

Centaurus Metals Limited ABN 40 009 468 099

And it's controlled entities

Interim Financial Report

31 December 2011

Contents	Page
Directors' Report	3
Auditor's Independence Declaration	6
Interim Financial Report	
Condensed Consolidated Statement of Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	11
Notes to the Condensed Consolidated Interim Financial Statements	12
Directors' Declaration	17
Independent Review Report to Members	18

CENTAURUS METALS LIMITED

Directors' Report

Your directors present their report on the Consolidated Entity ("Group") consisting of Centaurus Metals Limited ("Centaurus" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2011 together with the consolidated financial report and review report thereon.

Directors

The following persons were directors of Centaurus Metals Limited during the half-year and up to the date of this report:

D M Murcia
D P Gordon
P E Freund
K G McKay
R G Hill
M D Hancock
G T Clifford (Resigned 12 August 2011)

Review of Operations

Financial Position

The net consolidated loss for the half-year was \$8,153,989. Included in the loss is exploration expenditure of \$5,273,544 and impairment of available for sale investments of \$1,088,297.

At the end of the half-year the Group had net cash balances of \$19,963,074 and net assets of \$42,053,997.

Exploration

During the half-year the Group carried out exploration programs on a number of its iron ore exploration projects in Brazil. At Centaurus' flagship Jambreiro Iron Ore Project, an in-fill drilling program was completed together with beneficiation testwork and the Company announced in October 2011 a 65 per cent increase in the JORC compliant Resource estimate to 116.5 million tonnes grading 26.8% Fe. A maiden Ore Reserve estimate was announced in November 2011 with a Proven and Probable Ore Reserve estimate of 49.0 million tonnes at an average grade of 28.2% for the friable component of the ore body.

The updated Resource estimate provided the platform for a Pre-Feasibility Study ("PFS") which was completed in November 2011. The PFS results outlined a 2Mtpa project of 66% Fe final product, capable of generating revenues of A\$1.25 billion and EBITDA of A\$858 million over an initial 8.5 year life.

The strong results of the PFS facilitated the Board's approval to commence a Bankable Feasibility Study ("BFS") which is scheduled to be completed by the end of the third quarter of calendar year 2012. In December 2011, a new in-fill drilling program commenced as part of the BFS work program to convert the first 3 years of friable ore production into Proven Reserves.

At the Serra da Lontra Iron Ore Project, a detailed mapping and exploration program was completed followed by a ground magnetic survey. Following the strong assay and survey results received, the Company commenced a maiden drill program in January 2012.

At the Itambé Iron Ore Project, beneficiation testwork was carried out together with environmental data collection work in the areas of flora, fauna and water monitoring.

At the Passabém Iron Ore Project, the Company completed its obligations to the original vendor and paid the final consideration owing to remove the advanced royalty from the Project.

CENTAURUS METALS LIMITED

Directors' Report

Corporate

On 27 July 2011, the Company announced it had entered into a strategic alliance with Atlas Iron Limited ("Atlas") pursuant to which Atlas agreed to take a strategic 19.9% stake in the Company, and for Atlas to provide technical, development and product marketing support as the Company looks to develop its export and domestic iron ore businesses in Brazil. Centaurus and Atlas entered into a subscription agreement with respect to the strategic alliance ("Agreement").

Under the Agreement, Atlas subscribed for a share placement comprising 26.5 million shares at 70.4 cents per share (post-consolidation basis), raising a total of \$18.7 million. In addition, Atlas subscribed for 3.75 million options at an exercise price of \$1.20 per share (post-consolidation basis), expiring on 31 August 2014. The share and option placement was approved by Shareholders on 22 September 2011.

As part of the strategic alliance, Atlas was entitled to nominate a representative to the Centaurus Board of Directors. On 23 September 2011, the Company appointed Atlas Iron's Chief Commercial Officer, Mr Mark Hancock to the Board.

Pursuant to the strategic alliance, and subject to meeting various conditions including Atlas continuing to hold a 5% interest in the share capital in the Company, ASX Limited have granted Centaurus a waiver from the listing rules to permit Atlas to have a right to maintain its equity interest in the Company in the event that further equity issues are undertaken for future funding requirements or as a means of securing further assets (other than by a takeover bid or scheme of arrangement). Atlas will be given the opportunity to participate in these future equity issues of the Company on the same terms as those being offered to third parties.

On 22 September 2011, Shareholders approved the consolidation of the Company's capital on a 1-for-8 basis. The consolidation took effect from 5 October 2011. The consolidation reduced the number of shares on issue from 1.068 billion to 133.5 million.

Events Subsequent to Reporting Date

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2011 is set out on page 6.



D P Gordon
Managing Director

Perth
12 March 2012

CENTAURUS METALS LIMITED

Directors' Report

Competent Person's Statement

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Roger Fitzhardinge who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel who is a Member of Australian Institute of Geoscientists. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited and Volodymyr Myadzel is the Senior Resource Geologist of BNA Consultoria e Sistemas Limited, independent resource consultants engaged by Centaurus Metals.

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Roger Fitzhardinge and Volodymyr Myadzel consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled by Beck Nader who is a professional Mining Engineer and a Member of Australian Institute of Geoscientists. Beck Nader is the Managing Director of BNA Consultoria e Sistemas Ltda and is a consultant to Centaurus.

Beck Nader has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserve'. Beck Nader consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Centaurus Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'G. Hogg'.

Graham Hogg
Partner

Perth
12 March 2012

CENTAURUS METALS LIMITED

**Condensed Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2011**

	Note	31 December 2011 \$	31 December 2010 \$
Other income		34,139	85,594
Exploration expenditure		(5,273,544)	(4,215,402)
Impairment of exploration and evaluation		-	(1,544,049)
Impairment of available for sale investments		(1,088,297)	-
Employee benefits expense		(965,392)	(922,381)
Share based payment		(266,384)	(489,075)
Occupancy expenses		(131,733)	(147,012)
Listing and share registry fees		(104,092)	(87,113)
Professional fees		(258,140)	(257,386)
Depreciation		(112,314)	(87,333)
Other expenses		(609,083)	(481,813)
Results from operating activities		(8,774,840)	(8,145,970)
Finance income – interest income		620,851	271,320
Loss before income tax		(8,153,989)	(7,874,650)
Income tax expense		-	-
Loss for the period	5	(8,153,989)	(7,874,650)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets reclassified to profit and loss		265,625	156,945
Exchange differences arising on translation of foreign operations		(3,550,333)	(1,217,975)
Income tax on other comprehensive income		-	-
Other comprehensive income for the period		(3,284,708)	(1,061,030)
Total comprehensive income for the period		(11,438,697)	(8,935,680)
Earnings per share:		Cents	Cents
Basic loss per share		(7.05)	(9.55)
Diluted loss per share		(7.05)	(9.55)

The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CENTAURUS METALS LIMITED**Condensed Consolidated Statement of Financial Position
As at 31 December 2011**

	31 December 2011 \$	30 June 2011 \$
Current assets		
Cash and cash equivalents	19,963,074	10,351,397
Other receivables and prepayments	859,671	1,933,937
Total current assets	20,822,745	12,285,334
Non-current assets		
Other investments, including derivatives	995,138	1,829,071
Property, plant and equipment	905,834	878,739
Exploration and evaluation assets	24,251,237	27,537,808
Total non-current assets	26,152,209	30,245,618
Total assets	46,974,954	42,530,952
Current liabilities		
Trade and other payables	1,174,459	4,016,265
Employee benefits	281,133	229,722
Total current liabilities	1,455,592	4,245,987
Non-current liabilities		
Deferred tax liabilities	3,465,365	3,927,604
Total non-current liabilities	3,465,365	3,927,604
Total liabilities	4,920,957	8,173,591
Net assets	42,053,997	34,357,361
Equity		
Share capital	72,720,395	53,851,446
Reserves	1,544,033	4,562,357
Accumulated losses	(32,210,431)	(24,056,442)
Total equity	42,053,997	34,357,361

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CENTAURUS METALS LIMITED

**Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2011**

	Issued Capital	Option Reserve	Share-based payments reserve	Available- for-sale- investments revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2011	53,851,446	2,966,597	2,064,756	(265,625)	(203,371)	(24,056,442)	34,357,361
Loss for the period	-	-	-	-	-	(8,153,989)	(8,153,989)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets reclassified to profit and loss	-	-	-	265,625	-	-	265,625
Foreign currency translation difference for foreign operation	-	-	-	-	(3,550,333)	-	(3,550,333)
Total comprehensive income for the period	-	-	-	265,625	(3,550,333)	(8,153,989)	(11,438,697)
Transactions with owners, recorded directly in equity							
Issue of ordinary shares	18,656,000	-	-	-	-	-	18,656,000
Share issue costs	(54,551)	-	-	-	-	-	(54,551)
Issue of ordinary shares on exercise of options	267,500	-	-	-	-	-	267,500
Share-based payment transactions	-	-	266,384	-	-	-	266,384
Total transactions with owners	18,868,949	-	266,384	-	-	-	19,135,333
Balance at 31 December 2011	72,720,395	2,966,597	2,331,140	-	(3,753,704)	(32,210,431)	42,053,997

CENTAURUS METALS LIMITED

**Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2011**

	Issued Capital	Option Reserve	Share-based payments reserve	Available- for-sale- investments revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	36,553,428	2,966,597	951,846	(100,000)	606,706	(10,135,336)	30,843,241
Impact of change in accounting policy	-	-	-	-	(77,764)	(1,716,888)	(1,794,652)
Balance at 1 July 2010 (restated)	36,553,428	2,966,597	951,846	(100,000)	528,942	(11,852,224)	29,048,589
Loss for the period	-	-	-	-	-	(7,874,650)	(7,874,650)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	156,945	-	-	156,945
Foreign currency translation difference for foreign operation	-	-	-	-	(1,217,975)	-	(1,217,975)
Total comprehensive income for the period	-	-	-	156,945	(1,217,975)	(7,874,650)	(8,935,680)
Transactions with owners, recorded directly in equity							
Issue of ordinary shares net of capital raising costs	17,155,563	-	-	-	-	-	17,155,563
Issue of ordinary shares on exercise of options	140,000	-	-	-	-	-	140,000
Share-based payment transactions	-	-	489,075	-	-	-	489,075
Total transactions with owners	17,295,563	-	489,075	-	-	-	17,784,638
Balance at 31 December 2010	53,848,991	2,966,597	1,440,921	56,945	(689,033)	(19,726,874)	37,897,547

CENTAURUS METALS LIMITED**Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2011**

	31 December 2011	31 December 2010
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(1,753,329)	(1,664,753)
Exploration and evaluation expenditure	(6,162,724)	(4,486,032)
Proceeds from court settlement	970,438	-
Interest received	448,157	199,130
Net cash used in operating activities	(6,497,458)	(5,951,655)
Cash flows from investing activities		
Payments for plant & equipment	(164,756)	(222,584)
Payment for investment	-	(88,888)
Refunds (payments) for security deposits	39,246	(20,267)
Payments for acquisition of exploration assets	(1,855,879)	-
Net cash used in investing activities	(1,981,389)	(331,739)
Cash flows from financing activities		
Proceeds from issue of equity securities net of capital raising costs	18,868,949	17,295,563
Net cash from financing activities	18,868,949	17,295,563
Net increase in cash and cash equivalents	10,390,102	11,012,169
Cash and cash equivalents at the beginning of the half-year	10,351,397	4,920,035
Effect of exchange rate fluctuations on cash held	(778,425)	(42,031)
Cash and cash equivalents at the end of the half-year	19,963,074	15,890,173

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CENTAURUS METALS LIMITED

Notes to the Condensed Consolidated Interim Financial Statements For the half-year ended 31 December 2011

Note 1. Reporting entity

Centaurus Metals Limited is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at 31 December 2011 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity" or "Group").

The consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2011 is available upon request from the Company's registered office or at <http://www.centaurus.com.au/>.

Note 2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, and with IAS 34 *Interim Financial Reporting*.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2011.

The condensed consolidated interim financial report was approved by the Board of Directors on 12 March 2012.

Note 3. Significant accounting policies

The accounting policies applied by the Consolidated Entity in this condensed consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated annual financial report as at and for the year ended 30 June 2011.

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these amendments has not resulted in any changes to the Consolidated Entity's accounting policies and have no effect on the amounts reported for the current or prior periods.

CENTAURUS METALS LIMITED

Notes to the Condensed Consolidated Interim Financial Statements For the half-year ended 31 December 2011

Note 4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of those assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the consolidated interim financial report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated annual financial report as at and for the year ended 30 June 2011.

Note 5. Loss for the half year

	31 December 2011	31 December 2010
	\$	\$

The following revenue and expenses are relevant in explaining the financial performance for the interim period:

Net gain on disposal of mineral tenements	-	85,594
Write-off of capitalised exploration expenditure due to relinquishment of tenements	-	(1,544,049)
Impairment of available for sale investments	(1,088,297)	-

Note 6. Share based payments

During the half-year a total of 37,500 options were issued to employees. The options were issued with an exercise price of \$0.80 per option. The options expire in 4 years. The fair value of the options was \$0.4491 per option. The basis of measuring fair value is consistent with that disclosed in the consolidated annual financial report as at and for the year ended 30 June 2011.

The terms and conditions of the options granted during the half-year ended 31 December 2011 are as follows:

Grant date	Expiry date	Exercise price	Number of Options	Value per option at grant date (a)	Vesting date
29/08/2011	29/08/2015	\$0.80	37,500	\$0.4491	See note (b) below

(a) Fair value as determined using an option pricing model.

(b) 6,250 options vested on grant date, 15,625 options vest on commencement of iron ore production on a mining lease from the Company's iron ore projects in Brazil, 15,625 options vest on achievement of iron ore production from the Company's iron ore projects at an average rate of 250,000 tonnes per month over a consecutive 3 month period.

CENTAURUS METALS LIMITED

Notes to the Condensed Consolidated Interim Financial Statements For the half-year ended 31 December 2011

Note 6. Share based payments (continued)

The assessed fair value at grant date of options granted is allocated equally over the period from grant date to vesting date. Fair values at grant date are determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The option pricing model inputs for options granted during the half-year ended 31 December 2011 included:

Grant date	29/08/2011
Expiry date	29/08/2015
Exercise price	\$0.80
Consideration	Nil
Share price at grant date	\$0.73
Expected price volatility of the Company's shares	88.25%
Expected dividend yield	Nil
Risk-free interest rate	4.01%
Fair value per option at grant date	\$0.4491

Note 7. Share capital

Date	Details	Issue Price	Number of Shares	\$
	Balance at 1 July 2011		848,998,637	53,851,446
27 July 2011	Share placement	\$0.08800	110,000,000	9,680,000
1 Sept 2011	Issue of ordinary shares upon exercise of options	\$0.03125	6,000,000	187,500
1 Sept 2011	Issue of ordinary shares upon exercise of options	\$0.08000	1,000,000	80,000
27 Sept 2011	Share placement	\$0.08800	102,000,000	8,976,000
5 Oct 2011	Consolidation *		(934,498,807)	-
	Share issue costs		-	(54,551)
	Balance at 31 December 2011		133,499,830	72,720,395

Date	Details	Issue Price	Number of Shares	\$
	Balance at 1 July 2010		604,398,639	36,553,428
20 Sept 2010	Share placement	\$0.07500	88,400,000	6,630,000
5 Oct 2010	Share placement	\$0.07500	50,524,998	3,789,375
26 Oct 2010	Share placement	\$0.07500	103,600,000	7,770,000
22 Dec 2010	Share placement	\$0.07500	2,000,000	140,000
	Share issue costs		-	(1,036,980)
	Balance at 31 December 2010		848,923,637	53,845,823

CENTAURUS METALS LIMITED

Notes to the Condensed Consolidated Interim Financial Statements For the half-year ended 31 December 2011

Note 7. Share capital (continued)

*On 22 September 2011, Shareholders approved the consolidation of the Company's capital on a 1-for-8 basis. The consolidation took effect from 5 October 2011. The consolidation reduced the number of share on issue from 1.068 billion to 133.5 million.

Weighted average number of shares:	31 December 2011	31 December 2010
Weighted average number of ordinary shares used in calculating basic earnings per share	115,647,775	82,490,951

Potential ordinary shares were not considered to be dilutive as the consolidated entity made a loss for the half year ended 31 December 2011 and the exercise of potential ordinary shares would not increase that loss.

The weighted average number of shares in 2010 are calculated on a post-consolidation equivalent basis.

On 27 July 2011, the Company announced it had entered into a strategic alliance with Atlas Iron Limited ("Atlas") pursuant to which Atlas agreed to take a strategic 19.9% stake in the Company, and for Atlas to provide technical, development and product marketing support as the Company looks to develop its export and domestic iron ore businesses in Brazil. Centaurus and Atlas entered into a subscription agreement with respect to the strategic alliance ("Agreement"). Under the Agreement, Atlas subscribed for a share placement comprising 26.5 million shares at 70.4 cents per share (post-consolidation basis), raising a total of \$18.7 million. In addition, Atlas subscribed for 3.75 million options at an exercise price of \$1.20 per share (post-consolidation basis), expiring on 31 August 2014. The share and option placement was approved by Shareholders on 22 September 2011. The cash consideration of \$18.7 million received exceeds the assessed fair value of the shares and options issued to Atlas. Therefore no share based payment should be recognised in relation to the shares and free options issued to Atlas and the \$18.7m cash received has been recorded as an increase in equity.

CENTAURUS METALS LIMITED**Notes to the Condensed Consolidated Interim Financial Statements
For the half-year ended 31 December 2011****Note 8. Operating segments**

The Group has one reportable segment, being iron ore exploration and evaluation in Brazil.

	31 December 2011	31 December 2010
	\$	\$
Reportable Segment Information – Iron Ore Exploration For the half year ended 31 December		
Segment loss before income tax		
Segment loss before income tax	(5,176,575)	(6,019,191)
Unallocated corporate expenses	(3,598,265)	(2,212,373)
Unallocated other income	-	85,594
Net finance income – interest income	620,851	271,320
	(8,153,989)	(7,874,650)
Interest income		
Segment interest income	226,132	40,254
Unallocated interest income	394,719	231,066
	620,851	271,320
Depreciation		
Segment depreciation expense	81,832	46,712
Unallocated depreciation expense	30,482	40,621
	112,314	87,333
	31 December 2011	30 June 2011
Reportable segment assets		
Segment assets	24,661,660	26,557,102
Unallocated other assets	22,313,294	15,973,850
Total assets	46,974,954	42,530,952

Note 9. Operating commitments

The Company has operating commitments in respect to drilling contracts in Brazil totalling \$1.9 million (2010 – nil).

Note 10. Subsequent events

There has not arisen in the interval between the end of the half year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

CENTAURUS METALS LIMITED

**Directors' Declaration
For the half-year ended 31 December 2011**

In the opinion of the directors of Centaurus Metals Limited (the "Group"):

- (a) The financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:
 - (i) Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; and
 - (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



D P Gordon
Managing Director

Perth
12 March 2012



Independent auditor's review report to the members of Centaurus Metals Limited

Report on the financial report

We have reviewed the accompanying interim financial report of Centaurus Metals Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2011, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Centaurus Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the review of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Centaurus Metals Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'G. Hogg'.

Graham Hogg
Partner

Perth
12 March 2012