant.

15. AMENDMENTS TO THE RULES

15.1 Board May Alter Rules

The Board may, subject to paragraph 15.2 and the Listing Rules, alter, delete or add to these Rules at any time and may waive or modify the application of any of these Rules in relation to an Eligible Person.

15.2 Consent of Participants

If any amendment to be made under paragraph 15.1 would adversely affect the rights of Participants for any Options then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options held by all those Participants before making the amendment.

15.3 Retrospective Effect

Subject to this clause 15, any amendments to the Rules may be given such retrospective effect as is specified in the Board resolution by which the amendment is made.

16. POWERS OF THE BOARD

16.1 The Plan shall be administered by the Board who shall have the power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- (b) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- (c) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options at that time;
- (d) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;
- (e) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules; and
- (f) administer the Plan in accordance with these Rules and to the extent provided in these Rules.

- 16.2 Any power or discretion conferred on the Board by these Rules may be exercised by the Board in the interest or for the benefit of the Company and the Board is not, in exercising that power or discretion, under any fiduciary or other obligation to any other person.
- 16.3 Where these Rules provide for a determination, decision or approval of the Board, that determination, decision or approval may be made or given by the Board in its absolute discretion.

17. NOTICES

- 17.1 Notices may be given by the Company to any Participant either personally or by sending by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him or her to the Company for the giving of notices. Notices for any overseas Participants shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served two (2) days after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under paragraph 11.3 shall not be deemed to be served on the Company until actually received.

18. GENERAL

- 18.1 The rights and obligations of any Participant under the terms of his or her employment with the Company (if any) are not affected by his or her participation in the Plan.
- 18.2 These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Participant and the Company.
- 18.3 No Participant has any rights to compensation or damages as a result of the termination of his or her employment, so far as those rights arise or may arise from the Participant ceasing to have rights under the Plan as a result of the termination.
- 18.4 Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.
- 18.5 The Plan shall not confer directly or indirectly on any Eligible Person any legal or equitable rights whatsoever, other than the rights as the holder of Options.
- 18.6 None of the Directors, the Company or any of its related bodies corporate will be liable or responsible for any loss suffered by or liability of an Eligible Person:
- (a) due to any amendments to the Plan or any suspension, termination or operation of the Plan effected in accordance with these Rules;
 - (b) due to any delay in the issue of any Options to the Eligible Person or any Shares upon exercise of the Options; and

- (c) for any Tax arising due to or in connection with the issue of any Options to the Eligible Person or any Shares upon exercise of the Options or otherwise as a consequence of his or her participation in the Plan.

19. GOVERNING LAW

- 19.1 The Plan and any Options issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 19.2 Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, and the Commonwealth of Australia and courts entitled to hear appeals from those courts.

20. ADVICE

- 20.1 Offerees should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to proposed participation in the Plan.

21. DEFINITIONS AND INTERPRETATION

- 21.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Application Form" means a duly completed and executed application for the issue of Options made by an Offeree or Permitted Nominee for an Offer, in the form approved by the Board from time to time;

"ASX" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"Bid Period", in relation to a takeover bid for Shares, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement;

"Board" means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;

"Business Day" means a day on which banks are open for business in Perth excluding a Saturday, Sunday or public holiday;

"Certificate" means the certificate issued in accordance with clause 8 by the Company to a Participant for an Option;

"Change of Control Event" means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board;

"Company" means Centaurus Metals Limited ACN 009 468 099;

"Corporations Act" means *Corporations Act 2001 (Cth)*;

"Director" means a director of the Company from time to time but does not include a person who is only a director by virtue of being an alternate director;

"Eligible Person" means at any time a person who then is a Director or an employee (whether full-time or part-time) of the Company or an associated body corporate of the Company;

"Exercise Conditions" means the performance, vesting or other conditions (if any) determined by the Board and specified in an Offer which are, subject to these Rules, required to be satisfied, reached or met before an Option can be exercised;

"Exercise Price" means, for an Option, the subscription price per Share, determined in accordance with paragraph 6.2, payable by a Participant on exercise of the Option;

"Expiry Date" means, in relation to an Option, the last date on which an Option may be exercised;

"Issue Date" means, in relation to an Option, the date on which the Company grants that Option;

"Legal Personal Representative" means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

"Listing Rules" means the Official Listing Rules of ASX as they apply to the Company from time to time;

"Market Value" means, if the Company is admitted to the official list of ASX:

- (a) the weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or
- (b) in circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

"Offer" means an invitation to an Eligible Person made by the Company under paragraph 6.1 to apply for an issue of Options;

"Offeree" means an Eligible Person to whom an Offer is made;

"Official Quotation" has the meaning ascribed to it in the Listing Rules;

"Option" means an option issued under the Plan to subscribe for a Share;

"Participant" means a person who holds Options issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

"Permitted Nominee" has the meaning given to it by paragraph 7.2;

"Plan" means the Centaurus Metals Limited Employee Share Option Plan 2010 established in accordance with these Rules;

"Rules" means these rules, as amended from time to time;

"Shares" means fully paid ordinary shares in the capital of the Company; and

"Tax" includes any tax (direct or indirect), levy, impost, GST, deduction, charge rate, contribution, duty or withholding which is assessed (or deemed to be assessed) levied, imposed or made by any government or semi-governmental or judicial entity or authority or any interest, penalty, fine, charge or fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or for any or all of the foregoing.

21.2 In these Rules, unless a contrary intention appears:

- (a) where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- (b) the singular includes the plural and vice versa;
- (c) a reference to a gender includes all genders; and
- (d) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.

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

SEQ: 0000000000

I/We being a shareholder/s of Centaurus Metals Limited hereby appoint ¹ _____ 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 Annual General Meeting of the Company to be held at the Celtic Club, 48 Ord Street West Perth WA 6005 on Tuesday 30 November 2010 at 4.30 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	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-Election of Director – Mr Keith McKay	☐	☐	☐
Resolution 3	Approval of Employee Share Option Plan	☐	☐	☐
Resolution 4	Issue of Options to Mr Didier Murcia	☐	☐	☐

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

¹Insert 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 the Annual 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 Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the 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 4.30pm (WST) on 28 November 2010.

Proxy forms received later than this time will be invalid.