



CENTAURUS
RESOURCES LIMITED

JOINT SECURITIES EXCHANGE ANNOUNCEMENT & MEDIA RELEASE

11 NOVEMBER 2009

GLENGARRY AND CENTAURUS ANNOUNCE MERGER TO CREATE NEW INTERNATIONAL IRON ORE COMPANY

Highlights

- Centaurus and Glengarry have agreed to merge.
- Centaurus shareholders to receive eight (8) Glengarry shares for every one (1) Centaurus share.
- Offer represents a 35% premium for Centaurus shareholders based on the price of Centaurus and Glengarry shares over the past month.
- Merger will create a well-funded international resource company capable of accelerating the development of Centaurus' portfolio of near-term production iron ore assets in Brazil.
- Merged company has the potential to become a significant iron ore developer/producer, with production commencing in late 2010 and a production target of 3-4Mtpa of +65% Fe product by 2013, to be sold into Brazil's domestic steel industry.
- Longer-term strategy to become a global iron ore exporter through the acquisition and development of projects with a minimum resource base of 250Mt of iron ore grading 30% to 45% Fe¹ capable of low cost beneficiation to a +65% Fe product.
- Merged company to be headed up by an accomplished and highly experienced team including former Gindalbie Metals senior executives with extensive global experience in the financing, development and operation of iron ore assets.
- Merged company to have cash reserves of approximately \$8.5 million on completion of the merger.
- Centaurus Directors unanimously recommend that, in the absence of a superior proposal all shareholders and option holders accept the Glengarry offers.

¹ References to targets of iron ore tonnage and grades are only conceptual in nature as, where these targets have been mentioned there has been insufficient or unverified exploration data to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



Glengarry Resources Limited (ASX: GGY – “Glengarry”) and **Centaurus Resources Limited (ASX: CUR – “Centaurus”)** are pleased to announce that they have reached agreement to merge to create a well funded Brazilian focused iron ore group.

The companies have executed an Implementation Agreement (the “Implementation Agreement”) to effect the merger by way of an off-market takeover bid (the “Merger”) under which Glengarry will bid for all the shares in Centaurus.

The proposed Merger will allow both Glengarry and Centaurus shareholders to benefit from the combination of Glengarry’s strong cash position and diversified Australian exploration portfolio with Centaurus’ emerging portfolio of near-term production iron ore assets located in the world-class Iron Quadrangle region of south-eastern Brazil – one of the world’s major iron ore provinces.

The merged company’s iron ore strategy will be driven by a highly experienced Board and Management team with extensive international iron ore experience including two key former members of the Gindalbie Metals executive management team, Darren Gordon as Managing Director and Peter Freund as Operations Director.

Terms of the Offers

Centaurus shareholders² will receive eight (8) Glengarry shares for every one (1) Centaurus share they hold (the “Share Offer”). The Share Offer represents an attractive premium of:

- 22% based on the closing price of Centaurus and Glengarry shares as at 6 November 2009³ of 34 cents and 5.2 cents respectively;
- 35% based on the 1 month volume-weighted average price (VWAP)⁴ of 32.5 cents and 5.5 cents of Centaurus and Glengarry shares respectively; and
- 36% based on the 3 month VWAP⁴ of 34.4 cents and 5.8 cents for Centaurus and Glengarry shares respectively.

Subject to obtaining necessary ASIC relief, Glengarry will make a separate offer to holders of existing Centaurus options (other than employee options which will be acquired by private treaty) with the consideration being equivalent Glengarry options on terms consistent with the Share Offer (the “Option Offer”). The Option Offer will be conditional upon the Share Offer being successful. If the ASIC relief is not obtained, Glengarry proposes to acquire those Centaurus options by way of private treaty.

Both the Share Offer and Option Offer (together “the Offers”) are conditional upon the following key conditions:

- 90% Minimum Acceptance Conditions;
- No Change of Control Rights and No Regulatory Actions;
- No Material Adverse Change and No Prescribed Occurrences; and

² The entitlement to receive Glengarry shares is subject to usual provisions in respect of foreign securities laws. In accordance with usual practice, Glengarry shares to which Centaurus shareholders resident in ineligible foreign jurisdictions would otherwise be entitled will be issued to a nominee for sale.

³ Last trading day before announcement

⁴ VWAP calculations were based on trading information up to and including 6 November 2009, the last trading day before announcement



- No Material Acquisitions, Disposals or Commitments.

Details of the conditions of the Offers and a summary of the key terms and conditions of the Implementation Agreement are provided in Appendix A attached to this announcement.

Centaurus Directors' Recommendations

The Directors of Centaurus unanimously recommend that, in the absence of a superior proposal, all shareholders support the Merger.

All Centaurus Directors have recommended that Centaurus shareholders and option holders accept the Offers and all Centaurus Directors will accept the Offers in respect of any Centaurus shares and options that they own or control, subject in each case to there being no superior proposal.

Mr Gordon, until recently, held Board positions with both Glengarry and Centaurus. Mr Gordon resigned as the Chairman of Centaurus on 6 November 2009, but remains Managing Director of Glengarry. Given the potential for conflict of interest, prior to his resignation from the Centaurus Board, Mr Gordon was excluded from both Boards' deliberations in relation to the Merger. During the period the Boards of both companies implemented appropriate protocols to avoid any real or perceived conflict of interest in relation to Mr Gordon's participation in Board and management discussions.

Whilst no longer a Director of Centaurus, Mr Gordon holds shares and options in that company and will accept the Offers in respect of the Centaurus shares and options he owns or controls.

Profile of the Merged Company

The Merger will result in the establishment of a well-funded international resource company with the ability to accelerate the development of Centaurus' current portfolio of emerging iron ore production assets in Brazil.

On completion of the Merger, the enlarged Glengarry will have approximately 603 million shares on issue with an estimated market capitalisation of approximately \$31 million based on the closing price of Glengarry shares on 6 November of 5.2 cents. Glengarry shareholders will hold approximately 47% and Centaurus shareholders approximately 53% of the merged company.

The merged company will have a growing iron ore resource inventory that will be the basis for near-term iron ore production, as well as extensive and highly prospective iron ore exploration projects in Brazil and a portfolio of gold and copper exploration properties both in Brazil and Australia.

The Merger will result in Centaurus' current Brazilian iron ore strategy being strengthened with the new entity having capital, increased liquidity, an enhanced ability to access international capital markets and a Board and Senior Management team with a significant depth of international iron ore experience including financing, development and operation of major iron ore assets.



The key assets of the merged company will include:

- a 100% interest in the **Itambé Iron Ore Project** in Brazil where an initial JORC compliant 15.5 million tonne itabirite iron ore resource (Inferred JORC category) grading 37.2% Fe has been identified. Following completion of a positive Scoping Study on 28 October 2009, a Feasibility Study is about to commence on the Project based on an initial production rate of 1Mtpa of beneficiated product containing +65% Fe and with sales into the domestic Brazilian steel industry;
- a 100% interest in the **Passabem Iron Ore Project** in Brazil where an initial 2.6 million tonne itabirite iron ore resource (Inferred JORC category) grading 31.2% has been defined. A Scoping Study is planned to commence shortly including further resource drilling over the remaining 90% of the known iron formation which has not yet been drill tested;
- a 100% interest in the **Rio Pardo Iron Ore Project** in Brazil, a potential large-scale iron ore exploration project in the Iron Quadrangle region;
- a 100% interest in the **Ponte de Pedra Manganese Project** in the State of Minas Gerais in Brazil, a project with a number of exciting manganese exploration targets that are still to be adequately tested;
- a 100% interest in a number of highly prospective gold tenements in the **Rio Grande do Sul** and **Santa Catarina** regions of southern Brazil;
- a 100% interest in the **Citadel Copper/Gold Project** in Western Australia's Pilbara region and located in the same geological province as the world class Telfer Gold Mine; and
- a 100% interest in the **Dish Gold Project** in the Lachlan Fold belt of New South Wales.

The merged company has the potential to become a significant iron ore developer/producer selling high quality iron ore into the Brazilian domestic steel industry on a reliable and consistent basis with a production target of 3-4Mtpa of +65% Fe by 2013.

The opportunity exists for the company to leverage off Centaurus' extensive network in Brazil to secure additional projects in the medium to longer term that will enable it to grow into a large iron ore exporter for the global market from projects that host a minimum resource base of 250 million tonnes of iron ore grading 30% to 45% Fe⁵ capable of low cost beneficiation to a +65% Fe product.

Importantly, in addition to the resource base in Brazil the merged company will have:

- access to an established network of resource opportunities not generally available to other groups looking to establish operations in Brazil;
- an established office in city of Belo Horizonte (a key regional centre in the Iron Quadrangle with a population of approximately 6 million); and
- a team of Portuguese speaking, Brazilian professionals highly capable in their fields of expertise.

The merged company will also continue to explore opportunities to create value from the gold and copper exploration projects it will hold, both in Brazil and Australia.

⁵ References to targets of iron ore tonnage and grades are only conceptual in nature as, where these targets have been mentioned there has been insufficient or unverified exploration data to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.



Board and Management Structure

The full composition of the merged company Board will be:

- Mr Didier Murcia – Non Executive Chairman;
- Mr Darren Gordon – Managing Director;
- Mr Peter Freund – Operations Director;
- Mr Geoff Clifford – Non Executive Director;
- Mr Keith McKay – Non Executive Director; and
- Mr Richard Hill – Non Executive Director.

Centaurus' current Managing Director, Mark Papendieck, has agreed to step down from the Board but will remain an integral part of the new senior management team as the Commercial General Manager.

No Shop, No Talk and Break Fees

The parties have agreed that, unless the Implementation Agreement is terminated, Centaurus will not solicit any competing proposal or participate in any discussions or negotiations in relation to any competing proposal (unless failure to do so would involve a breach of the fiduciary duties of its Directors).

The parties have agreed to a mutual break-free of 1% of the market capitalisation value which can be triggered by a number of events as specified in the Implementation Agreement.

Further details are provided in Appendix A.

Pre-Bid Acceptances

Glengarry has entered into pre-bid acceptance agreements in respect of 19% of the Centaurus ordinary shares on issue (the "Pre-Bid Acceptance Agreements").

In summary:

- The parties that have entered into the Pre-Bid Acceptance Agreements consist of founding shareholders, former directors and other major shareholders; and
- These shareholders have contractually committed to accept the Offer, subject to no superior competing bid being received by Centaurus.

Full details of the terms of the Pre-Bid Acceptance Agreements and the identity of the shareholders are provided in a separate substantial shareholder notice that will be lodged by Glengarry with the ASX.



Indicative Timetable

The indicative timetable for the Merger is set out below:

Announcement of Offer	11 November 2009
Glengarry to Finalise Due Diligence	24 November 2009
Glengarry's Termination Right Expires	25 November 2009
Dispatch of Glengarry's Bidder's Statement	Early/mid December 2009
Dispatch of Centaurus' Target's Statement	Early/mid December 2009
Offers Open	Mid December 2009
Offers Close	Mid January 2010

Centaurus shareholders are not required to take any action at this stage. The Bidder's Statement and Target's Statement will provide detailed information on the Offers; the Centaurus Directors' recommendation; and the advantages and risks associated with the Offers.

Commentary

Commenting on the Transaction, Centaurus' Managing Director, Mr Mark Papendieck, said:

"Glengarry has made an attractive offer to Centaurus shareholders which not only provides an immediate uplift in the value of Centaurus shares but also provides the opportunity for our shareholders to be part of a well-funded company with the capability to accelerate the development of our Brazilian iron ore assets."

"The expanded Board and Management team – which includes former senior members of the management team from the West Australian iron ore company Gindalbie Metals – possesses extensive international iron ore expertise. I am confident that this team has the capability to add significant shareholder value to the new merged company in short order".

Mr Darren Gordon, who is the Managing Director and the largest shareholder of Glengarry, has expressed his full support for the Transaction.

Commenting on the Merger proposal, Mr Gordon said:

"The proposed Merger provides Glengarry shareholders with the opportunity to participate in the expansion of a strong Brazilian iron ore strategy developed by Centaurus over the last two years, with a pipeline of near-term production and cash flow projects located in the heart of the vibrant and growing Brazilian iron ore and domestic steel industry."



"I am pleased that Glengarry will have the opportunity to secure access to numerous iron ore projects in the Brazilian State of Minas Gerais, where approximately 60% of the country's iron ore production occurs and where significant investment is being committed to the domestic steel industry. As recently as last week, Brazil's largest Steelmaker, Gerdau, announced it was planning capital works of US\$5.2 billion over the next 5 years with 80% of the investment to be made in Brazil, primarily in Minas Gerais.

"Brazilian steel groups have indicated quite clearly that they are gearing up to meet the growing steel demand in Brazil that will be generated by the 2014 Soccer World Cup and 2016 Olympics. The merged group will be very well placed to meet the growing demand for iron ore created by the expanding Brazilian domestic steel industry."

Advisers

Glengarry is being advised on the Merger by Hartleys Limited as corporate advisor and Blakiston & Crabb as legal advisor; while Centaurus is being advised by Gresham Advisory Partners Limited as corporate advisor and McKenzie & Moncrieff as legal advisor.

-ENDS-

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COMPETENT PERSON STATEMENT

"The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Ian Cullen (Chief Geologist) who is a Member of the AusIMM. Ian Cullen is a permanent employee of Centaurus Resources Limited. Ian Cullen 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 Reserves. Ian Cullen consents to the inclusion in the report of the matters based on his information in the form and context in which it appears."



Appendix A - Summary of Key Terms of the Implementation Agreement

Summary of key terms of Implementation Agreement

Centaurus and Glengarry have entered into an Implementation Agreement dated 10 November 2009 (“IA”) that sets out the obligations of both companies in relation to the proposed merger. A summary of the terms and conditions of this agreement are set out below:

1. Takeover Offer

Glengarry will make an off-market takeover offer to acquire 100% of each of the Centaurus Shares and subject to the satisfaction of the Centaurus Options Condition, Centaurus Options which are not already held by Glengarry. The offer will extend to Centaurus Shares which are issued during the Offer Period due to a conversion or exercise of rights attached to securities which exist or will exist, as at the date of the Offer, including without limitation, any of the Centaurus Options.

2. No Shop, no Talk

During the term of the IA, Centaurus must not:

- (a) directly or indirectly solicit, initiate, invite, facilitate or encourage any person with a view to obtaining a Competing Proposal;
- (b) initiate, negotiate or enter into negotiation or discussion with any person regarding a Competing Proposal; or
- (c) solicit, invite, facilitate or encourage any party to undertake due diligence investigations on Centaurus or make available non-public information relating to Centaurus in breach of these restrictions.

Centaurus must notify Glengarry if approached by any person to engage in an activity that would breach these restrictions and must keep Glengarry informed if that occurs.

These obligations do not apply to the extent that they:

- (a) restrict Centaurus or the Centaurus Board from taking any action in respect of a bona fide Competing Proposal which was not initiated, encouraged, solicited, invited or facilitated by Centaurus in contravention of the above; or
- (b) require Centaurus to provide the notification referred to above,

provided in each case that the Centaurus Board has determined in good faith and acting reasonably, that failing to respond to that Competing Proposal or providing the notification referred to above (as applicable) would be likely to constitute a breach of the Centaurus Directors' fiduciary or statutory obligations.



3. Break Fee

A break fee of 1% of the market capital of Glengarry on the last day on which Glengarry Shares were traded on ASX prior to the Announcement Date (plus any GST) is payable by Centaurus if:

- (a) the following occur:
 - (i) before the end of the Offer Period, a Competing Proposal is announced or open for acceptance; and
 - (ii) a person acquires an interest in all or a substantial part of the assets of Centaurus or its subsidiaries or a relevant interest in more than 50% of the Centaurus Shares under that Competing Proposal; and
 - (iii) in the case of a Competing Proposal that is a takeover bid made under Chapter 6 of the Corporations Act, the Competing Proposal becomes free from all defeating conditions either before or after the end of the offer period under the Competing Proposal; or
- (b) all of the Centaurus Directors who deem themselves capable of making a recommendation in relation to the Takeover Bid do not recommend the Takeover Bid or any one or more Centaurus Directors withdraws an earlier recommendation or recommends a Competing Proposal (or announces an intention to do any of the foregoing) other than as a result of a breach of the IA by Glengarry; or
- (c) Centaurus or any of the Centaurus Directors knowingly does (or knowingly omits to do) anything (whether or not it may be permitted by the terms of the IA) which results in any of the conditions of the Takeover Bid being breached and Glengarry does not declare the Takeover Bid free of the breached condition (which Glengarry is under no obligation to do); or
- (d) there is a breach of the provisions summarised in paragraph 2 above.

Centaurus shall not be obliged to pay the Break Fee to Glengarry if at any time during the Offer Period the amount of Glengarry's total cash reserves less the amount payable by Glengarry in respect of its costs and expenses of the Offer are less than \$7,500,000.



A break fee of 1% of the market capital of Centaurus on the last day on which Centaurus Shares were traded on ASX prior to the Announcement Date (plus GST) is payable by Glengarry if:

- (a) Glengarry does not proceed with the Takeover Bid other than where there has been a Material Adverse Change; or
- (b) Glengarry or any of the Glengarry Directors knowingly does (or knowingly omits to do) anything (whether or not it may be permitted by the terms of the IA) which results in any of the conditions on the Takeover Bid being breached and Glengarry does not declare the Takeover Bid free of the breached condition (which Glengarry is under no obligation to do).

4. Offer Price

Subject to the terms of the Offer, Glengarry will offer:

- (a) 8 Glengarry Shares for every 1 Centaurus Share; and
- (b) where the Centaurus Options Condition is satisfied, 8 Glengarry Options for every 1 Centaurus Option (in accordance with Appendix B).

5. Offer Period

The Offer will remain open for a minimum period of 1 month (unless withdrawn during that period under section 652B of the Corporations Act).

6. Offer Conditions

The Offer is subject to the fulfilment of the following conditions:

(a) **Minimum Acceptance**

At or before the end of the Offer Period, Glengarry has a relevant interest in such number of Centaurus Shares which represents at least 90% of the aggregate of all the Centaurus Shares on issue at the end of the Offer Period. Glengarry must not waive this minimum acceptance condition without the prior consent of Centaurus to do so.

(b) **No Change of Control Rights**

Between the date of this announcement ("**Announcement Date**") and the end of the Offer Period (each inclusive), there is no person having any rights, being entitled to have any rights, alleging an entitlement, or expressing or announcing an intention (whether or not that intention is stated to be a final or determined decision of that person) (in all cases whether subject to conditions or not), as a result of any change of control event in respect of Centaurus (including Glengarry acquiring shares in Centaurus) or any of its subsidiaries or assets, to:



- (i) terminate or alter any contractual relations between any person and Centaurus or any of its subsidiaries (for this purpose an alteration includes of the operations of a contract, whether or not that altered operation is provided for under the existing terms of the contract);
- (ii) require the termination, modification or disposal (or offer to dispose) of any interest or asset, corporate body, joint venture or other entity; or
- (iii) accelerate or adversely modify the performance of any obligations of Centaurus or any of its subsidiaries under any agreements, contracts or other legal arrangements.

(c) **No Regulatory Actions**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (ii) no action or investigation is announced, commenced or threatened by any Government Agency; and
- (iii) no application is made to any Government Agency (other than by Glengarry or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapter 6, 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, the making of the Offer or the acquisition of Centaurus Shares and if applicable, Centaurus Options under the Offer or the completion of any transaction contemplated by the Bidder's Statement, or seeks to require the divestiture by Glengarry of any Centaurus Shares or if applicable, Centaurus Options, or the divestiture of any material assets of the Centaurus Group or Glengarry Group.

(d) **No Material Adverse Change**

Between the Announcement Date and the end of the Offer Period, no event, change or condition occurs, is announced or becomes known to Glengarry (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:

- (i) the business, assets, liabilities, financial or trading position, profitability or prospects of the Centaurus Group, taken as a whole, since 30 June 2009 by an amount of \$1,000,000 or more; or



- (ii) the status or terms of any approvals, licenses or permits from any Department or Government Agency, taken as a whole, applicable to either of the Centaurus Group's Itambe or Passabem projects,
- (iii) in the case of Centaurus, the ability of Centaurus or its subsidiaries to develop either of the Centaurus Group's Itambe or Passabem projects and to sell iron ore obtained from those projects to the Brazilian domestic steel industry in the manner described in the public announcements made by Centaurus prior to the Announcement Date,

except for events, changes and conditions fairly disclosed in the Centaurus Due Diligence Material or publicly announced by Centaurus or otherwise disclosed in public filings in Australia by Centaurus or any of its subsidiaries prior to the Announcement Date provided that the relevant disclosure or announcement is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

(e) **No Material Acquisitions, Disposals or New Commitments**

Except for any proposed transaction publicly announced by Centaurus before the Announcement Date or consented to by Glengarry, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

- (i) Centaurus or any subsidiary of Centaurus acquires, offers to acquire or agrees to acquire one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount in aggregate greater than \$100,000, or makes an announcement in relation to such an acquisition, offer or agreement;
- (ii) Centaurus or any subsidiary of Centaurus disposes of, offers to dispose of or agrees to dispose of one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount, or in respect of which the book value (as recorded in Centaurus' consolidated balance sheet as at 30 June 2009) is, in aggregate, greater than \$100,000, or makes an announcement in relation to such a disposition, offer or agreement; or
- (iii) Centaurus or any subsidiary of Centaurus enters into, or offers to enter into or agrees to enter into, any agreement, joint venture or partnership which would require expenditure, or the foregoing of revenue, by the Centaurus Group of an amount which is, in aggregate, more than \$100,000, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement.



(f) **No Prescribed Occurrences**

During the period from the date of the Bidder's Statement to the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in section 652C of the Corporations Act) happens:

- (i) Centaurus converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) Centaurus or a subsidiary of Centaurus resolves to reduce its share capital in any way;
- (iii) Centaurus or a subsidiary of Centaurus enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Centaurus or a subsidiary of Centaurus issues shares (other than as a result of the exercise of Centaurus Options or Other Centaurus Options) or grants an option over its shares, or agrees to make such an issue or grant such an option, other than the grant of 2,000,000 Other Centaurus Options to Mr Peter Freund on the terms set out in Centaurus' notice of annual general meeting and explanatory memorandum for the annual general meeting called for 30 November 2009, provided that such options do not vest by reason of the announcement or conduct of the Takeover Bid;
- (v) Centaurus or a subsidiary of Centaurus issues, or agrees to issue, convertible notes;
- (vi) Centaurus or a subsidiary of Centaurus disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Centaurus or a subsidiary of Centaurus charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Centaurus or a subsidiary of Centaurus resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Centaurus or of a subsidiary of Centaurus is appointed;
- (x) a court makes an order for the winding up of Centaurus or of a subsidiary of Centaurus;
- (xi) an administrator of Centaurus or of a subsidiary of Centaurus is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Centaurus or a subsidiary of Centaurus executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Centaurus or a subsidiary of Centaurus.



(g) **No Prescribed Occurrences between the Announcement Date and date of Bidder's Statement**

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the occurrences listed in subparagraphs (i) to (xiii) of paragraph (f) above happened.

(h) **ASIC Waiver**

Glengarry applying for and being granted an exemption by ASIC pursuant to section 655A(1)(b) of the Corporations Act to treat, for the purposes of the Takeover Bid, all of the Centaurus Options on issue as one class of options.

(i) **Options**

If the Centaurus Options Condition is not satisfied then with respect to the Centaurus Options:

- (i) all Centaurus Options have either been exercised, cancelled or transferred to Glengarry or agreement has been reached with the holders of all of the Centaurus Options for them to be exercised, cancelled or transferred; or
- (ii) Glengarry is entitled to compulsorily acquire all outstanding Centaurus Options in accordance with Chapter 6A of the Corporations Act.

(j) **Withdrawal of Resolution**

That the Centaurus Directors will withdraw from the matters to be considered at Centaurus' annual general meeting to be held on 30 November 2009 the resolutions seeking the approval of Centaurus Shareholders to the grant of up to 2,000,000 options to acquire Centaurus Shares to Mr Mark Papendieck, Mr Richard Hill and Mr Darren Gordon.

7. Additional Offer Conditions for the Centaurus Options

(a) The Options Offer is subject to the fulfilment of the following additional conditions:

- (i) that during, or at the end of, the Offer Period, the Glengarry Group has a relevant interest in such number of Centaurus Shares which represents at least 90 per cent of the aggregate of all Centaurus Shares on issue at the end of the Offer Period;
- (ii) before the end of the Offer Period, the Share Offer is, or has been declared, unconditional in all respects;
- (iii) before the end of the Offer Period for the Option Offer, ASX has provided all such waivers as are required to permit the amendment of the terms of the Centaurus Options to allow transfer to Glengarry without the approval of Centaurus Shareholders pursuant to ASX Listing Rules 6.23.4; and



- (iv) before the end of the Offer Period, Glengarry obtains any regulatory approval required for the Option Offer.
- (b) Each condition in paragraph 7(a) of this Schedule 1 is a separate, several and distinct condition, operates as a condition subsequent and is for the benefit of Glengarry alone and may only be relied upon by Glengarry.
- (c) Except as provided below, Glengarry may free the Option Offer, and any contract resulting from its acceptance, from all or any of the conditions in paragraph 5(a) of this Schedule 1 by giving notice to Centaurus declaring the Option Offers to be free from the conditions specified in accordance with Section 650F of the Corporations Act. This notice may be given not later than 7 days before the end of the Option Period.
- (d) Subject to the provisions of the Corporations Act, Glengarry alone will be entitled to the benefit of the conditions in paragraph 7(a) of this Schedule 1 and any breach or non-fulfilment thereof may be relied upon only by Glengarry.
- (e) The date for giving the notice required by Section 630(3) of the Corporations Act is [insert] 2009, subject to extension in accordance with 630(2) if the Offer Period is extended.
- (f) In the event that Glengarry increases the Share Offer from 8 Glengarry Shares for every 1 Centaurus Share, then the Option Offer will be increased to match the increased Share Offer.
- (g) In the event the Centaurus Shareholders approve the grant of 2,000,000 Other Centaurus Options to Mr Peter Freund, that the terms of those Other Centaurus Options be amended so that this Takeover Bid does not result in those Other Centaurus Options vesting.

Definitions for the Purposes of Appendix A

"Centaurus Due Diligence Material" means the information relating to the Centaurus Group contained in Centaurus' responses to Glengarry's due diligence questionnaires;

"Centaurus Group" means Centaurus and its Related Bodies Corporate;

"Centaurus Option" means an option to subscribe for a Centaurus Share referred to in Appendix B and for the avoidance does not include any other options on issue to acquire Centaurus Shares;

"Centaurus Options Condition" means the condition referred to in paragraph 6(h) of Appendix A.

"Centaurus Optionholder" means a person who is recorded in Centaurus' register of option holders as the holder of one or more Centaurus Options;

"Centaurus Share" means a fully paid ordinary share issued in the capital of Centaurus;



"Competing Proposal" means a proposal pursuant to which a person (other than Glengarry or another entity in the Glengarry Group) would, if the proposal were implemented:

- (a) directly or indirectly, acquire an interest, a relevant interest in or become the holder of:
 - (i) more than 20% of the Centaurus Shares; or
 - (ii) the whole or a substantial part or a material part of the business or property of Centaurus;
- (b) acquire control of Centaurus, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise acquire or merge with Centaurus (including by way of a scheme of arrangement, reverse takeover bid or dual listed companies structure);

"Glengarry Group" means Glengarry and its Related Bodies Corporate;

"Glengarry Option" means an option to acquire a Glengarry Share on the key terms and conditions set out in Appendix B;

"Glengarry Share" means a fully paid ordinary share issued in the capital of Glengarry;

"Government Agency" means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity whether foreign, federal, state, territorial or local in any part of the world in which a party is domiciled or holds any of its assets. It includes ASIC and ASX (and any other stock exchange);

"Material Adverse Change" means any event, change or condition that has, or could reasonably be expected to have, a material adverse effect on:

- (a) the business, assets, liabilities, financial or trading position, profitability or prospects of the Centaurus Group or the Glengarry Group (as the context requires), taken as a whole, since 30 June 2009 by an amount of \$1,000,000 or more; or
- (b) in the case of Centaurus, the status or terms of the exploration or mining tenements, approvals, licences or permits from the Department or Government Agencies, taken as a whole, applicable to either of the Centaurus Group's Itambe or Passabem projects, or
- (c) in the case of Centaurus, the ability of Centaurus or its subsidiaries to develop either of the Centaurus Group's Itambe or Passabem projects and to sell iron ore obtained from those projects to the Brazilian domestic steel industry in the manner described in the public announcements made by Centaurus prior to the Announcement Date,

except for events, changes and conditions fairly disclosed in the Centaurus Due Diligence Material or publicly announced by Centaurus or Glengarry (as the context requires) or otherwise disclosed in public filings in Australia by Centaurus or Glengarry or any of their subsidiaries (as the context requires) prior to the Announcement Date provided that the relevant announcement or disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading;

"Offer" means the Share Offer and if the Centaurus Options Condition is satisfied, the Option Offer;

"Offer Period" means the period during which the Offer is open for acceptance;



"Option Offer" means each offer to acquire Centaurus Options to be made by Glengarry to Centaurus Optionholders in connection with the Takeover Bid;

"Other Centaurus Options" means those options to subscribe for a Centaurus Share that are not referred to in Appendix B;

"Share Offer" means each offer to acquire Centaurus Shares to be made by Glengarry to Centaurus Shareholders in connection with the Takeover Bid;

"Takeover Bid" means a takeover bid for Centaurus by Glengarry that satisfies the requirements in agreed in the IA.



Appendix B – Centaurus Options

Centaurus Tranche	Key Terms of Centaurus Options	Total Number of Centaurus Options on Issue	Key Terms of Glengarry Options	Total number¹ of Glengarry Options to be issued
1	Exercisable at \$1.00 expiring 27 Nov 2011	1,500,000	Exercisable at \$0.12500 expiring 27 Nov 2011	12,000,000
2	Exercisable at \$1.00 expiring 6 Jan 2012	439,924	Exercisable at \$0.12500 expiring 6 Jan 2012	3,519,392
3	Exercisable at \$0.25 expiring 4 Aug 2012	3,750,000	Exercisable at \$0.03125 expiring 4 Aug 2012	30,000,000
4	Exercisable at \$0.80 expiring 14 Feb 2013	2,000,000	Exercisable at \$0.10000 expiring 14 Feb 2013	16,000,000
	TOTAL	7,689,924		61,519,392

Notes:

1. On the basis of 8 Glengarry Options per 1 Centaurus Option held and assuming 100% acceptance of the Option Offer.