Centaurus Metals Limited ABN 40 009 468 099

(formerly known as Glengarry Resources Limited)

And its controlled entities

Financial Report

30 June 2010

Contents

Corporate Directory

Directors

Mr D M Murcia B.Juris, LL.B
Non-Executive Chairman

Mr D P Gordon B.Bus, CA, FFin, ACIS, MAICD
Managing Director

Mr P E Freund FAusIMM(CP), F.AIM
Executive Director

Mr K G McKay BSc (Hons), FAusIMM, MAICD
Non-Executive Director

Mr G T Clifford B.Bus, FCPA, FCIS
Non-Executive Director

Mr R G Hill B.Juris, LLB., B.Sc. (Hons), FFin
Non-Executive Director

Secretary
Mr G A James B.Bus, CA, ACIS

Share Register
Advanced Share Registry Limited
150 Stirling Highway
Nedlands WA 6009
(08) 9389 8033

Auditors
KPMG
Chartered Accountants
235 St Georges Terrace
Perth WA 6000

Bankers
National Australia Bank
1232 Hay Street
West Perth WA 6005

Stock Exchange Listing

Centaurus Metals Limited shares are
listed on the Australian Securities Exchange

Ordinary fully paid shares (ASX code: CTM)

Principal Registered Office in Australia

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CENTAURUS METALS LIMITED

Directors' Report

For the year ended 30 June 2010

The directors present their report together with the consolidated financial statements of Centaurus Metals Limited ("Company"), being the Company and its subsidiaries, for the financial year ended 30 June 2010 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Mr Didier M Murcia	Non-Executive Chairman
Mr Darren P Gordon	Managing Director
Mr Keith G McKay	Non-Executive Director
Mr Peter E Freund	Executive Director (appointed 28 January 2010)
Mr Geoffrey T Clifford	Non-Executive Director
Mr Richard G Hill	Non-Executive Director (appointed 28 January 2010)

Unless otherwise disclosed, all directors held their office from 1 July 2009 until the date of this report.

2. Directors and Officers

Mr Didier M Murcia, B.Juris, LL.B
Non-Executive Chairman Age 47

Experience and expertise
Independent non-executive director appointed 16 April 2009 and appointed Chairman 28 January 2010. Lawyer with over 25 years legal and corporate experience in the mining industry. He is currently Honorary Australian Consul for the United Republic of Tanzania and a director of London listed Aminex plc. He is Chairman and founding director of Perth-based legal group Murcia Pestell Hillard.

Other directorships
During the last three years Mr Murcia held directorships in the following ASX listed companies:

Gindalbie Metals Limited (appointed 2 February 1998, resigned 31 January 2010)
Gryphon Minerals Limited (appointed 28 July 2006)
Target Energy Limited (appointed 1 September 2006, resigned 31 December 2009)

Special responsibilities
Chairman of the Board
Chairman of the Remuneration Committee
Member of the Audit Committee

Mr Darren P Gordon, B.Bus, CA, FFin, ACIS, MAICD
Managing Director Age 38

Experience and expertise
Managing Director appointed 4 May 2009. Chartered Accountant with over 15 years experience in the mining industry as a senior finance and resources executive. Former Chief Financial Officer and Company Secretary for Gindalbie Metals Limited.

Other directorships
During the last three years Mr Gordon held directorships in the following ASX listed companies:

Centaurus Resources Limited (appointed 13 June 2008, resigned 6 November 2009). Centaurus Resources Limited was acquired by Centaurus Metals Limited and was delisted from the ASX on 1 March 2010.

Special responsibilities
Managing Director

2. Directors and Officers (continued)

Mr Peter E Freund, FAusIMM(CP), F.AIM
Executive Director Age 64

Experience and expertise
Operations director appointed 28 January 2010. Mechanical Engineer with 40 years operational and project development experience in the mining industry with expertise in all aspects of iron ore mining, processing and other steel-making minerals. Former General Manager of the Karara Joint Venture between Gindalbie Metals Limited and Ansteel.

Other directorships
During the last three years Mr Freund held directorships in the following ASX listed companies:

Centaurus Resources Limited (appointed 16 October 2009, resigned 28 January 2010). Centaurus Resources Limited was acquired by Centaurus Metals Limited and was delisted from the ASX on 1 March 2010.

Special responsibilities
Operations Director

Mr Keith G McKay, BSc (Hons), FAusIMM, MAICD
Non-Executive Director Age 64

Experience and expertise
Independent non-executive director appointed 26 August 2004. Geologist with 40 years technical and corporate experience in the mining industry as a senior executive, director and chairman. Former Chairman of Glengarry Resources Limited and Gindalbie Metals Limited and former Managing Director of Gallery Gold Limited and Battle Mountain (Aust.) Inc.

Other directorships
Mr McKay held no other directorships of ASX listed companies during the last three years.

Special responsibilities
Member of the Remuneration Committee
Member of the Audit Committee

Mr Geoffrey T Clifford, B.Bus, FCPA, FCIS
Non-Executive Director Age 60

Experience and expertise
Independent non-executive director appointed 22 August 2008. Accountant with over 30 years experience in senior accounting, finance, administration and company secretarial roles in the mining, retail and wholesale industries. He is currently a Member of the West Australian State Council of Chartered Secretaries Australia. Former non-executive director of Aztec Resources Limited and former Chairman of Sino Gas and Energy Limited. Former General Manager Administration and Company Secretary of Portman Limited.

Other directorships
During the last three years Mr Clifford held directorships in the following ASX listed companies:

Atlas Iron Limited (appointed 20 August 2007)
Fox Resources Limited (appointed 17 April 2007)
RMA Energy Limited (appointed 15 February 2007, resigned 15 April 2010)

Special responsibilities
Member of the Remuneration Committee
Chairman of the Audit Committee

2. Directors and Officers (continued)

Mr Richard G Hill, B.Juris, LLB., B.Sc. (Hons), FFin
Non-Executive Director Age 42

Experience and expertise
Independent non-executive director appointed 28 January 2010. Geologist and Solicitor with nearly 20 years experience in the mining industry. Founder of two ASX-listed mining companies.

Other directorships
During the last three years Mr Hill held directorships in the following ASX listed companies:

Centaurus Resources Limited (appointed 11 October 2006). Centaurus Resources Limited was acquired by Centaurus Metals Limited and was delisted from the ASX on 1 March 2010.
YTC Resources Limited (appointed 28 April 2006)

Special responsibilities
Member of the Audit Committee

Mr Geoffrey A James, B.Bus, CA, ACIS
Company Secretary Age 44

Experience and expertise
Mr James was appointed as Company Secretary on 19 March 2007. Mr James is a Chartered Accountant and a member of Chartered Secretaries Australia. He has over 20 years experience and was previously the Group Financial Accountant with Clough Limited.

Special responsibilities
Company Secretary
Chief Financial Officer

3. Directors' Meetings

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2010 and the number of meetings attended by each director were:

	Meetings of Directors		Meetings of Committees			
			Audit		Remuneration	
	Held	Attended	Held	Attended	Held	Attended
Mr D M Murcia	14	14	1	1	1	1
Mr D P Gordon	14	13#	n/a	n/a	n/a	n/a
Mr K G McKay	14	14	2	2	1	1
Mr P Freund	4	4	n/a	n/a	n/a	n/a
Mr G T Clifford	14	14	2	2	1	-
Mr R G Hill	4	4	1	1	n/a	n/a

Held – denotes the number of meetings held during the time the director held office or was a member of the committee during the year.

Mr D P Gordon did not attend due to a conflict of interest regarding the takeover of Centaurus Resources Limited.

The Company does not have a formal Nomination Committee. This function is performed by the full Board.

4. Corporate Governance Statement

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council recommendations, unless otherwise stated. Disclosure is made at the end of this statement of areas of non-compliance with the Recommendations.

Further details of the various charters, policies, codes and procedures that document the Company's corporate governance practices are set out in the Company's website at www.centaurus.com.au.

4.1 Board of Directors

The relationship between the Board and senior management is critical to the Group's long term success. The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and to ensure the Group is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives. These delegations are reviewed on an annual basis.

The Board operates in accordance with the broad principles set out in its Charter which is available from the corporate governance information section of the Company's website at www.centaurus.com.au. The Charter details the Board's composition and responsibilities.

Board Members

Details of the members of the Board, their skills, experience, expertise, qualifications, term of office and independence status are set out in the Directors' Report under the heading "Directors and Officers" (section 2). There are four independent non-executive directors and two executive directors at the date of signing the Directors' Report.

Directors' Independence

The Board has adopted specific principles in relation to directors' independence and these are set out in its Charter. The names of the directors considered to be independent are set out in the Directors' Report.

The principles adopted by the Board employ the concept of materiality. Materiality for these purposes is determined on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Group or 5% of the individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

Term of Office

The Company's Constitution specifies that all non-executive directors must retire from office no later than the third annual general meeting following their last election. Where eligible, a director may stand for re-election.

Responsibilities of Management

The Board Charter sets out the responsibilities of management and details are available on the Company's website.

Independent Professional Advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld. A copy of the advice received by the director is made available to all other members of the Board.

4.1 Board of Directors (continued)

Director and Executive Education

The Group has a process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Group concerning performance of directors. Directors also have the opportunity to visit Group facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

The Group also has a process to educate new senior executives upon taking such positions. The induction program includes reviewing the Group's structure, strategy, operations, financial position and risk management policies. It also familiarises the individual with the respective rights, duties, responsibilities and roles of the individual and the Board.

Performance Assessment

The Board charter sets out the process to undertake an annual self assessment of the Board's collective performance, the performance of the Chairman and of its committees. The self assessment involves a questionnaire process to review performance attributes.

The performance of senior executives is assessed by the Managing Director. The assessment involves an annual review of performance and development and the results of the review are formally documented.

Nomination Committee

The Nomination Committee consists of the full Board and it operates in accordance with its Charter which is available on the Company's website. The responsibilities of the Committee include the annual review of the membership and performance of the Board, reviewing candidates for vacancies and succession planning.

4.2 Remuneration Committee

The Remuneration Committee operates in accordance with its Charter which is available on the Company's website. The Committee shall consist of at least three non-executive directors with relevant expertise and experience in the industries in which the Group operates. The Committee advises the Board on remuneration and incentive policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

Each member of the senior executive team signs an employment contract at the time of their appointment covering a range of matters, including their duties, rights, responsibilities and any entitlements on termination. The standard contract refers to a specific formal job description. This job description is reviewed by the Remuneration Committee on an annual basis and, where necessary, is revised in consultation with the relevant employee.

Further information on directors' and executives' remuneration is set out in the Remuneration Report.

Executive remuneration and other terms of employment is reviewed annually by the Committee having regard to personal and corporate performance, contribution to long term growth, relevant comparative information and independent expert advice. As well as a base salary and compulsory superannuation, remuneration packages may include retirement and termination entitlements, performance-related bonuses and fringe benefits. Non-executive directors and executives are eligible to participate in the Employee Share Option Plan which provides for the issue of options in the Company.

Details of the qualifications of directors of the Remuneration Committee and their attendance at Committee meetings are set out in the Directors' Report.

Directors' Report
For the year ended 30 June 2010

4.3 Remuneration Report – audited
4.3.1 Principles of Remuneration – audited

The primary objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linked executive compensation;
- transparency; and
- capital management.

In consultation with external remuneration consultants, the Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation to ensure:

(i) Alignment to shareholders' interests:
- focuses on the creation of shareholder value and returns; and
- attracts and retains high calibre executives.

(ii) Alignment to program participants' interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The remuneration framework currently consists of fixed salaries and long-term incentives through participation in the Employee Share Option Plan.

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. Over the past 5 years, the Group was involved in mineral exploration and therefore growth in earnings is not considered relevant. No dividends have been paid. Shareholder wealth is dependent upon exploration success and has fluctuated accordingly. During the same period, average executive remuneration has been maintained in accordance with industry standards. The performance of the Group in respect of the current financial year and the previous four financial years is set out below:

	2010 $	2009 $	2008 $	2007 $	2006 $
Net profit/(loss)	(3,918,654)	(1,265,869)	(3,505,630)	3,553,405	(1,927,436)
Change in share price	$0.01	$0.00	($0.06)	$0.07	$0.02
Market capitalisation	$42.3 million	$17.2 million	$17.2 million	$29.9 million	$10.4 million

During the years stated above, there were no other returns of capital made by the company to shareholders.

The executive pay and reward framework has three components:

- base pay and benefits;
- long-term incentives through participation in the Employee Share Option Plan; and
- other remuneration such as superannuation.

4.3 Remuneration Report – audited (continued)

4.3.1 Principles of Remuneration – audited (continued)

The combination of these comprises the executive's total remuneration.

- *Base pay*
  Structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executive's discretion. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External remuneration consultants provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases included in any senior executive contracts.
- *Cash Bonuses*
  The Board at its discretion may approve the payment of cash bonuses to executives for meeting or exceeding performance targets.
- *Expatriate benefits*
  Executives located in Brazil receive expatriate benefits including housing and relocation costs.
- *Retirement benefits*
  Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.
- *Long term incentives*
  Long term incentives are comprised of share options, which are granted from time to time to encourage exceptional performance in the realisation of strategic outcomes and growth in shareholder wealth. Options are granted for no consideration and do not carry voting or dividend entitlements. Information on the Employee Share Option Plan is set out in section 4.3.2.

Employment Agreements

Remuneration and other terms of employment for executives are formalised in employment agreements. The agreements provide for the provision of other benefits and participation, when eligible, in the Employee Share Option Plan.

Other major provisions of the agreements relating to remuneration are set out below:

D P Gordon - Managing Director

- Term of agreement – commenced on 4 May 2009 for a term of 2 years. Mr Gordon may terminate the agreement by giving 2 months notice. The Company may terminate the agreement by giving 2 months notice and in addition, pay on termination, an amount equal to 6 months of salary.
- Base salary is $350,000, reviewed annually. Provision of four weeks annual leave.

P E Freund - Operations Director

- Term of agreement – commenced on 1 February 2010 with no set term. Mr Freund or the Company may terminate the agreement by giving 2 months notice.
- Base salary, inclusive of superannuation is $300,000, reviewed annually. Provision of four weeks annual leave.

M Papendieck – General Manager, Commercial

- Term of agreement – commenced on 1 February 2010 with no set term. Mr Papendieck or the Company may terminate the agreement by giving 2 months notice.
- Base salary, inclusive of superannuation is $250,000, reviewed annually. Provision of four weeks annual leave.

4.3 Remuneration Report – audited (continued)

4.3.1 Principles of Remuneration – audited (continued)

G A James - Chief Financial Officer/Company Secretary

- Term of agreement – commenced on 19 March 2007 with no set term. Mr James or the Company may terminate the agreement by giving 2 months notice.
- Base salary, inclusive of superannuation is $196,200, reviewed annually. Provision of four weeks annual leave.

I Cullen – General Manager, Exploration and Evaluation

- Term of agreement – commenced on 1 February 2010 with no set term. Mr Cullen or the Company may terminate the agreement by giving 2 months notice.
- Base salary, inclusive of superannuation is $190,000, reviewed annually. Provision of four weeks annual leave.
- Expatriate benefits including accommodation and relocation expenses are provided for living in Brazil.

K Petersen – Country Manager, Brazil

- Term of agreement – commenced on 1 February 2010 with no set term. Mr Petersen or the Company may terminate the agreement by giving 2 months notice.
- Base salary, inclusive of superannuation is $180,000, reviewed annually. Provision of four weeks annual leave.
- Expatriate benefits including accommodation, relocation expenses and education fees are provided for living in Brazil.

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Board also has obtained the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

Non-executive directors' remuneration consists of set fee amounts and statutory superannuation. The current base remuneration was last reviewed with effect from 15 February 2010. The level of fees for non-executive directors is set at $50,000 per annum and $75,000 per annum for the non-executive Chairman. Directors do not receive additional committee fees. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The total maximum currently stands at $300,000. There is no provision for retirement allowances for non-executive directors.

Non-executive directors are eligible to be granted with options to provide a material additional incentive for their ongoing commitment and dedication to the continued growth of the Group. The Board considers the issue of options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of non-executive directors to the Company, whilst maintaining the Group's cash reserves.

Directors' Report
For the year ended 30 June 2010

4.3 Remuneration Report – audited (continued)

4.3.2 Directors' and Executive Officers' Remuneration – audited

Details of the nature and amount of each major element of remuneration of each director of the Company, each of the named Company executives and relevant Group executives who receive the highest remuneration and other key management personnel of the Group are:

		Short Term Benefits			Post-employment benefits		Share-based payments (3)			
		Salary & fees $	Cash Bonus $	Other Benefits (2) $	Super-annuation $	Termination benefits $	Options $	Total $	S300A(1)(e)(i) Proportion of remuneration performance related %	S300A(1)(e)(vi) Value of options as proportion of remuneration %
Non-Executive Directors										
Mr D M Murcia	2010	57,500	-	-	-	-	54,289	111,789	-	48.6%
	2009	11,224	-	-	-	-	-	11,224	-	-
Mr K G McKay	2010	17,499	-	-	44,167	-	54,464	116,130	-	46.9%
	2009	-	-	-	88,333	-	36,678	125,011	-	29.3%
Mr G T Clifford	2010	21,791	-	-	25,294	-	31,131	78,216	-	39.8%
	2009	12,614	-	-	37,780	-	11,602	61,996	-	18.7%
Mr R G Hill (appointed 28 January 2010)	2010	19,113	-	-	1,720	-	45,681	66,514	-	68.9%
Mr W F Manning (terminated 29 May 2009)	2009	50,459	-	-	4,541	45,000	(5,138)	94,862	-	(5.4%)
Executive Directors										
Mr D P Gordon	2010	268,335	-	-	-	-	156,254	424,589	-	36.8%
	2009	35,000	-	-	-	-	-	35,000	-	-
Mr P E Freund (appointed 28 January 2010)	2010	114,679	-	-	10,321	-	224,708	349,708	-	64.3%
Mr D R Richards (terminated 16 April 2009)	2009	193,486	-	-	39,549	301,142	-	534,180	-	-
Executives										
Mr M Papendieck (appointed 1 February 2010)	2010	95,566	-	-	8,601	-	50,291	154,458	-	32.6%
Mr G A James	2010	171,330	18,000 (1)	-	17,040	-	35,705	242,075	7.4%	14.8%
	2009	165,138	-	-	14,862	-	6,819	186,819	-	3.6%
Mr I Cullen (appointed 1 February 2010)	2010	79,167	-	26,960	4,890	-	42,851	153,868	-	27.8%
Mr K Petersen (appointed 1 February 2010)	2010	75,000	-	47,437	4,479	-	28,553	155,469	-	18.4%
Mr K M Seymour (terminated 1 July 2009)	2009	188,255	-	-	13,745	104,026	-	306,026	-	-
Total	**2010**	**919,980**	**18,000**	**74,397**	**116,512**	**-**	**723,927**	**1,852,816**		
Total	**2009**	**656,179**	**-**	**-**	**198,810**	**450,168**	**49,961**	**1,355,118**		

(1) 100% of the cash bonus vested during the year on achievement of meeting performance targets.

(2) Other benefits include expatriate benefits for executives located in Brazil.

(3) The fair value of the options is calculated at the date of grant using the Black Scholes option-pricing model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options recognised in this reporting period.

(4) There are no other personnel who meet the criteria of s300A executive disclosure.

4.3 Remuneration Report – audited (continued)

4.3.3 Equity Instruments

Options are granted under the Employee Share Option Plan (Plan) which was approved by shareholders at the 2007 annual general meeting. Employees are eligible to participate in the Plan (including executive and non-executive directors) unless the Board in its absolute discretion determine otherwise. Options are granted from time to time under the Plan for no consideration and are granted for a period of up to 5 years. The vesting and exercise conditions of options granted are determined by the Board in its absolute discretion. Options may also be granted by the Company outside of the Plan, but under similar terms and conditions.

The Group has a policy that prohibits directors and employees who are granted share options as part of their remuneration from entering into arrangements that limit their exposure to losses that would result from share price decreases.

Options and rights over equity instruments granted as compensation

Details on options over ordinary shares in the Company that were granted as remuneration to each key management person during the reporting period and details on options that vested during the reporting period are as follows:

	Number of options granted during 2010	Grant Date	Fair value per option at grant date ($)	Exercise price per option ($)	Expiry date	Number of options vested during 2010
Directors						
Mr D M Murcia	500,000	17/07/2009	0.0467	0.075	17/07/2014	500,000
	500,000	17/07/2009	0.0439	0.100	17/07/2014	-
	500,000	17/07/2009	0.0420	0.120	17/07/2014	-
Mr D P Gordon	1,000,000	17/07/2009	0.0503	0.050	17/07/2014	1,000,000
	1,000,000	17/07/2009	0.0467	0.075	17/07/2014	1,000,000
	2,000,000	17/07/2009	0.0439	0.100	17/07/2014	-
	2,000,000	31/03/2010	0.0670	0.080	31/03/2015	-
Mr K G McKay	500,000	17/07/2009	0.0467	0.075	17/07/2014	500,000
	500,000	17/07/2009	0.0439	0.100	17/07/2014	-
Mr P E Freund	16,000,000(1)	19/01/2010	0.0493	0.070	31/10/2014	4,000,000
Mr G T Clifford	500,000	17/07/2009	0.0467	0.075	17/07/2014	500,000
Mr R G Hill	500,000	31/03/2010	0.0673	0.080	31/03/2015	500,000
	500,000	31/03/2010	0.0645	0.100	31/03/2015	-
	500,000	31/03/2010	0.0621	0.120	31/03/2015	-
Executives						
Mr M Papendieck	4,000,000	15/02/2010	0.0359	0.080	15/02/2015	1,000,000
Mr G A James	250,000	17/07/2009	0.0467	0.075	17/07/2014	250,000
	250,000	17/07/2009	0.0439	0.100	17/07/2014	-
	500,000	17/07/2009	0.0420	0.120	17/07/2014	-
	750,000	15/02/2010	0.0359	0.080	15/02/2015	-
Mr I Cullen	4,000,000(1)	19/01/2010	0.0481	0.070	30/06/2014	2,000,000
Mr K Petersen	2,400,000(1)	19/01/2010	0.0446	0.080	31/12/2013	600,000
	1,000,000	15/02/2010	0.0359	0.080	15/02/2015	-

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

(1) These options were issued as replacement awards pursuant to the takeover of Centaurus Resources Limited.

4.3 Remuneration Report – audited (continued)

4.3.3 Equity Instruments (continued)

Analysis of options and rights over equity instruments granted as compensation - audited

Details of vesting profiles of the options granted as remuneration to each key management person of the Group and each of the five named Company executives and Group executives are detailed below:

Option granted					
	Number	**Date**	**% vested in year**	**% forfeited in year**	**Financial years in which grant vests**
Directors					
Mr D M Murcia	500,000	17/07/2009	100	-	2010[1]
	500,000	17/07/2009	-	-	2011[1]
	500,000	17/07/2009	-	-	2012[1]
Mr D P Gordon	2,000,000	17/07/2010	100	-	2010[1]
	2,000,000	17/07/2010	-	-	2011[1]
	1,000,000	31/03/2010	-	-	2012[2]
	1,000,000	31/03/2010	-	-	2013[3]
Mr K G McKay	500,000	17/07/2009	100	-	2010[1]
	500,000	17/07/2009	-	-	2011[1]
Mr P E Freund	4,000,000	19/01/2010	100	-	2010[4]
	4,000,000	19/01/2010	-	-	2011[4]
	8,000,000	19/01/2010	-	-	2012[4]
Mr G T Clifford	500,000	17/07/2009	100	-	2010[1]
Mr R G Hill	500,000	31/03/2010	100	-	2010[1]
	500,000	31/03/2010	-	-	2011[1]
	500,000	31/03/2010	-	-	2012[1]
Executives					
Mr M Papendieck	1,000,000	15/02/2010	100	-	2010[1]
	1,500,000	15/02/2010	-	-	2012[2]
	1,500,000	15/02/2010	-	-	2013[3]
Mr G A James	250,000	17/07/2009	100	-	2010[1]
	250,000	17/07/2009	-	-	2011[1]
	500,000	17/07/2009	-	-	2012[1]
	350,000	15/02/2010	-	-	2012[2]
	400,000	15/02/2010	-	-	2013[3]
Mr I Cullen	2,000,000	19/01/2010	100	-	2010[4]
	2,000,000	19/01/2010	-	-	2011[4]
Mr K Petersen	600,000	19/01/2010	100	-	2010[4]
	600,000	19/01/2010	-	-	2011[4]
	1,200,000	19/01/2010	-	-	2012[4]
	500,000	15/02/2010	-	-	2012[2]
	500,000	15/02/2010	-	-	2013[3]

(1) Options vest on completion of service period.

(2) Options vest on commencement of iron ore production on a Mining Lease from the Company's iron ore projects in Brazil. (Estimated 30/6/2012).

(3) 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. (Estimated 30/6/2013).

(4) These options were issued as replacement awards pursuant to the takeover of Centaurus Resources Limited and vest on completion of service period.

4.3 Remuneration Report – audited (continued)

4.3.3 Equity Instruments (continued)

Modification of terms of equity-settled share-based payment transactions– audited

No terms of equity-settled share-based payment transactions (including options and rights granted as compensation to a key management person) have been altered or modified by the issuing entity during the reporting period or the prior period.

Exercise of options granted as compensation – audited

During the reporting period, no shares were issued on the exercise of options previously granted as remuneration.

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2010 financial year.

Analysis of movements in options – audited

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person and each of the five named Company executives and relevant Group executives is detailed below.

		Replacement Awards Options				
	Employee options S	**Consideration for takeover $**	**Remuneration $**	**Total value granted in the year $(A)**	**Value of options exercised in year $(B)**	**Lapsed in year $(C)**
Directors						
Mr D M Murcia	66,300	-	-	66,300	-	-
Mr D P Gordon	318,800	-	-	318,800	-	-
Mr K G McKay	45,300	-	-	45,300	-	-
Mr P E Freund	-	216,543	571,916	788,459	-	-
Mr G T Clifford	23,350	-	-	23,350	-	-
Mr R G Hill	96,950	-	-	96,950	-	-
Executives						
Mr M Papendieck	143,600	-	-	143,600	-	-
Mr G A James	70,575	-	-	70,575	-	-
Mr I Cullen	-	101,243	91,059	192,302	-	-
Mr K Petersen	35,900	47,438	59,610	142,948	-	-

(A) The value of options granted in the year is the fair value of the options calculated at grant date using the Black Scholes option-pricing model. The total value of the options granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2009 to 30 June 2015).

(B) The value of options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

(C) The value of the options that lapsed during the year represents the benefit forgone and is calculated at the date the option lapsed using the Black Scholes option-pricing model assuming the performance criteria had been achieved.

4.4 Audit Committee

The Audit Committee operates in accordance with its Charter which is available on the Company's website. The Committee shall consist of at least three non-executive directors with appropriate financial expertise and working knowledge of the industries in which the Group operates.

The responsibilities of the Committee include the review, assessment and approval of the annual report, the half-year financial report and all other financial information published by the Group or released to the market. The Committee assists the Board in reviewing the effectiveness of the organisation's internal control environment covering the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The Committee oversees the effective operation of the risk management framework.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management and the external auditors. It also meets with the external auditors at least twice a year.

The Managing Director and Chief Financial Officer have made the following certifications to the Board:

- that the financial records of the Group for the financial year have been properly maintained, the Group's financial reports for the financial year comply with accounting standards and present a true and fair view of the Group's financial position and operational results; and
- the above statement is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Group's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. The *Corporations Act 2001* requires the rotation of the audit engagement partner at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in Note 32 to the financial statements. The external auditors are required to provide an annual declaration of their independence to the Audit Committee. The external auditor is required to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Details of the qualifications of directors of the Audit Committee and their attendance at Committee meetings are set out in the Directors' Report.

4.5 Risk Management

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. These policies are available on the Company's website. In summary, the Group's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, addressed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is a framework with clearly drawn lines of accountability and delegation of authority. Adherence to the Group's Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

The Group's risk management policy is managed by the full Board. The Audit Committee, via its Charter, oversees the effective operation of the risk management framework. The Board conducts an annual corporate strategy workshop which reviews the Group's strategic direction in detail and includes specific focus on the identification of the key material business and financial risks which could prevent the Group from achieving its objectives. The Board is required to ensure that appropriate controls are in place to effectively manage those risks.

4.5 Risk Management (continued)

Detailed control procedures cover management accounting, financial reporting, project appraisal, environment, health and safety, information technology security, compliance and other risk management issues. The Board requires that each major proposal submitted to the Board for decision be accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies. The Group has in place an insurance program which is reviewed periodically by the Board. The Board receives regular reports on budgeting and financial performance. A system of delegated authority levels has been approved by the Board to ensure business transactions are properly authorised and executed.

Senior management is responsible for designing, implementing and reporting on the adequacy of the Group's risk management and internal control system. A detailed questionnaire process is completed by senior management on a six monthly basis to facilitate the reporting of risk management to the Board. The Managing Director and Chief Financial Officer have certified to the Board that the risk management and internal control systems to manage the Group's material business risks have been assessed and found to be operating effectively.

Environment, Health and Safety Management

The Group recognises the importance of environmental and occupational health and safety (OH&S) issues and is committed to the highest levels of performance. To help meet this objective the Board facilitates the systematic identification of environmental and OH&S issues and ensures they are managed in a structured manner. This system allows the Group to:

- monitor its compliance with all relevant legislation;
- continually assess and improve the impact of its operations on the environment;
- encourage employees to actively participate in the management of environmental and OH&S issues;
- work with trade associations representing the entity's business to raise standards;
- use energy and other resources efficiently; and
- encourage the adoption of similar standards by the entity's principal suppliers, contractors and distributors.

To manage OH&S issues, the Board has approved a number of procedure documents including a Safety Management Plan, Radiation Safety Manual, Environmental Procedures Manual and an Emergency Procedures and Response Plan. It is a condition of employment for all employees to follow these procedures. Reporting on OH&S issues is a standard agenda item at regular Board Meetings.

Information on compliance with significant environmental regulations is set out in the Directors' Report.

4.6 Ethical Standards

The Group has developed a statement of values and a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all directors and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity. In summary, the Code requires that at all times, all Group personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and Group policies.

The purchase and sale of the Company's securities by directors and employees is not permitted within two business days after the release to the market of market sensitive information, or when otherwise privy to information not yet released. The Chairman must be advised prior to any proposed transaction in the Company's securities by directors. Directors, officers and employees must not partake in short-term trading of the Company's securities which is defined as less than a 30 day period.

The Group has a policy that prohibits directors and employees who are granted share options as part of their remuneration from entering into arrangements that limit their exposure to losses that would result from share price decreases. The Group requires all directors and key management personnel to sign annual declarations of compliance with this policy.

4.6 Ethical Standards (continued)

This Code and the Group's trading policy are discussed with each new employee as part of their induction training. The Code requires employees who are aware of unethical practices within the Group or breaches of the Group's trading policy to report these to the Group. This can be done anonymously. The directors are satisfied that the Group has complied with the principles of proper ethical standards, including trading in securities.

A copy of the Code and the Share Trading Policy are available on the Company's website.

4.7 Continuous Disclosure and Shareholder Communication

The Group has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Group has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing, in conjunction with the Managing Director and Chairman, information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website on the same day it is released to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website prior to the presentation made. Procedures have also been established for reviewing whether any price sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

The Group seeks to provide opportunities for shareholders to participate through electronic means. All Company announcements, media briefings, details of Company meetings, press releases, and financial reports are available on the Company's website.

4.8 Non-Compliance Statement

The Company has not followed all of the Recommendations set out in Australian Securities Exchange Limited Listing Rule 4.10.3. The Recommendations that have not been followed and the explanation of any departures are as follows:

- A formal Board performance assessment was not undertaken during the year, however, a review was undertaken of the composition of the Board due to changes in the Group's strategy. The review assessed the skills, qualifications and performance of the individual Board members which resulted in significant changes to the composition of the Board.
- Non-executive directors should not receive options. Non-executive directors are eligible to participate in the Employee Share Option Plan to provide a material additional incentive for their ongoing commitment and dedication to the continued growth of the Group. The Board considers the issue of options to be reasonable in the circumstances, to assist the Company in attracting and retaining the highest calibre of non-executive directors to the Company, whilst maintaining the Group's cash reserves and delivering on the Group's agreed strategy of securing a new advanced exploration or development asset.
- A separate Nomination Committee has not been formed. The role of the Nomination Committee is carried out by the full Board. The Board considers that given its size, no efficiencies or other benefits are gained by establishing a separate Nomination Committee.

5. Principal Activities

During the year the principal activities of the Group consisted of project generation and exploration for iron ore mineral resources. There were no other significant changes in the nature of the activities of the Group during the year.

6. Operating and Financial Review

A summary of consolidated results is set out below:

	2010	2009
	$	$
Interest income	**381,689**	545,314
Other income	**-**	3,345,278
	381,689	3,890,592
Loss before income tax expense	**(3,918,654)**	(1,265,869)
Income tax expense	**-**	-
Loss attributable to members of Centaurus Metals Limited	**(3,918,654)**	(1,265,869)

Financial Position

At the end of the financial year the Group had net cash balances of $4,920,035 (2009: $9,673,582) and net assets of $30,843,241 (2009: $9,525,664). Total liabilities amounted to $5,268,224 (2009: $272,495) and were limited to trade and other creditors, employee benefits and deferred tax liabilities.

Exploration

Following a change in strategy in the previous financial year, the Group concentrated its activities on reviewing new project opportunities during the first half of the year. A number of projects were reviewed in detail.

Following the takeover of Centaurus Resources Limited in January 2010, the Group focussed its exploration activities on the Brazilian iron ore projects acquired. At the Itambe Iron Ore Project, the Group commenced a resource upgrade drilling program. The aim of the program is to upgrade the established Inferred Resource to a Measured and Indicated status in advance of completion of a feasibility study. At the Passabem Iron Ore Project, the Group completed a resource definition drilling program. Centaurus completed an extensive review of the Cenibra tenement package. Following this review, the Group exercised its option over a number of tenements in the package and then commenced a resource drilling program on the Jambreiro Iron Ore Project.

In respect of the Group's wholly owned Australian Citadel, Percyvale and Dish gold and base metal exploration projects, no active field activities were undertaken during the year. The Group is actively marketing these Projects to realise value for the Company.

Exploration work was carried out at several of the Group's joint venture projects in Australia. In the Mt Isa region in Queensland, activities were completed by both Ivanhoe Australia Limited on the Snake Creek Project and MM Mining Plc on the Mt Guide Project.

Corporate

On 11 November 2009, the Company and Centaurus Resources Limited (CUR) announced that they had reached agreement to merge to create a well funded Brazilian focussed iron ore group. Under the terms of the takeover offer, CUR shareholders were offered eight (8) shares for every one (1) CUR share they held. A separate offer was made to CUR optionholders, with the consideration being equivalent options on terms consistent with the Share Offer. Both the Share and Option Offer were conditional upon a number of conditions, including a 90% minimum acceptance level.

6. Operating and Financial Review (continued)

The Company announced on 19 January 2010 that all of the conditions for the takeover offer had either been met or waived and the Share and Option Offers were declared unconditional. The takeover offer closed on 29 January 2010 and the compulsory acquisition process to acquire the remaining shares and options for which acceptances had not been received was completed on 19 March 2010.

Significant changes in the state of affairs

In the opinion of directors, other than as outlined in this report, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

7. Dividends

No dividend was declared or paid by the Company during the current or previous year.

8. Events Subsequent to Reporting Date

On 6 August 2010 the Group entered into a Farm Out agreement with a Brazilian-based mining company covering its two non-core Brazilian Copper-Gold Projects. Under the terms of the agreement, Mining Ventures Do Sul Pesquisa e Mineração Ltda will spend up to US$4.25 million on the Project areas to earn up to a 90% interest.

On 16 August 2010 the Group announced it had been awarded damages totalling A$2 million against its former joint venture partner in the Liberdade Iron Ore Project in Brazil. The Group is in the process of enforcing the judgement.

On 8 September 2010 the Company announced a capital raising to raise up to $18 million through a share placement and a Share Purchase Plan ("Plan"). On 20 September 2010 the Company completed Tranche 1 of the placement raising $6.63 million. Tranche 2 of the share placement will be completed on obtaining shareholder approval at a meeting of shareholders to take place on 20 October 2010. The Plan closed on 28 September 2010 with the amount of shares to be allotted not yet determined as at the date of this report.

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

9. Likely Developments

Other than likely developments contained in the "Operating and Financial Review", further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

10. Environmental Regulation

The Group is subject to environmental laws and regulations under both Australian and Brazilian (State and Federal) legislation depending on the activities undertaken. Compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve. There were no known significant breaches of these regulations during the year.

Directors' Report

For the year ended 30 June 2010

11. Directors' Interests

The relevant interest of each director in the shares and options over such shares issued by the companies within the Group and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares	Employee options	Bid options issued on takeover of Centaurus Resources Limited	Total number of options over ordinary shares
Directors				
Mr D M Murcia	9,373,902	1,500,000	-	1,500,000
Mr D P Gordon	52,358,328	6,000,000	1,600,000	7,600,000
Mr P E Freund	200,000	16,000,000[1]	-	16,000,000
Mr K G McKay	2,419,000	2,000,000	-	2,000,000
Mr G T Clifford	1,000,000	1,500,000	-	1,500,000
Mr R G Hill	8,555,440	1,500,000	8,177,720	9,677,720

(1) These options were issued as replacement awards pursuant to the takeover of Centaurus Resources Limited.

12. Share Options

Options granted to directors and executives of the Company

During or since the end of the financial year, the Company granted options for no consideration over unissued ordinary shares in the Company to the following directors and to the following of the five most highly remunerated officers of the Company as part of their remuneration:

	Number of options granted	Exercise price	Expiry date
Directors			
Mr D M Murcia	500,000	0.075	17/07/2014
	500,000	0.100	17/07/2014
	500,000	0.120	17/07/2014
Mr D P Gordon	1,000,000	0.050	17/04/2014
	1,000,000	0.075	17/04/2014
	2,000,000	0.100	17/04/2014
	2,000,000	0.080	31/03/2015
Mr K G McKay	500,000	0.075	17/07/2014
	500,000	0.100	17/07/2014
Mr P E Freund	16,000,000[1]	0.070	31/10/2014
Mr G T Clifford	500,000	0.075	17/07/2014
Mr R G Hill	500,000	0.080	31/03/2015
	500,000	0.100	31/03/2015
	500,000	0.120	31/03/2015
Executives			
Mr M Papendieck	4,000,000	0.080	15/02/2015
Mr G A James	250,000	0.075	17/07/2014
	250,000	0.100	17/07/2014
	500,000	0.120	17/07/2014
	750,000	0.080	15/02/2015
Mr I Cullen	4,000,000[1]	0.070	30/06/2014
Mr K Petersen	2,400,000[1]	0.080	31/12/2013
	500,000	0.080	15/02/2015
	500,000	0.080	15/02/2015

All options were granted during the financial year. No options have been granted since the end of the financial year.

(1) These options were issued as replacement awards pursuant to the takeover of Centaurus Resources Limited.

12. Share Options (continued)

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

		Employee Options (including replacement options)		Bid Options	
Expiry date	Exercise price	Vested	Unvested	Vested	Total number of shares under option
31/12/2010	$0.220	1,200,000	-	-	1,200,000
27/11/2011	$0.125	-	-	12,000,000	12,000,000
6/01/2012	$0.125	-	-	3,519,392	3,519,392
19/03/2012	$0.115	250,000	-	-	250,000
19/03/2012	$0.135	500,000	-	-	500,000
4/08/2012	$0.03125	-	-	30,000,000	30,000,000
20/11/2012	$0.205	500,000	-	-	500,000
20/11/2012	$0.245	500,000	-	-	500,000
20/11/2012	$0.285	500,000	-	-	500,000
14/02/2013	$0.100	-	-	16,000,000	16,000,000
29/08/2013	$0.125	50,000	-	-	50,000
29/08/2013	$0.150	50,000	-	-	50,000
29/08/2013	$0.175	100,000	-	-	100,000
15/12/2013	$0.100	250,000	-	-	250,000
15/12/2013	$0.120	250,000	-	-	250,000
15/12/2013	$0.140	-	500,000	-	500,000
31/12/2013	$0.080	1,200,000	1,200,000	-	2,400,000
31/12/2013	$0.150	1,400,000	1,200,000	-	2,600,000
30/06/2014	$0.070	2,000,000	2,000,000	-	4,000,000
17/07/2014	$0.050	1,000,000	-	-	1,000,000
17/07/2014	$0.075	2,825,000	-	-	2,825,000
17/07/2014	$0.100	3,325,000	-	-	3,325,000
17/07/2014	$0.120	-	1,150,000	-	1,150,000
31/10/2014	$0.070	4,000,000	12,000,000	-	16,000,000
15/02/2015	$0.080	1,150,000	5,350,000	-	6,500,000
31/03/2015	$0.080	500,000	2,000,000	-	2,500,000
31/03/2015	$0.100	-	500,000	-	500,000
31/03/2015	$0.120	-	500,000	-	500,000
19/02/2015	$0.095	-	700,000	-	700,000
Total		**21,550,000**	**27,100,000**	**61,519,392**	**110,169,392**

These options do not entitle the holder to participate in any share issue of the Company.

Shares issued on exercise of options

During or since the end of the financial year, the Company has not issued any ordinary shares as a result of the exercise of options.

13. Indemnification and Insurance of Officers and Auditors

During the financial year, Centaurus Metals Limited paid insurance premiums to insure the directors, executive officers and secretary of the Group. The amount of premiums paid has not been disclosed due to confidentiality requirements under the contract of insurance.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Consolidated Entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

14. Non-audit Services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

	2010	2009
	$	$
Audit services:		
Auditors of the Company		
Audit and review of financial reports (KPMG Australia)	**25,500**	27,500
Services other than statutory audit:		
Other services		
Taxation compliance services (KPMG Australia)	**50,595**	13,987

15. Lead Auditor's Independence Declaration

The Lead auditor's independence declaration is set out on page 25 and forms part of the directors' report for the financial year ended 30 June 2010.

This report is signed in accordance with a resolution of the directors.

D P Gordon
Managing Director
Perth, Western Australia

30 September 2010

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 audit for the financial year ended 30 June 2010 there have been:

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

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

KPMG

KPMG

T R Hart
Partner

Perth

30 September 2010.

CENTAURUS METALS LIMITED

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2010

	Notes	**2010**	2009
		$	$
Other income	8	**38,549**	3,188,728
Personnel expenses	9	**(1,781,918)**	(1,183,564)
Depreciation and amortisation	15	**(57,901)**	(23,551)
Exploration and evaluation expenses		**(455,309)**	(382,079)
Project generation expenses		**(492,526)**	-
Merger and acquisition expenses		**(842,206)**	-
Impairment loss		**-**	(2,432,410)
Other expenses		**(688,484)**	(476,405)
Results from operating activities		**(4,279,795)**	(1,309,281)
Finance income		**381,689**	701,864
Finance expenses		**(20,548)**	(658,452)
Net finance income	10	**361,141**	43,412
Loss before income tax		**(3,918,654)**	(1,265,869)
Income tax expense	11	**-**	-
Loss for the period		**(3,918,654)**	(1,265,869)
Other comprehensive income			
Net change in fair value of available-for-sale- financial assets		**(100,000)**	(658,452)
Net change in fair value of available-for-sale financial assets transferred to profit or loss		**-**	658,452
Foreign currency translation difference for foreign operation		**606,706**	-
Income tax on other comprehensive income		**-**	-
Other comprehensive income for the period, net of income tax		**-**	-
Total comprehensive income for the period		**(3,411,948)**	(1,265,869)
Earnings per share			
		Cents	Cents
Basic loss per share	22	**(0.92)**	(0.44)
Diluted loss per share	22	**(0.92)**	(0.44)

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

CENTAURUS METALS LIMITED

Consolidated Statement of Financial Position
As at 30 June 2010

	Notes	2010 $	2009 $
Current assets			
Cash and cash equivalents	12(a)	**4,920,035**	9,673,582
Other receivables and prepayments	13	**595,973**	86,229
Total current assets		**5,516,008**	9,759,811
Non-current assets			
Other investments, including derivatives	14	**495,417**	-
Property, plant and equipment	15	**624,146**	38,348
Exploration and evaluation assets	16	**29,475,894**	-
Total non-current assets		**30,595,457**	38,348
Total assets		**36,111,465**	9,798,159
Current liabilities			
Trade and other payables	17	**783,839**	257,697
Employee benefits	18	**99,407**	14,798
Total current liabilities		**883,246**	272,495
Non-current liabilities			
Deferred tax liabilities	19	**4,384,978**	-
Total non-current liabilities		**4,384,978**	-
Total liabilities		**5,268,224**	272,495
Net assets		**30,843,241**	9,525,664
Equity			
Share capital		**36,553,428**	15,544,255
Reserves		**4,425,149**	351,380
Accumulated losses		**(10,135,336)**	(6,369,971)
Total equity		**30,843,241**	9,525,664

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

CENTAURUS METALS LIMITED

Consolidated Statement of Changes in Equity
For the year ended 30 June 2010

	Issued Capital	Share-based payment reserve	Translation reserve	Available-for - sale investments revaluation reserve	Accumulated losses	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2008	**15,544,255**	**296,595**	**-**	**-**	**(5,104,102)**	**10,736,748**
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(1,265,869)	(1,265,869)
Other comprehensive income						
Net change in fair value of available-for-sale financial assets, net of tax	-	-	-	(658,452)	-	(658,452)
Net change in fair value of available-for-sale financial assets transferred to profit or loss, net of tax	-	-	-	658,452	-	658,452
Total other comprehensive income for the period	-	-	-	-	(1,265,869)	(1,265,869)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(1,265,869)**	**(1,265,869)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Share-based payment transactions	**-**	54,785	-	-	-	54,785
Total transactions with owners	**-**	54,785	-	-	-	54,785
Balance at 30 June 2009	**15,544,255**	**351,380**	**-**	**-**	**(6,369,971)**	**9,525,664**

The amounts recognised directly in equity are disclosed net of tax.

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

Consolidated Statement of Changes in Equity (continued)

For the year ended 30 June 2010

	Issued Capital	Option Reserve	Share-based payment reserve	Translation reserve	Available-for - sale investments revaluation reserve	Accumulated losses	Total Equity
	$	$	$	$	$	$	$
Balance at 1 July 2009	**15,544,255**	**-**	**351,380**	**-**	**-**	**(6,369,971)**	**9,525,664**
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(3,918,654)	(3,918,654)
Other comprehensive income							
Foreign currency translation difference for foreign operation	-	-	-	606,706	-	-	606,706
Net change in fair value of available-for-sale financial assets.	-	-	-	-	(100,000)	-	(100,000)
Total other comprehensive income for the period	-	-	-	606,706	(100,000)	-	506,706
Total comprehensive income for the period	**-**	**-**	**-**	**606,706**	**(100,000)**	**(3,918,654)**	**(3,411,948)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares related to business combination	20,909,173	-	-	-	-	-	20,909,173
Issue of options related to business combination	-	2,966,597	-	-	-	-	2,966,597
Issue of ordinary shares	100,000	-	-	-	-	-	100,000
Share-based payment transactions	-	-	753,755	-	-	-	753,755
Transfer of share based payments lapsed/forfeited	-	-	(153,289)	-	-	153,289	-
Total contributions by and distributions to owners	21,009,173	2,966,597	600,466	-	-	153,289	24,729,525
Total transactions with owners	21,009,173	2,966,597	600,466	-	-	153,289	24,729,525
Balance at 30 June 2010	**36,553,428**	**2,966,597**	**951,846**	**606,706**	**(100,000)**	**(10,135,336)**	**30,843,241**

The amounts recognised directly in equity are disclosed net of tax.

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

CENTAURUS METALS LIMITED

Consolidated Statement of Cash Flows
For the year ended 30 June 2010

	Notes	**2010 $**	2009 $
Cash flows from operating activities			
Cash paid to suppliers and employees		**(1,895,165)**	(1,572,423)
Interest received		**382,401**	537,907
Net cash used in operating activities	12(b)	**(1,512,764)**	(1,034,516)
Cash flows from investing activities			
Payments for plant and equipment		**(381,700)**	(8,342)
Refunds/(payments) for security deposits		**(140,621)**	25,000
Exploration and evaluation expenditure		**(2,468,394)**	(1,520,334)
Proceeds from sale of plant and equipment		**22,319**	17,146
Proceeds from sale of mineral tenements		**35,000**	6,500,000
Payments for merger and acquisition costs		**(821,408)**	-
Acquisition of subsidiary, net of cash acquired	7	**504,722**	-
Net cash from/(used in)investing activities		**(3,250,082)**	5,574,186
Net increase/(decrease) in cash and cash equivalents		**(4,762,846)**	4,539,670
Cash and cash equivalents at 1 July		**9,673,582**	5,133,912
Effect of exchange rate fluctuations on cash held		**9,299**	-
Cash and cash equivalents at 30 June	12(a)	**4,920,035**	9,673,582

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

Notes to the Consolidated Financial Statements
For the year ended 30 June 2010

Notes to the Consolidated Financial Statements
For the year ended 30 June 2010

1. Reporting Entity

Centaurus Metals Limited (“the Company”) is a company domiciled in Australia. The Company was formerly known as Glengarry Resources Limited (ASX code: GGY)) and the change of name was effective from 14 April 2010 upon the completion of the merger with Centaurus Resources Limited. The address of the Company’s registered address is Level 1, 16 Ord Street, West Perth WA 6005. The consolidated financial statements of the Company as at and for the year ended 30 June 2010 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group primarily is involved in exploration for iron ore resources.

2. Basis of Preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001.* The consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 30 September 2010.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Available-for-sale financial assets are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company’s functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with AASB’s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group’s accounting policy (refer note 3(e)), requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to ore reserves, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence of recoverability of an ore reserves becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure under accounting policy 3(e), a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the income statement in accordance with accounting policy 3(g). The carrying amounts of exploration and evaluation assets are set out in note 16.

2. Basis of Preparation (continued)

(d) Use of estimates and judgements (continued)

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 4 - determining the fair values
- Note 24 - financial instruments
- Note 28 - measurement of share-based payments

(e) Change of accounting policy

Starting 1 July 2009, the Group has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities, except as explained in notes 2(e) and 3(a)(i), which address changes in accounting policies.

(a) Basis of consolidation

(i) Business combinations

The Group has applied the acquisition method for the business combination disclosed in note 7.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (general fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Consideration transferred includes the fair value of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any share-based payment awards of the acquiree that are replaced mandatorily in the business combination to the extent they relate to pre-combination services.

3. Significant Accounting Policies (continued)

(a) Basis of consolidation (continued)

Share-based payment awards

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

(iii) Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gain and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

3. Significant Accounting Policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. Since 1 July 2004, the Group's date of transition to AASBs, such differences have been recognised in the foreign currency translation reserve (translation reserve, or FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit and loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instruments.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: receivables, cash and cash equivalent and available-for-sale financial assets.

Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables comprise trade and other receivables.

Cash and cash equivalent

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Significant Accounting Policies (continued)

(c) Financial instruments (continued)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer note 3(g)) and foreign currency differences on available-for-sale equity instruments (see note 3(b)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit and loss.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using effective interest rate method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares or share options are recognised as a deduction from equity, net of any tax effect.

(iv) Derivatives financial instruments

Derivatives are recognised initially at fair value; attributable transactions costs are recognised in profit and loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its value are recognised immediately in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchase software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

3. Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing the property, plant and equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over shorter of the lease term and their useful lives unless it is reasonable certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Machinery	10-15 years
• Vehicles	3-5 years
• Furniture, fittings and equipment	3-8 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of mineral resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

Accounting for exploration and evaluation expenditure is assessed separately for each ‘area of interest’. An ‘area of interest’ is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

3. Significant Accounting Policies (continued)

(e) Exploration and evaluation expenditure (continued)

1) The rights to tenure of the area of interest are current; and
2) At least one of the following conditions is also met:
    i. The expenditure is expected to be recouped through the successful development and commercial exploitation of an area of interest, or alternatively by its sale; and
    ii. Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of 'economically recoverable reserves' and active and significant operations in, or in relation to, the area of interest are continuing. Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geographical, geochemical and geophysical studies;
- Exploratory drilling, trenching and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are classified as tangible or intangible according to the nature of the assets. As the assets are not yet ready for use they are not depreciated.

Assets that are classified as intangible assets include:

- Drilling rights;
- Acquired rights to explore;
- Exploratory drilling costs; and
- Trenching and sampling costs.

Exploration and evaluation assets are transferred to Development Assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment and any impairment loss is recognised prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

3. Significant Accounting Policies (continued)

(e) Exploration and evaluation expenditure (continued)

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration license in the specific area of interest has expired during the reporting period or will expire in the near future and is not expected to be renewed;
- Substantive expenditures on further exploration for and evaluation of mineral resources in the specific area are not budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash-generating unit which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy 3(g)(ii).

Farm-out arrangements

Arrangements whereby an external party earns an ownership interest in an exploration or development property via the sole-funding of a specified exploration, evaluation or development programme or by injection of funds to be utilised for such a programme will be accounted so that the Group recognises its share of assets, liabilities and equity associated with the property. Any gain or loss upon initial recognition of these items will be recognised in the income statement.

(f) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

(g) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables and are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3. Significant Accounting Policies (continued)

(g) Impairment (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant Accounting Policies (continued)

(h) Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3. Significant Accounting Policies (continued)

(i) Employee benefits (continued)

(v) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do not meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

When the Company grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(k) Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade allowances and duties and taxes paid. Interest revenue is recognised using the effective interest method.

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(l) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

3. Significant Accounting Policies (continued)

(l) Lease payments (continued)

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(m) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(n) Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant Accounting Policies (continued)

(o) Good and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(p) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for shares held by the Company's sponsored employee share plan trust. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company's sponsored employee share plan trust, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(q) Segment reporting

Determination and presentation of operating segments

As of 1 July 2009 the Group determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 *Operating Segments*. Previously operating segments were determined and presented in accordance with AASB 114 *Segment Reporting*. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's MD to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the MD include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(r) Presentation of financial statements

The Group applies revised AASB 101 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

3. Significant Accounting Policies (continued)

(s) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report.

- AASB 9 *Financial Instruments* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement.*

  AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly if the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of the standard.

- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

- AASB 2009-5 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

- AASB 2009-8 *Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transaction*s resolves diversity in practice regarding the attribution of cash-settled share-based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI 11 *AASB 2 - Group and Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

4. Determination of Fair Values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in equity securities

The fair value of available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

(ii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(iii) Share-based payment transactions

The fair value of the employee share options and the share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service conditions attached to the transactions are not taken into account in determining fair value.

5. Financial Risk Management

Overview

The Group has exposure to the following risks arising from the use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

This note presents information about the Groups' exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

5. Financial Risk Management (continued)

Risk Management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Audit Committee, via its Charter, oversees the effective operation of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. No impairment of receivables in the Group is required for recognition.

Other receivables and prepayments

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the default risk of the industry and country in which counterparties operate, as these factors may have an influence on credit risk.

The Other receivables and prepayments consist of mainly refundable deposits and prepaid expenditure. No allowance for impairment is required as at 30 June 2010.

Investments

The Group limits its exposure to credit risk by investing predominantly in liquid securities listed in the Australian Securities Exchange (Refer to Note 14)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with the financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As at 30 June 2010, the Group has current trade and other payables of $783,839 (2009: $257,697). The Group believes it will have sufficient cash resources to meet its financial liabilities when due.

5. Financial Risk Management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risks exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to currency risk on purchases that are denominated in currency other than the functional currency of the Group in the Australian dollar (AUD). The currencies in which these transactions primarily are denominated are AUD and Brazilian Real (BRL).

The Group investment in its Brazilian subsidiary is not hedged as those currency positions are considered to be long term in nature.

Commodity risk

The Group is exposed to commodity price risk. The risk arises from its activities directed at exploration and development of mineral commodities, primarily iron ore. If commodity prices fall, the market for companies exploring for these commodities is affected.

Other market price risk

Equity price risk arises from available-for-sale equity securities held. The financial assets were acquired through the business combination with Centaurus Resources Limited, which had acquired them from the purchase consideration received from the sale of tenements in New South Wales in March 2009. The financial assets were held mainly to fund the operating expenditure requirements of the Group if needed.

Capital management

The objectives for managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. Centaurus Metals Limited is a junior exploration company and it is dependent from time to time on its ability to raise capital from the issue of new shares and its ability to realise value from its exploration and evaluation assets. The Board is responsible for capital management. This involves the use of cash flow forecasts to determine future capital management requirements. Capital management is undertaken to ensure a secure, cost-effective and flexible supply of funds is available to meet the Group's operating and capital expenditure requirements.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6. 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.

	Total	
	2010	2009
	$	$ (1)
Reportable Segment Information – Iron Ore Exploration		
For the year ended 30 June		
Segment loss before income tax		
Segment loss before income tax	**(455,572)**	-
Unallocated corporate expenses	**(3,824,223)**	-
Net finance costs	**361,141**	-
	(3,918,654)	-
Interest income		
Segment interest income	**21,188**	-
Unallocated interest income	**360,501**	-
	381,689	-
Depreciation		
Segment depreciation expense	**21,312**	-
Unallocated depreciation expense	**36,589**	-
	57,901	-
Reportable segment assets		-
Segment assets	**27,857,534**	-
Unallocated other assets	**8,253,931**	-
Total assets	**36,111,465**	-

(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.

	2010 Revenue	**2010 Non-current assets**	2009 Revenue	2009 Non-current assets
	$	**$**	$	$
Geographical Segment Information				
Brazil	**-**	**29,389,411**	-	-
Australia	**-**	**1,206,046**	-	38,348
Total	**-**	**30,595,457**	-	38,348

7. Business Combination

Business Combination - Acquisition of Centaurus Resources Limited

On 11 November 2009, Glengarry Resources Limited ("**GGY**") and Centaurus Resources Limited ("**CUR"**) announced that they had reached an agreement to merge to create a Brazilian focussed iron ore group. Under the terms of the takeover offer, CUR shareholders were offered eight (8) GGY shares for every one (1) CUR share they held ("**Share Offer**"). A separate offer was made to CUR optionholders, with the consideration being equivalent GGY options on terms consistent with the Share Offer ("**Bid Options**"). Both the Share and Option Offer were conditional upon a number of conditions, including a 90% minimum acceptance level. In addition Replacement Options were issued to CUR executive and employee share based payment option holders on terms similar to the bid offer. On 19 January 2010, all of the conditions for the takeover offer had either been met or waived and the Share and Option Offer were declared unconditional.

For the purposes of AASB 3 Business Combinations, GGY is the acquirer. Post combination the majority of the Board, Managing Director and Chief Financial Officer roles were filled by GGY officers and GGY was the key influencer in the transaction's initiation and completion.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Consideration paid for the business combination	$
Ordinary shares in GGY (316,805,640 ordinary shares)	20,909,173
Share options over ordinary shares in GGY (61,519,392 Bid Options)	2,468,402
Share options over ordinary shares in GGY (28,120,000 Replacement Options)	498,195
Total equity consideration	**23,875,770**

The fair value of the ordinary shares issued was based on the listed share price of Glengarry Resources Limited at 19 January 2010 of $0.066 per share. The fair value of the options has been valued using a Black-Scholes option pricing model taking into accounts the terms and conditions upon which the instruments were granted.

Identifiable assets acquired and liabilities assumed	**Provisional values recognised on acquisition 2010 $**
Cash and cash equivalents	504,722
Other receivables and prepayments	274,466
Available-for-sale financial investments	566,666
Derivatives	48,750
Property, plant and equipment	260,581
Exploration and evaluation assets	27,174,780
Trade and other payables	(508,712)
Employee benefits	(60,505)
Deferred tax liability	(4,384,978)
Total net identifiable assets	**23,875,770**

Transaction separate from the acquisition

The Company incurred acquisition-related costs of $842,206 relating to advisory fees, external legal fees and due diligence costs. These costs have been expensed in the consolidated statement of comprehensive income.

Provisional accounting

At the date of this report, the acquisition accounting balances are provisional due to ongoing work which may impact acquisition accounting entries.

Notes to the Consolidated Financial Statements
For the year ended 30 June 2010

	2010 $	2009 $
8. Other Income		
Net gain on disposal of mineral tenements	**35,000**	3,183,232
Net gain on disposal of plant and equipment	**3,549**	5,496
	38,549	3,188,728
9. Personnel Expenses		
Salaries, fees and other benefits	**1,232,436**	1,321,214
Superannuation	**157,611**	213,497
Share-based payments	**753,755**	54,785
Capitalised to exploration	**(361,884)**	(405,932)
	1,781,918	1,183,564
10. Finance Income and Expense		
Finance income		
Interest income on bank deposits	**381,689**	545,314
Net gain on sale of available-for-sale financial assets	**-**	156,550
	381,689	701,864
Finance expense		
Impairment losses on available-for-sale financial assets	**-**	(658,452)
Change in fair value of derivatives	**(20,000)**	-
Interest expense	**(548)**	-
	(20,548)	(658,452)
Net finance income recognised in profit or loss	**361,141**	43,412

Notes to the Consolidated Financial Statements
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11. Income Tax

	2010 $	2009 $
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(3,918,654)**	(1,265,869)
Tax at the Australian tax rate of 30%	**(1,175,596)**	(379,761)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Overseas project generation and review costs	**33,245**	73,970
Share-based payments	**226,126**	16,436
Sundry items	**8,571**	273
	(907,654)	(289,082)
Effect of tax rates in foreign jurisdictions	**(11,164)**	-
Utilisation of previously unrecognised tax losses	**-**	(1,240,326)
Over provision of prior year tax	**(31,248)**	-
Change in temporary differences (Note 11(d))	**12,763**	796,757
Current year capital losses not recognised	**-**	732,651
Current year tax losses not recognised	**875,726**	-
Other	**61,577**	
Income tax expense	**-**	-

(b) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised:		
Tax losses	**23,594,649**	17,233,058
Capital losses	**2,473,264**	2,473,264
	26,067,913	19,706,322
Potential tax benefit @ 30%	**7,820,374**	5,911,897

The tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefit.

11. Income Tax (continued)

	2010 $	2009 $
(c) Deferred tax assets not recognised relate to the following:		
Deferred tax assets		
Tax losses	**7,820,374**	5,911,897
Taxable temporary differences	**(207,724)**	(8,416)
Deductible temporary differences	**236,025**	55,162
Net deferred tax assets	**7,848,675**	5,958,643

(d) Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2010 **$**	2009 $	**2010** **$**	2009 $	**2010** **$**	2009 $
Receivables	**-**	-	**9,779**	8,416	**9,779**	8,416
Available-for-sale financial assets	**-**	-	**-**	-	**-**	-
Exploration	**-**	-	**197,945**	-	**197,945**	-
Accrued expenses/provisions	**(29,822)**	(35,647)	**-**	-	**(29,822)**	(35,647)
Transaction costs relating to issue of capital	**(206,203)**	(19,515)	**-**	-	**(206,203)**	(19,515)
Tax losses	**28,301**	46,746	**-**	-	**28,301**	46,746
Set off of tax	**207,724**	8,416	**(207,724)**	(8,416)	**-**	-
Net tax (assets)/liabilities	**-**	-	**-**	-	**-**	-

(e) Income tax recognised directly in equity

Recovery of net tax assets is not considered probable. Accordingly, net deferred tax credited directly to other comprehensive income for changes in the fair value of available-for-sale financial assets is nil: (2009: $nil).

12. (a) Cash and Cash Equivalents

	2010 $	2009 $
Cash at bank and on hand	**920,035**	2,667
Deposits - at call	**-**	170,915
Deposits - short term	**4,000,000**	9,500,000
	4,920,035	9,673,582

Deposits

The deposits are bearing floating and fixed interest rates between 4.50% and 5.50% (2009: between 3.00% and 4.35%)

12. (b) Reconciliation of Cash Flows from Operating Activities

	2010 $	2009 $
Loss for the period	**(3,918,654)**	(1,265,869)
Adjustments for:		
Depreciation	**57,901**	23,551
Foreign exchange loss	**-**	6,618
Exploration and evaluation expenses	**455,309**	382,079
Project generation expenses	**492,526**	-
Merger and acquisition expenses	**842,206**	-
Non-cash employee benefits expense – share based payments	**753,755**	54,785
(Profit) on sale of mineral tenements	**(35,000)**	(3,183,232)
(Profit)/loss on sale of available-for-sale financial assets	**-**	(156,550)
Impairment losses		
Exploration and evaluation assets	**-**	2,432,410
Available-for-sale financial assets	**-**	658,452
Change in fair value of held for trading derivative instruments	**20,000**	-
(Profit)/loss on sale of plant and equipment	**(3,549)**	(5,496)
Operating loss before changes in working capital and provisions	**(1,335,506)**	(1,053,252)
Change in other receivables	**(28,039)**	(7,616)
Change in trade creditors and provisions	**(149,219)**	26,352
Net cash used in operating activities	**(1,512,764)**	(1,034,516)

	2010 $	2009 $

13. Other Receivables and Prepayments

Other receivables	**411,000**	28,054
Security deposits	**107,809**	43,900
Prepayments	**77,164**	14,275
	595,973	86,229

14. Other Investments

Available-for-sale financial assets [(1)]	**466,667**	-
Derivative instruments [(2)]	**28,750**	-
	495,417	-

(1) Shares in ASX listed entity consists of 3,333,333 listed ordinary shares in Clancy Exploration Limited (ASX: CLY). The available-for sale financial assets have been revalued to the market price at 30 June 2010, the resulting decrease being debited to the fair value reserve. Further movement in share prices after 30 June 2010 has not been taken into account.

(2) Unlisted options in ASX listed entity consists of 1,250,000 unlisted options in Clancy Exploration Limited (ASX: CLY). The fair value of the options is determined using a Black-Scholes formula taking into account the terms and conditions upon the instruments were granted.

Notes to the Consolidated Financial Statements
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15. Property, Plant and Equipment

	Software	Plant & Equipment	Motor Vehicles	Furniture & Fixtures	Leasehold Improvements	Land	Total
	$	$	$	$	$	$	$
Cost or deemed cost							
Balance at 1 July 2008	-	116,670	29,743	16,259	17,485	-	180,157
Additions	-	6,403	-	1,939	-	-	8,342
Disposals	-	(10,132)	(29,743)	(710)	-	-	(40,585)
Balance at 30 June 2009	-	112,941	-	17,488	17,485	-	147,914
Balance at 1 July 2009	-	112,941	-	17,488	17,485	-	147,914
Acquisitions through business combinations	26,053	71,487	119,896	47,975	64,495	67,364	397,270
Additions	46,677	29,441	84,090	3,071	214,552	9,290	387,121
Disposals	-	(60,311)	-	(18,581)	(50,357)	-	(129,249)
Effect of movements in exchange rates	1,492	3,506	12,092	3,037	2,029	4,809	26,965
Balance at 30 June 2010	74,222	157,064	216,078	52,990	248,204	81,463	830,021

Notes to the Consolidated Financial Statements
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15. Property, Plant and Equipment (continued)

	Software	Plant & Equipment	Motor Vehicles	Furniture & Fixtures	Leasehold Improvements	Land	Total
	$	$	$	$	$	$	$
Depreciation and impairment losses							
Balance at 1 July 2008	-	68,387	13,472	15,606	17,485	-	114,950
Depreciation for the year	-	17,830	5,335	386	-	-	23,551
Disposals	-	(9,418)	(18,807)	(710)	-	-	(28,935)
Balance at 30 June 2009	-	76,799	-	15,282	17,485	-	109,566
Balance as at 1 July 2009	-	76,799	-	15,282	17,485	-	109,566
Acquisitions through business combinations	6,812	25,269	38,798	6,836	58,974		136,689
Depreciation for the year	5,962	20,047	14,067	2,441	15,384	-	57,901
Disposals	-	(40,613)	-	(15,617)	(49,341)	-	(105,571)
Effect of movements in exchange rates	1,899	(563)	3,387	538	2,029	-	7,290
Balance at 30 June 2010	14,673	80,939	56,252	9,480	44,531	-	205,875
Carrying amounts							
at 1 July 2008	-	48,283	16,271	653	-	-	65,207
At 30 June 2009	-	36,142	-	2,206	-	-	38,348
at 1 July 2009	-	36,142	-	2,206	-	-	38,348
At 30 June 2010	59,549	76,125	159,826	43,510	203,673	81,463	624,146

16. Exploration and Evaluation Assets

	$
Cost	
Balance at 1 July 2008	1,907,128
Additions	1,143,953
Disposals	(34,754)
Balance at 30 June 2009	3,016,327
Balance at 1 July 2009	3,016,327
Acquisition through business combinations	27,174,780
Additions	1,851,441
Effect of movements in exchange rate	449,673
Balance at 30 June 2010	32,492,221
Impairment losses	
Balance at 1 July 2008	583,917
Impairment loss	2,432,410
Balance at 30 June 2009	3,016,327
Balance at 1 July 2009	3,016,327
Impairment loss	-
Balance at 30 June 2010	3,016,327
Carrying amounts	
Balance at 1 July 2008	1,323,211
Balance at 30 June 2009	-
Carrying amounts	
Balance at 1 July 2009	-
Balance at 30 June 2010	29,475,894

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, sale of the respective project areas.

	2010	2009
	$	$

17. Trade and Other Payables

Trade and other creditors	**391,524**	72,535
Accrued expenses	**392,315**	185,162
	783,839	257,697

18. Employee Benefits

Liability for annual leave	**99,407**	14,798

19. Deferred Tax Liabilities

Deferred tax liability attributable to exploration and evaluation assets	**4,384,978**	-

The deferred tax liability arose from the acquisition of Centaurus Resources Limited, refer note 7. The amount recognised is a provisional estimate.

20. Capital and Reserves

	2010 Number of Shares	2009 Number of Shares
On issue at 1 July	**286,003,678**	286,003,678
Issue of ordinary shares related to business combination	**316,805,640**	-
Issue of ordinary shares for services	**1,589,321**	-
On issue at 30 June – Fully paid	**604,398,639**	286,003,678

Issue of ordinary shares

The Company issued a total 316,805,640 ordinary fully paid shares for the Off-Market Takeover Bid for Centaurus Resources Limited. The fair value of the shares issued has been assessed as $0.066 per share based on the closing market price for Glengarry Resources Limited shares on the date they were issued.

Centaurus issued 1,589,321 ordinary shares at $0.0629 cents per share to Gresham Advisory Partners Limited as part settlement of the corporate advisory fee in relation to the merger and has been expensed.

Option Reserve

The Company issued 89,639,392 share options in exchange of the Centaurus existing Bid and Replacement Options. The fair value of the options has been valued using a Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. Included with option reserve is an allocation of fair value or replacement options attributable to business combination consideration (refer to note 7).

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

20. Capital and Reserves (continued)

Employee share options

Information relating to the Employee Share Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year are set out in Note 28.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

Available-for-sale investments revaluation reserve

Changes in the fair value of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale investments revaluation reserve as described above. Amounts are recognised in profit and loss when the associated assets are sold or impaired.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in a foreign subsidiary.

21. Dividends

There were no dividends paid or declared during the year (2009: nil)

22. Earnings/(Loss) Per Share

Basic (loss) per share

The calculation of basic and diluted earnings per share at 30 June 2010 was based on the loss attributable to ordinary shareholders of $3,918,654 (2009: $1,265,869) and a weighted average number of ordinary shares outstanding of 413,222,306 (2009: 286,003,678), calculated as follows:

Loss attributable to ordinary shareholders

	2010 **$**	2009 $
Loss for the period	**(3,918,654)**	(1,265,869)
Loss attributable to the shareholders	**(3,918,654)**	(1,265,869)

Weighted average number of ordinary shares	**2010** **Number**	2009 Number
Issued ordinary shares at 1 July	**286,003,678**	286,003,678
Effect of shares issued related to business combination	**141,477,587**	-
Effect of shares issued in February 2010	**574,768**	-
Weighted average number of ordinary shares 30 June	**428,056,033**	286,003,678

Diluted earnings per share

Potential ordinary shares were not considered to be dilutive as the consolidated entity made a loss for the year ended 30 June 2010 and the exercise of potential ordinary shares would not increase that loss.

	2010 $	2009 $

23. Related Parties

Key management personnel compensation

	2010	2009
Short term employee benefits	**1,012,377**	656,179
Post-employment benefits	**116,512**	198,810
Termination benefits	**-**	450,168
Share-based payments	**723,927**	49,961
	1,852,816	1,355,118

Individual directors and executives compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Options and rights over equity instruments

The movement during the reporting period in the number of options over ordinary shares in Centaurus Metals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2009	Granted as compen-sation	Bid options issued on takeover of Centaurus Resources Limited	Other changes	Held at 30 June 2010	Vested during the year	Vested and exercisable at 30 June 2010
Directors							
Mr D M Murcia	-	1,500,000	-	-	1,500,000	500,000	500,000
Mr D P Gordon	-	6,000,000	1,600,000	-	7,600,000	3,600,000	3,600,000
Mr K G McKay	1,000,000	1,000,000	-	-	2,000,000	1,000,000	1,500,000
Mr P E Freund	-	16,000,000[(2)]	-	-	16,000,000	4,000,000	4,000,000
Mr G T Clifford	1,000,000	500,000	-	-	1,500,000	250,000	500,000
Mr R G Hill	-	1,500,000	8,177,720	-	9,677,720	8,677,720	8,677,720
Executives							
Mr M Papendieck	-	4,000,000	6,000,000	-	10,000,000	7,000,000	7,000,000
Mr K M Seymour[(1)]	750,000	-	-	750,000	-	-	-
Mr G A James	750,000	1,750,000	-	-	2,500,000	250,000	1,250,000
Mr I Cullen	-	4,000,000[(2)]	-	-	4,000,000	2,000,000	2,000,000
Mr K Petersen	-	3,400,000[(3)]	8,000,000	-	11,400,000	8,600,000	8,600,000

(1) Resigned on 1 July 2009

(2) These options were issued as replacement awards pursuant to the takeover of Centaurus Resources Limited.

(3) Includes 2,400,000 options issued as replacement awards pursuant to the takeover of Centaurus Resources Limited.

No options were exercised during the year.

23. Related Parties (continued)

Options and rights over equity instruments (continued)

	Held at 1 July 2008	Granted as compen-sation	Exercised	Other changes*	Held at 30 June 2009	Vested during the year	Vested and exercisable at 30 June 2009
Directors							
Mr D M Murcia	-	-	-	-	-	-	-
Mr D P Gordon	-	-	-	-	-	-	-
Mr K G McKay	1,000,000	-	-	-	1,000,000	500,000	500,000
Mr D R Richards	2,000,000	-	-	(2,000,000)	-	-	-
Mr G T Clifford	-	1,000,000	-	-	1,000,000	250,000	250,000
Mr W F Manning	1,000,000	-	-	(1,000,000)	-	-	-
Executives							
Mr K M Seymour	750,000	-	-	-	750,000	750,000	750,000
Mr G A James	750,000	-	-	-	750,000	750,000	750,000

* Other changes represent options that expired or were forfeited during the year.

Movement in shares

The movement during the reporting period in the number of ordinary shares in Centaurus Metals Limited held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2009	Purchases	Issue on acquisition of Centaurus Resources Limited	Received on the exercise of options	Sales	Held at 30 June 2010
Directors						
Mr D M Murcia	7,000,000	1,040,566	1,333,336	-	-	9,373,902
Mr D P Gordon	44,000,000	-	8,358,328	-	-	52,358,328
Mr K G McKay	2,419,000	-	-	-	-	2,419,000
Mr P E Freund	-	200,000	-	-	-	200,000
Mr G T Clifford	1,000,000	-	-	-	-	1,000,000
Mr R G Hill	-	-	8,555,440	-	-	8,555,440
Executives						
Mr M Papendieck	-	-	9,196,000	-	-	9,196,000
Mr G A James	100,000	93,985	266,667	-	-	460,652
Mr I Cullen	-	-	-	-	-	-
Mr K Petersen	-	-	5,280,000	-	-	5,280,000

Name	Held at 1 July 2008	Purchases	Received on the exercise of options	Sales	Held at 30 June 2009
Directors					
Mr D M Murcia	-	7,000,000	-	-	7,000,000
Mr D P Gordon	-	44,000,000	-	-	44,000,000
Mr K G McKay	1,419,000	1,000,000	-	-	2,419,000
Mr D R Richards	1,112,600	-	-	(1,112,600)	-
Mr G T Clifford	-	1,000,000	-	-	1,000,000
Mr W F Manning	250,000	-	-	(250,000)	-
Executives					
Mr K M Seymour	619,000	-	-	(619,000)	-
Mr G A James	100,000	-	-	-	100,000

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23. Related Parties (continued)

Loans to key management personnel and their related parties

There are no loans made to directors or other key management personnel of Centaurus Metals Limited or the Group.

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

	Transaction	Transaction value year ended 30 June		Balance outstanding as at 30 June	
		2010	2009	**2010**	2009
		$	$	**$**	$
Consolidated					
Key management person					
Mr K G McKay	Consulting fees	**60,302**	37,666	**-**	-
Mr D M Murcia [(1)]	Legal fees	**19,309**	8,987	**16,135**	-
Total and current liabilities				**16,135**	-

[(1)] Payable to Murcia Pestell Hillard Pty Ltd, a firm in which Mr D M Murcia is a partner.

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24. Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2010 $	2009 $
Cash and cash equivalents	**4,920,035**	9,673,582
Other receivables and prepayments	**595,973**	86,229
Other investments, including derivatives	**495,417**	-
	6,011,425	9,759,811

The Group's maximum exposure to credit risk for other receivables at the reporting date by geographic region was:

	Carrying amount 2010 $	2009 $
Australia	**154,062**	86,229
Brazil	**441,911**	-
	595,973	86,229

Impairment losses

None of the Company's other receivables are past due (2009: nil). The Group believes that no impairment allowance is necessary in respect of the other receivables not past due.

Liquidity risk

The following are the contractual maturities of financial liabilities, excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years
30 June 2010							
Trade and other payables	782,839	(782,839)	(782,839)	-	-	-	-
	782,839	(782,839)	(782,839)	-	-	-	-
30 June 2009							
Trade and other payables	257,697	(257,697)	(257,697)	-	-	-	-
	257,697	(257,697)	(257,697)	-	-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

24. Financial Instruments (continued)

Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

	30 June 2010	30 June 2009
	BRL	USD
AUD Equivalent	$	$
Cash	449,048	569
Other receivables and prepayments	441,911	-
Trade and other payables	(430,020)	-
Net exposure	460,939	569

The Group had no exposure to BRL in 2009. There was no exposure to USD in 2010.

Sensitivity analysis

A strengthening of the AUD, as indicated below, against the BRL at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity $	Profit or loss $
30 June 2010 BRL (10 percent strengthening)	-	(46,094)
30 June 2009 USD (10 percent strengthening)	-	(57)

A weakening of the AUD against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24. Financial Instruments (continued)

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	2010 $	2009 $
Variable rate instruments		
Financial assets	**4,920,035**	9,685,763
Financial liabilities	**-**	-
	4,920,035	9,685,763

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Profit or loss		Equity	
	100bp Increase $	100bp Decrease $	100bp Increase $	100bp Decrease $
30 June 2010				
Variable rate instruments	49,200	(49,200)	-	-
Cash flow sensitivity (net)	49,200	(49,200)	-	-
30 June 2009				
Variable rate instruments	96,858	(96,858)	-	-
Cash flow sensitivity (net)	96,858	(96,858)	-	-

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	30 June 2010		30 June 2009	
	Carrying amount $	Fair value $	Carrying amount $	Fair value $
Assets carried at fair value				
Other receivables and prepayments	**154,062**	**154,062**	-	-
Available-for-sale financial assets	**466,667**	**466,667**	-	-
Held for trading derivatives instruments	**28,750**	**28,750**	-	-
	649,479	**649,479**	-	-
Liabilities carried at fair value				
Trade and other payables	**353,819**	**353,819**	-	-
	353,819	**353,819**	-	-

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24. Financial Instruments (continued)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quotes prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $	Total $
30 June 2010				
Available-for-sale financial assets	**466,667**	**-**	**-**	**466,667**
Derivative instruments (i)	**-**	**-**	**28,750**	**28,750**
	466,667	**-**	**28,750**	**495,417**
30 June 2009				
Available-for-sale financial assets	-	-	-	-
Derivative instruments	-	-	-	-
	-	-	-	-

There have been no transfers of assets from Levels during the year ended 30 June 2010 (2009: no transfers in either direction).

(i) Derivatives were acquired as a result of the business combination. Decline in fair value of derivative instruments of $20,000 has been charged to finance expense (refer notes 7 and 14).

25. Contingent liabilities

The Company and the Group had contingent liabilities at 30 June 2010 in respect of:

(a) Royalties payable under the Ponte de Pedra tenement acquisition agreement:

i. At the date of this report there is no defined JORC Indicated Resource for the Ponte Pedra tenements. In the event of defining a JORC Indicated Resource, a First Advanced Royalty will be calculated and paid based on the definition of JORC Indicated Resources identified at the following three rates. Any identified JORC Indicated Resources not falling into the categories outlined above will not require a payment.

The First Advanced Royalty is payable in three consecutive six month periods commencing in June 2009 based on the JORC Indicated Resources defined during each of these six month periods but capped at USD$5,000,000 for each period. The payments are therefore capped at USD$15,000,000 over the first 20 months of the Project but may be adjusted by the Second Advanced Royalty, details of which are set out below.

	Manganese (Mn)	Silica (SiO_2)	Phosphorous (P)	First Royalty Rate per Indicated Resource ton
Rate 1	≥ 38.0%	≤ 5.0%	≤ 0.15%	US$1.00 per ton
Rate 2	≥ 38.0%	≤ 5.0%	≤ 0.30%	US$0.75 per ton
Rate 3	From ≥ 34.0% to < 38,0%	≤ 5.0%	≤ 0.30%	US$0.50 per ton

ii. The Second Advanced Royalty Payment is an adjustment payment that will be determined at the time of completing a feasibility study on the Project and identifying economically recoverable resources. Any resources that are identified in a feasibility study as being economically recoverable but for which no First Advanced Royalty has been paid, will be paid for as per the specifications in the table above plus a 10% premium.

25. Contingent liabilities (continued)

(b) Royalties payable under the Itambé tenement acquisition agreements:

i. At the date of this report there is no defined JORC Indicated Resources greater than 35 million tonnes of Iron Ore for the Itambé 1 tenement. Under the Itambé 1 tenement acquisition agreement, in the event of defining an economic feasible mineral reserve greater than 35 million tonnes of iron ore with more than 35% of Iron on the Itambé 1 tenement, a royalty of USD $0.20 per tonne of economically feasible iron ore is payable.

ii. At the date of this report there is no defined JORC Indicated Resources greater than 35% Fe on any of the other 7 Itambé acquisition tenements which includes the Passabem tenement. Under the Itambé tenement acquisition agreement for the 7 tenements, in the event of defining an economic feasible mineral reserve, on any of the 7 tenements, greater than 35% Fe, a royalty of USD $0.20 per tonnes of economically feasible iron ore is payable.

(c) Royalties payable under the Cenibra tenement acquisition agreement:

Future resource-based payments are made according to a confidential schedule of rates and the grade of the in situ Measured and Indicated Resource and is paid in 3 instalments over a 4 year period.

There are no other contingent liabilities that require disclosure.

Guarantees

Guarantees given in respect of bank security bonds amounting to $107,809 (2009: $13,475), secured by cash deposits lodged as security with the bank.

No material losses are anticipated in respect of any of the above contingent liabilities.

26. Capital Commitments

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various government bodies.

	2010 **$**	2009 $
Contracted for but not provided and payable:		
Less than one year	**707,572**	694,918
Between one and five years	**1,748,716**	2,708,172
More than five years	**-**	-
	2,456,288	3,403,090

The above commitments may be reduced by tenement withdrawals, concessions, exemptions, reductions and joint venture arrangements with third parties.

27. Operating Leases

	2010 $	2009 $
Leases as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**381,824**	48,726
Between one and five years	**495,217**	-
More than five years	**-**	-
	877,041	48,726

The Group leases a number of offices and apartments under operating lease. The lease runs for a period of one to three years, with an option to renew the lease after that date.

During the year ended 30 June 2010 $149,776 was recognised as an expense in profit or loss in respect of operating leases (2009: $95,168).

The office leases were combined leases of land and buildings. Since the land title does not pass, the rent paid to the landlord of the building is increased to market rent at regular intervals, and the Group does not participate in the residual value of the building, it was determined that substantially all the risks and rewards of the building are with the landlord. As such, the Group determined that the leases are operating leases.

28. Share-Based Payments

Description of the share-based payment arrangements

Employee Share Option Plan

The Employee Share Option Plan (“ESOP”) was approved by shareholders at the 2007 annual general meeting. All employees (including directors) are eligible to participate in the Plan. Options granted carry no dividend or voting right. When exercisable, each option is converted into one ordinary share of the Company with full dividend and voting rights.

Replacement Award Options were issued pursuant to the takeover of Centaurus Resources Limited.

The terms and conditions relating to the grant of options are as follows:

28. Share-Based Payments (continued)

Grant Date	Number of Options	Vesting Conditions	Option Term
Employee Options			
17/07/2009	2,825,000	Vested immediately	5 years
17/07/2009	1,000,000	Vested on 04/05/2010	5 years
17/07/2009	1,325,000	Vest on 17/07/2010	5 years
17/07/2009	2,000,000	Vest on 04/05/2011	5 years
17/07/2009	1,150,000	Vest on 17/07/2011	5 years
15/02/2010	1,150,000	Vested immediately	5 years
15/02/2010	2,650,000	See note 1	5 years
15/02/2010	2,700,000	See note 2	5 years
31/03/2010	500,000	Vested immediately	5 years
31/03/2010	500,000	Vest on 31/03/2011	5 years
31/03/2010	500,000	Vest on 31/03/2012	5 years
31/03/2010	1,000,000	See note 1	5 years
31/03/2010	1,000,000	See note 2	5 years
Sub total	18,300,000		
Replacement Award Options			
19/01/2010	1,200,000	Vested immediately	1 year
19/01/2010	2,960,000	Vested immediately	4 years
19/01/2010	600,000	Vest on 31/08/2010	4 years
19/01/2010	1,200,000	Vest on 31/08/2011	4 years
19/01/2010	2,160,000	Vest on 31/12/2010	4 years
19/01/2010	1,000,000	Vested immediately	4 ½ years
19/01/2010	1,000,000	Vested on 30/06/2010	4 ½ years
19/01/2010	2,000,000	Vest on 30/06/2011	4 ½ years
19/01/2010	4,000,000	Vested on 31/01/2010	5 years
19/01/2010	4,000,000	Vest on 31/10/2010	5 years
19/01/2010	8,000,000	Vest on 31/10/2011	5 years
Sub total	28,120,000		
Total	46,420,000		

Note 1: Options vest on commencement of iron ore production on a Mining Lease from the Company's iron ore projects in Brazil.

Note 2: 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.

28. Share-Based Payments (continued)

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2010	Number of options 2010	Weighted average exercise price 2009	Number of options 2009
Outstanding at 1 July	**$0.160**	**6,300,000**	$0.178	5,600,000
Forfeited during the period	**$0.136**	**(2,850,000)**	$0.246	(700,000)
Exercised during the period	**-**	**-**	-	-
Granted during the period	**$0.088**	**46,420,000**	$0.133	1,400,000
Outstanding at 30 June	**$0.095**	**49,870,000**	$0.160	6,300,000
Exercisable at 30 June	**$0.105**	**17,885,000**	$0.151	4,900,000

The options outstanding at 30 June 2010 have an exercise price in the range of $0.050 to $0.285 (2009: $0.10 to $0.285) and the weighted average remaining contractual life of 4.0years. (2009: 2.8 years).

Inputs for measurement of grant date fair values

The weighted average fair value at grant date of options granted during the year end 30 June 2010 was $0.035 (2009: $0.023). The fair value at grant date is independently determined using a Black-Scholes 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 model inputs for 2010 include:

Grant date	Expiry date	Exercise price	Life of option	Share price at grant date	Expected share price volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
Employee Options								
17/07/2009	17/07/2014	$0.050	5 years	$0.065	93%	Nil	5.10%	$0.0503
17/07/2009	17/07/2014	$0.075	5 years	$0.065	93%	Nil	5.10%	$0.0467
17/07/2009	17/07/2014	$0.100	5 years	$0.065	93%	Nil	5.10%	$0.0439
17/07/2009	17/02/2014	$0.120	5 years	$0.065	93%	Nil	5.10%	$0.0420
15/02/2010	15/02/2015	$0.080	5 years	$0.053	93%	Nil	5.16%	$0.0359
31/03/2010	31/03/2015	$0.080	5 years	$0.089	93%	Nil	5.50%	$0.0673
31/03/2010	31/03/2015	$0.100	5 years	$0.089	93%	Nil	5.50%	$0.0645
31/03/2010	31/03/2015	$0.120	5 years	$0.089	93%	Nil	5.50%	$0.0621
Replacement Award Options								
19/01/2010	31/12/2010	$0.220	0.95 years	$0.066	94%	Nil	4.32%	$0.0034
19/01/2010	31/12/2013	$0.080	3.95 years	$0.066	99%	Nil	5.03%	$0.0446
19/01/2010	31/12/2013	$0.150	3.95 years	$0.066	99%	Nil	5.03%	$0.0375
19/01/2010	30/06/2014	$0.070	4.45 years	$0.066	99%	Nil	5.20%	$0.0481
19/01/2010	30/10/2014	$0.070	4.78 years	$0.066	99%	Nil	5.20%	$0.0493

28. Share-Based Payments (continued)

Employee expenses

	2010	2009
	$	$
Share options granted in 2007	**-**	6,819
Share options granted in 2008	**10,186**	31,538
Share options granted in 2009	**9,206**	16,428
Share options granted in 2010	**734,363**	-
Total expense recognised as employee costs	**753,755**	54,785

29. Farm-Out and Joint Venture Exploration Agreements

The Group has entered into a farm-out and joint venture exploration agreement with Summit Resources (Aust) Pty Ltd for the Mt Guide Project. Summit has earned a 90% interest in the Project. MM Mining Plc is earning 80% of Summit's interest in the Project. The Group has a free carried 10% interest in the Project until the completion of a bankable feasibility study.

At the end of the financial year Ivanhoe Australia Ltd informed the Company of its withdrawal from the farm-out and joint venture exploration agreement for the Snake Creek Project. Subsequent to 30 June 2010 the Group commenced the process to relinquish the Project tenement. The carrying amount of this Project at 30 June 2010 is nil.

Refer to note 31 for details of the farm-out exploration agreement announced for its two non-core Brazilian Copper-Gold Projects.

30. Group Entities

	Country of incorporation	**Ownership interest**	
		2010	2009
Parent entity			
Centaurus Metals Limited			
Subsidiaries			
Centaurus Resources Pty Ltd	Australia	**100%**	-
San Greal Resources Pty Ltd	Australia	**100%**	-
Centaurus Brasil Mineracao Ltda	Brazil	**100%**	-
CSLI Limited	Channel Islands	**100%**	-
Glengarry Sabah Pty Ltd	Australia	**100%**	100%
Semporna Mining Sdn Bhd	Malaysia	**100%**	100%

31. Subsequent Events

On 6 August 2010 the Group entered into a Farm Out agreement with a Brazilian-based mining company covering its two non-core Brazilian Copper-Gold Projects. Under the terms of the agreement, Mining Ventures Do Sul Pesquisa e Mineração Ltda will spend up to US$4.25 million on the Project areas to earn up to a 90% interest.

On 16 August 2010 the Group announced it had been awarded damages totalling A$2 million against its former joint venture partner in the Liberdade Iron Ore Project in Brazil. The Company is in the process of enforcing the judgement.

On 8 September 2010 the Group announced a capital raising to raise up to $18 million through a share placement and a Share Purchase Plan ("Plan"). On 20 September 2010 the Company completed Tranche 1 of the placement raising $6.63 million. Tranche 2 of the share placement will be completed on obtaining shareholder approval at a meeting of shareholders to take place on 20 October 2010. The Plan closed on 28 September 2010 with the amount of shares to be allotted not yet determined as at the date of this report.

32. Remuneration of Auditors

	2010	2009
	$	$
Audit services		
Auditors of the Company		
KPMG Australia: Audit and review of financial reports	**25,500**	27,500
Other services		
Auditor of the Company		
KPMG Australia: Taxation services	**50,595**	13,987

33. Parent Entity Information

As at and throughout the financial year ending 30 June 2010 the parent company of the Group was Centaurus Metals Limited.

Result of the parent entity

	Company	
	2010	2009
	$	$
Loss for the period	**(3,537,015)**	(1,265,869)
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	**-**	(658,452)
Net change in fair value of available-for-sale financial assets transferred to profit and loss	**-**	658,452
Other comprehensive income for the period, net of income tax	**-**	(1,265,869)
Total comprehensive loss for the year	**(3,537,015)**	(1,265,869)

Financial position of the parent entity at the year end

Current assets	**4,575,293**	9,759,811
Non-current assets	**26,554,456**	38,348
Total assets	**31,129,749**	9,798,159
Current liabilities	**411,577**	272,495
Total liabilities	**411,577**	272,495
Net assets	**30,718,172**	9,525,664
Share capital	**39,520,025**	15,544,255
Reserves	**951,846**	351,380
Accumulated losses	**(9,753,699)**	(6,369,971)
Total equity	**30,718,172**	9,525,664

33. Parent Entity Information (continued)

Parent entity contingencies

The parent entity had no contingent liabilities as at 30 June 2010 (2009: nil).

Parent entity capital commitments

The parent entity capital commitments are consistent with those disclosed in Note 26.

Parent entity lease commitments

The parent entity has the following lease commitments:

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2010	2009
	$	$
Less than one year	**139,060**	48,726
Between one and five years	**333,744**	-
More than five years	**-**	-
	472,804	48,726

Directors' declaration

1. In the opinion of the directors of Centaurus Metals Limited (the "Company"):

(a) The consolidated financial statements and notes, and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2010 and of their performance, for the financial year ended on that date; and

(ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(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; and

2. The directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and the Chief Financial Officer for the financial year ended 30 June 2010.

3. The financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Signed in accordance with a resolution of the directors.

D P Gordon
Managing Director

Perth
30 September 2010

Independent auditor's report to the members of Centaurus Metals Limited (Formerly Glengarry Resources Limited)

Report on the financial report

We have audited the accompanying financial report of the Group comprising Centaurus Metals Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 30 June 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 33 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in section 4.3 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Centaurus Metals Limited for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

T R Hart
Partner

Perth

30 September 2010.