

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 Friday, 31 August 2012 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 Friday, 31 August 2012 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

Resolution 1 - Ratification of Tranche 1 Placement

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve the allotment and issue of 19,140,282 ordinary shares in the Company ("**Shares**") at an issue price of 44 cents per Share on 13 July 2012 to the persons and on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue and any of their associates.

However, the Company need not disregard a vote if:

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

Resolution 2 – Issue of Tranche 2 Placement

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to a maximum of 40,407,255 Shares at an issue price of 44 cents per Share to the persons and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons.

However, the Company need not disregard a vote if:

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

Resolution 3 – Approval of Performance Share Plan

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

“That, for the purpose of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes, the Company approves the grant of Performance Rights and the issue of Shares to Eligible Persons under the Performance Share Plan, the rules of which are set out in Annexure A to the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 3 by a Director of the Company 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 person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 4 – Grant of Performance Rights to Darren Gordon

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

“That, subject to the passing of Resolution 3, 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 700,000 Performance Rights for no consideration to Darren Gordon (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 4 by Darren Gordon (or his nominee) or any of their associates.

However, the Company need not disregard a vote if:

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

Resolution 5 – Grant of Performance Rights to Peter Freund

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

“That, subject to the passing of Resolution 3, 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 for no consideration to Peter Freund (or his nominee) on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion

The Company will disregard any votes cast on Resolution 5 by 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 person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company at 5pm (WST) on 29 August 2012.

BY ORDER OF THE BOARD

Geoff James
Company Secretary
23 July 2012

CENTAURUS METALS LIMITED

ACN 009 468 099

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of Shareholders of Centaurus Metals Limited (“**Centaurus**” or the “**Company**”) in connection with the business to be conducted at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 31 August 2012 at 10am (WST).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting.

1. BACKGROUND TO RESOLUTIONS 1 AND 2

On 9 July 2012 the Company announced that it would make a share placement (“Placement”) of up to \$26.2 million of Shares to new and existing institutional and strategic investors to underpin the continued exploration and development of its iron ore projects in Brazil. The Placement comprises two tranches.

Under the first tranche (“Tranche 1”), on 13 July 2012 the Company raised \$8.4 million by issuing a total of 19,140,282 Shares at an “at market” price of 44 cents per Share to Liberty Metals and Mining Holdings, LLC (“Liberty”), Atlas Iron Limited (“Atlas”), and institutional and professional investor clients of Ord Minnett and Bell Potter.

Liberty is a Boston-based subsidiary of Liberty Mutual Insurance, the third largest diversified property and casualty (“P&C”) insurer in the US and the sixth largest P&C insurer worldwide. Atlas is the Company’s largest shareholder. Ord Minnett is the Lead Manager and Bell Potter is the Co-Manager to the Placement.

The Tranche 1 issue was completed under Listing Rule 7.1, which, in broad summary, allows the Company to issue up to the number of Shares equal to 15% of the Shares on issue by the Company in any 12 month period without requiring the Shareholders’ approval.

Resolution 1 seeks Shareholder approval of the Tranche 1 issue. If all of the resolutions in the Notice of Meeting are passed by Shareholders, the Company will be able to issue up to the number of Shares equal to 15% of the Shares on issue by the Company in the next 12 months from the date the resolution is passed without seeking the Shareholders’ approval (exceptions to the limits in Listing Rule 7.1 allow the Company to issue some Shares outside of the 15% limit in some circumstances).

Subject to Shareholder approval under Resolution 2, 40,407,255 Shares at an “at market” price of 44 cents per Share will be issued under the second tranche (“Tranche 2”) on 6 September 2012 (or such later date as is permitted by any ASX waiver or modification of the Listing Rules) to raise a further \$17.8 million. The participants in this tranche will be Liberty, Atlas, and institutional and professional investor clients of Ord Minnett and Bell Potter.

Assuming Shareholders approve Tranche 2, Atlas will maintain its current 19.85% interest in the issued Shares of Centaurus upon completion of the Tranche 1 and Tranche 2 issues.

Liberty and the Company have entered into a Subscription Agreement for the share placement. The primary provisions of this agreement are as follows:

Placement of Shares

Under the Subscription Agreement, the Company will issue a total of 25,000,000 Shares at an issue price of 44 cents per Share to Liberty to raise a total of \$11 million. The share issue to Liberty will occur in two tranches as follows:

- First tranche of 7,305,195 Shares; and
- Subject to Shareholder approval, second tranche of 17,694,805 Shares.

Each of these tranches forms part of the respective Tranche 1 and Tranche 2 issues.

Following the Tranche 1 issue of Shares, Liberty currently has a 4.79% interest in the issued Shares of Centaurus. Assuming Shareholders approve Resolutions 1 and 2, Liberty will have a 12.95% interest in the issued Shares of Centaurus upon completion of the Tranche 2 issue.

The issue of Shares to Liberty pursuant to the second tranche of the Subscription Agreement is conditional upon satisfaction (or waiver by Liberty) of the following conditions precedent:

- Shareholders approving the issue of the Tranche 2 issue, 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 the second tranche under the Subscription Agreement.

The completion date for the second tranche under the Subscription Agreement is 6 September 2012 or other such date as the Company and Liberty agree that is no later than 3 months after the date of the Meeting.

Use of Funds

The Company intends to use funds raised pursuant to Tranche 1 and Tranche 2 as follows:

- to fund feasibility studies on the Company's Jambreiro Iron Ore Project in Brazil, and for early stage capital expenditures at the project;
- to fund the Company's exploration and drilling programs on such of its projects as it sees fit;
- to fund acquisitions to support the Company's domestic and export iron ore business in Brazil; and
- for general corporate and administrative expenses.

2. RESOLUTION 1 - Ratification of Tranche 1 Placement

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 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 next 12 months 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 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 on 13 July 2012 was 19,140,282 Shares to the following persons:

Name	Shares	Amount \$
Liberty	7,305,195	3,214,286
Atlas	3,799,370	1,671,723
Clients of Ord Minnett and Bell Potter	8,035,717	3,535,715
Total	19,140,282	8,421,724

- (2) The Tranche 1 Shares were issued at an issue price of 44 cents per Share.
- (3) The Tranche 1 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.
- (4) None of the allottees are related parties of the Company or its associates.
- (5) A voting exclusion statement is included in the Notice.
- (6) The funds raised by the issue of the Tranche 1 Shares are to be used to further continue exploration and development of the Company's iron ore projects in Brazil.

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

3. RESOLUTION 2 – Issue of Tranche 2 Placement

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. If approved by Shareholders, the Company will issue the Tranche 2 Shares without using the Company's 15% limit.

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

- (1) The maximum number of securities to be issued pursuant to Tranche 2 is 40,407,255 Shares.
- (2) The Company intends to issue and allot the Tranche 2 Shares on 6 September 2012 and in any event issue the Tranche 2 Shares no later than 3 months after the date of the Meeting (or such later date as is permitted by any ASX waiver or modification of the Listing Rules).
- (3) The Tranche 2 Shares will be issued at an issue price of 44 cents per Share, raising a total of \$17.8 million.
- (4) The Tranche 2 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.
- (5) A voting exclusion statement is included in the Notice.
- (6) The funds raised by the issue of the Tranche 2 Shares are to be used to further continue exploration and development of the Company's iron ore projects in Brazil.
- (7) The Tranche 2 Shares will be issued to the following persons:

Name	Shares	Amount \$
Liberty	17,694,805	7,785,714
Atlas	8,020,894	3,529,193
Clients of Ord Minnett and Bell Potter	14,691,556	6,464,285
Total	40,407,255	17,779,192

None of the allottees are related parties of the Company or its associates.

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

4. RESOLUTION 3 – Approval of Issues pursuant to the Performance Share Plan

Resolution 3 seeks Shareholder approval to approve the establishment of a Performance Share Plan.

The Board has agreed to establish a Performance Share Plan ("PSP") under which eligible participants may be granted Performance Rights (which are, in effect, options to acquire unissued shares in the Company, the exercise of which is subject to certain performance milestones), with the intention of appropriately incentivising current management executives and employees as the Company moves towards production.

The objective of the PSP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of management, executives and employees in achieving specified performance milestones within a specified performance period.

The Board will ensure that the performance milestones attached to the Performance Rights issued under the PSP are aligned with the growth and success of the Company's business activities.

The adoption of a PSP will enable the Company to be more competitive in the market when seeking to attract and retain key senior personnel as the Company progresses its iron ore projects in Brazil towards production.

Shareholder approval is required if any issue of Performance Rights pursuant to the PSP is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within 3 years of the date of issue.

Prior Shareholder approval will be required before any Director or related party of the Company can participate in the PSP.

Under the PSP, the Board may from time to time in its absolute discretion grant Performance Rights to Eligible Persons in the form and subject to the terms and conditions as the Board determines.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (1) A copy of the rules of the Performance Share Plan is attached as Annexure A to this Explanatory Memorandum.

- (2) This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Performance Share Plan.
- (3) A voting exclusion statement is included in the Notice.

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – Grant of Performance Rights to Darren Gordon

5.1 Background

Subject to Resolution 3 being passed, Resolution 4 seeks Shareholder approval to grant 700,000 Performance Rights to Darren Gordon (or his nominee).

It is proposed to grant Performance Rights under the Company’s Performance Share Plan (“PSP”) to Darren Gordon who is eligible to participate. Darren Gordon is the Managing Director of the Company. 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 Darren Gordon, in accordance with the terms and conditions of the PSP.

The proposed grant of the Performance Rights to Darren Gordon is intended to:

- provide an appropriate and adequate incentive for Darren Gordon 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 Darren Gordon; and
- reinforce the commitment of Darren Gordon to the Company.

Darren Gordon will only benefit from the grant of the Performance Rights under the PSP if the relevant performance conditions are fulfilled and he is issued the Performance Shares.

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

The Performance Shares which may be granted to Darren Gordon 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 Darren Gordon and the time commitment required from him. The Performance Rights to be granted also reflect the value the Board believes that Darren Gordon 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:

Tranche	Performance Condition	No. of Performance Rights to vest
Tranche 1	On first sale of iron ore from the Jambreiro Iron Ore Project on or before 31 December 2013.	300,000
Tranche 2	On first sale of iron ore into the export market from the Company’s current or future Brazilian Projects on or before 30 June 2015.	400,000

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

5.2 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 Darren Gordon (or his nominee) constitutes a “financial benefit” as defined in the Corporations Act. Further, Darren Gordon is a “related party” of the Company as defined under the Corporations Act because he is a Director of the Company. Accordingly, the proposed grant of Performance Rights to Darren Gordon (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 Darren Gordon.

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 Darren Gordon (or his nominee). The nominee must be approved by the Board.
- (b) The nature of the financial benefit to be provided to Darren Gordon (or his nominee) is the grant of 700,000 Performance Rights, and the issue of a maximum number of 700,000 Performance Shares upon the vesting of those Performance Rights, for no cash consideration.
- (c) The proposed grant of the Performance Rights to Darren Gordon will be made pursuant to the terms and conditions of the Company's Performance Share Plan (refer to Annexure A of this Explanatory Memorandum) which includes the performance conditions set out in section 5.1 of this Explanatory Memorandum.
- (d) Darren Gordon 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 Darren Gordon 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 Darren Gordon (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 Darren Gordon) considered Darren Gordon'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 Darren Gordon (or his nominee).
- (e) As at the date of this Notice, the capital structure of the Company is as follows:

Capital	Number
Ordinary Shares	152,640,664
Options exercisable at various prices between \$0.25 and \$2.28	16,450,000

If Shareholders approve all the Resolutions contained in this Notice and all Shares are issued as contemplated by this Notice including up to 40,407,255 Shares for the Tranche 2 placement under Resolution 2 and 1,000,000 Performance Rights are granted under Resolutions 4 and 5, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	193,047,919
Options exercisable at various prices between \$0.25 and \$2.28	16,450,000
Performance rights exercisable upon achievement of all performance milestones	1,000,000

- (f) If Shareholders approve the grant of Performance Rights to Darren Gordon, and all Performance Rights vest into Performance Shares, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.46% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming no existing options 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 Darren Gordon whilst directly aligning his long term interest with the strategic objectives of the Company. The Directors (other than Darren Gordon) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Performance Rights to Darren Gordon upon the terms proposed.
- (h) As at the date of this Notice, Darren Gordon and his associates hold 6,769,791 shares and 750,000 options (direct and indirect) in the Company.
- (i) The Directors have determined that Darren Gordon will be paid a remuneration package of \$390,000 per annum as Managing 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 Darren Gordon 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:

- (a) Valuation date is 20 July 2012.
- (b) Exercise price is nil.
- (c) Expiration dates are: Tranche 1 - 31 December 2013, Tranche 2 - 30 June 2015.
- (d) Expected life of the instrument is 5 years.

(e) Current share price at date of valuation is \$0.405.

(f) 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 Darren Gordon is \$0.403 per Performance Right which gives a total valuation of \$282,100.

(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	27 July 2011	\$0.92
Lowest	13 July 2012	\$0.38
Last Trading Price	20 July 2012	\$0.405

(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.

5.3 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 Performance Share Plan to Darren Gordon.

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 Darren Gordon (or his nominee) is 700,000. Darren Gordon is a Director of the Company. If all the Performance Rights vest, then Darren Gordon (or his nominee) will be entitled to 700,000 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 \$0.403 per share right. Details of the calculation of the indicative value are set out in section 5.2 of this Explanatory Memorandum.
- (d) All Directors, or their permitted nominees, are entitled to participate in the Performance Share Plan. For the purposes of this Notice, the Company is only seeking to grant Performance Rights to Darren Gordon (Resolution 4) and Peter Freund (Resolution 5).
- (e) The proposed grant of the Performance Rights to Darren Gordon will be made pursuant to the terms and conditions of the Company's Performance Share Plan (refer to Annexure A of this Explanatory Memorandum) which includes the performance conditions set out in section 5.1 of this Explanatory Memorandum.
- (f) No Directors, or their permitted nominees, have received any Performance Rights under the Performance Share Plan.
- (g) A voting exclusion statement is included in the Notice.
- (h) 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.

5.4 Voting Exclusion Statement

A voting exclusion applies to Resolution 4 in the terms set out in the Notice of Meeting. In particular, the Directors and the Chair of the meeting 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.

6. RESOLUTION 5 – Grant of Performance Rights to Peter Freund

6.1 Background

Subject to Resolution 3 being passed, Resolution 5 seeks Shareholder approval to grant 300,000 Performance Rights to Peter Freund (or his nominee).

It is proposed to grant Performance Rights under the Company's Performance Share Plan ("PSP") to Peter Freund who is eligible to participate. Peter Freund is the Operations Director of the Company. 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 Peter Freund, in accordance with the terms and conditions of the PSP.

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

- provide an appropriate and adequate incentive for Peter 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 Peter Freund; and
- reinforce the commitment of Peter Freund to the Company.

Peter Freund will only benefit from the grant of the Performance Rights under the PSP if the relevant performance conditions are fulfilled and he is issued the Performance Shares.

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

The Performance Shares which may be granted to Peter 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 Peter Freund and the time commitment required from him. The Performance Rights to be granted also reflect the value the Board believes that Peter 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:

Tranche	Performance Condition	No. of Performance Rights to vest
Tranche 1	On first sale of iron ore from the Jambreiro Iron Ore Project on or before 31 December 2013.	300,000

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

6.2 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 Peter Freund (or his nominee) constitutes a "financial benefit" as defined in the Corporations Act. Further, Peter Freund is a "related party" of the Company as defined under the Corporations Act because he is a Director of the Company. Accordingly, the proposed grant of Performance Rights to Peter 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 Peter Freund.

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 5:

- (a) The related party to whom the Performance Rights will be granted is Peter Freund (or his nominee). The nominee must be approved by the Board.

- (b) The nature of the financial benefit to be provided to Peter 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 Peter Freund will be made pursuant to the terms and conditions of the Company's Performance Share Plan (refer to Annexure A of this Explanatory Memorandum) which includes the performance conditions set out in section 6.1 of this Explanatory Memorandum.
- (d) Peter Freund has a material personal interest in the outcome of Resolution 5 as he (or his nominee) will be the recipient of the Performance Rights. Accordingly Peter 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 5, recommend Shareholders approve Resolution 5 as they are of the view the grant of Performance Rights to Peter 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 Peter Freund) considered Peter 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 Peter 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	152,640,664
Options exercisable at various prices between \$0.25 and \$2.28	16,450,000

If Shareholders approve all the Resolutions contained in this Notice and all Shares are issued as contemplated by this Notice including up to 40,407,255 Shares for the Tranche 2 placement under Resolution 2 and 1,000,000 Performance Rights are granted under Resolutions 4 and 5, the issued capital of the Company will be as follows:

Capital	Number
Ordinary Shares	193,047,919
Options exercisable at various prices between \$0.25 and \$2.28	16,450,000
Performance rights exercisable upon achievement of all performance milestones	1,000,000

- (f) If Shareholders approve the grant of Performance Rights to Peter Freund, and all Performance Rights vest into Performance Shares, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.20% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming no existing options 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 Peter Freund whilst directly aligning his long term interest with the strategic objectives of the Company. The Directors (other than Peter 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 Peter Freund upon the terms proposed.
- (h) As at the date of this Notice, Peter Freund and his associates hold 25,000 shares and 2,000,000 options (direct and indirect) in the Company.
- (i) The Directors have determined that Peter Freund will be paid a remuneration package of \$375,000 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 Peter 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:

- (a) Valuation date is 20 July 2012.
- (b) Exercise price is nil.
- (c) Expiration dates are: Tranche 1 - 31 December 2013, Tranche 2 - 30 June 2015.
- (d) Expected life of the instrument is 5 years.
- (e) Current share price at date of valuation is \$0.405.
- (f) 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 Peter Freund is \$0.403 per Performance Right which gives a total valuation of \$120,900.

- (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	27 July 2011	\$0.92
Lowest	13 July 2012	\$0.38
Last Trading Price	20 July 2012	\$0.405

- (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 5.

6.3 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 Performance Share Plan to Peter Freund.

For the purposes of Listing Rule 10.15 the following information is provided to shareholders in relation to Resolution 5:

- (a) The maximum number of Performance Rights that may be granted by the Company to Peter Freund (or his nominee) is 300,000. Peter Freund is a Director of the Company. If all the Performance Rights vest, then Peter 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 \$0.403 per share right. Details of the calculation of the indicative value are set out in section 6.2 of this Explanatory Memorandum.
- (d) All Directors, or their permitted nominees, are entitled to participate in the Performance Share Plan. For the purposes of this Notice, the Company is only seeking to grant Performance Rights to Darren Gordon (Resolution 4) and Peter Freund (Resolution 5).
- (e) The proposed grant of the Performance Rights to Peter Freund will be made pursuant to the terms and conditions of the Company's Performance Share Plan (refer to Annexure A of this Explanatory Memorandum) which includes the performance conditions set out in section 6.1 of this Explanatory Memorandum.
- (f) No Directors, or their permitted nominees, have received any Performance Rights under the Performance Share Plan.
- (g) A voting exclusion statement is included in the Notice.
- (h) If Resolution 5 is approved by Shareholders, the Performance Rights will be granted by the Board within 12 months after the date of the Meeting.

6.4 Voting Exclusion Statement

A voting exclusion applies to Resolution 5 in the terms set out in the Notice of Meeting. In particular, the Directors and the Chair of the meeting 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.

GLOSSARY

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

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.

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.

Liberty means Liberty Metals and Mining Holdings LLC.

Listing Rules means the listing rules of the ASX.

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

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

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

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

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;
- (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.

ANNEXURE A

**CENTAURUS METALS LIMITED
(ACN 009 468 009)**

**PERFORMANCE SHARE PLAN
(Adopted by the Board on 23 July 2012)**

Ref:ECH:3731:017:001

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Purpose

The purpose of the Plan is to provide a long term incentive aimed at creating a stronger link between employee performance and reward and increasing shareholder value by enabling Participants to have a greater involvement with, and share in the future growth and profitability of, the Company.

1 Defined terms and interpretation

1.1 Definitions

In this Plan the following terms have the following meanings:

Allocate means granting a right to acquire unissued Shares, or if there is no such grant, the issue and allotment of Shares;

ASIC means Australian Securities and Investments Commission;

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

Board means the board of directors of the Company from time to time;

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

Change of Control Event means:

- (a) a shareholder, or a group of associated shareholders becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board; or
- (b) a greater than 50% change in the shareholding of the Company from that which exists at the date of grant of the relevant Performance Rights;

Company means Centaurus Metals Limited (ACN 009 468 099);

Constitution means the constitution of the Company;

Corporations Act means the Corporations Act 2001 (Cth);

Eligible Person means a director or a full time or permanent part-time employee of the Company or a Subsidiary whom the Board determines in its absolute discretion is to participate in the Plan;

Expiry Date means the day ending at 5.00 pm Perth time on the date 5 years after the date of grant of the Performance Right, or such other date as determined by the Board in its absolute discretion;

Law means the laws of Australia;

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

Listing Rules means the listing rules of the ASX as amended from time to time;

Participant means an Eligible Person or their Permitted Nominee, as the case may be, to whom Performance Rights are granted under the Plan;

Performance Conditions means the conditions relating to the performance of the Company (and the manner in which those conditions will be tested) for the purposes of determining the number of a Participant's Performance Rights which may be exercised;

Performance Right means a right granted under clause 2.1 to acquire a Share on the terms set out in the Plan, subject to the Performance Conditions;

Permitted Nominee has the meaning given to it under clause 2.2(a);

Plan means the Performance Share Plan of the Company;

Redundancy means, in relation to an Eligible Person, a determination by the Board that the Company's need to employ a person for the particular kind of work carried out by that Eligible Person has ceased (but, for the avoidance of any doubt, does not include the dismissal of an Eligible Person for personal or disciplinary reasons or where the Eligible Person leaves the employ of the Company of his or her own accord);

Retirement means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 60 or over or such earlier age as considered appropriate by the Board;

Security Interest means a mortgage, charge, pledge, lien or other encumbrance of any nature;

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

Subsidiary means a body corporate which is a Subsidiary of the Company within the meaning of section 9 of the Corporations Act;

Specified Reason means Retirement, Total and Permanent Disablement, Redundancy or death;

Total and Permanent Disablement means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience;

Unvested Performance Rights means Performance Rights which are not yet exercisable in accordance with the Plan; and

Vested Performance Rights means Performance Rights which are immediately exercisable in accordance with the Plan.

1.2 Interpretation

The following rules of interpretation apply unless the context requires otherwise.

- (a) The singular includes the plural and conversely.
- (b) A term or expression which is defined in the Corporations Act, but is not defined in clause 1.1, has the meaning given to it in the Corporations Act.
- (c) A gender includes all genders.
- (d) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (e) A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- (f) A reference to a clause is to a clause of the Plan.
- (g) A reference to any agreement or document is to that agreement or document as amended, novated, supplemented, varied or replaced from time to time, except to the extent prohibited by the Plan.
- (h) A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- (i) A reference to conduct includes any omission and any statement or undertaking, whether or not in writing.
- (j) A reference to writing includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (k) Mentioning anything after include, includes or including does not limit what else might be included.
- (l) Headings are for convenience only and do not affect interpretation.

2 Grant of performance rights

2.1 Grant

- (a) The Board may from time to time in its absolute discretion grant Performance Rights to Eligible Persons in the form and subject to the terms and conditions as the Board determines.
- (b) The Board will advise the Eligible Person of the following minimum information:

- (i) the number of Performance Rights which are capable of becoming exercisable if Performance Conditions are met;
 - (ii) the Performance Conditions;
 - (iii) the period or periods during which the Performance Rights may vest;
 - (iv) the Expiry Date;
 - (v) any amount that will be payable upon vesting of a Performance Right; and
 - (vi) any other relevant conditions to be attached to the Performance Rights or Shares.
- (c) Grants may be made by the Board on a differential basis to Eligible Persons, different classes of Eligible Persons or to Eligible Persons within the same class, as the case may be.
- (d) An Eligible Person may nominate a person to whom the Eligible Person wishes to be granted all the Performance Rights by notice in writing to the Board.
- (e) The Board may, in its absolute discretion, resolve not to allow the grant of the Performance Rights to the nominee without giving any reason for such decision.
- (f) A Participant will not pay anything for the grant of Performance Rights.
- (g) An Eligible Person has no entitlement to be granted any Performance Rights unless and until such Performance Rights are granted.
- (h) None of the Performance Rights will be listed for quotation on any stock exchange.

2.2 Participants

- (a) Following:
- (i) provision of the notice to an Eligible Person under clause 2.1; or
 - (ii) the Board resolving to allow the grant of Performance Rights to an Eligible Person's nominee ("**Permitted Nominee**"), then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by rules of this Plan and be granted Performance Rights subject to those rules.
- (b) On the grant of Performance Rights, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.
- (c) For the avoidance of doubt the Permitted Nominee is bound by the terms of this Plan as they apply to the Eligible Person for whom they are the nominee. By way of example, if the Eligible Person ceases employment, the terms of clause 6 apply to the Performance Rights held by the Permitted Nominee.

3 Rights and entitlements – performance rights

3.1 Not transferable

- (a) Except on the death of a Participant, Performance Rights may not be transferred, assigned or novated except with the approval of the Board.
- (b) If a Participant proposes to transfer a Performance Right other than in accordance with clause 3.1(a), the Performance Right lapses.

3.2 Security interest

Subject to clause 3.1, Participants will not grant any Security Interest in or over or otherwise dispose of or deal with any Performance Rights or any interest in them until the relevant Shares are either issued or transferred to that Participant, and any such Security Interest or disposal or dealing will not be recognised in any manner by the Company.

3.3 New issues

A Performance Right does not confer on a Participant the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.

3.4 Dividend and voting rights

Performance Rights will not give any right to participate in dividends or any voting rights until Shares are issued or transferred to a Participant pursuant to the exercise of Vested Performance Rights.

4 Vesting and exercise of performance rights

4.1 Performance conditions

The Performance Conditions shall be as determined by the Board in its absolute discretion from time to time.

4.2 Determination of number of vested performance rights

In accordance with the timetable and relevant dates set out in the Performance Conditions, the Board shall determine for each Participant:

- (a) whether, and to what extent, the Performance Conditions applicable up to the relevant date have been satisfied;
- (b) the number of Performance Rights (if any) that will become Vested Performance Rights as at the relevant date;
- (c) the number of Performance Rights (if any) that will lapse as a result of the non-satisfaction of Performance Conditions as at the relevant date; and
- (d) the number of Performance Rights (if any) that continue as Unvested Performance Rights,

and shall provide written notification to each Participant as to that determination.

4.3 Exercise of performance rights

- (a) Unless and until Performance Rights are exercised and the relevant Shares are either issued or transferred to that Participant as a result of that exercise, a Participant has no interest in those Shares.
- (b) A Performance Right can only be exercised before the Expiry Date and if, at the time of exercise, it is a Vested Performance Right that has not lapsed under clause 5.
- (c) Unless otherwise provided in the terms and conditions of the grant, no amount shall be payable by a Participant on the exercise of Performance Rights.

- (d) The exercise of any Performance Right may only be effected on the first Business Day of a month (or such other date as determined by the Board) and in such form and manner as the Board may prescribe.
- (e) The exercise of some Performance Rights only does not affect the Participant's right to exercise other Performance Rights at a later time.
- (f) Following exercise of Performance Rights, the Company must issue or procure the transfer to the person exercising the Performance Right the number of Shares for which the Performance Rights have been exercised (as adjusted under clause 10.2, if relevant), credited as fully paid.
- (g) All Shares issued or transferred to a Participant under this Plan, will, from the date of issue or transfer, rank equally with all other issued Shares. The Company will apply for official quotation of these Shares on each stock exchange on which Shares are quoted.

5 Time of lapse of performance rights

Unless otherwise determined by the Board, a Performance Right lapses, to the extent it has not been exercised, on the earlier to occur of:

- (a) where Performance Conditions have not been satisfied, the date the Board makes a determination under clause 4.2(c) that the Performance Right will lapse;
- (b) if an Eligible Person ceases to be an Eligible Person because of a Specified Reason – the date of lapse under clause 6.1(b);
- (c) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason – the date of lapse either under clause 6.1(a) or clause 6.2(a);
- (d) the day the Board makes a determination that the Performance Rights lapses under clause 7;
- (e) the date of lapse under clause 8.2; and
- (f) the Expiry Date.

6 Cessation of employment or office

6.1 Unvested performance rights

Unless otherwise determined by the Board:

- (a) if an Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any Unvested Performance Rights held by such Eligible Person, or if appropriate, their Permitted Nominee, any Unvested Performance Rights will automatically lapse; and
- (b) if the Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Unvested Performance Rights held by them within:
 - (i) 6 months of the date of (as the case may be) Retirement, Redundancy, death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board determines,

subject to the Board, in its absolute discretion, determining the extent to which Unvested Performance Rights that have not lapsed will become Vested Performance Rights. Performance Rights the subject of clause 6.1(b) not exercised within the 6 months or any longer period determined by the Board, will automatically lapse.

6.2 Vested performance rights

Unless otherwise determined by the Board:

- (a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee, may exercise any Vested Performance Rights held by them within:
 - (i) 1 month of ceasing to be an Eligible Person; or
 - (ii) such longer period as the Board determines,

and any Vested Performance Rights the subject of this clause not exercised within the 1 month or any longer period determined by the Board, will automatically lapse; and
- (b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate, their Permitted Nominee is entitled to exercise any Vested Performance Rights at any time prior to its Expiry Date.

6.3 Secretary's certificate

A certificate signed by the company secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan as to the occurrence, the reason for the occurrence and the date of the occurrence.

6.4 Death of a participant

Subject to clauses 6.1(b) and 6.2(b), if at any time prior to the Expiry Date of any Performance Rights a Participant dies, the deceased Participant's Legal Personal Representative may:

- (a) elect to be registered as the new holder of the deceased Participant's Performance Rights; and
- (b) whether or not the deceased Participant's Legal Personal Representative becomes so registered, exercise those Performance Rights in accordance with and subject to the rules of this Plan as if they were the holder of such Performance Rights.

7 Breach, fraud or dishonesty

If in the opinion of the Board a Participant:

- (a) acts fraudulently or dishonestly; or
- (b) is in material breach of their obligations to the Company or any Subsidiary

then the Board may in its absolute discretion determine that all the Participant's Performance Rights will lapse and the Board's decision will be final and binding.

8 Change of control

8.1 Vesting upon change of control

All of a Participant's Unvested Performance Rights that have not lapsed will become Vested Performance Rights:

- (a) if a takeover bid (as defined in the Corporations Act) to acquire any Shares becomes or is declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid or not;
- (b) at any time after a Change of Control Event has occurred; or
- (c) if a merger by way of scheme of arrangement under the Corporations Act has been approved by the Court under section 411(4)(b) of the Corporations Act,

(each a Notification Event).

8.2 Notification to participants

Upon a Notification Event occurring, the Board may notify each Participant in writing that if the Participant wishes to exercise any of their Vested Performance Rights, the Participant must do so within the period specified in the notice (Change of Control Notice Period), and any Vested Performance Rights that are not exercised within the Change of Control Notice Period will lapse at the end of the Change of Control Notice Period.

8.3 Lapse of performance rights

Unless the Board determines otherwise Vested Performance Rights that are not exercised by the end of the Change of Control Notice Period shall lapse at the end of the Change of Control Notice Period.

9 Administration of the plan

- (a) The Plan will be administered by the Board. The Board will have power to delegate the exercise of its powers or discretions arising under the Plan to any one or more persons (including, but not restricted to, a committee or sub-committee of the Board) for such period and on such conditions as the Board may determine.
 - (b) The Board may at any time appoint or engage specialist service providers for the operation and administration of the Plan.
 - (c) The Board will ensure a complete register of Participants is maintained to facilitate efficient management and administration and to comply with regulatory reporting requirements.
 - (d) Shares to be provided under the Plan may either be satisfied by the issue of new Shares or by the transfer of existing Shares.
 - (e) Where the Board is required to make a determination or is entitled to exercise discretion in respect of the Plan, that determination or discretion shall be exercised reasonably and in good faith, unless provided otherwise.
-

10 Capital events

10.1 Variation of capital

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, sub-division, consolidation or reduction of share capital, a demerger (in whatever form) or other distribution in specie, the Board may make such adjustments as it considers appropriate under clause 10.2 in accordance with the provisions of the Listing Rules.

10.2 Adjustments

An adjustment made under this clause will be to one of the following:

- (a) the number of Shares which may be issued or transferred upon exercise of any Performance Rights; or
- (b) where Performance Rights have been exercised but no Shares have been issued or transferred following the exercise, the number of Shares which may be issued or transferred.

10.3 Notice of variation

As soon as reasonably practicable after making any adjustment under clause 10.2, the Board will give notice in writing of the adjustment to any Participant affected by it.

11 Rights of participants

Nothing in this Plan or participation in the Plan:

- (a) confers on any Eligible Person or Participant the right to continue as an employee or officer of the Company or any Subsidiary;

- (b) confers on any Eligible Person the right to become or remain an Eligible Person or Participant or to participate under the Plan;
 - (c) will be taken into account in determining an Eligible Person's salary or remuneration for the purposes of superannuation or other pension arrangements;
 - (d) affects the rights and obligations of any Eligible Person or Participant under the terms of their office or employment with the Company or any Subsidiary;
 - (e) affects any rights which the Company or any Subsidiary may have to terminate the employment or office of an Eligible Person or Participant or will be taken into account in determining an Eligible Person or Participant's termination or severance pay;
 - (f) may be used to increase damages in any action brought against the Company or any Subsidiary for any such termination; and
 - (g) confers any responsibility or liability on the Company or any Subsidiary or its directors, officers, employees, representatives or agents for any taxation liabilities of the Eligible Person or Participant.
-

12 Amendment, termination and suspension

- (a) Grants of Performance Rights under this Plan may only be made for a period of 3 years commencing on the date on which the Plan is approved by the Company's shareholders.
 - (b) Subject to clause 12(c), the Board may at any time and from time to time by resolution alter the Plan.
 - (c) Any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment of the rules of an employee incentive scheme imposed by the Listing Rules.
 - (d) The Board may at any time, and at its complete discretion, suspend or terminate the Plan without notice to Participants. The suspension or termination of the Plan will not affect any existing grants of Performance Rights already made under the Plan and the terms of the Plan will continue to apply to such grants.
-

13 General

13.1 Law, Listing Rules and the Constitution

The Plan and issues of Performance Rights under the Plan are subject to the Law, the Listing Rules and the Constitution, each as in force from time to time.

13.2 Issue limitations

- (a) The number of Shares to be received on exercise of the Performance Rights the subject of a grant when aggregated with:
 - (i) the number of Shares which would be issued were each Performance Right, being a granted pursuant to the Plan or any other employee incentive scheme extended only to employees or directors of the Company, exercised; and
 - (ii) the number of Shares issued during the previous 5 years pursuant to the Plan or any other employee incentive scheme extended only to employees or directors of the Company;
- but disregarding any grant, or Performance Rights acquired or Shares issued by way of or as a result of:
- (iii) a grant to a person situated at the time of receipt of the offer outside Australia; or
 - (iv) a grant that did not need disclosure to investors because of section 708 of the Corporations Act; or

- (v) a grant made under a disclosure document,

must not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Corporations Act) of the total number of issued Shares as at the time of the grant.

- (b) Where the Performance Right lapses without being exercised, the Shares concerned are ignored when calculating the limits in this clause.

13.3 Costs and expenses

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares (except for taxes which are payable by Participants for the Performance Rights) for the purposes of the Plan. Any Subsidiary will, if required by the Board, reimburse the Company for any such costs and charges to the extent they relate to its employees officers or former employees or officers.

13.4 Withholding

- (a) If any person (not being the Participant) is obliged as a result of or in connection with the grant, vesting, or exercise of any Performance Rights to account for income tax or employment taxes under any wage, withholding or other arrangements or for any other tax, social security contributions or levy or charge of a similar nature, then that person is entitled to be reimbursed by the Participant for the amounts so paid or payable.
- (b) Where clause 13.4(a) applies, the Company is not obliged to pay the relevant amount or issue or transfer the relevant Shares to the Participant, unless the relevant person is satisfied that arrangements have been made for reimbursement. Those arrangements may include, without limitation, the sale, on behalf of the Participant, of Shares issued or transferred or otherwise to be issued or transferred to the Participant and, where this happens, the Participant will also reimburse the costs of any such sale.

13.5 Data protection

By accepting a grant of Performance Rights, each Participant consents to the holding and processing of personal data provided by the Participant to the Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works; and
- (d) transferring information about the Participant to a country or territory outside Australia.

13.6 Error in allocation

If any Performance Right is provided under this Plan in error or by mistake to a person ("**Mistaken Recipient**") who is not the intended recipient, the Mistaken Recipient shall have no right or interest, and shall be taken never to have had any right or interest, in that Performance Right and those Performance Rights will immediately lapse.

13.7 Dispute

Any disputes or differences of any nature arising under the Plan will be referred to the Board and its decision will be final and binding in all respects.

13.8 Notices

Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending it by post or fax or email, in the case of a company to its registered office (or any other address notified by that company from time to time ("**Notified Address**")) or the fax number (if any) of that

registered office (or Notified Address), and in the case of an individual to their last known address, fax number, email address or, if they are a director or employee of the Company or any Subsidiary, either to their last known address, fax number or to the address of the place of business at which they carry out all or most of their duties, or to the fax number or email address relating to that address.

13.9 Governing law

- (a) This Plan and the rights of Eligible Persons and Participants under the Plan are governed by the laws in force in the State of Western Australia, Australia.
- (b) Each Participant and the Company irrevocably and unconditionally submit to the non-exclusive jurisdiction of the Courts of Western Australia, the Commonwealth of Australia and Court entitled to hear appeals from those Courts.

PROXY FORM

The Company Secretary
Centaurus Metals Limited

By delivery:
Level 1, 16 Ord Street
West Perth WA 6005

By post:
PO Box 975
West Perth WA 6872

By facsimile:
+61 8 9420 4040

SEQ: 0000000000

I/We being a shareholder/s of Centaurus Metals Limited hereby appoint ¹ _____ or failing such appointment, or if no appointment is made, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday 31 August 2012 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 CHAIR AS THEIR PROXY

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

By marking the box below, you are directing the Chairman of the Meeting to vote in accordance with the Chairman's voting intentions on Resolutions 3, 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 of the meeting will not cast your votes on Resolutions 3, 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 of the Meeting 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 of the Meeting will vote in favour of Resolutions 3, 4 and 5.

I/we direct the Chair of the Meeting to vote in accordance with the Chair's voting intentions in relation to Resolutions 3, 4 and 5 (except where I/we have indicated otherwise below) and acknowledge that the Chairman of the Meeting 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 of the Meeting 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:

		For	Against	Abstain
Resolution 1	Ratification of the Issue of 19,140,282 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval of Proposed Issue of 40,407,255 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Performance Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Performance Rights to Darren Gordon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Performance Rights to Peter Freund	<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

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

¹Insert name and address of proxy

*Omit if not applicable

CENTAURUS METALS LIMITED
ACN 009 468 099

Instructions for Completing Proxy Form

1. **(Appointing a Proxy):** A Shareholder entitled to attend and vote at 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 29 August 2012.

Proxy forms received later than this time will be invalid.