

**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 Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 23 November 2012 at 10am (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 Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 23 November 2012 commencing at 10am (WST) ("Meeting"). The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

**AGENDA**

**ORDINARY BUSINESS**

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**Financial Report (no resolution required)**

To receive the Financial Report of the Company for the year ended 30 June 2012 together with the Directors' Report in relation to that financial year and the Auditor's Report on the Financial Report.

**Note:** This item of business is for discussion only and is not a resolution.

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**Resolution 1 - Adoption of Remuneration Report**

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

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report appearing in the Company's Annual Report."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion Statement**

The Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution 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 Chairman as proxy for a person who is entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
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**Resolution 2 – Election of Director – Ms Sheila Lyons**

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

*"That Ms Sheila Lyons, who was appointed as an additional Director by the Board of Directors on 11 October 2012 under Rule 50.1 of the Constitution and ceases to hold office in accordance with Rule 50.2 of the Constitution and being eligible, offers herself for election, be elected as a Director."*

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**Resolution 3 – Re-election of Director - Mr Richard Hill**

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

*"That Mr Richard Hill, who retires by rotation in accordance with Rule 51.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."*

## SPECIAL BUSINESS

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### Resolution 4 – Grant of Performance Rights to Mr Peter Freund

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

*“That pursuant to and in accordance with section 208(1) of the Corporations Act and Listing Rule 10.14 and for all other purposes, approval is given for the Directors to grant 300,000 Performance Rights (each to acquire 1 Share) for no consideration to Mr Peter Freund (or his nominee) on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

#### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by Mr Peter Freund (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 Chairman 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 – Increase in Non-Executive Directors’ Fee Pool

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

*“That in accordance with Listing Rule 10.17 and Rule 56.5 of the Constitution and for all other purposes, the maximum aggregate remuneration payable from the Company to non-executive Directors for their services as Directors be increased by \$100,000 from \$300,000 to a maximum sum of \$400,000 per annum.”*

#### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by a Director or any associate of a Director.

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 Chairman 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 6 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”*

#### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 6 by a 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 Shareholder, if the Resolution is passed 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 Chairman 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 21 November 2012.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink that reads "G.A. James". The signature is written in a cursive style with a large initial 'G' and a long, sweeping underline.

**Geoff James**  
Company Secretary  
11 October 2012

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**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 Annual General Meeting of the Company to be held at the Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 23 November 2012 commencing at 10am (WST). This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

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**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 2012, has been sent to all Shareholders who requested it. The Annual Report is available on the Company’s website at [www.centaurus.com.au](http://www.centaurus.com.au).

There is no requirement for Shareholders to approve those 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.

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**1. RESOLUTION 1 – Adoption of Remuneration Report**

Pursuant to 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 2012 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 and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Pursuant to the Corporations Act, if a company’s Remuneration Report receives a “no” vote of 25 per cent or more at two consecutive annual general meetings, a resolution must then be put to shareholders at the second annual general meeting as to whether another meeting should be held at which all directors (other than the managing director) who were in office at the date of approval of the applicable Remuneration Report must stand for re-election (“spill resolution”). If more than 50% of Shareholders vote in favour of the spill resolution the Company must convene an extraordinary general meeting within 90 days of the second annual general meeting. In summary, Shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives “2 strikes”. At the Company’s previous annual general meeting, the votes cast against the Remuneration Report were less than 25%.

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

**Voting Restrictions**

Key Management Personnel including Directors (excluding the Chairman in certain circumstances) and their Closely Related Parties may not cast any votes in respect of Resolution 1 that arise from any proxy that they hold unless the appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise undirected proxies even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

**The Chairman will use any such proxies to vote in favour of the Resolution. Therefore, the Company encourages you to carefully read the proxy form and direct your proxy on how to vote on Resolution 1.**

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**2. RESOLUTION 2 – Election of Director – Ms Sheila Lyons**

In accordance with Rule 50.2 of the Constitution, a Director appointed either to fill a casual vacancy or as an additional Director holds office only until the conclusion of the next annual general meeting of the Company and is eligible for election. Ms Sheila Lyons was appointed a Director as the representative of Liberty Metals & Mining Holdings, LLC (“LMM”), on 11 October 2012.

Accordingly, Ms Lyons ceases to be a Director and offers herself for election at the Meeting.

Ms Lyons is the representative of LMM, a major shareholder with a 12.77% interest in the Company. Ms Lyons is the Vice President, Investments at LMM. Ms Lyons has a strong depth of experience in corporate finance and investment banking, specialising in the natural resource sector. She has held a number of senior executive positions in corporate finance and investment banking based in New York, including Director, Investment Banking, Resources and Energy Group with HSBC Securities, where she was the senior coverage officer responsible for the US power and utilities sector. Her other previous roles include Vice President, Investment Banking with Deutsche Banking Securities, Inc. and Associate, Investment Banking, with Bear, Stearns & Co., Inc. Prior to joining LMM, she was a Principal at Scientia Group, a private consultancy focused on cross-border M&A and financing transactions. Ms Lyons holds an MBA from Duke University's Fuqua School of Business. She has a BA Economics from Smith College and attended the London School of Economics.

The Board (other than Ms Lyons) supports and recommends that Shareholders vote in favour of the election of Ms Lyons.

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### 3. RESOLUTION 3 – Re-Election of Director – Mr Richard Hill

In accordance with Rule 51.1 of the Constitution, an election of Directors shall take place each year. According to Rule 51.2 of the Constitution, at every annual general meeting, each Director who has retained office for more than three years since their appointment shall retire from office and is eligible for re-election. Under Rule 51.5 of the Constitution, if at any Annual General Meeting no Director is required to retire under the terms of Rule 51.2 of the Constitution, then the Director who has been longest in office since their last election shall retire from office, and if more than one have equal tenure then the Director to retire shall in default of agreement between them be determined by lot. These requirements for a Director to retire do not apply to a Managing Director.

Accordingly, Mr Hill retires and being eligible for re-election, offers himself for re-election at the Meeting.

Mr Hill has been an independent non-executive Director since 28 January 2010. He is the chair of the Audit Committee and is a member of the Remuneration Committee. Mr Hill is a geologist and solicitor with nearly 20 years experience in the mining industry. He is a founder of two ASX-listed mining companies and he is a director of Westoria Capital Pty Ltd, a private mineral resources investment group that sources, evaluates and funds early stage resource projects. Mr Hill is a recent past director of YTC Resources Limited.

The Board (other than Mr Hill) supports and recommends that Shareholders vote in favour of the re-election of Mr Hill.

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### 4. RESOLUTION 4 – Grant of Performance Rights to Mr Peter Freund

#### 4.1 Background

Resolution 4 seeks Shareholder approval to grant 300,000 Performance Rights to Mr Peter Freund (or his nominee).

It is proposed to grant Performance Rights under the Company's Performance Share Plan ("PSP") to Mr Freund who is eligible to participate. Mr Freund is the Operations Director. Accordingly, in compliance with Chapter 2E of the Corporations Act and Listing Rule 10.14, the Company seeks Shareholder approval to grant Performance Rights, and subsequently to issue Performance Shares to Mr Freund, in accordance with the terms and conditions of the PSP.

The proposed grant of the Performance Rights to Mr Freund is intended to:

- provide an appropriate and adequate incentive for Mr Freund to assist the Company to achieve prescribed performance milestones;
- provide a cost effective and efficient means for the Company to provide an incentive, as opposed to alternative forms such as the payment of additional cash compensation;
- ensure that the Company may retain the services of Mr Freund; and
- reinforce the commitment of Mr Freund to the Company.

The Performance Rights will be offered to Mr Freund under the PSP for no cash consideration. The Board considers it is appropriate for part of Mr Freund's remuneration package to comprise non-cash, incentive based remuneration.

The Performance Shares which may be granted to Mr Freund will reflect the level of commitment to be provided by him to the Company in assisting the Company to achieve certain specified performance objectives, taking into account the responsibilities of Mr Freund and the time commitment required from him. The Performance Rights to be granted also reflect the value the Board believes that Mr Freund brings to the Company and the relative importance of the performance objectives set by the Company.

The Performance Rights will only vest if the following performance conditions are met:

Performance Condition	No. of Performance Rights to vest
On first sale of iron ore into the export market from the Company's current or future Brazilian Projects on or before 30 June 2014.	300,000

If the Performance Rights vest, Mr Freund will be issued with a corresponding number of Performance Shares without being required to pay any monetary consideration.

## 4.2 Chapter 2E 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 grant of Performance Rights to Mr Freund (or his nominee) constitutes a “financial benefit” as defined in the Corporations Act. Further, Mr Freund is a “related party” of the Company as defined under the Corporations Act because he is a Director. Accordingly, the proposed grant of Performance Rights to Mr Freund (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 grant of the Performance Rights to Mr Freund.

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 Performance Rights will be granted is Mr Peter Freund (or his nominee). The nominee must be approved by the Board.
- (b) The nature of the financial benefit to be provided to Mr Freund (or his nominee) is the grant of 300,000 Performance Rights, and the issue of a maximum number of 300,000 Performance Shares upon the vesting of those Performance Rights, for no cash consideration.
- (c) The proposed grant of the Performance Rights to Mr Freund will be made pursuant to the terms and conditions set out in the PSP and as set out in section 4.4 of this Explanatory Memorandum.
- (d) Mr Freund has a material personal interest in the outcome of Resolution 4 as he (or his nominee) will be the recipient of the Performance Rights. Accordingly Mr Freund 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 grant of Performance Rights to Mr Freund (or his nominee) is appropriate to assist the Company in retaining his services and dedication and directly aligning his long term interest with the strategic objectives of the Company. The Directors (other than Mr Freund) considered Mr Freund’s experience, the current market price of the Shares and current market practice when determining the performance conditions and the number of Performance Rights to be granted to Mr Freund (or his nominee).
- (e) As at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	195,747,919
Options exercisable at various prices between \$0.40 and \$2.28	13,450,000
Performance rights exercisable upon achievement of all performance milestones	3,320,000

If Shareholders approve Resolution 4, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	195,747,919
Options exercisable at various prices between \$0.40 and \$2.28	13,450,000
Performance rights exercisable upon achievement of all performance milestones	3,620,000

- (f) If Shareholders approve the grant of Performance Rights to Mr Freund, and all Performance Rights vest into Performance Shares, the effect will be to dilute the Shareholding of existing Shareholders by approximately 0.15% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming no existing Options or performance rights are exercised and no other securities are issued by the Company in the meantime.
- (g) The primary purpose of the grant of Performance Rights is to allow the Company to provide a cost effective incentive for the ongoing dedication and efforts of Mr Freund whilst directly aligning his long term interest with the strategic objectives of the Company. The Directors (other than Mr Freund) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Performance Rights to Mr Freund upon the terms proposed.
- (h) As at the date of this Notice, Mr Freund and his associates hold 25,000 Shares, 2,000,000 Options and 300,000 performance rights (direct and indirect) in the Company.
- (i) The Directors have determined that Mr Freund will be paid a remuneration package of \$400,000 per annum as Operations Director inclusive of salary and superannuation entitlements, to be reviewed periodically. No other Director fees will be paid.

The Company has valued the Performance Rights to be granted to Mr Freund using the Black-Scholes Model. The value of the Performance Rights calculated by the Black-Scholes Model is a function of the closing share price at the valuation date.

The valuation of the Performance Rights has been prepared using the following assumptions:

- Valuation date is 10 October 2012.
- Exercise price is nil.
- Expiration date is 30 June 2014.
- Expected life of the instrument is 19 months.
- Current share price at date of valuation is \$0.26.
- Dividend yield is nil.

Model input variables such as share price volatility and market interest rates have no effect on the valuation since no consideration is to be paid by the holder of the Performance Shares upon vesting. As such, the Performance Shares are valuable to the holder so long as there is some value in the underlying share. Therefore, the value of the Performance Shares is the 5 day VWAP as at the valuation date.

Based on the assumptions, it is considered that the estimated average value of the Performance Rights to be granted to Mr Freund is \$0.26 per Performance Right which gives a total valuation of \$78,000.

- (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	11 October 2011	\$0.78
Lowest	11 September 2012	\$0.25
Last Trading Price	10 October 2012	\$0.26

- (k) 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.

#### 4.3 Listing Rule 10.14

Listing Rule 10.14 requires Shareholder approval by ordinary resolution for any issues of securities to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires Shareholders to approve the issue of Performance Rights under the PSP to Mr Freund.

For the purposes of Listing Rule 10.15 the following information is provided to Shareholders in relation to Resolution 4:

- (a) The maximum number of Performance Rights that may be granted by the Company to Mr Peter Freund (or his nominee) is 300,000. Mr Freund is a Director. If all the Performance Rights vest, then Mr Freund (or his nominee) will be entitled to 300,000 Performance Shares.
- (b) The Performance Rights will be granted for no consideration and therefore no funds will be raised by the grant of the Performance Rights. Upon vesting of the Performance Rights, the Performance Shares will be issued and allotted for no consideration.
- (c) The indicative value of each Performance Right is \$0.26 per Share right. Details of the calculation of the indicative value are set out in section 4.2 of this Explanatory Memorandum.
- (d) All Directors, or their permitted nominees, are entitled to participate in the PSP. For the purposes of this Notice, the Company is only seeking to grant Performance Rights to Mr Freund (Resolution 4).
- (e) The proposed grant of the Performance Rights to Mr Freund will be made pursuant to the terms and conditions set out in the PSP and as set out in section 4.4 of this Explanatory Memorandum.
- (f) The following Directors, or their permitted nominees, have received Performance Rights under the PSP since it was approved on 31 August 2012:
- Darren Gordon – 700,000 Performance Rights, no cash consideration payable
  - Mr Peter Freund – 300,000 Performance Rights, no cash consideration payable
- (g) A voting exclusion statement is included in the Notice.
- (h) No loan has or will be provided to Mr Freund in relation to the grant of the Performance Rights.
- (i) If Resolution 4 is approved by Shareholders, the Performance Rights will be granted by the Board within 12 months after the date of the Meeting.

As the PSP was approved by Shareholders on 31 August 2012 pursuant to Listing Rule 7.2, Exception 9(b), Listing Rule 7.1 approval is not required.



#### 4.4 Terms and Conditions

The terms of issue of the Performance Rights are as follows:

- (a) The Performance Rights are issued under and are subject to the terms and conditions of the PSP. The rules of the PSP were approved by Shareholders on 31 August 2012.
- (b) Each Performance Right entitles the holder to acquire one Share upon exercise of that Performance Right.
- (c) No amount shall be payable by the holder on the exercise of Performance Rights.
- (d) The Performance Rights will only vest if the performance conditions set out in section 4.1 of this Explanatory Memorandum are met.
- (e) The Performance Rights expire on the date 5 years after the date of grant.
- (f) If a Performance Right holder (or if the Performance Rights are issued to a permitted nominee, the person who nominated that permitted nominee) ceases employment or office, the Performance Rights may be exercised during the following 1 month period or such longer period as the Board determines. Performance Rights not exercised within such period, including unvested Performance Rights, will automatically lapse.
- (g) Unvested Performance Rights will vest upon a change of control event as defined in the PSP.
- (h) A Performance Right does not give any right to participate in new issues of Shares or to participate in dividends until Shares are issued to the holder pursuant to exercise of vested Performance Rights.
- (i) On a reorganisation of the Company's capital, the rights of Performance Right holders will be changed to the extent necessary to comply with the Listing Rules.
- (j) Performance Rights are not transferable except as permitted in the PSP and will not be listed for quotation on the ASX.

#### 4.5 Voting Exclusion Statement

A voting exclusion applies to Resolution 4 in the terms set out in the Notice of Meeting. In particular, Mr Peter Freund (or his nominee) or any of their associates may not vote on this Resolution. The Chairman may not vote on this Resolution and may not cast a vote as proxy, unless the appointment as proxy gives a direction on how to vote and the vote is cast in accordance with that direction.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

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### 5. RESOLUTION 5 – Increase in Non-Executive Directors' Fee Pool

#### 5.1 Background

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 10.17 and for all other purposes to increase the Directors' fee pool (the maximum aggregate amount payable to non-executive Directors for their services as Directors under Rule 56.5 of the Constitution) by \$100,000, from \$300,000 to \$400,000.

The current annual fee pool of \$300,000 was approved by Shareholders at the annual general meeting held on 28 November 2006.

The proposed increase will provide the capacity to:

- appoint additional directors, if and when required, to enhance the breadth of skills on the Board as the Company strives towards achieving its strategic objectives of becoming a low-cost producer of iron ore;
- provide for market based reviews for Directors' fees in future years;
- maintain a fee "buffer" to provide flexibility in planning the Board's structure; and
- set a fee pool that is consistent with that available for similarly sized companies.

#### 5.2 Voting Exclusion Statement

A voting exclusion applies to Resolution 5 in the terms set out in the Notice of Meeting. In particular, the Directors may not vote on this Resolution. The Chairman may not vote on this Resolution and may not cast a vote as proxy, unless the appointment as proxy gives a direction on how to vote and the vote is cast in accordance with that direction.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

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### 6. RESOLUTION 6 – Approval of 10% Placement Facility

#### 6.1 Background

Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

The ASX has recently amended the Listing Rules to allow small to mid-cap companies to seek shareholder approval for additional placement capacity. Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("Additional Placement Capacity").

The Company seeks Shareholder approval under Resolution 6 to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (set out below).

## 6.2 Requirements of Listing Rule 7.1A

### Eligible entities

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

### Shareholder approval

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting which requires the approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative). A resolution under Listing Rule 7.1A cannot be put at any other Shareholder meeting.

### Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on the ASX.

As at the date of this Notice, the Company has one class of Equity Securities quoted on the ASX being fully paid ordinary shares.

### Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity

If Resolution 6 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A	The number of fully paid shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none"> <li>• plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;</li> <li>• plus the number of partly paid shares that became fully paid in the 12 months;</li> <li>• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;</li> <li>• less the number of fully paid shares cancelled in the 12 months.</li> </ul>
D	10%
E	The number of Equity Securities issued or agreed to be issued under Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

### Interaction between Listing Rules 7.1 and 7.1A

The Additional Placement Capacity under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has Shares on issue as at the date of this Notice. If all of the Resolutions in this Notice are passed, the Company will be permitted to issue (as at the date of this Notice):

- Equity Securities under Listing Rule 7.1; and
- Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 6 will be to allow the Company to issue securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

### 6.3 Information for Shareholders as required by Listing Rule 7.3A

#### Minimum price

The issue price of the new Equity Securities will be no lower than 75% of the VWAP for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Business Days of the date above, the date on which the Equity Securities are issued.

#### Risk of economic and voting dilution

If Resolution 6 is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under Listing Rule 7.1 that are approved by Shareholders in the future; and
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.13 50% decrease in Issue Price	\$0.26 Current Market Price	\$0.39 50% increase in Issue Price
<b>Current Variable A</b> 195,747,919 Shares	<b>10% Voting Dilution</b>	19,574,792 Shares	19,574,792 Shares	19,574,792 Shares
	<b>Funds Raised</b>	\$2,544,723	\$5,089,446	\$7,634,169
<b>50% Increase in Variable A</b> 293,621,878 Shares	<b>10% Voting Dilution</b>	29,362,188 Shares	29,362,188 Shares	29,362,188 Shares
	<b>Funds Raised</b>	\$3,817,084	\$7,634,169	\$11,451,253
<b>100% Increase in Variable A</b> 391,495,838 Shares	<b>10% Voting Dilution</b>	39,149,584 Shares	39,149,584 Shares	39,149,584 Shares
	<b>Funds Raised</b>	\$5,089,446	\$10,178,892	\$15,268,338

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- No Options (including any Options issued under the Additional Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is, being the latest closing price of the Shares on ASX on 10 October 2012.
- The Company's ability to issue securities under Listing Rule 7.1A is in addition to its ability to issue securities under Listing Rule 7.1.

#### Placement Period

Shareholder approval of the Additional Placement Capacity under Listing Rule 7.1A is valid from 23 November 2012 (the date of this Meeting) and expires on the earlier of:

- 23 November 2013, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under Listing Rule 11.1.2 (significant change to nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking),

or such longer period as allowed by the ASX ("Placement Period").

The Company will only issue and allot new securities during the Placement Period.

**Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated with such acquisition), continued exploration and feasibility study and project development expenditure on the Company's current assets and/or for general working capital; or
- non-cash consideration for acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

**Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company; and
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

**Details of Equity Securities issued under earlier placement capacity approval**

The Company has not previously obtained approval under Listing Rule 7.1A.

**6.4 Voting Exclusion Statement**

A voting exclusion statement is included in the Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

**6.5 Directors' Recommendation**

All the Directors recommend that Shareholders vote in favour of Resolution 6.

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## GLOSSARY

In this Notice and Explanatory Memorandum:

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**Additional Placement Capacity** has the meaning in Section 6.1.

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

**Annual Report** means the Company's annual report for the year ending 30 June 2012.

**Auditor's Report** means the auditor's report contained in the Annual Report.

**ASX** means ASX Limited ACN 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.

**Chairman** means the Chairman of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company;
- (e) a company that the member controls; or
- (f) a person prescribed to be a closely related party by the Corporations Regulations.

**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.

**Directors' Report** means the Directors' Report contained in the Annual Report.

**Equity Securities** has the same meaning as in the ASX Listing Rules.

**Explanatory Memorandum** means this explanatory memorandum.

**Financial Report** means the Company's financial report contained in the Annual Report.

**Key Management Personnel** has the same meaning as in the accounting standards and therefore broadly includes those persons with the authority and responsibility for planning, directing and controlling the activities of the Company (whether directly or indirectly), and includes any Director (whether executive or otherwise).

**Listing Rules** means the listing rules of the ASX.

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

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

**Performance Right** means a right granted under the PSP to acquire Shares on terms, and subject to conditions, set out in the PSP.

**Performance Share** means a Share issued upon satisfaction of the relevant performance condition and vesting of a Performance Right.

**PSP** means the Centaurus Metals Limited Performance Share Plan, as amended from time to time.

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**GLOSSARY (continued)**

**Placement Period** has the meaning given in Section 6.3.

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

**Remuneration Report** means the Remuneration Report contained in the Directors' Report.

**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.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time.

**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 <sup>1</sup> \_\_\_\_\_ or failing such appointment, or if no appointment is made, the Chairman, 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 Perth Convention and Exhibition Centre, 21 Mounts Bay Road, Perth, Western Australia on Friday, 23 November 2012 commencing 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).

**IMPORTANT NOTE FOR MEMBERS WHO APPOINT THE CHAIRMAN AS THEIR PROXY**

The Chairman intends to vote all available proxies in favour of each Resolution.

By marking the box below, you are directing the Chairman to vote in accordance with the Chairman's voting intentions on Resolutions 1, 4 and 5 as set out in the Notice of Meeting (except where you have indicated a different voting intention below). If you do not mark this box and you do not indicate your voting intentions below, the Chairman will not cast your votes on Resolutions 1, 4 and 5 and your votes will not be counted in computing the required majority if a poll is called on this item. If you appoint the Chairman as your proxy, you can direct the Chairman how to vote by marking the boxes in the Voting Directions section of this form or by marking the box below, in which case the Chairman will vote in favour of Resolutions 1, 4 and 5.

I/we direct the Chairman to vote in accordance with the Chairman's voting intentions in relation to Resolutions 1, 4 and 5 (except where I/we have indicated otherwise below) and acknowledge that the Chairman may exercise my proxy even though these Resolutions are connected directly or indirectly with the remuneration of members of Key Management Personnel and even if the Chairman has an interest in the outcome of this item and that votes cast by the Chairman, other than as proxyholder, would be disregarded because of that interest.

**VOTING DIRECTIONS**

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

		<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Election of Director – Ms Sheila Lyons	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Mr Richard Hill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Performance Rights to Mr Peter Freund	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Increase in Non-Executive Directors' Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 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 which may be obtained from the Company's security registry or you may copy this form and return them both together. Where more than one proxy is appointed, you must specify on each proxy form the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half the votes. A duly appointed proxy need not be a Shareholder of the Company.

If you wish to vote only a portion of your holding, indicate the proportion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

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 (subject to certain exceptions). 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 10am (WST) on 21 November 2012.

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