Centaurus Metals Limited ABN 40 009 468 099

And it's controlled entities

Interim Financial Report
31 December 2010

Contents

Directors' Report

Your directors present their report on the Consolidated Entity ("Group") consisting of Centaurus Metals Limited ("Centaurus" or "Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2010 together with the consolidated financial report and review report thereon.

Directors

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

D M Murcia
D P Gordon
P E Freund
K G McKay
G T Clifford
R G Hill

Review of Operations

Financial Position

The net consolidated loss for the half-year was $7,874,650. Included in the loss is exploration expenditure of $4,215,402 and impairment of exploration and evaluation assets of $1,544,049.

At the end of the half-year the Group had net cash balances of $15,890,173 and net assets of $37,897,547.

Exploration

During the half-year the Group carried out exploration programs on a number of its iron ore exploration projects in Brazil. At the Jambreiro Iron Ore Project, a drilling program was completed and the Company announced a maiden JORC Inferred Resource of 77.1Mt grading 29.5% Fe. Beneficiation test work was performed on a sample of friable itabirite mineralisation with results producing a 63.0% Fe hematite sinter product with low levels of phosphorus and alumina.

At the Passabem Iron Ore Project, a drilling program was completed and the Company announced a substantial increase in the JORC Indicated and Inferred Resource to 39.0Mt grading 31.0% Fe. Beneficiation test work was completed with results producing a hematite product grading 67.4% Fe with low levels of impurities.

At the Itambé Iron Ore Project, a drilling program was completed and the Company reported an updated JORC Indicated and Inferred Resource of 10.0Mt grading 36.6% Fe. Beneficiation test work on samples from surface exposures indicated that a 66.0% Fe hematite sinter product can be produced with low impurities.

The Company identified a new iron ore prospect, the Candonga Prospect, following the completion of a drilling program, combined with re-assay of historical drill core and ground magnetic survey work.

In line with the Company's focus to develop an iron ore business in Brazil, the Company divested the Percyvale and Dish Gold Projects to Southern Crown Resources Limited. A conditional sale agreement was reached with Antipa Minerals Limited to divest the Citadel Gold-Copper Project. The Company entered into a farm out agreement with Mining Ventures Do Sul Pesquisa e Mineração Ltda ('Mining Ventures') covering its two non-core Brazilian Copper-Gold Projects. Under the terms of the agreement, Mining Ventures will spend up to US$4.25 million on the Project areas to earn up to a 90% interest.

Corporate

During September the Company announced and closed a capital raising to accelerate growth at its Brazilian iron ore projects. A total of $18.2 million was raised, with a $14.4 million share placement at 7.5 cents per share and a $3.8 million Share Purchase Plan ("SPP") to existing shareholders also at 7.5 cents per share. The SPP was fully subscribed by shareholders. A total of 242.5 million shares were issued for the capital raising.

One of Australia's leading iron ore executives, Mr George Jones, joined the Company as a strategic consultant. Mr Jones will provide advice to Centaurus' Board and Management team on a number of important aspects of its business as it progresses the development of several potential iron ore production projects in south-east Brazil.

Events Subsequent to Reporting Date

Subsequent to 31 December 2010, the Group entered into an arrangement with the vendor of the Passabem Iron Ore Project to perfect the title on the Project tenements. An amount of A$1.2 million (R$2 million) has been paid with the balance of $1.7M (R$3 million) to be paid in July 2011. The payment will extinguish the contingent liability previously disclosed in the 30 June 2010 financial report in relation to the Passabem tenements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2010 is set out on page 5.

D P Gordon
Managing Director

Perth
16 March 2011

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

To: the directors of Centaurus Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

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Trevor Hart
Partner

Perth

16 March 2011

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CENTAURUS METALS LIMITED

Condensed Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2010

	Note	31 December 2010 $	31 December 2009 $
Other income	5	**85,594**	-
Exploration expenditure		**(4,215,402)**	(113,682)
Project generation expenses		**-**	(391,189)
Merger and acquisition expenses		**-**	(363,822)
Impairment of exploration and evaluation		**(1,544,049)**	-
Employee benefits expense		**(922,381)**	(324,413)
Share based payment		**(489,075)**	(242,124)
Occupancy expenses		**(147,012)**	(65,025)
Listing and share registry fees		**(87,113)**	(36,396)
Professional fees		**(257,386)**	(19,053)
Depreciation		**(87,333)**	(6,527)
Other expenses		**(481,813)**	(62,792)
Results from operating activities		**(8,145,970)**	(1,625,023)
Finance income – interest income		**271,320**	192,073
Loss before income tax		**(7,874,650)**	(1,432,950)
Income tax expense		**-**	-
Loss for the period		**(7,874,650)**	(1,432,950)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		**156,945**	-
Exchange differences arising on translation of foreign operations		**(1,217,975)**	-
Income tax on other comprehensive income		**-**	-
Other comprehensive income for the period		**(1,061,030)**	-
Total comprehensive income for the period		**(8,935,680)**	(1,432,950)
Earnings per share:		**Cents**	Cents
Basic loss per share		**(1.19)**	(0.50)
Diluted loss per share		**(1.19)**	(0.50)

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

CENTAURUS METALS LIMITED

Condensed Consolidated Statement of Financial Position
For the half-year ended 31 December 2010

	31 December 2010 $	30 June 2010 $ (Restated)
Current assets		
Cash and cash equivalents	**15,890,173**	4,920,035
Other receivables and prepayments	**617,956**	595,973
Total current assets	**16,508,129**	5,516,008
Non-current assets		
Other investments, including derivatives	**1,075,834**	495,417
Property, plant and equipment	**712,528**	624,146
Exploration and evaluation assets	**24,802,542**	27,681,242
Total non-current assets	**26,590,904**	28,800,805
Total assets	**43,099,033**	34,316,813
Current liabilities		
Trade and other payables	**637,469**	783,839
Employee benefits	**179,039**	99,407
Total current liabilities	**816,508**	883,246
Non-current liabilities		
Deferred tax liabilities	**4,384,978**	4,384,978
Total non-current liabilities	**4,384,978**	4,384,978
Total liabilities	**5,201,486**	5,268,224
Net assets	**37,897,547**	29,048,589
Equity		
Share capital	**53,848,991**	36,553,428
Reserves	**3,775,430**	4,347,385
Accumulated losses	**(19,726,874)**	(11,852,224)
Total equity	**37,897,547**	29,048,589

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

CENTAURUS METALS LIMITED

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2010

	Issued Capital	Option Reserve	Share-based payments reserve	Available-for-sale-investments revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total Equity
	$	$	$	$	$	$	$
Balance at 1 July 2010	**36,553,428**	**2,966,597**	**951,846**	**(100,000)**	**606,706**	**(10,135,336)**	**30,843,241**
Impact of change in accounting policy	-	-	-	-	(77,764)	(1,716,888)	(1,794,652)
Balance at 1 July 2010 (restated)	**36,553,428**	**2,966,597**	**951,846**	**(100,000)**	**528,942**	**(11,852,224)**	**29,048,589**
Loss for the period	-	-	-	-	-	(7,874,650)	(7,874,650)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	-	-	-	156,945	-	-	156,945
Foreign currency translation difference for foreign operation	-	-	-	-	(1,217,975)	-	(1,217,975)
Total comprehensive income for the period	-	-	-	156,945	(1,217,975)	-	(1,061,030)
Transactions with owners, recorded directly in equity							
Issue of ordinary shares net of capital raising costs	17,155,563	-	-	-	-	-	17,155,563
Issue of ordinary shares on exercise of options	140,000	-	-	-	-	-	140,000
Share-based payment transactions	-	-	489,075	-	-	-	489,075
Total transactions with owners	17,295,563	-	489,075	-	-	-	17,784,638
Balance at 31 December 2010	**53,848,991**	**2,966,597**	**1,440,921**	**56,945**	**(689,033)**	**(19,726,874)**	**37,897,547**

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

CENTAURUS METALS LIMITED

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2010

	Issued Capital	Share-based payments reserve	Available-for-sale-investments revaluation reserve	Foreign currency translation reserve	Accumulated losses	Total Equity
	$	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2009	**15,544,255**	**351,380**	**-**	**-**	**(6,369,971)**	**9,525,664**
Impact of change in accounting policy	-	-	-	-	-	-
Balance at 1 July 2009 (restated)	**15,544,255**	**351,380**	**-**	**-**	**(6,369,971)**	**9,525,664**
Loss for the period	-	-	-	-	(1,432,950)	(1,432,950)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(1,432,950)	(1,432,950)
Transactions with owners, recorded directly in equity						
Share-based payment transactions	-	242,124	-	-	-	242,124
Transfer of share based payments lapsed/forfeited	-	(153,289)	-	-	153,289	-
Total transactions with owners	-	88,835	-	-	153,289	242,124
Balance at 31 December 2009	**15,544,255**	**440,215**	**-**	**-**	**(7,649,632)**	**8,334,838**

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

CENTAURUS METALS LIMITED

Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2010

	31 December 2010 $	31 December 2009 $
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	**(1,664,753)**	(596,254)
Interest received	**199,130**	200,240
Net cash used in operating activities	**(1,465,623)**	(396,014)
Cash flows from investing activities		
Payments for plant & equipment	**(222,584)**	-
Payment for investment	**(88,888)**	-
Refunds (payments) for security deposits	**(20,267)**	7,400
Exploration and project generation expenditure	**(4,486,032)**	(626,726)
Proceeds from sale of plant & equipment	**-**	14,319
Net cash used in investing activities	**(4,817,771)**	(605,007)
Cash flows from financing activities		
Proceeds from issue of equity securities net of capital raising costs	**17,295,563**	-
Net cash from financing activities	**17,295,563**	-
Net increase/(decrease) in cash and cash equivalents	**11,012,169**	(1,001,021)
Cash and cash equivalents at the beginning of the half-year	**4,920,035**	9,673,582
Effect of exchange rate fluctuations on cash held	**(42,031)**	-
Cash and cash equivalents at the end of the half-year	**15,890,173**	8,672,561

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

Notes to the Condensed Consolidated Interim Financial Statements

Note 1. Reporting entity

Centaurus Metals Limited is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at 31 December 2010 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity" or "Group").

The consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2010 is available upon request from the Company's registered office or at http://www.centaurus.com.au/.

Note 2. Statement of compliance

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

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2010.

The condensed consolidated interim financial report was approved by the Board of Directors on 16 March 2011.

Note 3. Significant accounting policies

Except as described below, the accounting policies applied by the Consolidated Entity in this condensed consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated annual financial report as at and for the year ended 30 June 2010.

Change in accounting policy

Exploration and Evaluation
During the current reporting period the Consolidated Entity has made a voluntary change to its accounting policy relating to the treatment of exploration and evaluation expenditure. Exploration and evaluation expenditure was previously recognised as an asset to the extent allowable under AASB 6 *Exploration for and Evaluation of Mineral Resources.* The Consolidated Entity has now elected to *expense* all exploration and evaluation expenditure, with the exception of acquisition costs which will continue to be recognised as an asset, as incurred. This change has been implemented as the Board of Directors are of the opinion that the change is both in line with Australian Accounting Standards and provides the users with reliable and more relevant information consistent with the Australian Accounting Standards Board Framework for the preparation and presentation of financial statements as it is more transparent and less subjective. The change in policy is irrespective of whether or not the Board believe expenditure could be recouped from either a successful development and commercial exploitation or sale of the respective assets. The new policy is detailed below and has been applied retrospectively in accordance with the requirements of AASB 108 *Accounting Policies, Change in Accounting Estimates and Errors.*

Exploration and evaluation costs are written off in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current, and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Note 3. Significant accounting policies – Continued

Change in accounting policy – Continued

Where an area of interest is abandoned, or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, accumulated costs for the relevant mineral project are amortised on a units of production basis over the life of the economically recoverable reserves.

The aggregate effect of the change in accounting policy on the interim financial statements for the period ending 31 December 2010 is as follows:

	Effect of the change in the accounting policy for exploration and evaluation $
Consolidated Entity	
Statement of comprehensive income – period ending 31 December 2010	
Exploration and evaluation expense	3,737,083
Basic and diluted loss per share	0.57
Statement of financial position as at 31 December 2010	
Exploration and evaluation assets	(4,069,325)
Foreign currency translation reserve	332,242

Note 3. Significant accounting policies – Continued

Change in accounting policy – Continued

	Previous Policy	Effect of the change in the accounting policy for exploration and evaluation	Revised Policy
	$	$	$
Consolidated Entity			
Statement of comprehensive income – period ending 31 December 2009			
Exploration and evaluation expense	113,682	-	113,682
Loss before income tax	1,432,950	-	1,432,950
Income tax	-	-	-
Basic and diluted loss per share	0.50	-	0.50
Statement of financial position as at 30 June 2010			
Exploration and evaluation assets	29,475,894	(1,794,652)	27,681,242
Foreign currency translation reserve	606,706	(77,764)	528,942
Accumulated losses	10,135,336	1,716,888	11,852,224

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

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Consolidated Entity include:

• Amendments to AASB 5, 8, 101, 107, 117, 118, 136 and 139 as a consequence of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.*

AASB 2009-5 introduces amendments into Accounting Standards that are equivalent to those made by the IASB under its program of annual improvements to its standards. A number of the amendments are largely technical, clarifying particular terms, or eliminating unintended consequences. Other changes are more substantial, such as the current/non-current classification of convertible instruments, the classification of expenditures on unrecognised assets in the statement of cash flows and the classification of leases of land and buildings.

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

Note 4. Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of those assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing the consolidated interim financial report, the significant judgements made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated annual financial report as at and for the year ended 30 June 2010.

Note 5. Other Income

	31 December 2010 $	31 December 2009 $
The following revenue and expenses are relevant in explaining the financial performance for the interim period:		
Net gain on disposal of mineral tenements	**85,594**	-
Write-off of capitalised exploration expenditure due to relinquishment of tenements	**(1,544,049)**	-

Note 6. Share based payments

During the half-year a total of 13,800,000 options were issued to directors, employees and consultants with various vesting dates. The options were issued with exercise prices ranging from $0.095 per option to $0.12 per option. The options expire between 3 and 5 years. The fair value of the options range from $0.0494 to $0.0754 per option. The basis of measuring fair value is consistent with that disclosed in the consolidated annual financial report as at and for the year ended 30 June 2010.

The terms and conditions of the options granted during the half-year ended 31 December 2010 are as follows:

Grant date	Expiry date	Exercise price	Number of Options	Value per option at grant date (a)	Vesting date
19/07/2010	19/07/2015	$0.095	700,000	$0.0509	See note (b) below
01/10/2010	01/10/2014	$0.110	1,900,000	$0.0527	See note (c) below
01/10/2010	01/10/2013	$0.110	200,000	$0.0494	Vested
20/10/2010	31/08/2014	$0.100	5,000,000	$0.0591	31/03/2011
20/10/2010	31/08/2014	$0.120	5,000,000	$0.0561	31/12/2011
30/11/2010	30/11/2015	$0.110	500,000	$0.0754	30/05/2012
30/11/2010	30/11/2015	$0.110	500,000	$0.0754	30/11/2013

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

(b) 100,000 options vested on grant date, 300,000 options vest on commencement of iron ore production on a mining lease from the Company's iron ore projects in Brazil, 300,000 options vest on achievement of iron ore production from the Company's iron ore projects at an average rate of 250,000 tonnes per month over a consecutive 3 month period.

Note 6. Share based payments - Continued

(c) 500,000 options vested on grant date, 200,000 options vest on commencement of iron ore production on a mining lease from the Company's iron ore projects in Brazil, 200,000 options vest on achievement of iron ore production from the Company's iron ore projects at an average rate of 250,000 tonnes per month over a consecutive 3 month period. 500,000 options vest on definition of a JORC Inferred Resource that delivers over 100 Mt (+60%) iron ore from the Company's existing or acquired projects. 500,000 options vest on definition of a JORC Inferred Resource that delivers over 250 Mt or JORC Measured and Indicated Resource that delivers over 100 Mt (+60%) iron ore from the Company's existing or acquired projects.

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

The option pricing model inputs for options granted during the half-year ended 31 December 2010 included:

Grant date	19 July 2010	1 October 2010	1 October 2010	20 October 2010	20 October 2010	30 November 2010
Expiry date	19 July 2015	1 October 2014	1 October 2013	31 August 2014	31 August 2014	30 November 2015
Exercise price	$0.095	$0.110	$0.110	$0.100	$0.120	$0.110
Consideration	Nil	Nil	Nil	Nil	Nil	Nil
Share price at grant date	$0.07	$0.08	$0.08	$0.09	$0.09	$0.10
Expected price volatility of the Company's shares	99.8%	99.14%	91.54%	92.09%	92.09%	99.1%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	4.77%	4.95%	4.89%	4.63%	4.63%	5.18%
Fair value per option at grant date	$0.0509	$0.0527	$0.0494	$0.0591	$0.0561	$0.0754

Note 7. Share Capital

	Number of Shares	$
On issue at 1 July 2010	604,398,639	36,553,428
Issue of ordinary shares for share placement at 7.5 cents per share	192,000,000	14,400,000
Issue of ordinary shares for share purchase plan at 7.5 cents per share	50,524,998	3,789,375
Issue of ordinary shares upon exercise of options at 7.0 cents per share	2,000,000	140,000
Capital raising costs	-	(1,033,812)
On issue at 31 December 2010 – fully paid	**848,923,637**	**53,848,991**

Note 8. Business Combination

Following from the acquisition of Centaurus Resources Limited during the year ended 30 June 2010, the Company has now finalised the acquisition accounting balances. There have been no changes to the previous disclosed provisional values for the identifiable assets acquired and liabilities assumed.

Note 9. Operating Segments

The Group has one reportable segment, being iron ore exploration and evaluation in Brazil. Comparative segment information has been represented in conformity with the requirements of AASB 8 Operating Segments.

	31 December 2010 $	31 December 2009 [1] $
Reportable Segment Information – Iron Ore Exploration		
For the half year ended 31 December		
Segment loss before income tax		
Segment loss before income tax	**(6,019,191)**	-
Unallocated corporate expenses	**(2,212,373)**	-
Unallocated other income	**85,594**	-
Net finance income – interest income	**271,320**	-
	(7,874,650)	-
Interest income		
Segment interest income	**40,254**	-
Unallocated interest income	**231,066**	-
	271,320	-
Depreciation		
Segment depreciation expense	**46,712**	-
Unallocated depreciation expense	**40,621**	-
	87,333	-

	31 December 2010	30 June 2010 (restated)
Reportable segment assets		
Segment assets	**23,671,120**	25,852,046
Unallocated other assets	**19,427,913**	8,464,767
Total assets	**43,099,033**	34,316,813

[1] During 2009 the Group operated predominantly in Australia and its principal activities were focussed on reviewing new project opportunities. Following the acquisition of Centaurus Resources Limited in January 2010, the Group changed its focus to developing the Brazilian iron ore projects acquired.

Note 10. Subsequent Events

Subsequent to 31 December 2010, the Group entered into an arrangement with the vendor of the Passabem Iron Ore Project to perfect the title on the Project tenements. An amount of A$1.2 million (R$2 million) has been paid with the balance of $1.7M (R$3 million) to be paid in July 2011. The payment will extinguish the contingent liability previously disclosed in the 30 June 2010 financial report in relation to the Passabem tenements.

CENTAURUS METALS LIMITED

Directors' Declaration

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

(a) The financial statements and notes set out on pages 6 to 17 are in accordance with the *Corporations Act 2001*, including:

  (i) Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the six month period ended on that date; and

  (ii) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

D P Gordon
Managing Director

Perth
16 March 2011

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

We have reviewed the accompanying interim financial report of Centaurus Metals Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2010, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, note 1 to 10 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Consolidated Entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year .

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Centaurus Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

T R Hart
Partner

Perth

16 March 2011