

**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  
Thursday, 22 September 2011 at 10am (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 Thursday, 22 September 2011 commencing at 10am (WST) (“**Meeting**”). The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting. Capitalised terms used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary to the Explanatory Memorandum.

**AGENDA**

**ORDINARY BUSINESS**

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**Resolution 1 - Ratification of the issue of 110,000,000 Shares and 16,000,000 free attaching Options**

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

*"That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratifies the allotment and issue of 110,000,000 Shares on a pre-Consolidation basis, at an issue price of 8.8 cents per Share together with 16,000,000 free attaching Options (each with an exercise price of 15 cents and an expiry date of 31 August 2014) on 27 July 2011 to Atlas Iron Limited, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion**

The Company will disregard any votes cast on Resolution 1 by Atlas Iron Ltd and any of its 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 – Approval of proposed issue of 102,000,000 Shares and 14,000,000 free attaching Options**

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, the Company approves the allotment and issue, on a pre-Consolidation basis, of 102,000,000 Shares at an issue price of 8.8 cents per Share together with 14,000,000 free attaching Options (each with an exercise price of 15 cents and an expiry date of 31 August 2014) to Atlas Iron Limited, on the terms and conditions referred to in the Explanatory Memorandum."*

## Voting Exclusion

The Company will disregard any votes cast on Resolution 2 by Atlas Iron Limited 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 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 – Consolidation of Capital

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

*"That, for the purpose of Section 254H of the Corporations Act and clause 27(b) of the Company's Constitution and for all other purposes, with effect from 4 October 2011, approval is given for the Company to consolidate its issued capital on the basis that:*

- (a) the issued capital of the Company be consolidated on the basis that every eight Shares in the capital of the Company be consolidated into one Share; and*
- (b) the Options on issue be adjusted in accordance with Listing Rule 7.22.1; and*
- (c) where the number of Shares held by a member of the Company as a result of the consolidation effected by paragraphs (a) and (b) of this Resolution includes any fraction of a Share, the Directors be authorised to round that fraction up to the nearest whole Share."*

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The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5pm (WST) on 20 September 2011.

## BY ORDER OF THE BOARD



**Geoff James**  
Company Secretary  
12 August 2011

**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 Thursday, 22 September 2011 at 10am (WST). This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

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**1. BACKGROUND TO RESOLUTIONS 1 AND 2**

As announced on 27 July 2011, the Company has entered into a strategic alliance with Atlas Iron Limited ("**Atlas**") pursuant to which Atlas will take a strategic 19.9% stake in the Company, and will provide technical, development and product marketing support as the Company looks to develop its export and domestic iron ore businesses in Brazil. The Company and Atlas have entered into a subscription agreement with respect to the strategic alliance ("**Subscription Agreement**"). The primary provisions of the Subscription Agreement are set out below.

**Placement of Shares and free attaching Options**

Under the Subscription Agreement, the Company will issue a total of 212,000,000 Shares at an issue price of 8.8 cents per Share together with 30,000,000 free attaching Options (each with an exercise price of 15 cents and an expiry date of 31 August 2014) to Atlas to raise a total of \$18,656,000 ("**Placement**"). The Placement will occur in two tranches as follows:

- tranche 1 for 110,000,000 Shares and 16,000,000 Options ("**Tranche 1**"); and
- tranche 2, subject to Shareholder approval, for 102,000,000 Shares and 14,000,000 Options ("**Tranche 2**").

The Tranche 1 Shares and Options were issued on 27 July 2011 under the Company's 15% placement capacity under Listing Rule 7.1. Resolution 1 seeks Shareholder ratification of this issue. The issue of the Tranche 2 Shares and Options is subject to Shareholder approval, which is sought by Resolution 2.

Atlas currently has an 11.5% interest in the issued Shares of Centaurus as a result of the issue of the Tranche 1 Shares. Assuming Shareholders approve Tranche 2, Atlas will have a 19.9% interest in the issued Shares of Centaurus upon completion of the issue of the Tranche 2 Shares.

The issue of the Tranche 2 Shares and Options is conditional upon satisfaction (or waiver by Atlas) of the following conditions precedent:

- Shareholders approving the issue of the Tranche 2 Shares and Options which is sought by Resolution 2; and
- there being no Specified Material Event occurring between the date of the Subscription Agreement and the completion date for Tranche 2.

The completion date for Tranche 2 is the date that is 5 business days after the satisfaction of the conditions precedent for Tranche 2, which is effectively 5 business days after the date of the Meeting.

### **Board Representation**

Under the Subscription Agreement, Atlas will be entitled to nominate persons to the board of directors of Centaurus (“**Board**”) and to nominate replacements for any nominee from time to time as follows:

- upon Atlas obtaining a greater than 10% relevant interest in the Shares in the Company and for as long as Atlas continues to hold that relevant interest, Atlas will be entitled to nominate one person to the Board; and
- upon Atlas obtaining a greater than 30% relevant interest in the Shares in the Company and for so long as Atlas continues to hold that relevant interest, Atlas will be entitled to nominate an additional person to the Board.

Atlas must give the Board reasonable notice of any person it proposes to nominate to the Board, and must give due consideration to the view of the independent members of the Board as to whether they consider the nominee to be an appropriate addition to the Board given that person’s skill set. However, the Board will not be entitled to veto Atlas’s nomination provided the nominee:

- has not previously been removed by a resolution of Shareholders; or
- having been a director of the Company who retired by rotation was not re-elected by resolution of the Shareholders.

### **Top-up Right**

Subject to the Company obtaining a waiver from Listing Rule 6.18, or receiving written notice from ASX that Listing Rule 6.18 does not apply, Atlas will be entitled to a top-up right to maintain its equity interest in the Company in the event that further equity issues are undertaken by the Company.

Under the top-up right, where the Company proposes to:

- undertake any capital raising by way of the issue of equity securities, the Company must at the same time as undertaking the issue grant Atlas the right to subscribe for such number and type of securities as to ensure that Atlas has the same percentage interest in the capital of the Company as it held prior to the issue calculated on a fully diluted basis, on terms no less favourable to Atlas than those attaching to the issue; or
- issue securities as consideration for the acquisition of an asset, business or security other than pursuant to:
  - an off-market bid (as defined in the Corporations Act) made by the Company or any of its related bodies corporate; or
  - a scheme of arrangement under Part 5.1 of the Corporations Act,

(an “**Acquisition Event**”), the Company must grant Atlas the right to subscribe for such number and type of securities as will ensure that Atlas has the same percentage interest in the capital of the Company as it held prior to the Acquisition Event calculated on a fully diluted basis. These securities will be issued to Atlas at a price that is equal to:

- if the securities are Shares, the 10 day VWAP of the Shares immediately after the announcement of the Acquisition Event; or
- in any other case, the implied price per security in relation to the Acquisition Event.

The issue of Shares pursuant to the exercise by Atlas of the top-up right is subject to and conditional on the Company obtaining all necessary Shareholder approvals.

If ASX refuses to grant the Company a waiver from Listing Rule 6.18 or confirm that Listing Rule 6.18 does not apply in respect of the top-up right, the parties agree to negotiate in good faith to consider alternative anti-dilution protections for Atlas.

### **Technical, Development and Product Marketing Support**

Under the Subscription Agreement, the Company may request Atlas to provide technical, development and product marketing expertise to assist the Company in the development of its business and projects. Where the Company makes such a request, Atlas must use its best endeavours to meet the Company’s request and any expertise provided will be provided at or below cost.

### **Use of Funds raised under the Subscription Agreement**

The Company intends to use funds raised under the Subscription Agreement to accelerate growth at the Company’s Brazilian Iron Ore Projects, including:

- completion of feasibility studies and approval activities at the Jambreiro Iron Ore Project;
- accelerated exploration and development of the export focused Serra Do Lontra Project;
- securing port capacity to assist in development of the planned future export business;
- ongoing exploration and review of new project opportunities to support the Company’s planned iron ore export business from Brazil; and
- general working capital.

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## **2. RESOLUTION 1 - Ratification of previous issue of Shares and Options**

Listing Rule 7.1 broadly provides that the Company is permitted to issue securities which represent up to 15% of the Company's equity securities on issue within any 12 month period without needing to obtain Shareholder approval. Whilst Shareholder approval for the issue of the Tranche 1 Shares and Options was not required at the time of the issue, the effect of the issue is to reduce the Company’s capacity to issue additional equity securities in the future without Shareholder approval.

Listing Rule 7.4 permits an issue made by the Company without Shareholder approval under Listing Rule 7.1 to be treated as having been made with approval for the purposes of Listing Rule 7.1 if it is subsequently approved by Shareholders and it did not breach Listing Rule 7.1 at the time of issue.

The Company wishes to seek Shareholder ratification of the issue of the Tranche 1 Shares and Options for the purposes of Listing Rule 7.4 in order to renew the Company's capacity to issue up to 15% of the equity securities of the Company on issue in the next 12 month period without requiring Shareholder approval.

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

- (1) The number of securities issued and allotted was 110,000,000 Shares and 16,000,000 free attaching Options.
- (2) The Shares were issued at an issue price of 8.8 cents per Share. The Options granted were free attaching Options and no additional consideration was payable for their grant.
- (3) The Shares issued are fully paid ordinary shares in the capital of the Company and rank pari passu in all respects with the Company's existing fully paid ordinary Shares. The terms and conditions of the Options are set out in Appendix A.
- (4) The Shares and Options were issued to Atlas Iron Limited, an unrelated party of the Company.
- (5) The Tranche 1 Shares and Options were issued as part consideration under the Subscription Agreement. Details of the proposed use of funds raised from the issue are set out in the "Background to Resolutions 1 and 2" section above.

The Directors unanimously recommend Shareholders vote in favour of Resolution 1.

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### **3. RESOLUTION 2 - Proposed issue of Shares and Options**

As noted above, Listing Rule 7.1 requires Shareholder approval to the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's securities then on issue.

Resolution 2 seeks Shareholder approval for the issue of the Tranche 2 Shares and Options. If approved by Shareholders, the Company will issue the Tranche 2 Shares and Options before the Consolidation the subject of Resolution 3.

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

- (1) The number of securities to be issued is 102,000,000 Shares and 14,000,000 Options.
- (2) As noted above, under the Subscription Agreement, the completion date for Tranche 2 is 5 business days after the satisfaction of the conditions precedent for Tranche 2 which is effectively 5 business days after the date of the Meeting. The Company intends to issue and allot the Tranche 2 Shares and Options on the completion date for Tranche 2 and in any event issue the Tranche 2 Shares and Options no later than 3 months after the date of the Meeting (or such later date as is permitted by ASX waiver or modification of the Listing Rules).
- (3) The Shares and Options will be allotted on the one date.
- (4) The Shares will be issued at an issue price of 8.8 cents per Share. The Options are to be granted as free attaching Options and no additional consideration will be payable for their grant.
- (5) The Shares and Options will be issued to Atlas Iron Limited, an unrelated party of the Company.

- (6) The Shares will be fully paid ordinary shares in the capital of the Company and will rank pari passu in all respects with the Company's existing fully paid ordinary Shares. The terms and conditions of the Options are set out in Appendix A.
- (7) The Tranche 2 Shares and Options will be issued as part consideration under the Subscription Agreement. Details of the proposed use of funds raised from the issue are set out in the "Background to Resolutions 1 and 2" section above.

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

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#### **4. RESOLUTION 3 - Consolidation of Capital**

##### **Background**

Resolution 3 seeks shareholder approval to consolidate the Company's issued capital by consolidating every eight existing Shares into one new Share ("**Consolidation**").

The purpose of the Consolidation is to provide the Company with a more appropriate capital structure for a company of its size and nature. If Shareholders approve Resolution 2, the Company will have over 1 billion Shares on issue. The Board considers that having such a large number of Shares on issue subjects the Company to a number of disadvantages including:

- additional share price volatility arising from the fact that a change in the price of the Shares represents a higher percentage of the Share price than it would if the Company had a greater Share price;
- the Company has a far greater number of Shares on issue than comparable companies; and
- negative perceptions associated with a low share price.

As at the date of this Notice, the Company has 958,998,637 Shares on issue. As noted above, if the conditions precedent to the issue of the Tranche 2 Shares and Options are satisfied (or waived), the Company will issue the Tranche 2 Shares and Options prior to the Consolidation taking place. Accordingly, assuming the conditions precedent to the issue of the Tranche 2 Shares and Options are satisfied (or waived) and the Tranche 2 Shares are issued, if Resolution 3 is passed the number of Shares on issue will be reduced from 1,060,998,637 to approximately 132,624,830.

Under the Consolidation, the number of the existing Options on issue (including the Options proposed to be issued under Tranche 2) and their respective exercise prices will be reorganised in accordance with Listing Rule 7.22.1. The Options the Company currently has on issue (and including the Options proposed to be issued under Tranche 2), and the effect of the Consolidation on these Options, is set out in the table below:



Pre-Consolidation Number	Post-Consolidation Number	Pre-Consolidation Exercise Price	Post-Consolidation Exercise Price	Expiry Date
12,000,000	1,500,000	0.125	1.000	27-Nov-11
3,519,392	439,924	0.125	1.000	06-Jan-12
250,000	31,250	0.115	0.920	19-Mar-12
500,000	62,500	0.135	1.080	19-Mar-12
30,000,000	3,750,000	0.031	0.250	04-Aug-12
500,000	62,500	0.205	1.640	20-Nov-12
500,000	62,500	0.245	1.960	20-Nov-12
500,000	62,500	0.285	2.280	20-Nov-12
16,000,000	2,000,000	0.100	0.800	14-Feb-13
200,000	25,000	0.110	0.880	01-Oct-13
250,000	31,250	0.100	0.800	15-Dec-13
250,000	31,250	0.120	0.960	15-Dec-13
500,000	62,500	0.140	1.120	15-Dec-13
2,400,000	300,000	0.080	0.640	31-Dec-13
2,600,000	325,000	0.150	1.200	31-Dec-13
1,000,000	125,000	0.130	1.040	01-Jan-14
1,000,000	125,000	0.050	0.400	17-Jul-14
2,750,000	343,750	0.075	0.600	17-Jul-14
3,250,000	406,250	0.100	0.800	17-Jul-14
1,000,000	125,000	0.120	0.960	17-Jul-14
5,000,000	625,000	0.100	0.800	31-Aug-14
5,000,000	625,000	0.120	0.960	31-Aug-14
30,000,000*	3,750,000	0.150	1.200	31-Aug-14
1,750,000	218,750	0.110	0.880	01-Oct-14
16,000,000	2,000,000	0.070	0.560	31-Oct-14
300,000	37,500	0.130	1.040	17-Jan-15
6,500,000	812,500	0.080	0.640	15-Feb-15
100,000	12,500	0.130	1.040	06-Mar-15
2,500,000	312,500	0.080	0.640	31-Mar-15
500,000	62,500	0.100	0.800	31-Mar-15
500,000	62,500	0.120	0.960	31-Mar-15
300,000	37,500	0.130	1.040	01-Jun-15
700,000	87,500	0.095	0.760	19-Jul-15
1,000,000	125,000	0.110	0.880	30-Nov-15
1,500,000	187,500	0.130	1.040	04-Feb-16
<b>150,619,392</b>	<b>18,827,424</b>			

\*This includes 14,000,000 Options proposed to be issued under Tranche 2.

### Implementation of Consolidation

Section 254H of the Corporations Act provides that a company may, by resolution passed in general meeting, convert all or any of its shares into a larger or smaller number of shares.

Resolution 3 seeks Shareholder approval to consolidate the Company's issued capital by consolidating every eight existing Shares into one new Share. Accordingly, if Resolution 3 is passed, that consolidation will occur thereby reducing the number of Shares on issue by approximately 928,733,807 (assuming the Tranche 2 Shares are issued prior to the Consolidation).

The table below shows the number of Shares and Options before and after the consolidation (assuming the Tranche 2 Shares and Options are issued prior to the Consolidation).

	<b>Pre-Consolidation</b>	<b>Post-Consolidation</b>
<b>Shares</b>	1,060,998,637	Approximately 132,624,830
<b>Options</b>	150,619,392	Approximately 18,827,424

Shareholders will hold the same proportion of the Company's Share capital and net assets before and after the Consolidation. The current rights attaching to the Shares and Options will not be affected by the Consolidation.

As from the effective date of the Consolidation on 4 October 2011, all holding statements for Shares and certificates for Options will cease to have any effect except as evidence of entitlement to a certain number of post-Consolidation Shares and Options.

After the Consolidation becomes effective, the Company will despatch a notice to Shareholders and Optionholders advising them of the number of Shares and Options held by each Shareholder and Optionholder (as the case may be) both before and after the Consolidation. The Company will also arrange for new holding statements and Option certificates to be issued to Shareholders and Optionholders.

### **Options**

Resolution 3 also seeks Shareholder approval for the Options on issue to be adjusted in accordance with Listing Rule 7.22.1.

Listing Rule 7.22.1 requires that the number of Options on issue be consolidated in the same ratio as the Shares and their exercise prices be amended in inverse proportion to that ratio.

Accordingly, if Resolution 3 is passed, every eight existing Options on issue will be consolidated into one Option and the current exercise price of each Option will be multiplied by eight to obtain the new exercise price post-Consolidation. The table above shows the number of Options and their exercise prices before and after the consolidation (including the Options proposed to be issued under Tranche 2).

### **Fractional Entitlements**

The capital Consolidation will result in any Shareholder or Optionholder whose existing holding is not a multiple of eight receiving a fraction of a Share or Option (as the case may be). These fractional entitlements will be rounded up as part of the Consolidation, so that the consolidated holding will be rounded up to the nearest whole number.

### **Taxation**

It is not considered that any taxation consequences will exist for Shareholders and Optionholders arising from the Consolidation. However, Shareholders and Optionholders are advised to seek individual tax advice on the effect of the Consolidation. Neither the Company, nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation consequences arising from the Consolidation.

### **Timetable**

The consolidation will take effect on 4 October 2011 ("**Effective Date**") in accordance with the following proposed reorganisation timetable:

22 September 2011	Shareholder approval.
29 September 2011	Issue of Shares and Options the subject of Resolution 2.
4 October 2011	Effective Date for Consolidation.
5 October 2011	Trading commences in the reorganised securities on a deferred settlement basis.
11 October 2011	Last day for Company to register transfers on a pre-consolidation basis.
12 October 2011	First day for the Company to send a notice to each security holder, first day for the Company to register securities on a post re-organisation basis and first day for issue of holding statements.  From now on, the Company must reject transfers that were issued before the consolidation.
18 October 2011	Despatch date. Deferred settlement market ends. Last day for the Company to send notice to all Shareholders. Last day for securities to be entered into the holders' security holdings.

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## GLOSSARY

**Atlas** means Atlas Iron Limited ACN 110 396 168.

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

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

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

**Centaurus** or **Company** means Centaurus Metals Limited ACN 009 468 099.

**Consolidation** means the consolidation of the Company's issued capital on a one for eight basis the subject of Resolution 3.

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**Director** means a current director of the Company.

**Explanatory Memorandum** means this explanatory memorandum.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Insolvency Event** means any of the following:

- (a) an order is made, or a resolution is passed for the winding up, dissolution or administration of the Company or one of its related bodies corporate (other than for the purpose of a reconstruction or amalgamation while solvent);
- (b) the Company institutes any proceedings or arrangements for the liquidation of, or a receiver is appointed to, the Company or one of its related bodies corporate;
- (c) a receiver, a receiver and manager, administrator or similar officer is appointed over or a distress or execution is levied over the assets of the Company or one of its related bodies corporate;
- (d) the Company, or one of its related bodies corporate, suspend payment of its debts or is unable to pay its debts as and when they fall due; and
- (e) other than for the purpose of a reconstruction or amalgamation while solvent, the Company, or one of its related bodies corporate, makes or offers to make an arrangement with its creditors or a class of them.

**Notice** or **Notice of General Meeting** means the notice of meeting which forms part of this Explanatory Statement.

**Option** means an option to acquire one Share in the Company.

**Optionholder** means a registered holder of an Option.

**Proxy Form** means the enclosed appointment of proxy form.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Specified Material Event** means any of the following:

- (a) **(material adverse change)** any change, effect, event, occurrence, state of facts or development that could reasonably be expected to be substantially and materially adverse to the business, financial position or performance, assets or liabilities, profits or losses or prospects of the Company;
- (b) **(equity issue)** issue of any additional equity securities where the Applicant was not given a right to participate in the issue on equal terms;
- (c) **(asset disposals)** any sale, lease, exchange or other disposition of any assets or part of the Company's business exceeding A\$7 million in value;
- (d) **(insolvency event)** an Insolvency Event; or
- (e) the entering into an agreement to implement or give effect to any of the above.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time.

## APPENDIX A – TERMS AND CONDITIONS OF OPTIONS

- 1.1 Each option shall, from the date of grant, subject to paragraphs 1.3 and 1.4 below, carry the right to subscribe for one fully paid ordinary share in Centaurus Metals Limited ("**Share**").
- 1.2 If there is a pro rata issue (as the term is defined under the Listing Rules) to the Shareholders, the exercise price of an option will be reduced in accordance with the formula set out in Listing Rule 6.22.2.
- 1.3 If there is a bonus issue (as the term is defined under the Listing Rules), the number of Shares over which the option is exercisable will be increased in accordance with Listing Rule 6.22.3.
- 1.4 Options may be exercised in whole or in part. Where the options are exercised in part, they must be exercised in multiples of 1,000,000 on each occasion (unless there are less than 1,000,000 options left, in which case all the remaining options must be exercised together). An exercise of only some options shall not affect the rights of the Optionholder to the balance of the options held by it.
- 1.5 Options shall only be exercisable by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of options being exercised and must be accompanied by payment of the exercise price for each Share to be issued on exercise of the options specified in the notice. The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the exercise price (for example, if the exercise price is paid by cheque, by clearance of that cheque) by the expiry date.
- 1.6 The Company shall allot the resultant Shares and deliver the holding statements within 10 Business Days of the exercise of the option.
- 1.7 These options shall not be listed for Official Quotation.
- 1.8 The options are not transferable.
- 1.9 Shares allotted pursuant to an exercise of options shall rank, from the date of allotment, equally with existing Shares in all respects.
- 1.10 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of options listed for Official Quotation, if the Company is listed on the ASX at the time.
- 1.11 There are no participating rights or entitlements inherent in the options and Optionholders will not be entitled to participate in any new issues of capital offered to existing holders of Shares during the currency of the options. However, the Company will ensure that for the purposes of determining entitlement to such an issue the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- 1.12 Unless otherwise set out in these terms, an option does not confer the right to a change in the exercise price or the number of underlying Shares over which the option can be exercised.
- 1.13 If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

1.14 No fractions of Shares will be issued on the exercise of any options provided that, for the purposes of determining the number of Shares issuable upon the exercise of such options and whether fraction of Shares arises, the number of Shares arising on the exercise of all options is to be aggregated first.

In these Terms and Conditions:

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

**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 general banking business in Perth, other than a Saturday or Sunday or public holiday and which is also a business day for the purposes of the Listing Rules;

**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;

**Listing Rules** means the official listing rules of ASX as amended, varied, modified or waived from time to time;

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

**Optionholder** means the person holding these options.

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 Thursday 22 September 2011 at 10am (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 the Issue of 110,000,000 Shares and 16,000,000 free attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of proposed issue of 102,000,000 Shares and 14,000,000 free attaching Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Consolidation of Capital	<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	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	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 10am (WST) on 20 September 2011.

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