Centaurus Metals
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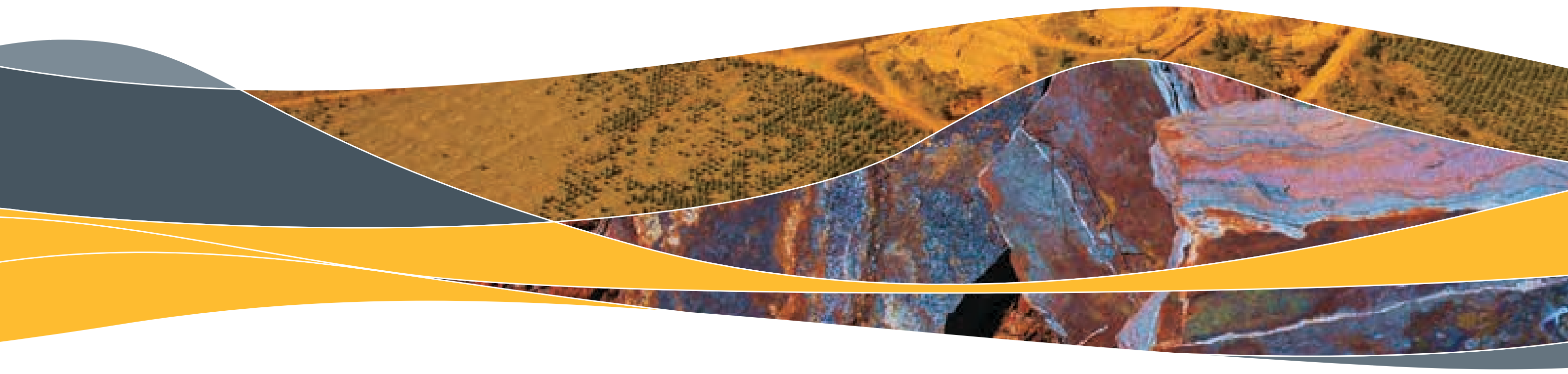

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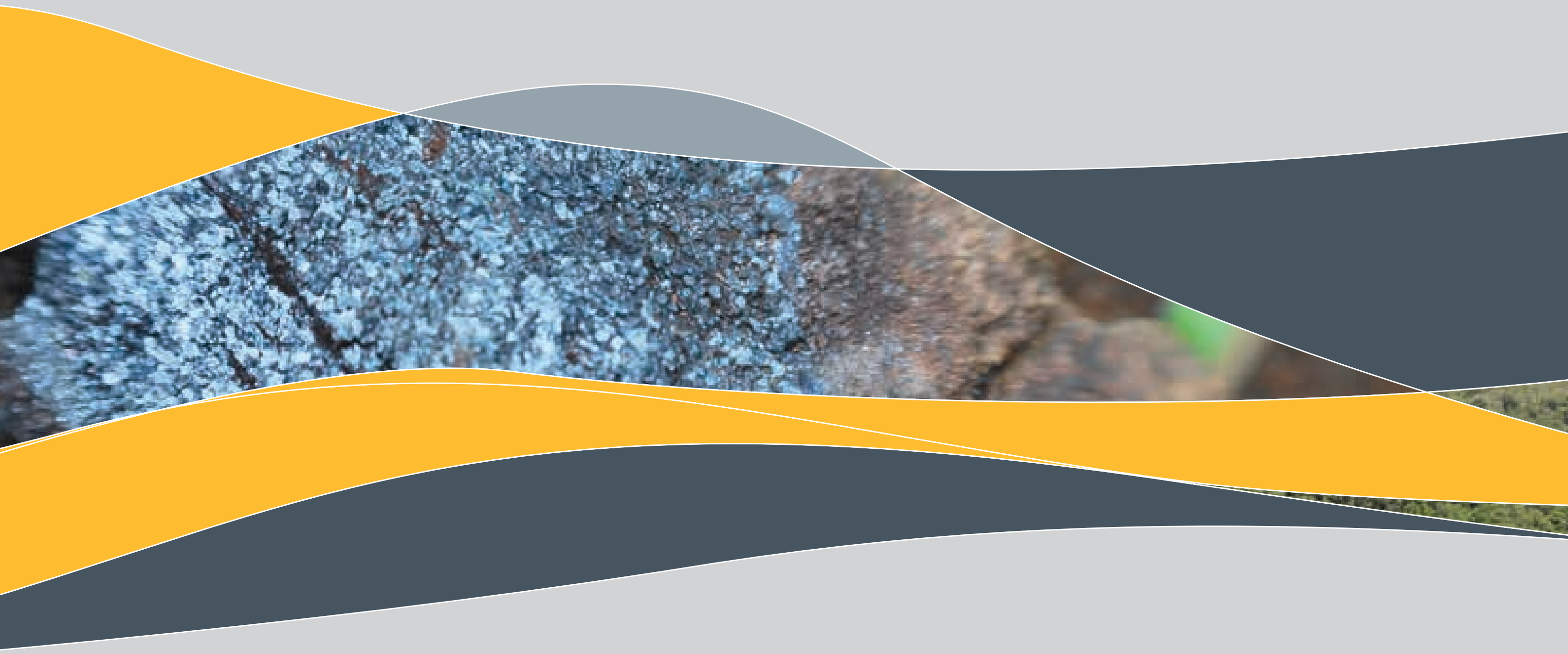

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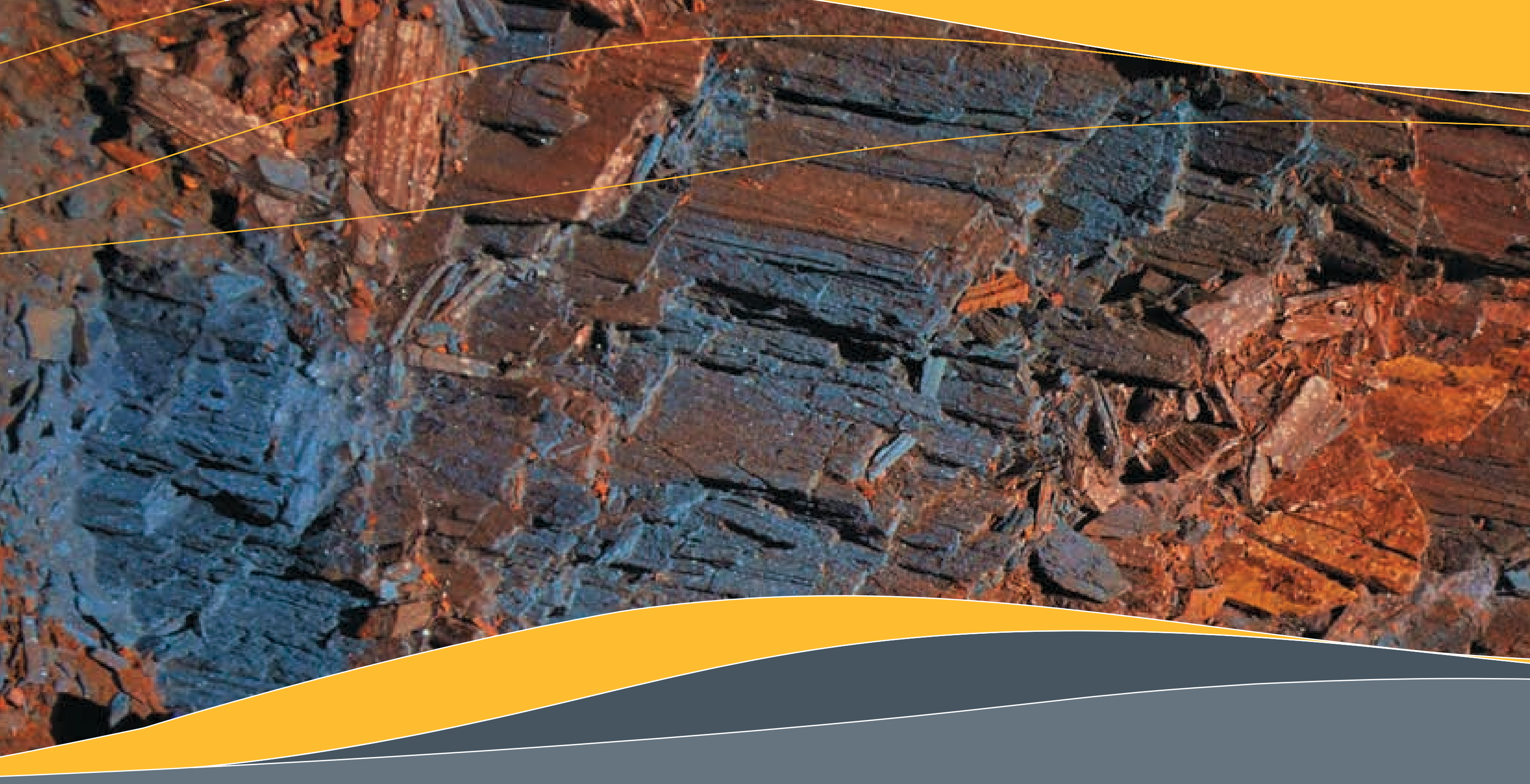

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HIGHLIGHTS AND ACHIEVEMENTS

- All key approvals were secured for the commencement of on-site construction and mining at the Jambreiro Iron Ore Project, south-east Brazil.
- Centaurus' Board approved a revised development strategy for Jambreiro based on a low CAPEX 1Mtpa start-up project with the ability to subsequently expand the production base to 2-3Mtpa.
- Construction scheduled to commence by mid-2014, subject to completion of financing, with first iron ore production targeted for the first half of 2015.
- The new staged development scenario enables Centaurus to proceed with the construction of a 1Mtpa operation in parallel with the finalisation of off-take arrangements.
- Discussions commenced to establish contractual arrangements with rail and port operators of the infrastructure required to establish a future export path for Jambreiro ore.
- Maiden resource estimates were completed for the Candonga and Canavial Projects, bringing Centaurus' total resource inventory in the Guanhães Region to 167Mt and lifting company-wide resources in south-eastern Brazil to 216Mt.

CHAIRMAN'S LETTER

"...I AM CONFIDENT THAT THE QUALITY OF OUR ASSETS, THE ROBUSTNESS OF OUR DEVELOPMENT STRATEGY AND THE DEPTH OF TALENT AND ABILITY OF OUR PEOPLE WILL ENABLE US ULTIMATELY TO DELIVER SUBSTANTIAL VALUE FOR SHAREHOLDERS."

DEAR SHAREHOLDERS,

Despite a challenging global environment and continued volatility in commodity markets during the year, Centaurus continued to make strong progress towards its objective of becoming a new, low-cost iron ore producer in south-eastern Brazil.

Work continued diligently to advance our flagship Jambreiro Iron Ore Project towards construction and development, with the final remaining approvals secured in January 2014. As a result, the project is now fully permitted for on-site construction to commence, with the Mining Leases also in place ready for the start of production.

Our development team in Brazil has done an outstanding job in completing the approvals process, forging strong relationships with Government authorities at all levels and building a platform of positive community engagement that will stand us in very good stead as we move through construction and into the long-term operations phase.

With most of the administrative and preparatory groundwork now completed, Centaurus' Board made the decision in December 2013 to revise the development plan for Jambreiro through the implementation of a staged development approach.

This is based on commencing production at 1Mtpa[1] with the ability to subsequently expand the production base to 2-3Mtpa. This will substantially reduce the amount of pre-production capital required and enable us to commence construction with significantly less financing risk, giving us greater project optionality and flexibility.

The new development approach also reduces our exposure to external factors beyond our control. For example, while discussions have continued successfully throughout the year to secure a life-of-mine, take-or-pay off-take arrangement with a leading Brazilian-based iron ore and steel group, the exact timeframe for finalisation of these arrangements remains subject to external logistical and infrastructure factors.

Subject to completion of a suitable funding package, our objective is to commence construction by mid-2014 with first production from Jambreiro targeted for the first half of 2015.

Our plan is to establish a strong cash flow business from the initial 1Mtpa Jambreiro development and then expand the production rate into the domestic market or as soon as we have established a direct export path for the Jambreiro high-grade product into the seaborne market. No further environmental approvals will be required for this future expansion as the Project is already approved for a 3Mtpa production rate.

Outside of Jambreiro, our exploration efforts within our broader project portfolio have yielded very positive results during the year, with the Company delivering maiden JORC Mineral Resource estimates for our Canavial and Candonga Projects – both of which have emerged as key development opportunities within our Domestic Production Hub.

Following the completion of these resource estimates, Centaurus now holds a total resource base of 216 million tonnes in south-eastern Brazil, providing the Company with a strong foundation for future growth. Work will continue in the coming months to progress some of these satellite development opportunities towards production.

In conclusion, on behalf of the Board I would like to express my sincere thanks to our Managing Director, Darren Gordon, and to our Brazilian and Australian operating teams for their outstanding hard work over the course of the year. I would also like to thank my fellow Directors and express my sincere thanks to you, our shareholders, for your continued support.

While the broader market environment for junior resource companies remains difficult, I am confident that the quality of our assets, the robustness of our development strategy and the depth of talent and ability of our people will enable us ultimately to deliver substantial value for shareholders.

Yours faithfully,

Didier Murcia
Non-executive Chairman

1 Refer to ASX Announcements dated 20 December 2013 and 13 January 2014 for details of the material assumptions underpinning the production target for the Jambreiro Project. The Company confirms that all the material assumptions underpinning the production target continue to apply and have not materially changed.

OPERATIONS REVIEW

"CENTAURUS' KEY PROJECTS ARE STRATEGICALLY LOCATED CLOSE TO THE HEART OF THIS WORLD-CLASS INDUSTRY, ENABLING THE COMPANY TO SELL ITS SUITE OF PROPOSED PRODUCTS AT THE MINE GATE WITHOUT INCURRING LARGE CAPITAL COSTS ON INFRASTRUCTURE SUCH AS RAIL AND PORT."

DOMESTIC IRON AND STEEL STRATEGY

Centaurus has an extensive portfolio of iron ore projects in south-eastern Brazil. Its key focus during the past year has remained on its Domestic Iron & Steel Strategy ("Domestic Strategy"), which is based on commencing production from its flagship Jambreiro Iron Ore Project during the first half of 2015.

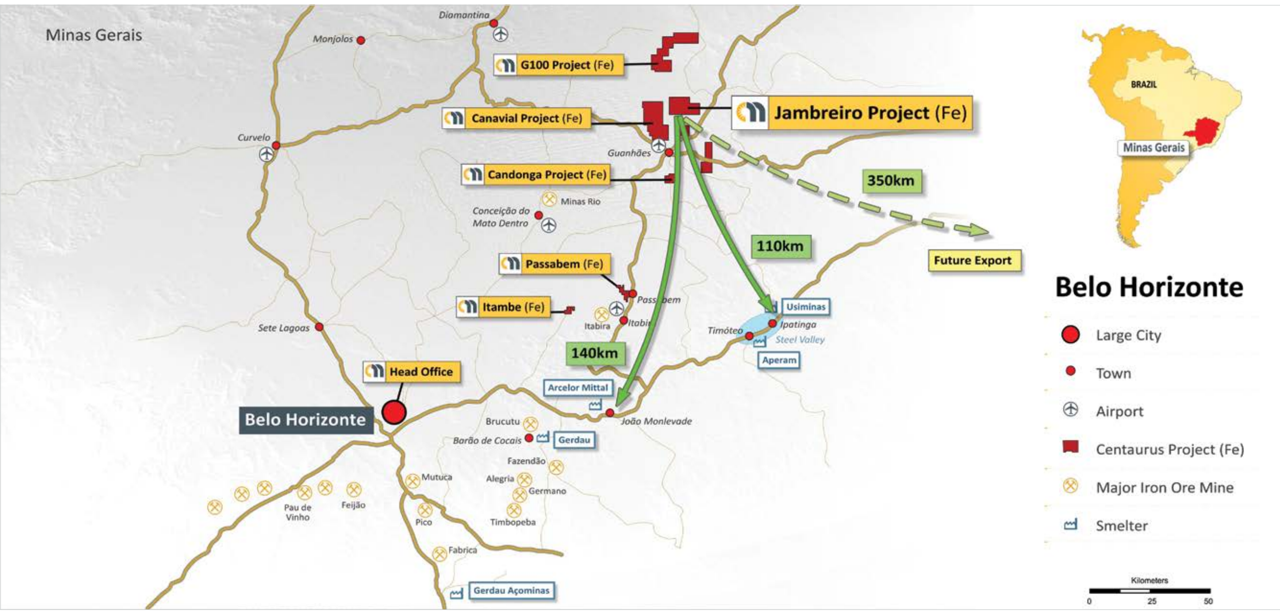


Figure 1 – Location of Centaurus Metals' key projects, including flagship Jambreiro Iron Ore Project, in Brazil

Production from this operation is planned to be sold into the large domestic steel industry in south-eastern Brazil, which is based in and around the world-class iron ore mining region of south-eastern Brazil known as the "Iron Quadrangle".

The Iron Quadrangle's proximity to the domestic steel industry in Brazil is analogous to having Western Australia's world-class Pilbara iron ore province on the Korean Peninsula or in the Japanese archipelago. Being located in the midst of a growing 40Mtpa Brazilian steel customer base enables Centaurus to move into production without the significant barriers to entry of having to invest in extensive and costly infrastructure.

Some of the biggest global steel producers, and potential customers, are located within 150km of the Company's Brazilian projects and extensive tenement portfolio. The State of Minas Gerais – where Centaurus' domestic production projects are located – accounts for over 60 per cent, or 170Mtpa, of Brazil's iron ore production.

Significant investment has already been committed to this region with three of the country's largest steelmakers – Gerdau, Arcelor Mittal and Usiminas – well established in the region.

Centaurus' key projects are strategically located close to the heart of this world-class industry, enabling the Company to sell its suite of proposed products at the mine gate without incurring large capital costs on infrastructure such as rail and port.

Moreover, the Company's flagship Jambreiro Project is located just outside the congested Iron Quadrangle region, a location which confers important strategic advantages in terms of the assessment and environmental approvals process.

The Company's core focus remains the commencement of production from the Jambreiro Project, however, in the longer term Centaurus holds a portfolio of iron ore assets that will be evaluated as potential future production centres or hubs for the Company's Domestic Strategy. These include the Guanhães tenements – Canavial and Candonga, for which Centaurus announced maiden resource estimates during the year – as well as the Itambé and the Passabém Projects.

JAMBREIRO IRON ORE PROJECT

The Company made steady progress at the 100% owned Jambreiro Project throughout 2013, with a number of key approvals granted during the year, including the award of the Mining Leases, and significant work undertaken towards the completion of detailed design work for some project components.

On 20 December 2013 the Company announced a staged development plan for the Jambreiro Project, based on the commencement of production at 1Mtpa with the ability to subsequently increase to 2-3Mtpa. This revised development strategy will result in a substantial reduction in pre-production capital, enabling Centaurus to commence development with significantly less financing risk and in the shortest possible timeframe to take advantage of continued strong iron ore prices.

Subject to completion of an appropriate debt and equity funding package, Centaurus is aiming to commence development during the first half of 2014, with first production targeted for the first half of 2015.

Approvals Process

During the year Centaurus completed all necessary approvals required to commence on-site construction at the Jambreiro Project.

A summary of the key approvals received for the Project to date is set out below:

- **DNPM Final Exploration Reports**
  - Lodged with DNPM on 27 January 2012
  - Approved by DNPM on 25 May 2012
- **DNPM Economic Development Plan (PAE) Report**
  - Lodged with DNPM on 11 July 2012
  - Approved by DNPM on 14 March 2013
- **Environmental Impact Assessment (EIA/RIMA)**
  - Lodged with SUPRAM on 26 March 2012
  - Approved by SUPRAM on 22 October 2012
  - Licence Delivered: Preliminary Licence (LP)
- **Environmental Control Plan (PCA)**
  - Lodged with SUPRAM on 31 October 2012
  - Approval by SUPRAM on 5 April 2013
  - Licence Delivered: Installation Licence (LI)

Following the completion of the above approvals, Centaurus secured the grant of the three Concessão de Lavra (Mining Leases) that comprise the tenement package at Jambreiro in January 2014.

The grant of this group of Mining Leases by the Ministry of Mines and Energy (MME) in Brazil – which have now been officially gazetted in the Diário Oficial da União (DOU) – represents a key strategic asset of the Company for future mining operations at Jambreiro. The grant of the Mining Leases will also greatly assist Centaurus to complete the funding process for the development of the Jambreiro Project.

While the grant of the Mining Leases was not required to enable construction to commence at Jambreiro, it will ensure that Centaurus is able to commence operations and generate positive cash flows on completion of the construction process.

Staged Development Strategy

In late 2013, the Company announced a staged development plan for the Jambreiro Project, based on the commencement of production at 1Mtpa with the ability to subsequently increase to 2-3Mtpa.

Centaurus is continuing to progress discussions with a leading Brazilian-based iron ore and steel group in respect to off-take.

While these negotiations are progressing, the finalisation of this off-take arrangement is reliant on the re-commencement of construction of a new port development in the south-east region of Brazil. This new port development should provide an opportunity for the potential off-takers to optimise its iron ore consumption – including any future arrangement in respect to Jambreiro ore – between the domestic and export markets.

As a result of these external logistical and infrastructure-related factors, it is difficult for Centaurus to accurately forecast when longer term off-take arrangements will be finalised. The new staged development approach significantly reduces Centaurus' exposure to these external factors, while at the same time reducing its overall financing risk and providing greater certainty in its timeline to production.

At the lower production rate the Jambreiro Project will still produce the same high-grade, low impurity product as envisaged in the original project design and, in light of the discussions that have been held to date with potential customers in the domestic market, the Company is confident that it will be able to sell all ore produced from Jambreiro under the new development plan at market-based prices into the domestic or export markets.

The Company plans to establish a strong cash flow business from the initial 1Mtpa Jambreiro development and then expand its production rate into the domestic market, or as soon as it has established a direct export path for the Jambreiro high-grade product, into the seaborne market.

No further environmental approvals will be required for this expansion as the Project is already approved for a 3Mtpa production rate.

Revised Base Case

The proposed 1Mtpa operation for Jambreiro is estimated to require initial capital expenditure of A$53 million (US$47 million) with an average life-of-mine operating cost of A$22 per tonne (US$20 per tonne) of finished product, including royalties. The new project is based on an 18-year initial project life.

The capital and operating cost estimates are based on an internal cost study which utilises definitive data developed for the 2012 Bankable Feasibility Study (BFS), updated to December 2013 prices on key components of the capital and operating inputs costs.

The major reduction in the capital cost, compared with the BFS estimate announced to the market on 5 November 2012, has been generated from the proportional reduction in the production rate and a significantly refined plant design which has reduced the processing plant footprint and allows the use of free-standing modules. The free-standing modules will require significantly reduced quantities of concrete and a smaller site installation labour force, resulting in a reduced project execution risk in plant construction.

In addition, some capital expenditure has been transferred to operating costs in this 1Mtpa phase, including contracting out the mining fleet, which is possible at the reduced throughput rates, and commencing the smaller project on diesel-generated power rather than establishing a new power line prior to positive cash flow. The plan also envisages construction of some permanent facilities after first production is achieved, with these items to be funded out of cash flow once the Project becomes cash flow positive.

The revised proposed 1Mtpa operation for the Jambreiro Project is based on the JORC 2004 Proven and Probable Ore Reserve estimate[2] of 48.5Mt at an average grade of 28.1% Fe.

The Ore Reserve estimate was completed as part of the Bankable Feasibility Study (BFS) for Jambreiro that was announced to the market on 5 November 2012. A summary of the Ore Reserve estimate is provided in Table 1 below:

Table 1 – Friable Ore Reserves Estimate, November 2012						
Friable Ore Reserve Classification	**Mt**	**Fe%**	**SiO_2%**	**Al_2O_3%**	**P%**	**LOI %**
Proven	35.4	28.5	49.6	4.3	0.04	1.7
Probable	13.1	27.2	49.0	5.3	0.04	2.4
Total	**48.5**	**28.1**	**49.4**	**4.6**	**0.04**	**1.9**

The Friable Ore Reserve has been based on a JORC 2004 Mineral Resource estimate[3] of 125.2Mt (Measured, Indicated and Inferred) at an average grade of 26.7% Fe. The Mineral Resource estimate includes both Friable and Compact material. In establishing the Friable Ore Reserve, only the Measured and Indicated components of the Friable Resource estimate (53.7Mt at 28.4% Fe) were considered.

Subsequent to the completion of the BFS, the Company announced an updated JORC 2004 Mineral Resource estimate[4] of 128.0Mt (Measured, Indicated and Inferred) at an average grade of 27.2% Fe. A summary of the updated Mineral Resource estimate is provided in Table 2 below (refer to Table 8 below for a full version of the resource estimate):

Table 2 – Mineral Resource Estimate, July 2013						
Mineral Resource Classification	**Mt**	**Fe%**	**SiO_2%**	**Al_2O_3%**	**P%**	**LOI %**
Measured	45.7	28.7	50.7	4.1	0.04	1.6
Indicated	38.2	27.0	51.0	3.9	0.05	1.7
Inferred	44.1	25.9	52.0	4.0	0.05	1.4
Total	**128.0**	**27.2**	**51.2**	**4.0**	**0.05**	**1.5**

20% Fe Cut-Off

The November 2012 Ore Reserve estimate followed the completion of an extensive resource drilling program at Jambreiro, metallurgical testing including pilot plant testwork, pit design and mine scheduling and capital and operating cost estimations.

2 Refer to ASX Announcement on 5 November 2012 for full details of the Ore Reserve estimation. Given the conservatism built into the pit optimisation parameters used for the current Ore Reserve estimate, the Company is confident that the new operational costs will not result in a material change to the Reserve estimate. As a result of the change in production strategy, the Company intends to complete an updated Ore Reserve estimate during Q1 2014.

3 Refer to ASX Announcement on 19 June 2012 for full details of the Resource estimate.

4 Refer to ASX Announcement on 29 July 2013 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

As a result of extensive metallurgical testwork, the Ore Reserve is scheduled to produce total concentrate production of 18Mt at 65% Fe. The open pit deposits will be mined using conventional excavator and truck mining methods.

The original BFS planned for an initial mine life of 9 years at a production rate of 2Mt per annum. The revised planned production rate of 1Mt per annum is expected to extend the life of the friable Ore Reserves to an initial 18-year project life. The friable Ore Reserves are extremely well suited to the low cost gravity and magnetic separation processes which continue to underpin the beneficiation flow sheet under the revised development scenario.

The key assumptions used in determining the revised production rate are included in Table 3 below. The only change in these assumptions from the BFS is the reduction in the planned production rate.

Table 3 – Key Production Rate Assumptions	
Production Assumptions	
Ore Reserves	48.5Mt
Grade	28.1% Fe
Metal recovery per dry tonne	90%
Reserve – Final Concentrate Product	18Mt
Concentrate Product Grade	65% Fe
Waste Movement	46.8Mt
Total Material Movement (Including pre strip)	95.3Mt
Waste to Ore Ratio (Life of Mine)	0.97 to 1
Production Rate of Concentrate	1Mtpa

The mine production schedule is set out in Table 4 below:

Table 4 – Jambreiro Mine Production Schedule

Period (Year)	ROM Wet (Kt)	Fe%	SiO_2%	Al_2O_3%	P%	Mass Rec (%)	Product Dry (Kt)	Strip Ratio	Waste Wet (Kt)	Total Wet (Kt)
1 – 5	12,519	29.3	48.8	4.5	0.03	38.8	4,854	0.55	7,523	20,042
6 – 10	13,537	28.4	49.6	4.7	0.03	37.6	5,094	0.94	12,685	26,222
11 – 15	14,265	27.3	49.5	4.5	0.04	36.2	5,174	1.29	18,393	32,658
16 - 18	8,134	27.2	49.9	4.7	0.05	36.1	2,940	1.00	8,283	16,417
Total	**48,455**	**28.1**	**49.4**	**4.6**	**0.04**	**37.3**	**18,062**	**0.97**	**46,884**	**95,339**

Mine Dilution 2%, Mine Recovery 98%

Processing

Processing will comprise a conventional beneficiation circuit using jig separators for the coarser +1.0mm fractions of the run-of-mine (ROM) ore and, a fines circuit comprised of a combination of spiral concentrator units and magnetic separator stages to upgrade the -1.0mm fractions to a 65% Fe combined final concentrate product. A small scavenge grinding circuit will recover any Fe units reporting to the tailings from both the jig and fines circuit.

As a result of the Jambreiro ore being highly friable and naturally liberated, the plant only requires limited comminution to break up the small amount of loosely agglomerated material. A low ball charge grinding mill will be used in the scavenge circuit and will also allow flexibility to control product silica levels to suit various customer requirements.

Capital Cost Estimate

A breakdown of the estimated capital cost is shown in Table 5 below:

Table 5 – Jambreiro Project Pre-Production Capital Costs	
Capital Equipment	**Total (A$ M)**
DIRECT COSTS	
Processing Plant	32.1
Site Infrastructure/Civil Works/Pre Strip/Commissioning	6.5
Tailings Management/Water Supply	4.4
TOTAL DIRECT CAPEX	**43.0**
INDIRECT COSTS	
Detailed Engineering/Project Management/Owner Costs	5.4
CONTINGENCY	**4.6**
TOTAL CAPEX	**53.0**

Operating Cash Costs

A breakdown of the operating cash costs is provided in Table 6 below:

Table 6 – Jambreiro Project Life of Mine Operating Cash Costs	
Operating Costs	**A$ per Tonne Product**
Mining	9.2
Processing & Beneficiation	8.6
Administration	2.2
SITE OPERATING CASH COST (C1)	20.0
Royalties – Government and Landowner	2.0
TOTAL OPERATING CASH COSTS (C1 + Royalties)	22.0

The larger components of the operating costs comprise contract mining, diesel fuel, labour and power.

Royalty costs include a Federal Government (CFEM) Royalty of 4% and Landowner royalty of 1.65% based on the value of iron ore sales revenue, less certain allowable deductions for taxes charged in Brazil.

Based on the likely date for commencement of production in the first half of 2015, the Company has used royalty rates that it expects will be implemented as part of a new mining code currently being considered by the Brazilian Federal Government. Should the new code not eventuate in the timeframe contemplated, the current royalty rates of 2% (CFEM) and 1.85% (Landowner) will apply.

The financial modelling assumes that product will be sold FOB mine gate and, as such, road transport costs have not been included in operating costs. The road transport costs have, however, been extensively studied.

Commodity Prices and Foreign Exchange Rates

The Company has estimated an iron ore price curve over the life of the Project using a composite of broker consensus and analyst forecasts. The FOB mine gate price to be received for iron ore concentrate delivered into the Brazil domestic market is referenced against the international CFR China 62% Fe price, adjusted for grade and quality characteristics and minus logistics cost charges back to the customer's location.

The foreign exchange assumptions are set out in Table 7 below:

Table 7 – Foreign Exchange Rates	
Foreign Exchange Rates	
2014 Exchange Rate AUD to BRL	2.05
2014 Exchange Rate AUD to USD	0.89
2014 Exchange Rate USD to BRL	2.30
Average LOM Exchange Rate AUD to BRL	2.00
Average LOM Exchange Rate AUD to USD	0.91
Average LOM Exchange Rate USD to BRL	2.20

Timeline to Production

Subject to finalisation of an appropriate funding package, development is planned to commence during the first half of 2014, at the conclusion of the current wet season.

It is expected that the new base case scenario should see Jambreiro in production during the first half of 2015 as all of the environmental licences required to start construction are already in place, the financing exercise has been simplified due to the reduction in capital cost and the removal of the absolute requirement to secure off-take prior to commencing development.

New Export Opportunity

In conjunction with the development of the new base case production scenario for Jambreiro, the Company has also been actively pursuing potential avenues to export Jambreiro product using the existing and well established EFVM rail line and a number of port alternatives in the vicinity of both the Brazilian port of Vitória and the major Tubarão port complex in the State of Espírito Santo (Figure 2).

In this regard, the Company has commenced discussions to establish contractual arrangements with rail and port operators of the infrastructure required to establish a future permanent export path for Jambreiro ore. Shorter term contracts for suitable logistics services are available immediately for the project capacity now contemplated and further work is now in progress to establish long-term permanent logistics capacity which will support a future export development option.

The Company is confident that an economic export business can be developed for Jambreiro on the back of the smaller base case domestic market production scenario.

Figure 2 – Export Port and Rail Logistics in South-East Brazil

Resource Upgrade

During the year, the Company completed an updated JORC 2004 Mineral Resource[5] estimate featuring an increase in the Measured and Indicated Friable Itabirite Resource component. The new Jambreiro JORC Mineral Resource estimate is set out in Table 8 below:

Table 8 – Jambreiro Iron Ore Project – July 2013 JORC Resource Estimate, by Mineralisation Type

Material Type	JORC Category	Million Tonnes	Fe%	SiO_2%	Al_2O_3%	P%	LOI%
Friable	Measured	37.2	29.2	50.4	4.3	0.04	1.7
	Indicated	19.7	27.7	50.7	4.9	0.04	2.2
	Measured + Indicated	56.9	28.7	50.5	4.5	0.04	1.9
	Inferred	7.5	26.1	53.4	5.3	0.04	2.3
	TOTAL	64.4	28.4	50.9	4.6	0.04	2.0
Compact	Measured	8.5	26.4	52.0	3.2	0.05	1.0
	Indicated	18.5	26.2	51.2	2.8	0.05	1.1
	Measured + Indicated	27.0	26.3	51.5	2.9	0.05	1.0
	Inferred	36.6	25.8	51.7	3.7	0.06	1.2
	TOTAL	63.6	26.0	51.6	3.4	0.06	1.1
Total	Measured	45.7	28.7	50.7	4.1	0.04	1.6
	Indicated	38.2	27.0	51.0	3.9	0.05	1.7
	Measured + Indicated	83.9	27.9	50.8	4.0	0.04	1.6
	Inferred	44.1	25.9	52.0	4.0	0.05	1.4
	TOTAL	128.0	27.2	51.2	4.0	0.05	1.5

20% Fe Cut-Off

5 Refer to ASX Announcement of 29 July 2013 for further details.

Table 9 below shows the split of the JORC Mineral Resource estimate between friable and compact itabirite mineralisation for all deposits at Jambreiro:

Table 9 – Jambreiro Iron Ore Project – July 2013 JORC Resource Estimate, By Deposit							
Deposit	**Material Type**	**Million Tonnes**	**Fe%**	**SiO_2%**	**Al_2O_3%**	**P%**	**LOI%**
Tigre	Friable	39.3	28.5	51.3	4.5	0.04	1.8
	Compact	46.5	25.9	51.3	3.4	0.06	0.9
	TOTAL	85.8	27.1	51.3	3.9	0.05	1.3
Cruzeiro	Friable	10.2	29.9	47.5	3.8	0.04	1.9
	Compact	10.7	26.5	51.9	2.4	0.05	1.0
	TOTAL	20.9	28.2	49.7	3.1	0.05	1.4
Galo	Friable	9.7	27.1	50.2	6.4	0.04	3.1
	Compact	4.3	25.9	51.0	6.4	0.05	3.1
	TOTAL	14.0	26.7	50.4	6.4	0.05	3.1
Coelho	Friable	5.2	26.6	55.8	3.9	0.03	1.5
	Compact	2.1	26.9	57.2	2.9	0.03	1.1
	TOTAL	7.3	26.7	56.2	3.6	0.03	1.4
Jambreiro Total	Friable	64.4	28.4	50.9	4.6	0.04	2.0
	Compact	63.6	26.0	51.6	3.4	0.06	1.1
	TOTAL	128.0	27.2	51.2	4.0	0.05	1.5

20% Fe Cut-Off

Project Development/Engineering Work

A number of project development activities were undertaken during the year to progress the Jambreiro Project towards construction and development.

Water availability during construction and the operational phase is an important consideration for the Project. Accordingly, a local earthmoving contractor was engaged to construct a temporary coffer dam immediately upstream from site for the project tailings dam wall.

Figure 3 – Completed Temporary Cofferdam

This has the dual purpose of harvesting water for construction and de-watering the basement of the tailings dam wall to allow construction of the permanent dam. This will ensure availability of the extra water required for the plant first-fill, significantly de-risking the development and ramp-up once the Project development is fully implemented.

In addition, a detailed review and refinement of the plant general arrangement and layout was conducted, which resulted in a further reduction of the plant footprint and therefore the earthworks required.

A significant focus of this effort has also been utilisation of the natural site contours to minimise power demand during operations. While this will be valuable for the full project life, it has also assisted greatly in reducing unit power consumption and allowed the project to consider a start-up utilising contracted higher unit cost diesel power while still achieving a reasonable cost per tonne of finished high-grade product.

Competitive turnkey pricing for complete supply and installation has also been obtained, strengthening confidence in all previous study work. This was prepared for the original 2Mtpa project and is now being requoted for a 1Mtpa plant production rate to accommodate the change in the initial production rate as part of the staged development strategy approved by the Board at the end of 2013 (see previous section 'Staged Development Strategy').

Specific areas of detailed design work progressed and completed include the project water supply involving intake works, pipeline route and the combined water storage/tailings dam. The designs for these facilities have been phased, again assisting in the deferment of some capital costs under the new production scenario.

While not essential for a 1Mtpa start-up, the preferred locations for the power sub-stations and overall land requirement for the grid power supply have been progressed with CEMIG, the eventual grid power transmission authority.

Procurement activities were also refocused to include searches for suitable "stranded" (i.e. purchased but never installed) new and/or reliable used or refurbished equipment, capable of meeting the Jambreiro duty. This process has identified specific items such as the grinding circuit, which is available and will contribute to the initial CAPEX reduction under the staged development scenario without compromising the quality of the Jambreiro product.

Project Facilitation Arrangements

In January 2013, the Company entered into a Memorandum of Understanding (MOU) with the State of Minas Gerais and a group of key State Departments which will result in the provision of important fiscal concessions and project facilitation benefits for the development of the Jambreiro Project.

Canavial Iron Project (CTM: 100%)

Exploration conducted at the 100%-owned Canavial Iron Ore Project, a key satellite deposit located 10km to the south-west of Jambreiro, was focused on the delivery of a maiden JORC Mineral Resource estimate for the Project.

Importantly, the new Canavial Resource estimate included 15.8Mt grading 33.2% Fe of friable itabirite mineralisation, of which 6.1Mt grading 34.1% Fe are already classified as Indicated Resources.

Mineral characterization and process testwork is focused on the friable itabirite mineralisation at Canavial. The Company expects to be able to achieve similar beneficiation results to those achieved at Jambreiro, confirming that a high-grade, low impurity concentrate can be produced.

The Canavial Project is advantageously located in an area predominantly covered by a eucalypt plantation, which means that environmental licensing for potential future project development will be relatively simple, as was the case with Jambreiro.

The maiden Canavial JORC 2004 Mineral Resource estimate[6] is set out in Table 10 below:

Table 10 – Canavial Project JORC Mineral Resource Estimate by Resource Category – May 2013

Project	JORC Category	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Canavial	**Indicated**	**6.5**	**33.6**	**33.6**	**7.1**	**0.10**	**7.9**
	Inferred	**21.1**	**29.6**	**38.0**	**5.7**	**0.07**	**5.9**
	TOTAL	**27.6**	**30.5**	**37.0**	**6.0**	**0.07**	**6.4**

20% Fe Cut-off

Table 11 below sets out the different mineralisation types at the Canavial Project, by resource category:

Table 11 – Canavial Mineral Resource Estimate by Mineralisation Type – May 2013

Material	JORC Category	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
Friable Itabirite	**Indicated**	6.1	34.1	32.6	7.2	0.10	8.0
	Inferred	9.7	32.6	34.5	8.4	0.07	7.1
	TOTAL	**15.8**	**33.2**	**33.8**	**7.9**	**0.08**	**7.5**
Compact Itabirite	**Indicated**	0.4	26.3	47.1	6.0	0.13	6.5
	Inferred	3.0	29.0	43.4	6.1	0.10	5.2
	TOTAL	**3.4**	**28.7**	**43.9**	**6.1**	**0.10**	**5.3**
Amphibolitic Itabirite	**Indicated**						
	Inferred	8.4	26.3	40.1	2.5	0.05	4.7
	TOTAL	**8.4**	**26.3**	**40.1**	**2.5**	**0.05**	**4.7**
Grand Total	**Indicated**	6.5	33.6	33.6	7.1	0.10	7.9
	Inferred	21.1	29.6	38.0	5.7	0.07	5.9
	TOTAL	**27.6**	**30.5**	**37.0**	**6.0**	**0.07**	**6.4**

20% Fe Cut-off

6 Refer to ASX Announcement dated 31 May 2013 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The mineralisation at Canavial is divided into two zones: the Central Zone and the Southern Zone (see Figure 4). The Central Zone mineralisation strikes in a NW-SE orientation and has a strike extent of approximately 1,000 metres, dipping at between 20 and 45^0 to the north-east.

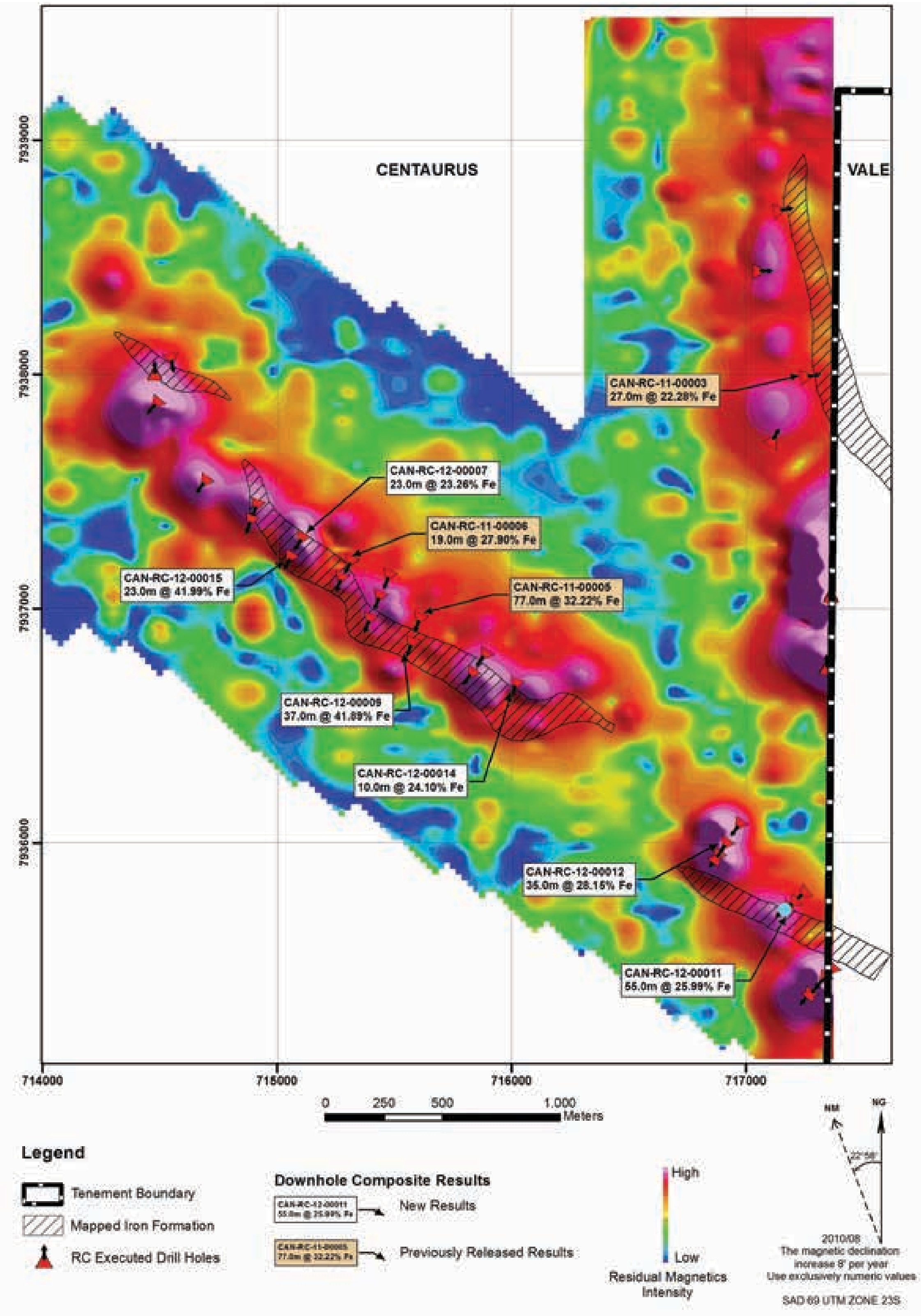
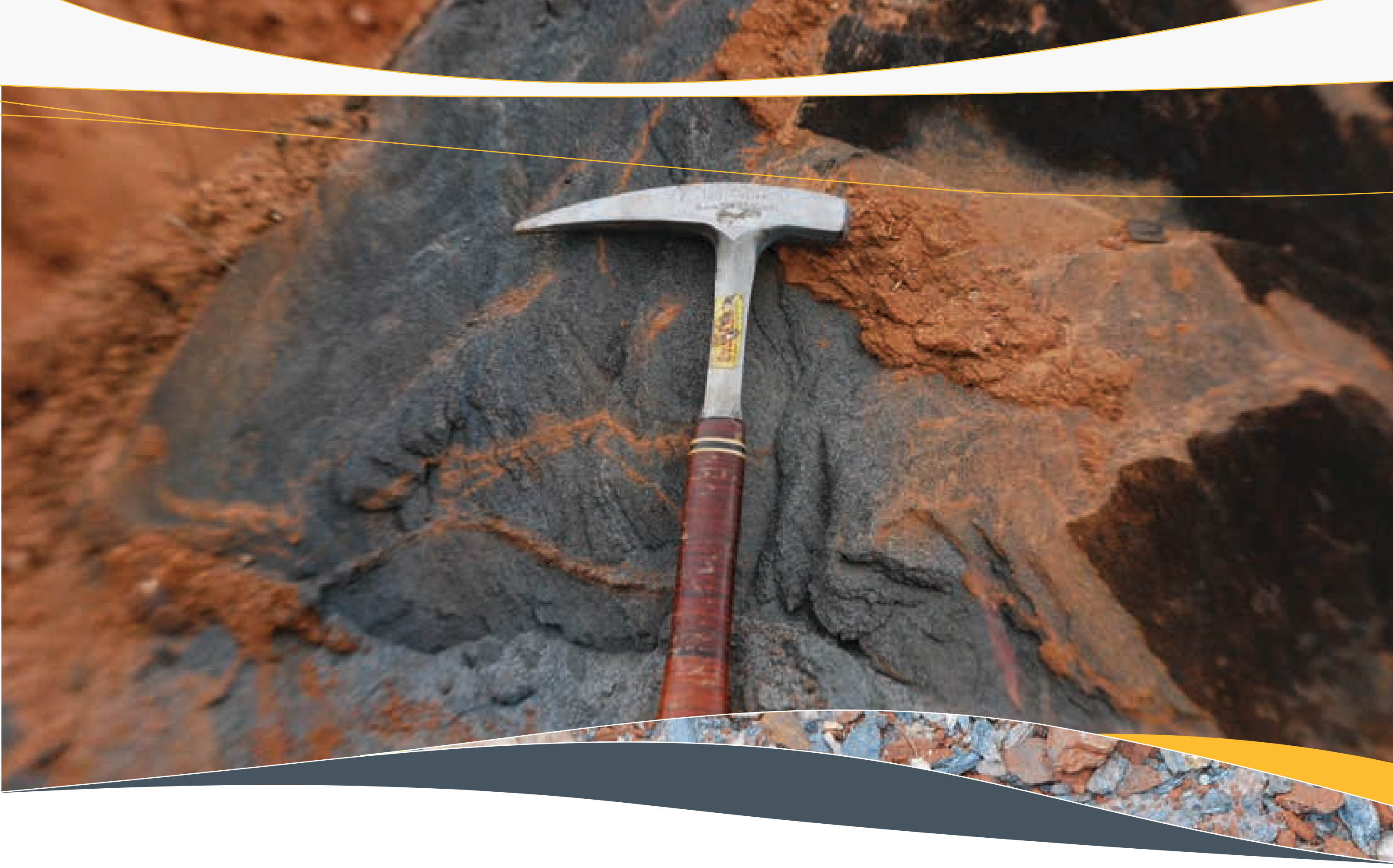


Figure 4 – Canavial Iron Ore Project Map – Analytical Signal Magnetic Image and Drill Results



The shallow zones of friable itabirite mineralisation are between 15 to 35 metres thick and extend over 100 metres down-dip between holes on section (see Sections 4 and 5 in Figures 5 and 6). The geometry and material characteristics of the Central Zone mineralisation is expected to lend itself to a low strip ratio and has the potential to support a low-cost open cut operation.

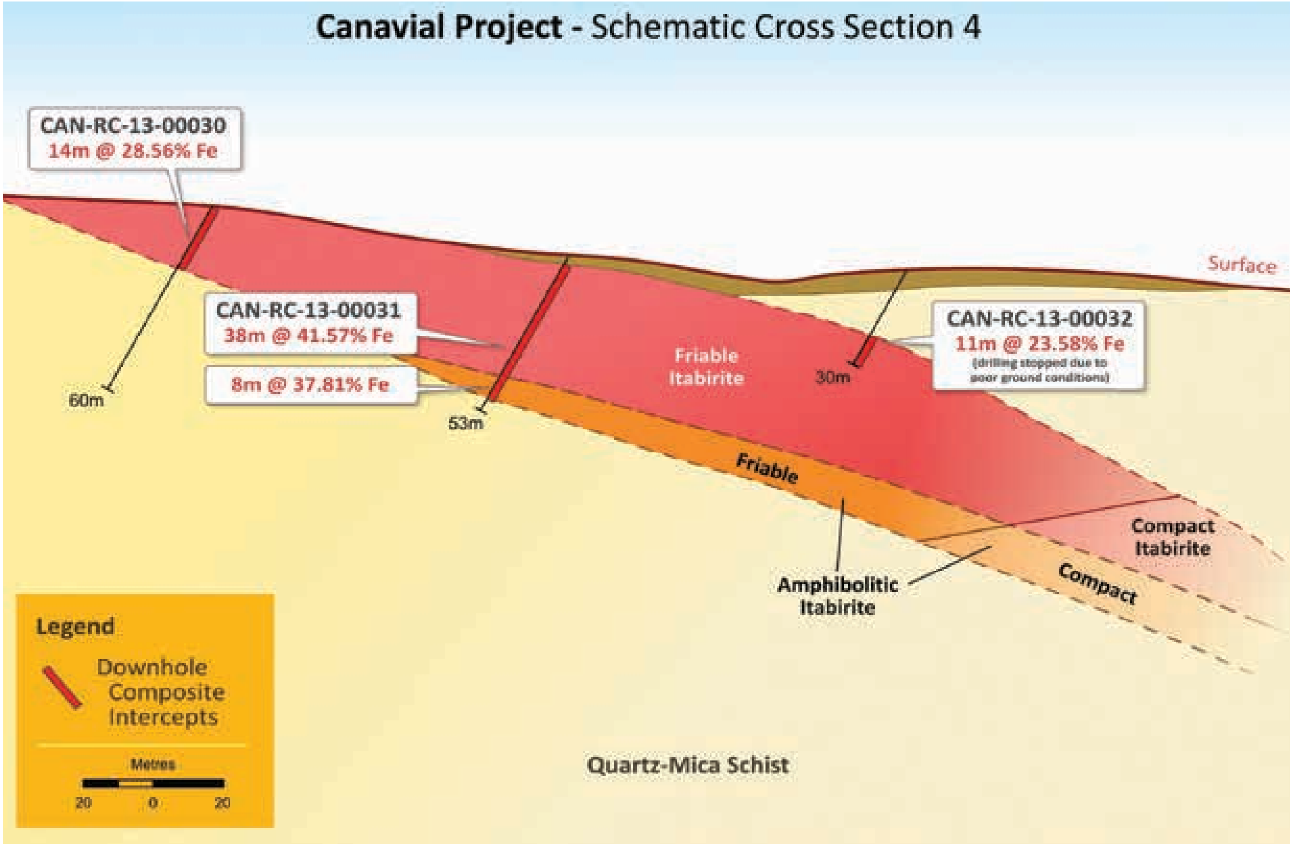


Figure 5 – Canavial Iron Ore Project Schematic Cross Section 4

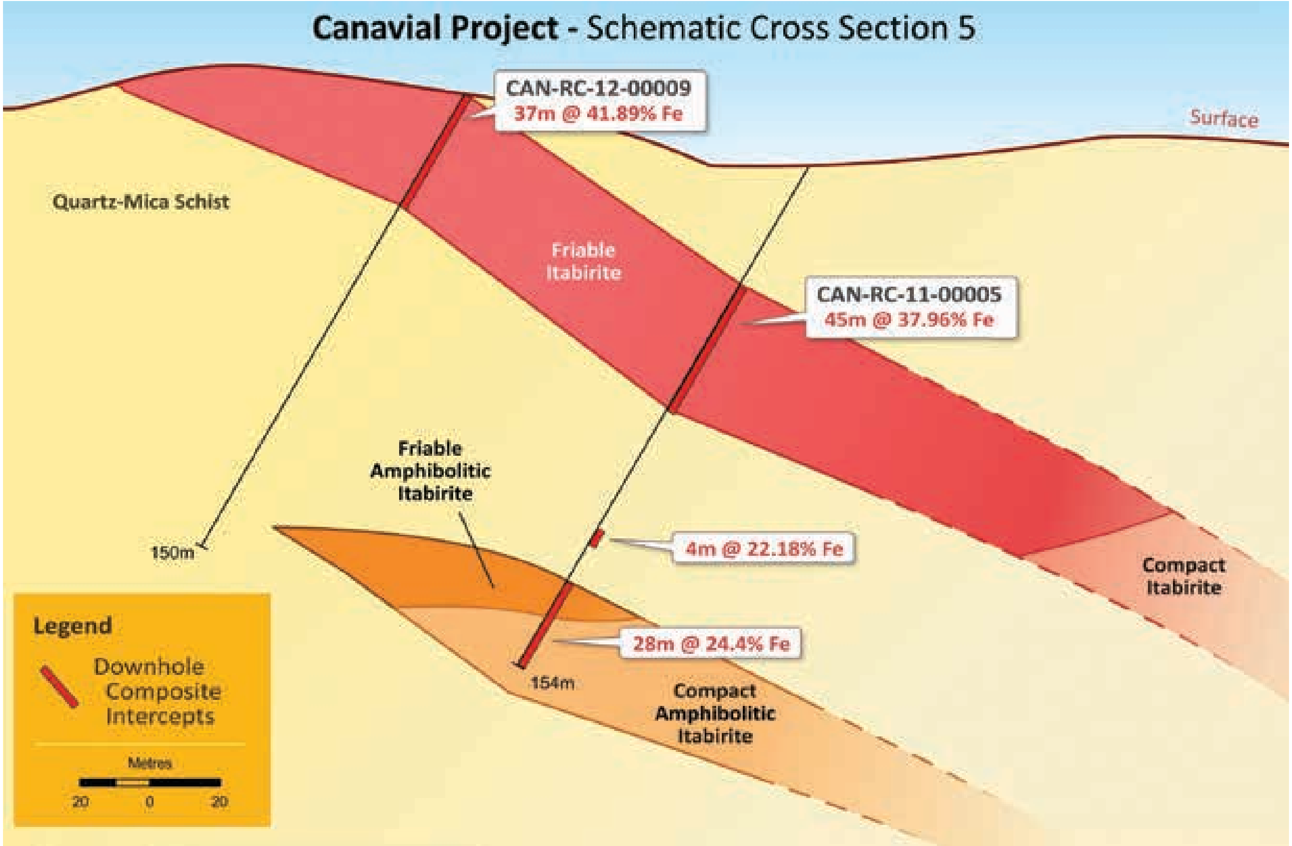


Figure 6 – Canavial Iron Ore Project Schematic Cross Section 5

The Southern Zone is a NW-SE zone with a strike extent of around 700 metres where the mineralisation is sub-vertical (see Section 10 in Figure 7). The change in dip angle is due to the proximity of the nose of a large-scale fold in the south eastern limit of the tenement area. The zones of friable itabirite mineralisation are between 10 to 20 metres thick and vertical to sub-vertical.

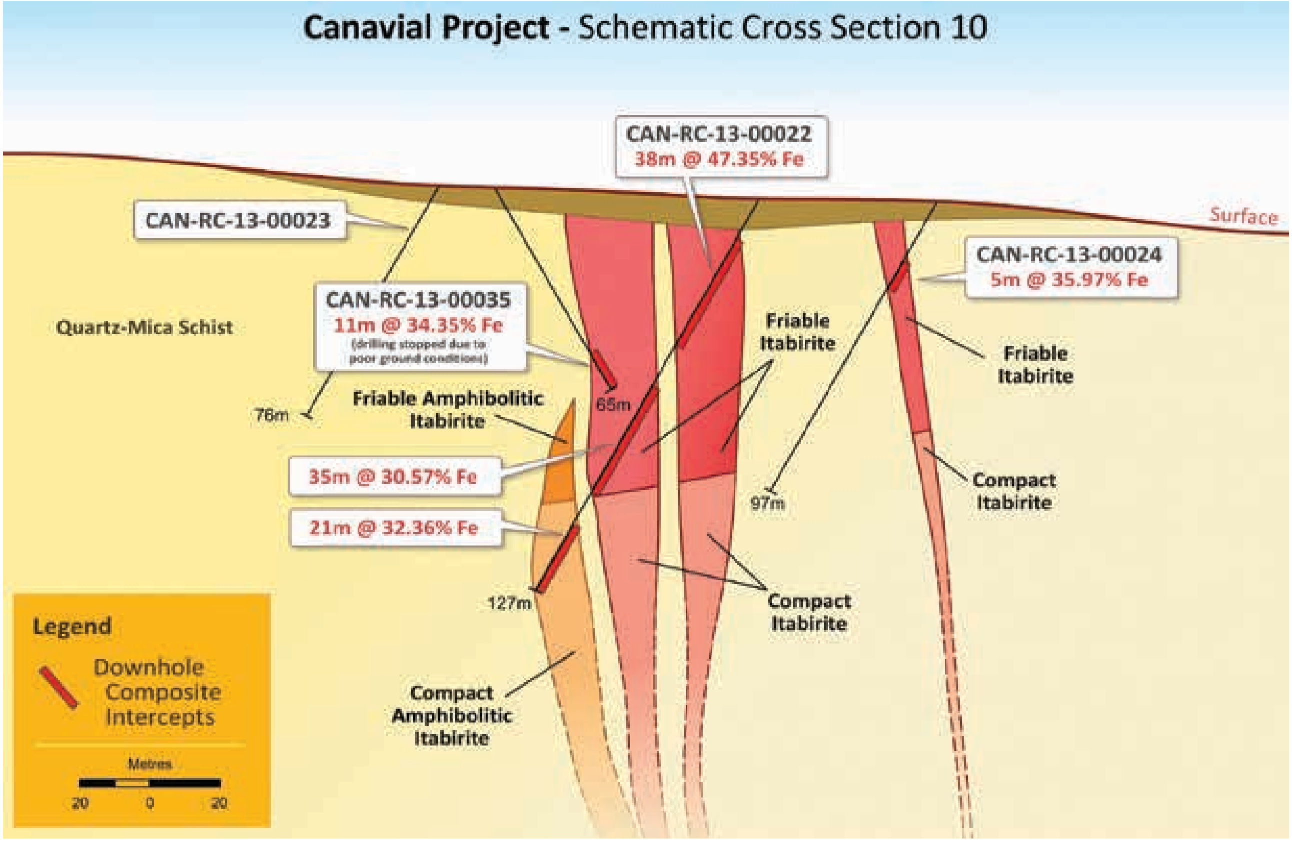


Figure 7 – Canavial Iron Ore Project Schematic Cross Section 10

The mineral assemblage of the Canavial friable itabirite mineralisation is similar to that of the Jambreiro Project with hematite and magnetite being the dominant iron oxides with quartz and some clay minerals. The main difference to the Jambreiro ore is the higher percentage of goethite and limonite present in the mineralisation. Locally, some shallow mineralised intervals have elevated levels of Al_2O_3 and P due to the clay minerals.

It is expected that these gangue minerals will clean up in the beneficiation process to produce a high iron, low impurity iron product, similar to that which is to be produced at Jambreiro.

Candonga Iron Ore Project (CTM: 100%)

Exploration conducted during the year at the 100%-owned Candonga Iron Ore Project, located 33km from Jambreiro (see Figure 8), focused on the delivery of a maiden JORC Mineral Resource estimate for the Project.

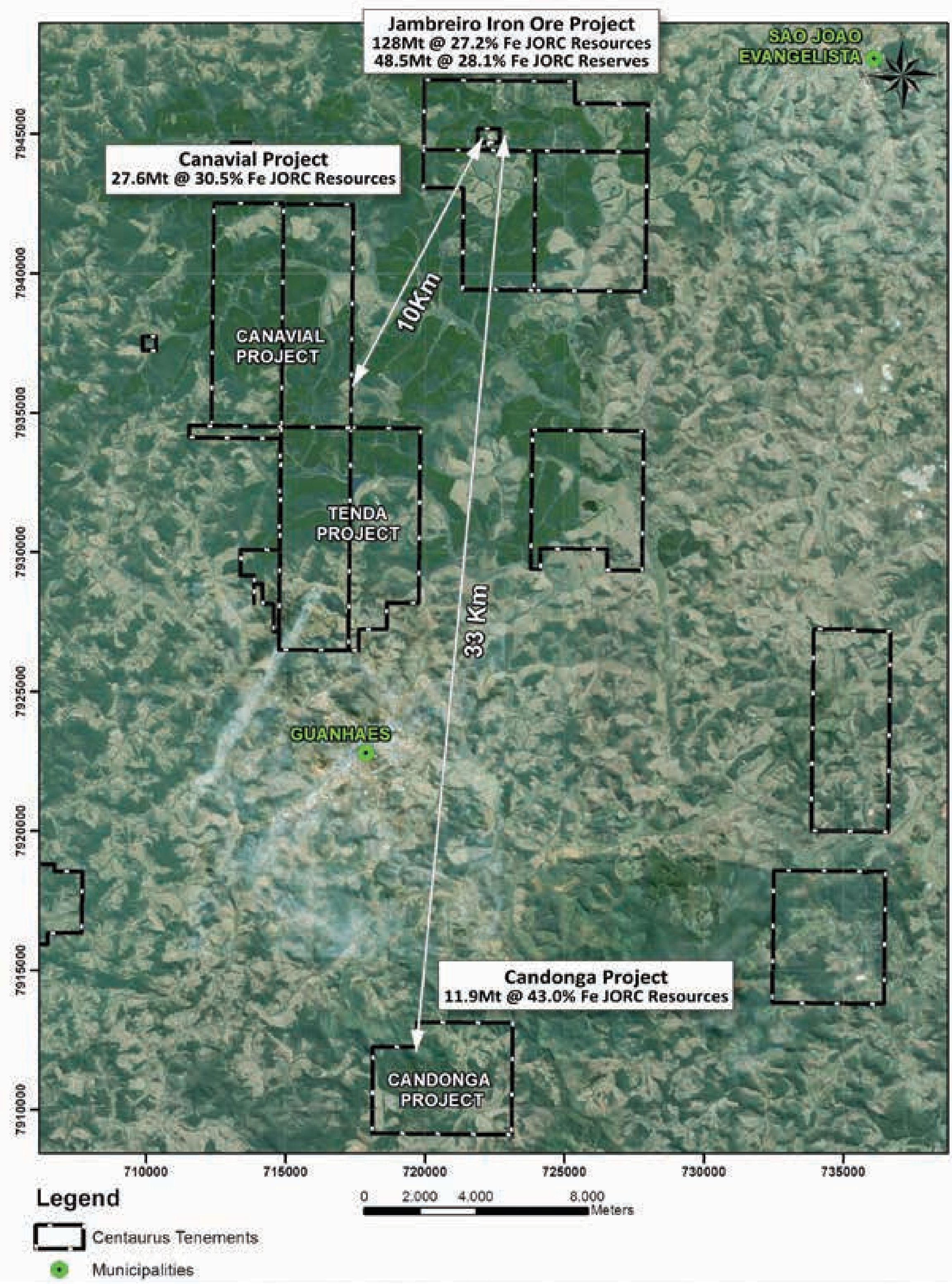


Figure 8 – Location of Candonga Project relative to Jambreiro

Exploration results included significant intersections of high-grade, near-surface mineralisation, demonstrating that Candonga has the potential to provide a source of high-grade coarse grained friable itabirite to the Jambreiro Project. Based on this drilling program, Centaurus announced a maiden JORC 2004 Mineral Resource[7] estimate of 11.9Mt grading 43.0% Fe for the Candonga Project in August 2013, comprising:

Table 12: Candonga Mineral Resource Estimate by Mineralisation Type - August 2013

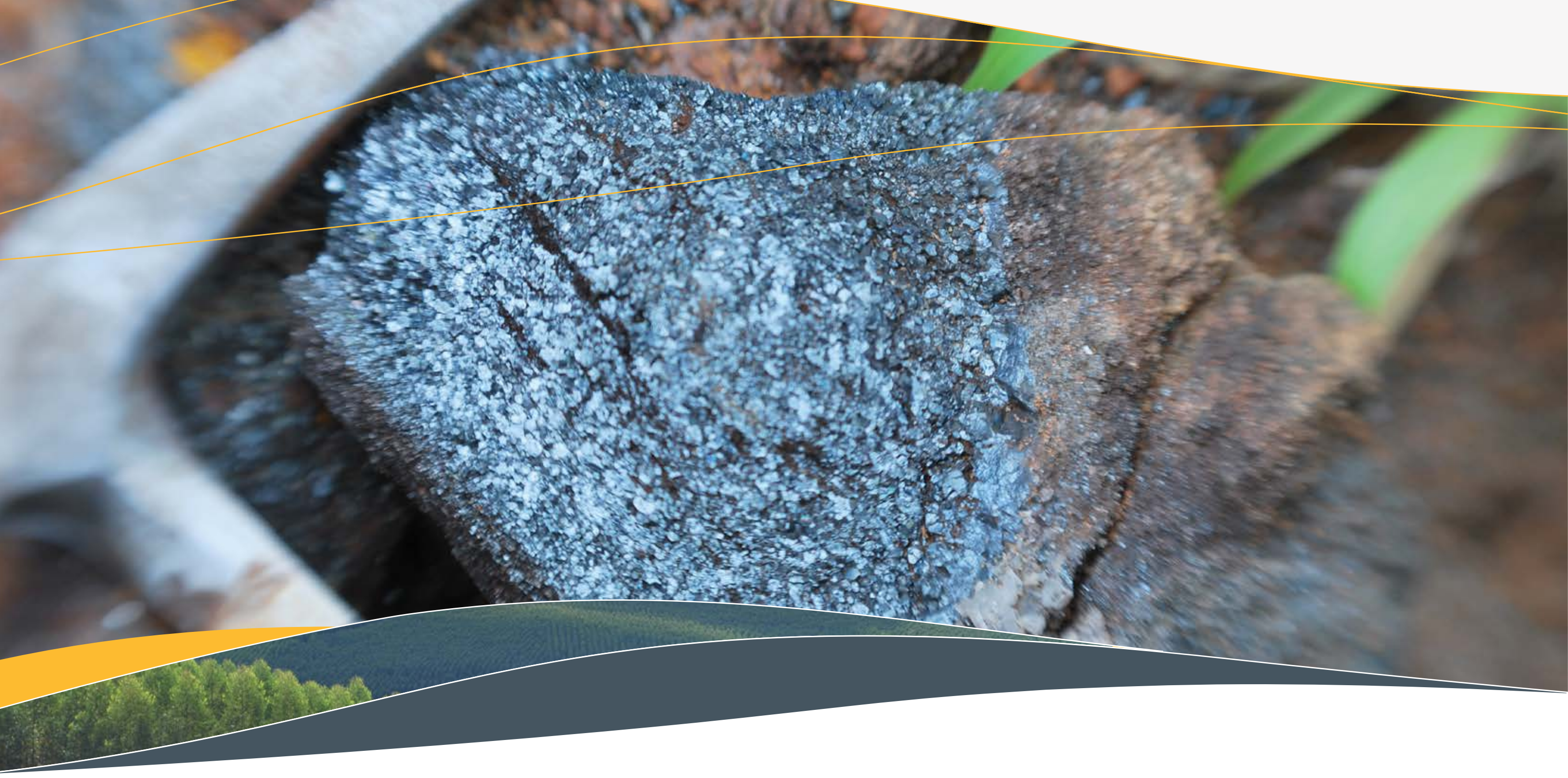
Material	JORC Category	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P %	LOI %
High Grade Itabirite	**Indicated**	0.73	58.4	11.9	2.5	0.03	0.9
	Inferred	0.15	59.7	10.3	2.2	0.03	0.7
	TOTAL	**0.88**	**58.6**	**11.6**	**2.4**	**0.03**	**0.9**
Friable Itabirite	**Indicated**	2.94	42.3	29.7	4.1	0.09	3.1
	Inferred	5.25	42.2	30.2	4.3	0.07	3.1
	TOTAL	**8.19**	**42.2**	**30.0**	**4.2**	**0.08**	**3.1**
Compact Itabirite	**Indicated**	0.03	42.2	32.3	1.7	0.08	2.0
	Inferred	2.75	40.1	31.3	4.5	0.08	3.3
	TOTAL	**2.78**	**40.1**	**31.3**	**4.5**	**0.08**	**3.3**
Grand Total	**Indicated**	**3.70**	**45.5**	**26.2**	**3.8**	**0.08**	**2.7**
	Inferred	**8.15**	**41.8**	**30.2**	**4.4**	**0.08**	**3.1**
	TOTAL	**11.85**	**43.0**	**29.0**	**4.2**	**0.08**	**3.0**

20% Fe Cut-off

Importantly, the new resource comprises 9.1Mt of friable itabirite mineralisation grading 43.8% Fe – similar to the material which underpins the Jambreiro Project – including 0.88Mt of high-grade itabirite mineralisation grading 58.6% Fe with low impurities.

It is expected that the Candonga friable mineralisation will be able to be upgraded to a high grade, low impurity product using a similar process flowsheet to the one that will be utilised at Jambreiro. Candonga is predominantly located on farm land which should lend itself to relatively simple environmental licensing for drilling and future project development, as was the case with Jambreiro.

7 Refer to ASX Announcement of 8 August 2013 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



The friable itabirite mineralisation at the Candonga Project is identified in two distinct zones, the Western and the Eastern Zones, separated by a north-south striking fault (see Figure 9). The two zones have a combined strike length of 1.6km of mineralisation.

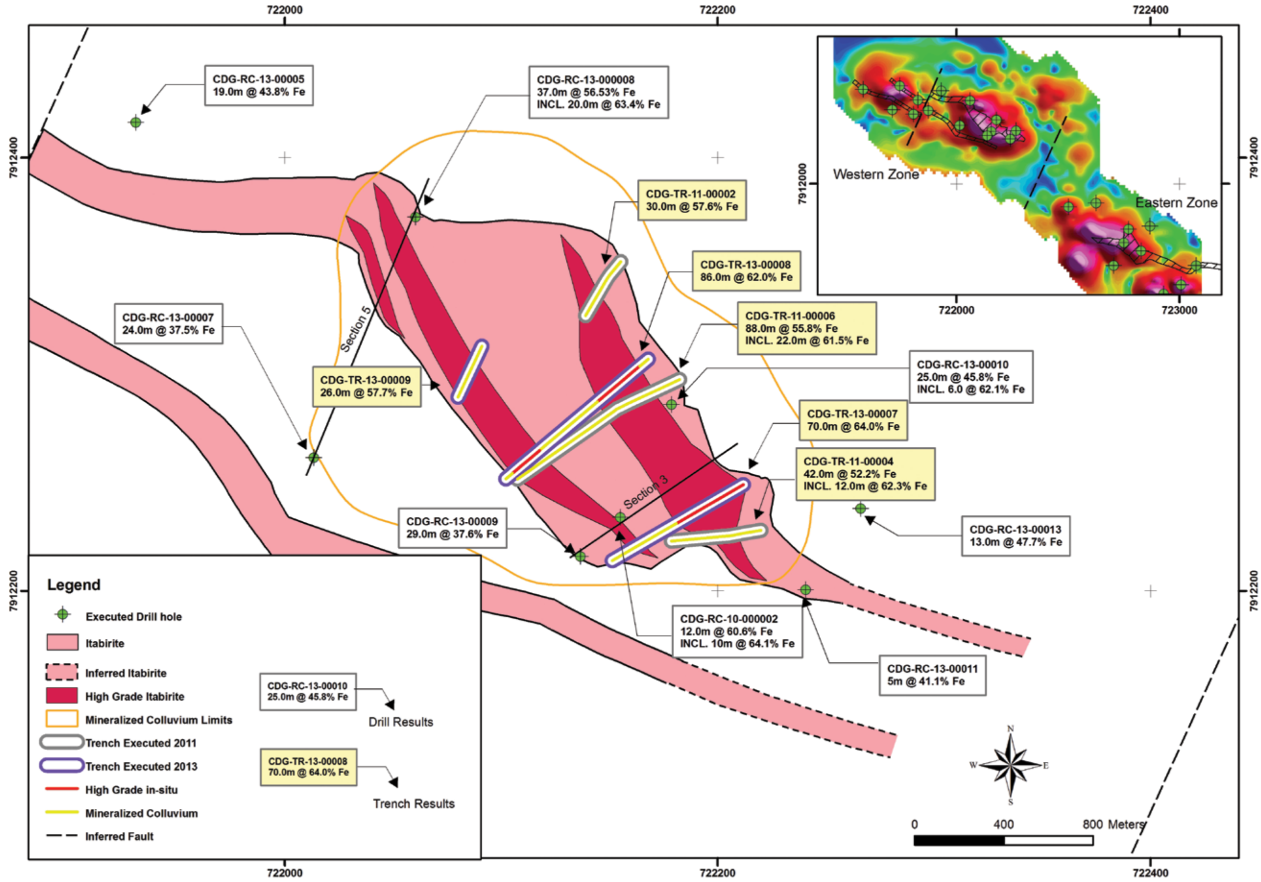


Figure 9 – Candonga high-grade itabirite zone with geological interpretation and exploration results

The mineralisation intersected in the Western Zone is an E-W zone with a strike extent of around 800m where the two itabirite bodies dip around 45^0 to the N-NE (see Figure 10). The two bodies are understood to be limbs of an anticline that has been overturned to the SW. The zones of friable itabirite mineralisation have true widths of between 10-25m with the wider zones generally nearer to the surface.

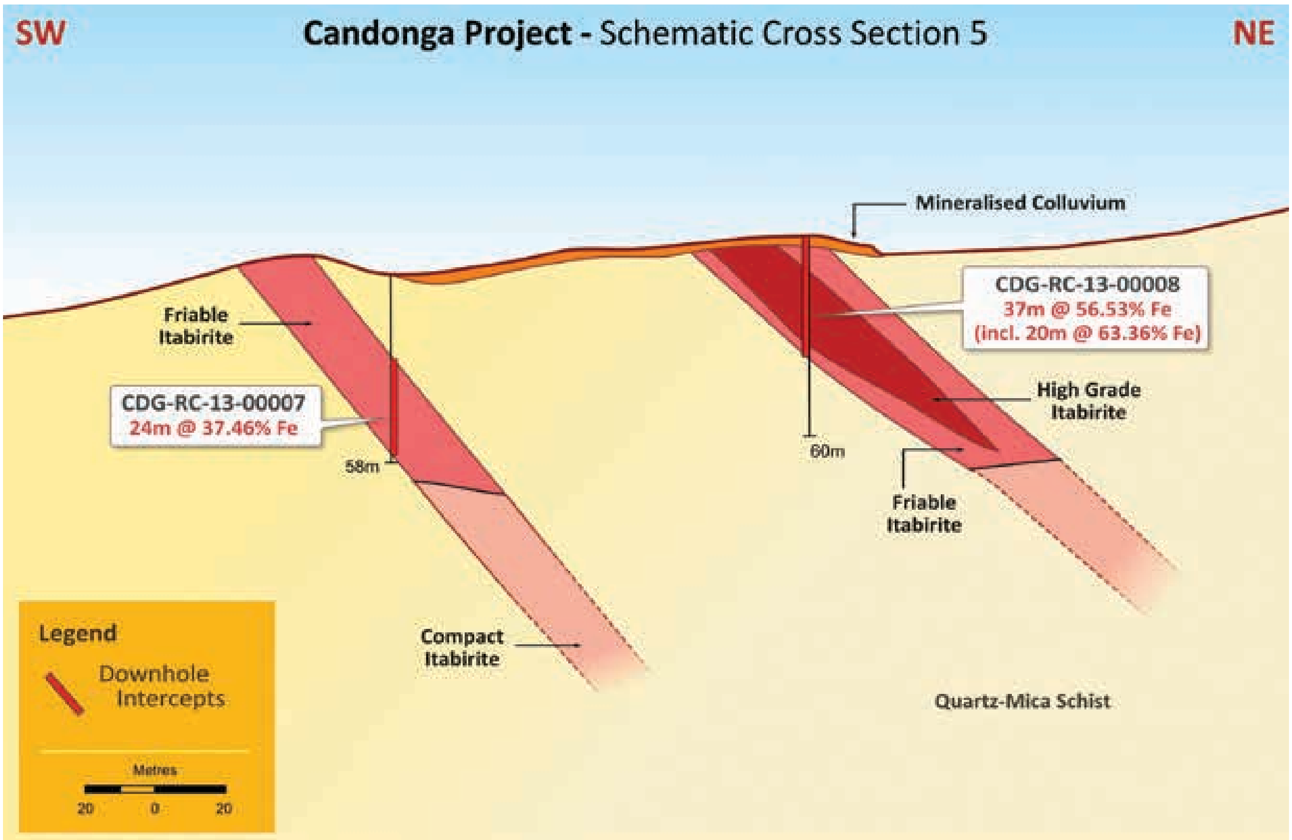


Figure 10 – Candonga Iron Ore Project – Schematic Cross Section 5

Following completion of the resource estimate, Centaurus stepped up fieldwork and process testwork targeting the high-grade mineralisation at Candonga.

A second trenching program, including three trenches totalling 182m, was completed in December 2013. The trenching targeted the zone of high-grade itabirite mineralisation in preparation for a planned diamond drill program later in for the first half of 2014, as well as to collect a bulk in situ sample for sieve (sizing) analysis and other metallurgical test work. Highlights of the December 2013 trenching program from Candonga include the following continuous intersections[8]:

- 86.0 metres @ 62.0% Fe, 6.4% SiO_2, 3.0% Al_2O_3 and 0.03% P in trench CDG-TR-13-00008
- 70.0 metres @ 64.0% Fe, 5.1% SiO_2, 1.9% Al_2O_3 and 0.02% P in trench CDG-TR-13-00007, including 52.0 metres @ 65.6% Fe, 3.6% SiO_2, 1.3% Al_2O_3 and 0.02% P
- 26.0 metres @ 57.6% Fe, 8.7% SiO_2, 4.7% Al_2O_3 and 0.05% P in trench CDG-TR-13-00009, including 12.0 metres @ 60.2% Fe, 4.5% SiO_2, 5.1% Al_2O_3 and 0.04% P

In light of these results, Centaurus is now moving to accelerate the development of the Candonga Project. The sieve analysis, undertaken as part of the metallurgical test work program, has demonstrated that between 30-40% of the material processed is in the lump fraction (+ 6.3 mm).

In addition to the field work, the Company successfully lodged the Final Exploration Report for the Candonga Tenement with the DNPM on 27 November 2013.

In parallel, an application for a temporary Mining Licence (Guia de Utilização) is being prepared that allows mining of 300,000 tonnes of ROM material per licence and requires simplified environmental licences. The licence application is planned to be lodged early in Q2 2014.

8 Refer to ASX Announcement on 3 February 2014 for full details of the trenching results.

The latest trench results and the sieve analysis indicates that the Candonga Project has the potential to be a source of coarse grained, high-grade direct ship material that could either be sold as a lump product directly into the domestic market or blended with the Jambreiro sinter concentrate to increase the coarseness of the final product specification.

Total Mineral Resource Inventory

Following completion of initial Resource estimates for the Canavial and Candonga Projects, and a revised Resource estimate for the Jambreiro Project during the year, Centaurus' total resource base at the end of the reporting period stood at:

Table 13 – Total Mineral Resource Inventory for Centaurus in South East Brazil

Project	Million Tonnes	Fe %	SiO_2 %	Al_2O_3 %	P	LOI
Jambreiro*	128.0	27.2	48.1	4.0	0.05	1.5
Candonga*	11.9	43.0	29.0	4.2	0.08	3.0
Canavial*	27.6	30.5	37.0	6.0	0.07	6.4
Guanhães Region	**167.5**	**28.9**	**44.8**	**4.4**	**0.05**	**2.4**
Passabém[9]**	39.0	31.0	53.6	0.8	0.07	0.1
Itambé[10]***	10.0	36.6	39.1	4.0	0.05	2.4
TOTAL	**216.5**	**29.6**	**46.2**	**3.7**	**0.06**	**2.0**

**20% Fe cut-off grade applied; **27% Fe cut-off grade applied; ***25%Fe cut-off grade applied*

9 Refer to ASX Announcement of 31 August 2010 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

10 Refer to ASX Announcement of 24 December 2010 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Export Iron Ore Business

In addition to producing iron ore to sell into the world-class Brazilian steel industry, Centaurus also intends to sell iron ore into the global steel market. One of the important factors differentiating Brazil, and hence Centaurus Metals, is the very high quality of iron ore products produced in Brazil, which supports the Company's intention to implement an Export Market Strategy.

Rapidly declining availability and quality of high grade DSO lump worldwide has driven steel producers to far greater dependence on prepared feeds, especially sinter. This, together with the worldwide push to reduce carbon footprints, is driving steel producers to demand higher quality raw materials.

Centaurus plans to leverage off the cash flow that will be generated by the Domestic iron ore business to develop projects around existing infrastructure, such as ports and roads, which are capable of producing high-grade hematite products and of supporting a minimum project life of 10 years.

Corporate

Board Changes

In January 2013, the Company appointed experienced mining and project management executive, Mr Steven Zaninovich, as a Non-Executive Director. Mr Zaninovich filled a vacancy created by the retirement of long serving Non-Executive Director, Mr Keith McKay.

In addition, in April 2013, Ms Sheila Lyons resigned as a Non-Executive Director. Ms Lyons joined the Board in 2012 as a nominee of the Company's second largest shareholder, Liberty Metals & Mining Holdings, LLC ("LMM"), which holds a 12.8% interest in the Company. Ms Lyons resigned from her role at LMM and as such, believed it appropriate to step down from the Centaurus Board.

Ore Reserves and Mineral Resources Statement

The Company's Ore Reserves and Mineral Resources in south east Brazil are comprised as follows:

	Ore Reserves as at 31 December 2013						Ore Reserves as at 31 December 2012					
Project	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**
Jambreiro Project												
Proved	35.4	28.5	49.6	4.3	0.04	1.7	35.4	28.5	49.6	4.3	0.04	1.7
Probable	13.1	27.2	49.0	5.3	0.04	2.4	13.1	27.2	49.0	5.3	0.04	2.4
TOTAL	**48.5**	**28.1**	**49.4**	**4.6**	**0.04**	**1.9**	**48.5**	**28.1**	**49.4**	**4.6**	**0.04**	**1.9**

	Mineral Resources as at 31 December 2013						Mineral Resources as at 31 December 2012					
Project	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Million Tonnes**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**
Jambreiro Project*												
Measured	45.7	28.7	50.7	4.1	0.04	1.6	46.7	28.3	51.0	4.2	0.04	1.6
Indicated	38.2	27.0	51.0	3.9	0.05	1.7	35.5	26.5	49.9	4.3	0.05	1.7
Inferred	44.1	25.9	52.0	4.0	0.05	1.4	42.9	25.3	49.5	4.5	0.06	1.3
TOTAL	**128.0**	**27.2**	**51.2**	**4.0**	**0.05**	**1.5**	**125.2**	**26.7**	**50.2**	**4.4**	**0.05**	**1.5**
Candonga Project*												
Indicated	3.7	45.5	26.2	3.8	0.08	2.7	-	-	-	-	-	-
Inferred	8.2	41.8	30.2	4.4	0.08	3.1	-	-	-	-	-	-
TOTAL	**11.9**	**43.0**	**29.0**	**4.2**	**0.08**	**3.0**	**-**	**-**	**-**	**-**	**-**	**-**
Canavial Project*												
Indicated	6.5	33.6	33.6	7.1	0.10	7.9	-	-	-	-	-	-
Inferred	21.1	29.6	38.0	5.7	0.07	5.9	-	-	-	-	-	-
TOTAL	**27.6**	**30.5**	**37.0**	**6.0**	**0.07**	**6.4**	**-**	**-**	**-**	**-**	**-**	**-**
Passabém Project**												
Indicated	2.8	33.0	48.8	1.9	0.03	0.6	2.8	33.0	48.8	1.9	0.03	0.6
Inferred	36.2	30.9	54.0	0.7	0.07	0.1	36.2	30.9	54.0	0.7	0.07	0.1
TOTAL	**39.0**	**31.0**	**53.6**	**0.8**	**0.07**	**0.1**	**39.0**	**31.0**	**53.6**	**0.8**	**0.07**	**0.1**
Itambé Project***												
Indicated	4.7	37.1	37.0	4.5	0.06	2.7	4.7	37.1	37.0	4.5	0.06	2.7
Inferred	5.3	36.2	40.9	3.5	0.04	2.1	5.3	36.2	40.9	3.5	0.04	2.1
TOTAL	**10.0**	**36.6**	**39.1**	**4.0**	**0.05**	**2.4**	**10.0**	**36.6**	**39.1**	**4.0**	**0.05**	**2.4**
TOTAL COMBINED	**216.5**	**29.6**	**46.2**	**3.7**	**0.06**	**2.0**	**174.2**	**28.2**	**50.4**	**3.5**	**0.05**	**1.3**

**20% Fe cut-off grade applied; **27% Fe cut-off grade applied; ***25%Fe cut-off grade applied*

Ore Reserve and Mineral Resource table notes:

(a) Mineral Resources are reported inclusive of Ore Reserves.

(b) The increase in the Jambreiro Mineral Resource estimate was due to in-fill drilling carried out during the year.

(c) Candonga and Canavial were first reported as Mineral Resources during the year following completion of drilling programs.

(d) All Ore Reserve and Mineral Resource estimates were prepared and first disclosed under the JORC Code 2004. This information has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Corporate Governance – Reserves and Resources Calculations

The Company ensures that all Ore Reserve and Mineral Resource calculations are prepared by competent qualified geologists and are reviewed independently and verified (including estimation methodology, sampling, analytical and test data).

Approval of Ore Reserves and Mineral Resources Statement

The Ore Reserves and Mineral Resources Statement is based on and fairly represents information and supporting documentation prepared by competent qualified geologists. The Ore Reserves and Mineral Resources Statement has been approved by Roger Fitzhardinge, a Competent Person who is a Member of the Australasia Institute of Mining and Metallurgy. Roger Fitzhardinge is a permanent employee of Centaurus Metals Limited. Mr Fitzhardinge has consented to the inclusion of the Statement in the form and context in which it appears in this Annual Report.

COMPETENT PERSON'S STATEMENT

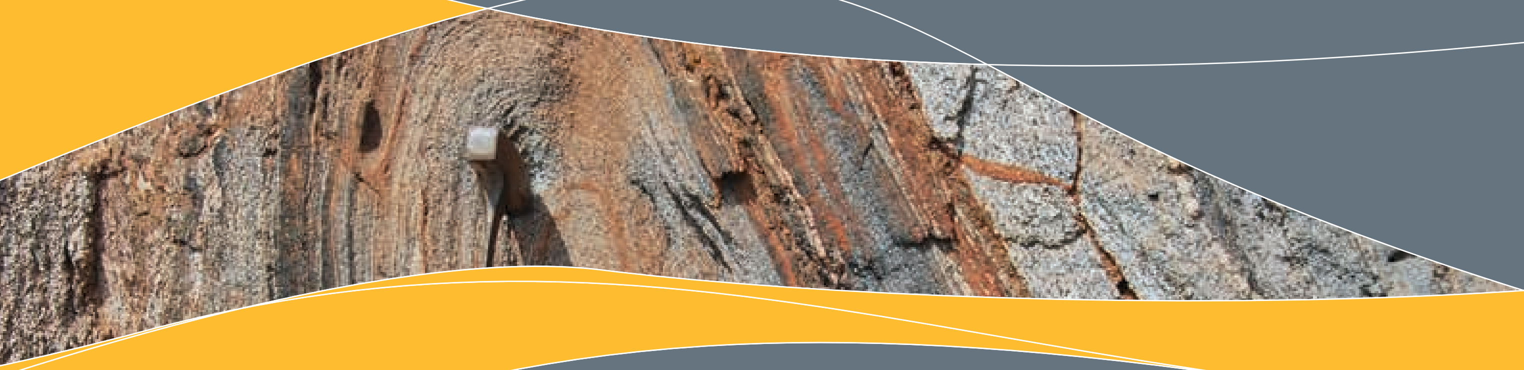
The information in this Annual Report that relates to Exploration Results and Mineral Resources is based on information compiled by Roger Fitzhardinge, a Competent Person who is a Member of the Australasia Institute of Mining and Metallurgy and Volodymyr Myadzel, a Competent Person who is a Member of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

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Fitzhardinge and Volodymyr Myadzel consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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

Beck Nader has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Beck Nader consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

FINANCIAL REPORT 2013




ATENÇÃO

Your directors present their report on the Consolidated Entity ("Group") consisting of Centaurus Metals Limited ("Centaurus" or "the Company") and the entities it controlled at the end of, or during, the year ended 31 December 2013 together with the consolidated financial report and review report thereon.

1 Directors

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

D M Murcia	Independent Non- Executive Chairman
D P Gordon	Managing Director
P E Freund	Executive Director
R G Hill	Independent Non-Executive Director
M Hancock	Non-Executive Director
S Zaninovich	Independent Non-Executive Director (appointed 10 January 2013)
S Lyons	Non-executive Director (resigned 12 April 2013)
K McKay	Independent Non-Executive Director (resigned 10 January 2013)

Unless otherwise disclosed, all directors held their office from 1 January 2013 until the date of this report.

2 Directors and Officers

Mr Didier M Murcia, AM, B.Juris, LL.B
Non-executive Chairman, Age 51

Experience and Expertise
Independent non-executive director appointed 16 April 2009 and appointed Chairman 28 January 2010. Lawyer with over 25 year's legal and corporate experience in the mining industry. He is currently Honorary Australian Consul for the United Republic of Tanzania. 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:

- Cradle Resources Limited (appointed 13 August 2013)
- Alicanto Minerals Limited (appointed 30 May 2012)
- Gryphon Minerals Limited (appointed 28 July 2006)
- Rift Valley Resources Limited (appointed 22 November 2010, resigned 4 June 2013)

Special Responsibilities

- Chairman of the Board
- Chairman of the Remuneration Committee

Mr Darren P Gordon, B.Bus, CA, FFin, AGIA, MAICD
Managing Director, Age 42

Experience and Expertise
Managing Director appointed 4 May 2009. Chartered Accountant with over 20 years resource sector experience as a senior finance and resources executive. Former Chief Financial Officer for Gindalbie Metals Limited.

Special Responsibilities

- Managing Director

Mr Peter E Freund, FAusIMM(CP), F.AIM
Executive Director, Age 67

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.

Special Responsibilities

- Operations Director

Mr Richard G Hill, B.Juris, LLB., BSc (Hons), FFin
Non-executive Director, Age 45

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:

- Genesis Minerals Ltd (appointed 13 February 2013)
- YTC Resources Limited (appointed 28 April 2006, resigned 11 July 2012)

Special Responsibilities

- Member of the Remuneration Committee
- Chairman of the Audit Committee

Mr Mark D Hancock, B.Bus, CA, FFin
Non-executive Director, Age 45

Experience and Expertise
Non-executive director appointed 23 September 2011. Currently an Executive Director – Commercial and Joint Group Secretary at Atlas Iron Limited. Over 20 years experience in senior financial roles across a number of leading companies in Australia and South East Asia, including Lend Lease Corporation Ltd, Woodside Petroleum Ltd and Premier Oil Plc.

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

- Atlas Iron Limited (appointed 25 May 2012)
- Giralia Resources NL (appointed 2 March 2011). Giralia Resources NL was acquired by Atlas Iron Limited and was delisted from the ASX on 7 April 2011.
- FerrAus Ltd (appointed 13 September 2011). FerrAus Ltd was acquired by Atlas Iron Limited and was delisted from the ASX on 26 October 2011.

Special Responsibilities
Member of the Audit Committee

Mr Steven E Zaninovich, B.E Civil
Non-executive Director (appointed 10 January 2013), Age 45

Experience and Expertise
Independent non-executive director appointed 10 January 2013. Civil Engineer with over 20 years experience in mine development and construction predominately in overseas locations. Currently the Chief Operating Officer of ASX Listed Gryphon Minerals Ltd.

Other Directorships
Gryphon Minerals Ltd (appointed 28 January 2010, resigned 22 May 2012 to take up Chief Operating Officer role).

Special Responsibilities

- Member of the Audit Committee
- Member of the Remuneration Committee

Ms Sheila Lyons, BA (Econ), MBA
Non-executive Director, Age 43 (resigned 12 April 2013)

Experience and Expertise

Non-executive director appointed 11 October 2012. Over 20 years' experience in corporate finance and investment banking, specialising in the natural resource sector. Held a number of senior executive positions in corporate finance and investment banking with Scientia Group, HSBC and Duetsche Bank.

Mr Keith G McKay, BSc (Hons), FAusIMM, MAICD
Non-executive Director (resigned 10 January 2013), Age 67

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

- Rift Valley Resources Limited (appointed 18 February 2011)

Mr John W Westdorp, B.Bus, CPA, MAICD
Chief Financial Officer, Age 50

Experience and Expertise
Mr Westdorp was appointed as Chief Financial Officer on 3 December 2012. Mr Westdorp is a Certified Practicing Accountant. He has over 20 years' experience and was previously the Chief Financial Officer of Murchison Metals Ltd.

Special Responsibilities

- 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 31 December 2013 and the number of meetings attended by each director were:

	Meetings of Directors		Meetings of Committees			
			Audit & Risk Committee		Remuneration	
	Held	Attended	Held	Attended	Held	Attended
Mr D M Murcia	14	14	n/a	n/a	1	1
Mr D P Gordon	14	14	n/a	n/a	n/a	n/a
Mr P E Freund	14	13	n/a	n/a	n/a	n/a
Mr R G Hill	14	10	2	1	1	1
Mr M D Hancock	14	14	2	2	n/a	n/a
Mr S E Zaninovich	14	11	2	2	1	1
Ms S Lyons	2	2	n/a	n/a	n/a	n/a
Mr K G McKay	0	0	0	0	0	0

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

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 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

Board Role and Responsibilities

The Board has approved a formal Board Charter which details the Board's role, composition and responsibilities. The Charter is available from the corporate governance information section of the Company's website at www.centaurus.com.au.

The central role of the Board is to approve the strategic direction of the Company, to guide and monitor the management of the Company in achieving its strategic plans and to oversee overall good corporate governance.

The Board has delegated to the Managing Director all powers to manage the day-to-day business of the Company, subject to those powers reserved to the Board and any specific delegations of authority approved by the Board. The Managing Director is supported by the senior management team in the day-to-day management of the Company.

Board Composition, Size and Structure

The Board is responsible for determining an appropriate mix of skills, knowledge, experience, expertise and diversity on the Board. The number of directors on the board shall be determined in accordance with the Company's Constitution and the requirements of the Corporations Act. The Board shall consist of a majority of non-executive directors. Where practical, at least half of the Board shall consist of independent directors who satisfy the criteria for independence. The Board periodically reviews its composition and the duration of terms served by the directors.

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 three independent non-executive directors, two executive directors and one non independent non-executive director at the date of signing the Directors' Report.

The Board considers that collectively the directors have the range of skills, knowledge and experience necessary to direct the Company.

Selection and Appointment of New Directors

When the need for a new director is identified, the Board reviews the range of skills, experience and expertise on the Board, identifies its needs and prepares a short-list of candidates with appropriate skills and experience. Where necessary, advice is sought from independent research consultants.

When considering new candidates for nomination, the Board takes into account:

- the candidate's competence and qualifications;
- independence;
- the range of skills, experience and expertise on the Board to identify the skills that will best increase the effectiveness of the Board;
- the candidate's ability to devote the time required by a director to effectively undertake his or her responsibilities; and
- the extent to which the candidate is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

The Board then appoints the most suitable candidate who must stand for election at the next Annual General Meeting of the Company.

Directors' Independence

The Board has adopted specific principles in relation to directors' independence and these are set out in its Charter. An independent director is a non-executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of their judgement.

The names of the directors considered to be independent are set out in the Directors' Report.

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

The Board, Board Committees or individual directors may seek independent external professional advice as considered necessary at the Company's expense, subject to prior consultation with the Chairman. A copy of any such advice received will be made available to all members of the Board.

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 of the Board and Senior Management

The Board is responsible for undertaking an annual evaluation process to review its performance and that of its Committees. The evaluation process includes a self-assessment questionnaire to review performance attributes. The most recent review of the Board was conducted in September 2012. The next Board performance review will be undertaken during 2014.

The performance of senior management is assessed annually by the Managing Director. Performance is measured against established targets specific to the individual role and responsibilities of each person. Senior management performance evaluations have been conducted by the Managing Director for the financial year ended 31 December 2013.

Board Committees

The Board may from time to time establish and delegate any powers to a Committee of the Board in accordance with the Company's Constitution. The Board is responsible for approving and reviewing the charter terms and membership of each Committee established by the Board.

The Board has established the following Committees:

- Remuneration Committee; and
- Audit & Risk Committee.

The Board has not established a Nomination Committee. The Board considers that given its size, no efficiencies or other benefits are gained by establishing a separate Nomination Committee.

All non-executive directors shall be entitled to attend meetings of Board Committees where there is no conflict of interest.

Each Committee will report to the Board on the proceedings of that Committee to the next following Board meeting.

4.2 Remuneration Committee

The Remuneration Committee operates in accordance with its Charter which is available on the Company's website. The role of the Committee is to review and assist the Board in developing the Company's remuneration, recruitment, retention and termination policies. The members of the Committee are appointed by the Board.

The Committee shall consist of at least three non-executive directors, consisting of a majority of independent directors. The Chairman of the Committee should be an independent director. All persons appointed to the Committee should have sufficient professional expertise, knowledge and understanding to allow them to discharge their duties.

Remuneration consultants are required to be appointed by, and report directly to, the Committee. The Committee will ensure the remuneration consultant is sufficiently independent.

The Committee will meet as frequently as necessary, but at least once a year, in order to carry out the responsibilities of the Committee. Any Committee member may convene a meeting of the Committee.

The Committee may extend an invitation to any person to attend all or part of any meeting which it considers appropriate. The Committee may meet with external advisers, any executive or other employee, any other non-executive director, and may do so with or without the presence of management. If any such person has a material personal interest in a matter being considered that person must not be present when that matter is being considered.

All Board members wishing to attend are entitled to be present at Committee Meetings (except in circumstances where there is a conflict of interest). The Managing Director and Company Secretary will normally be invited to attend meetings.

The Chairman of the Committee will report to the Board, at the following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee which require Board endorsement or approval. A copy of Committee papers should be circulated to all Directors who are not members of the Committee.

The Company's remuneration policy consists of:

- a clear distinguished structure of non-executive remuneration from that of executive directors and senior management;
- balancing the Company's desire to attract and retain personnel against its interest in not paying excessive remuneration;
- providing an appropriate balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and goals;
- motivating personnel to pursue the long term growth and success of the Company; and
- demonstrating a clear relationship between personnel performance and remuneration.

Further information on directors' and executives' remuneration is set out in the Remuneration Report. Details of the qualifications of directors of the Remuneration Committee and their attendance at Committee meetings are set out in the Directors' Report.

4.3 Remuneration Report – Audited

4.3.1 Principles of Remuneration

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. The Board ensures that executive reward satisfies the following key criteria for good reward and governance practices:

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

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;
- provides recognition for contribution; and
- seeks to retain experienced and competent individuals in key executives roles

The remuneration framework currently consists of base pay, cash incentive bonuses and long-term incentives through participation in the Employee Share Option Plan and/ or the Performance Share 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 pre-development activities and therefore growth in earnings is not considered relevant. Shareholder wealth is dependent upon exploration success and has fluctuated accordingly in addition to being influenced by broader market factors.

The performance of the Group in respect of the current period and the previous four financial years is set out below:

	2013 $	Dec 2012 $	June 2012 $	2011 $	2010 $
Net Loss	(32,714,987)	(9,125,800)	(20,783,843)	(12,204,218)	(5,635,542)*
Change in share price	($0.13)	($0.11)	($0.201)	$0.064	$0.08
Market capitalisation at year end	$39.2 million	$64.6 million	$58.7 million	$68 million	$42.3 million

* The Group changed its accounting policy for exploration and evaluation expenditure effective 1 July 2009. Exploration and evaluation is expensed in the year incurred.

During the years stated above, there were no returns of capital made by the Company to shareholders and no dividends paid.

During the year financial year ended 31 December 2013, no salary or fee increases were awarded to non-executive directors, executive directors or senior management of the Company.

The executive pay and reward framework has four components:

- base pay and benefits;
- short term incentives in the form of cash bonuses based on achievement of milestones;
- long term incentives through participation in the Employee Share Option Plan and/ or the Performance Share Plan; and
- other remuneration such as superannuation.

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

Base Pay

Base pay is 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. Base pay for senior executives is reviewed annually to ensure the executive's remuneration is competitive with the market. An executive's base pay is also reviewed on promotion. There are no guaranteed base pay increases included in any senior executive contracts.

Incentives – Cash Bonuses

The Board may pay discretionary cash bonuses or offer performance based incentives. When offered, bonus amounts are pre-determined and are based on achievement of milestones relevant to the Company's strategic objectives.

Expatriate Benefits

Expatriate executives located in Brazil receive benefits including housing, relocation costs and return travel. The Company's focus is to minimise the number of executives on expatriate arrangements.

Retirement Benefits

In accordance with regulatory requirements, Directors and employees are permitted to nominate a superannuation fund of their choice to receive superannuation contributions.

Long Term Incentives – Options and Performance Rights

Long term incentives comprising share options and performance rights are granted from time to time to encourage exceptional performance in the realisation of strategic outcomes and growth in shareholder wealth. Options and performance rights are granted for no consideration and do not carry voting or dividend entitlements. Information on share options and performance rights granted during the year is set out in section 4.3.4.

Short Term Incentive Plan

The Group has implemented a Short Term Incentive Plan ("STI") to motivate and reward employees for the achievement of specific milestones. The milestones are linked to the Group's strategic objectives of becoming a substantial producer of iron ore for both the domestic Brazilian steel market and the global iron ore export market. Achievement of the milestones would result in the payment of a pre-determined cash bonus.

The milestones used and the respective weightings of the milestones will vary by role and are designed to align performance measures to the responsibilities of each role. The STI plan is comprised of non-financial milestones, reflecting the Group's position as a developer of iron ore projects.

Due to the commercially sensitive nature of the milestones, the precise metrics defining the performance objective have not been disclosed. No new STIs were offered in the year ended 31 December 2013. A summary of the milestones in place as at the date of this report is as follows:

Domestic Production Strategy (Jambreiro Project):

- Entering into agreements for the sale of iron ore with Brazilian steel groups;

Project Acquisition:

- Achieve a set production threshold for a new project acquisition; and
- Securing access to new tenement packages adjacent to existing projects.

These milestones have been chosen to ensure the performance of executives is aligned with the Group's broader strategic objectives.

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 and Performance Share 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. Mr Gordon may terminate the agreement by giving 6 months notice. The Company may terminate the agreement by giving 12 months notice.
- Base salary, inclusive of superannuation is $425,000 effective from 1 July 2013, reviewed annually. Provision of four weeks annual leave.
- Short Term Incentive Cash Bonuses – as at 31 December 2013 a bonus of up to 10% of total fixed remuneration is payable on meeting key performance hurdles relating to acquisition of new projects.
- Long Term Incentive Performance Rights – subject to shareholder approval, performance rights are issued under the Company's Performance Share Plan with vesting conditions based on performance hurdles relating to production targets.

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. Entitled to 6 months salary if position is made redundant.
- Base salary, inclusive of superannuation is $400,000 effective from 1 July 2013, reviewed annually. Provision of four weeks annual leave.
- Expatriate benefits including accommodation, relocation expenses and tax equalisation are provided for living in Brazil.
- Long Term Incentive Cash Bonuses – as at 31 December 2013 a bonus of up to 90% of total fixed remuneration is payable on meeting various key performance hurdles relating to commencement of iron ore production, achievement of annualised iron ore production rates and definition of JORC Inferred and Measured Resources exceeding a targeted level from the Group's existing projects or new projects that may be acquired.
- Long Term Incentive Performance Rights – subject to shareholder approval, performance rights are issued under the Company's Performance Share Plan with vesting conditions based on performance hurdles relating to production targets.

J W Westdorp – Chief Financial Officer

- Term of agreement – commenced on 3 December 2012 with no set term. Mr Westdorp or the Company may terminate the agreement by giving 2 months notice. Entitled to 6 months salary if position is made redundant.
- Base salary, inclusive of superannuation is $350,000 effective from 1 July 2013, reviewed annually. Provision of four weeks annual leave.
- Long Term Incentive Performance Rights – performance rights are issued under the Company's Performance Share Plan with vesting conditions based on performance hurdles relating to production and market capitalisation targets.

Non- Executive Directors

Fees and payments to non-executives 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 Chairman's fees are determined independently to the fees of non-executive 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 adjusted with effect from 1 July 2012. The level of fees for Non-executive is set at $60,000 per annum and $90,000 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 $400,000. There is no provision for retirement allowances for Non-executive directors.

Non-executives are eligible to be granted options and performance rights to provide a material additional incentive for their ongoing commitment and dedication to the continued growth of the Group. There have been no new grants of performance rights or options to non-executive during the year. Prior to issuing incentives the Board considers whether the issue is reasonable in the circumstances. In the past incentives have been offered to assist the Company in attracting and retaining the highest calibre of Non-executive, whilst maintaining the Group's cash reserves.

4.3.2 Directors' and Executive Officers' Remuneration

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 other key management personnel of the Group are:

	Short Term Benefits			Post-employment Benefits	Share- based Payments[2]			
12 Months Ended 31 December 2013	Salary & Fees $	Cash Bonus $	Other Benefits[1] $	Super-annuation $	Options and Rights $	Total $	S300A(1)(e)(i) Proportion of Remuneration Performance Related[3] %	S300A(1)(e)(vi) Value of Options and Rights as Proportion of Remuneration %
Non- Executive Directors								
Mr D M Murcia	90,000	-	-	-	11,482	101,482	-	11.3%
Mr R G Hill	54,920	-	-	5,080	-	60,000	-	-
Mr M D Hancock	60,000	-	-	-	-	60,000	-	-
Mr S E Zaninovich (appointed 10 January 2013)	58,692	-	-	-	-	58,692	-	-
Ms S Lyons (resigned 12 April 2013)	16,667	-	-	-	-	16,667	-	-
Mr K G McKay (resigned 10 January 2013)	1,694	-	-	152	-	1,846	-	-
Executive Directors								
Mr D P Gordon	400,000	-	5,514	25,000	(96,209)	334,305	-	-
Mr P E Freund	375,000	-	30,795	25,000	(36,647)	394,148	-	-
Executives								
Mr J W Westdorp	325,000	-	-	25,000	37,034	387,034	9.5%	9.5%
Total	1,381,973	-	36,309	80,232	(84,340)	1,414,174		

(1) Other benefits include non-cash benefits and expatriate benefits for executives located in Brazil.

(2) 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 fair value of the rights is calculated using the 5 day volume weighted average share price prior to date of grant. The value disclosed is the portion of the fair value of the options and rights recognised in this reporting period. During the year performance rights were forfeited due to failure to meet vesting conditions. Share based payment expenses in relation to these performance rights and options were reversed during the period. In addition a number of unvested options and performance rights are not expected to vest due to the revised development strategy for the Jambreiro Project and the expected timeframe required to develop an economic export business for the Project. Share based payment expenses in relation to these performance rights and options which are not expected to vest were reversed during the period.

(3) The vesting of performance rights and options is conditional on the achievement of future targets which if not achieved will result in the forfeiture of the related rights or options. The proportion of performance related remuneration consists of short term incentives and long term incentives. The percentages disclosed include the value of options and performance rights expensed during the year in accordance with Australian Accounting Standards. Details of the vesting conditions related to the options and rights have been disclosed in section 4.3.4.

	Short Term Benefits			Post-employment Benefits	Share- based Payments[(2)]		S300A(1)(e)(i) Proportion of Remuneration Performance Related[(3)]	S300A(1)(e)(vi) Value of Options and Rights as Proportion of Remuneration
6 Months Ended 31 December 2012	**Salary & Fees $**	**Cash Bonus $**	**Other Benefits[(1)] $**	**Super-annuation $**	**Options and Rights $**	**Total $**	**%**	**%**
Non- Executive Directors								
Mr D M Murcia	45,000	-	-	-	6,326	51,326	-	12.3%
Mr K G McKay	27,523	-	-	2,477	-	30,000	-	-
Mr R G Hill	27,523	-	-	2,477	-	30,000	-	-
Mr M D Hancock	30,000	-	-	-	-	30,000	-	-
Ms S Lyons (appointed 11 October 2012)	13,387	-	-	-	-	13,387	-	-
Executive Directors								
Mr D P Gordon	200,000	42,500	5,394	12,500	46,828	307,222	29.1%	15.2%
Mr P E Freund	187,500	70,000	27,182	12,500	36,647	333,829	31.9%	11.0%
Executives								
Mr J Westdorp (appointed 3 December 2012)	27,083	-	-	2,083	5,054	34,220	14.8%	14.8%
Mr G A James[(4)]	110,092	18,000	-	9,909	16,296	154,297	22.2%	10.6%
Total	**668,108**	**130,500**	**32,576**	**41,946**	**111,151**	**984,281**		

(1) Other benefits include non-cash benefits and expatriate benefits for executives located in Brazil.

(2) 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 fair value of the rights is calculated using the 5 day volume weighted average share price prior to date of grant. The value disclosed is the portion of the fair value of the options and rights recognised in this reporting period.

(3) The vesting of performance rights and options is conditional on the achievement of future targets which if not achieved will result in the forfeiture of the related rights or options. The proportion of performance related remuneration consists of short term incentives and long term incentives. The percentages disclosed include the value of options and performance rights expensed during the year in accordance with Australian Accounting Standards and assumes the achievement of all related vesting conditions. Details of the vesting conditions related to the options and rights have been disclosed in section 4.3.4.

(4) Mr G A James held the position of CFO and Company Secretary during 2012. During 2013 he held the position of Company Secretary and has been removed for the 2013 remuneration disclosures as is not deemed to meet the criteria of s300A executive disclosure.

4.3.3 Analysis of Bonuses

Details of the vesting profile of incentive cash bonuses awarded as remuneration to each director of the Company and other key management personnel are detailed below:

	Included In Remun-eration $	Grant Date	% Vested In Year	% Forfeited In Year(4)	% Unvested (5)	Financial Years In Which Unvested Bonus Payable
Executive Directors						
Mr D P Gordon – performance	-(1)	-	0%	60%	40%	2014
Mr P E Freund – performance	-(2)	-	0%	31%	69%	2014
Executives						
Mr J Westdorp – performance	-(3)	-	0%	100%	0%	-

(1) A cash bonus of up to 25% of total fixed remuneration is payable on meeting various key performance hurdles. During the year 60% of the bonus amount was forfeited. Vesting of the remaining 40% is dependent on the achievement of performance hurdles.

(2) A cash bonus of up to 40% of total fixed remuneration is payable on meeting various key performance hurdles. During the year 31% of the bonus amount was forfeited. Vesting of the remaining 69% is dependent on the achievement of performance hurdles.

(3) A cash bonus of up to 30% of total fixed remuneration is payable on meeting various key performance hurdles. During the year 100% of the bonus amount was forfeited.

(4) The amounts forfeited are due to the performance criteria not being met in relation to the current financial period.

(5) No amounts have been accrued as remuneration during the year ended 31 December 2013 as the performance hurdles have not yet been met.

4.3.4 Equity Instruments

A Performance Share Plan (PSP) was adopted by the Board on 23 July 2012 and was approved by shareholders on 31 August 2012. Under the PSP, the Board may from time to time in its absolute discretion grant performance rights to eligible persons including executives and employees, in the form and subject to such terms and conditions as the Board determines. Performance rights are, in effect, options to acquire unissued shares in the Company, the exercise of which is subject to certain performance milestones and remaining in employment during the vesting period. Performance rights are granted under the PSP for no consideration and are granted for a period not exceeding 5 years. The performance rights will only vest into shares if the performance conditions relating to the targets are met.

Options are granted under the Employee Share Option Plan (ESOP) which was approved by shareholders at the 2013 annual general meeting. Eligibility to participate in the ESOP (including executive and non-executive directors) is determined by the Board in its absolute discretion. Where provided, options granted under the ESOP are for no consideration and are granted for a period of up to 5 years. The vesting and exercise conditions of options granted are also determined by the Board in its absolute discretion. Employees must remain in employment during the vesting period. Options may also be granted by the Company outside of the ESOP, but under similar terms and conditions.

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

Rights over Equity Instruments Granted as Compensation
There were no rights over ordinary shares granted, either under the ESOP or the PSP, as remuneration to key management personnel during the reporting period. There were no rights that vested during the reporting period.

Analysis of Rights over Equity Instruments Granted as Compensation
Details of vesting profiles of the rights and options held by each key management person of the Group are detailed below:

PERFORMANCE RIGHTS	Number Of Performance Rights Issued	Grant Date	% Vest In Year	% Forfeited In Year	Financial Year In Which Grant Vests
Executive Director					
Mr D Gordon	300,000	31/08/12	-	100%	-
	400,000	31/08/12	-	-	2015(1)
Mr P Freund	300,000	31/08/12	-	100%	-
	300,000	23/11/12	-	-	2014(2)
Executives					
Mr J Westdorp	100,000	03/12/12	-	100%	-
	200,000	03/12/12	-	-	2015(1)
	200,000	03/12/12	-	-	2016(3)

(1) Performance rights vest on first sale of iron ore into the export market from the Company's current or future Brazilian Projects on or before 30 June 2015.

(2) Performance rights vest on first sale of iron ore into the export market from the Company's current or future Brazilian Projects on or before 30 June 2014.

(3) Performance rights vest on market capitalisation exceeding $500 million by 30 June 2016.

Analysis of Options over Equity Instruments Granted as Compensation

Details of vesting profiles of the options granted as remuneration to key management personnel of the Group are detailed below:

OPTIONS	Number Of Options Issued	Grant Date	% Vest In Year	% Forfeited In Year	Financial Year In Which Grant Vests
Director					
Mr D Murcia	62,500	30/11/10	100%(3)	-	-
Executive Director					
Mr D Gordon	125,000	31/03/10	-	-	2015(1)
	125,000	31/08/10	-	-	2015(2)

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

(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.

(3) Options vested on completion of service conditions. These options had a fair value of $0.60 at grant date with an exercise price of $0.88.

Modification of Terms of Equity-Settled Share-Based Payment Transactions

The Board of Directors modified the vesting conditions for options granted to employees which 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. This requirement was revised down via Board approval to 150,000 tonnes per month over a consecutive 3 month period. This modification does not apply to the vesting conditions of the options held by the Managing Director, Mr D Gordon.

There are no amounts unpaid on the shares issued as a result of the exercise of the options for the year ended 31 December 2013.

Exercise of Options Granted as Compensation

There were no shares issued on exercise of options which were previously granted as compensation to key management personnel.

Options and Rights Over Equity Instruments

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

	Held 1 January 2013	Granted as Compensation	Exercised	Other Changes(4)	Held 31 December 2013	Vested During the Period	Vested and Exercisable 31 December 2013
Directors							
Mr D M Murcia	312,500	-	-	-	312,500	62,500	312,500
Mr D P Gordon	1,450,000	-	-	(300,000)	1,150,000	-	500,000
Mr P E Freund	2,600,000	-	-	(300,000)	2,300,000	-	2,000,000
Mr R G Hill	187,500	-	-	-	187,500	-	187,500
Mr M Hancock	-	-	-	-	-	-	-
Mr S E Zaninovich(1)	-	-	-	-	-	-	-
Ms S Lyons(2)	-	-	-	-	-	-	-
Mr K G McKay(3)	250,000	-	-	(250,000)(5)	-	-	-
Executives							
Mr J Westdorp	500,000	-	-	(100,000)	400,000	-	-

(1) Appointed 10 January 2013.
(2) Resigned 12 April 2013.
(3) Resigned 10 January 2013.
(4) Other changes represent options that expired or were forfeited during the year.
(5) Due to resignation during the year.

Analysis of Movements in Options and Rights

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

	Value Of Options Granted $(A)	Value Of Performance Rights Granted $(B)	Value Of Options Exercised In Year $(C)	Value Of Options Lapsed In Year $(D)	Value Of Performance Rights Lapsed In Year $(E)
Director					
Mr D P Gordon	-	-	-	-	60,000
Mr P E Freund	-	-	-	-	60,000
Executives					
Mr J W Westdorp	-	-	-	-	20,000

(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.
(B) The value of performance rights granted in the period is the fair value calculated using the 5 day volume weighted average share price prior to grant date. This amount is allocated to remuneration over the vesting period.
(C) 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.
(D) The value of unvested options that lapsed during the year represents the benefit forgone and is calculated at the date the options lapsed using the Black Scholes option-pricing model assuming the performance criteria had been achieved.
(E) The value of unvested performance rights that lapsed during the year represents the benefit forgone and is calculated based on the share price at the date the performance rights lapsed assuming the performance criteria had been achieved.

4.3.5 Key Management Personnel Transactions

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 Value		Balance Outstanding As At	
		2013	2012	**2013**	2012
Key Management Person	**Transaction**	**$**	$	**$**	$
Mr D M Murcia[1]	Legal fees	**28,691**	35,836	**-**	6,303
Total and current liabilities				**-**	6,303

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

Shareholdings of Key Management Personnel

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

	Held 1 January 2013	Purchases	Received on Exercise of Options	Sales	Other[4]	Held at 31 December 2013
Mr D M Murcia	1,613,405	-	-	-		1,613,405
Mr D P Gordon	6,769,791	-	-	-		6,769,791
Mr P E Freund	25,000	-	-	-		25,000
Mr R G Hill	1,569,430	-	-	-		1,569,430
Mr M Hancock	33,333	-	-	-		33,333
Mr S E Zaninovich[1]	-	-	-	-	6,250	6,250
Ms S Lyons[2]	-	-	-	-	-	-
Mr K G McKay[3]	377,375	-	-	-	(377,375)	-
Mr J Westdorp	-	-	-	-	-	-

All equity transactions with Key Management Personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms length.

(1) Appointed 10 January 2013.

(2) Resigned 12 April 2013.

(3) Resigned 10 January 2013.

(4) Other changes represent balances held on appointment/ resignation.

4.4 Audit & Risk Committee

The Audit & Risk Committee operates in accordance with its Charter which is available on the Company's website. The role of the Committee is to assist the Board to meet its oversight responsibilities in relation to the Company's financial reporting, compliance with legal and regulatory requirements, internal control structure, risk management procedures, and the internal audit (if and when appointed) and external audit functions.

The members of the Committee are appointed by the Board. The Committee shall consist of at least three non-executive directors, consisting of a majority of independent directors. The Chairman of the Committee should be an independent director, who is not Chairman of the Board.

All persons appointed to the Committee should be financially literate (able to read and understand financial statements) and have sufficient financial knowledge and understanding to allow them to discharge their duties.

The Committee will meet as frequently as necessary, but at least twice a year, in order to carry out the responsibilities of the Committee. Any Committee member may convene a meeting of the Committee.

The Committee may extend an invitation to any person to attend all or part of any meeting which it considers appropriate. The Committee may meet with external advisers, any executive or other employee, any other non-executive director, and may do so with or without the presence of management.

All Board members wishing to attend are entitled to be present at Committee Meetings (except in circumstances where there is a conflict of interest). The Managing Director, Chief Financial Officer, Company Secretary and representatives of the external auditor will normally be invited to attend meetings.

The Chairman of the Committee will report to the Board, at the following Board meeting, on the proceedings of each meeting of the Committee, bringing forward all recommendations of the Committee which require Board endorsement or approval. A copy of Committee papers should be circulated to all Directors who are not members of the Committee.

The Committee has ensured that the Managing Director and Chief Financial Officer have provided the following written declarations to the Board prior to the sign-off of the annual financial reports:

- 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 Committee is responsible for monitoring the Company's external auditor relationship and makes recommendations to the Board in relation to the appointment, termination and oversight of the external auditor.

The Company appoints as external auditor an internationally recognised and respected accountancy firm which has clearly demonstrable audit quality processes and resources to carry out the assignment and who is independent from the Company.

The external auditor is required to provide an annual declaration of independence to the 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.

The external auditor is required to rotate the audit and review partners at least once every five years. A previous audit partner should not be involved in the Company's audit for at least two years subsequent.

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 31 to the financial statements.

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

4.5 Risk Management

The Company recognises that risk is inherent to its business and effective management of risk is essential for the achievement of the Company's objectives and to sustainable success.

Successful risk management can enhance opportunities, reduce threats and maximise competitive advantage.

The objective of the Company's risk management system is to provide a consistent process for the recognition and management of risks across its business. The success of the Company's risk management system lies in the responsibility placed on everyone at all levels to proactively identify, manage, review and report on risks relating to the objectives they are accountable for delivering.

The Company applies a structured approach to identifying key areas of business risk which include strategic, health and safety, environment, human capital, finance, technology, reputation and brand, legal and compliance, and social and cultural.

At a strategic level, the Board undertakes periodic reviews of strategic and corporate risks facing the Company. The Board may use the services of external risk management consultants in these reviews. At an operational level, senior management conduct regular reviews of operational risks. These reviews may include participation by the Company's key service providers and external risk management consultants.

A risk register is developed from the risk reviews. The risk register includes details of the risks identified, qualitative risk assessment and the risk response plan. A consolidated report of key strategic, corporate and operational risks and the appropriate management strategies is prepared and presented to the Audit & Risk Committee of the Board, which meets at least two times per year.

The Company's risk profile may change over time. Part of the process of regular reviews of existing risks is to identify new and emerging risks.

Due to the size and nature of the Company, an internal audit function has not been established or internal audit review conducted.

The Board oversees the processes by which risks are managed. This will include the Company's risk appetite, monitoring of risk performance and those risks that may have a material impact to the business.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management. The Board delegates detailed review of the risk management systems to the Audit & Risk Committee. This Committee reports regularly to the Board.

The Managing Director and Chief Financial Officer are required to state to the Board in writing that the declaration relating to the integrity of the Company's financial statements is founded on a sound system of risk management and that the system is operating in all material respects in relation to financial reporting risks.

Senior management is responsible for the design and implementation of the risk management system to manage the Company's risks and report to the Board whether those risks are being effectively managed.

4.6 Ethical Standards

Code of Conduct

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 available on the Company's website. 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.

Securities Trading Policy

The Company has adopted a Securities Trading Policy which is available on the Company's website.

The Policy applies to executive and non-executive directors, full-time, part-time and casual employees, and contractors, consultants and advisers of the Company. Additional trading restrictions apply to directors and senior managers (means those managers who report directly to the Managing Director).

The Policy prohibits dealings in the Company's securities when in possession of price-sensitive information that is not generally available to the market.

Directors and employees must not partake in short-term trading of the Company's securities which is defined as less than a 30-day period.

Directors and senior managers are prohibited from trading in the Company's securities during the following blackout periods:

- 1 week prior to the release of annual and half yearly accounts to the ASX;
- 1 week prior to the release of the quarterly results announcement to the ASX; and
- 2 business days after the release of any ASX announcement.

Trading during blackout periods may only be permitted with prior approval of the Chairman (or, in the case of the Chairman, with the approval of the Chair of the Audit & Risk Committee), where there are exceptional circumstances (such as severe financial hardship) and the director or senior manager is not aware of inside information.

Before trading in the Company's securities during periods outside of the Blackout Periods (if permitted by the Policy), directors and senior managers must comply with the following:

- Directors must advise the Chairman prior to any proposed trading; and
- In the case of the Chairman and senior managers, they must advise the Managing Director and Company Secretary.

Directors must notify the Company Secretary promptly of sufficient details of any trading to enable notice to be filed in accordance with the ASX Listing Rules within 5 business days of the trading.

Before any director or senior manager enters into a loan arrangement (for example margin lending) whereby the Company's securities are mortgaged, provided as security, lent or charged to a financier, they must comply with the following:

- Directors must seek approval from the Chairman; and
- In the case of the Chairman and senior managers, they must seek approval from the Managing Director.

Directors and senior managers must also inform the Company Secretary of all loan arrangements affecting the Company's securities. This includes the creation, variation or discharge of security arrangements.

Directors and employees participating in an equity-based incentive plan are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in the Company's securities.

Anti-Bribery & Corruption Policy

During the year the Company adopted an Anti-Bribery & Corruption Policy which is available on the Company's website.

The Company is committed to operating in a manner consistent with the laws of the jurisdictions in which it operates, including those relating to anti-bribery and corruption. Honesty, integrity and fairness are considered integral to the way the Company operates, and conduct associated with bribery and corruption is inconsistent with these values.

The Company has a strict policy which does not tolerate that its personnel, suppliers and all third parties who we do business with engage in activity that constitutes bribery or corruption. The Company strictly prohibits the payment, offer or authorisation of a bribe, as well as the receipt or acceptance of a bribe.

The Anti-Bribery and Corruption Policy sets out the Company's policy requirements and procedures to ensure compliance with applicable anti-bribery and anti-corruption laws.

A breach of the Policy is a serious matter which will be investigated and addressed by the Company.

Disciplinary action will be taken against any personnel who breach the Policy. This includes failure to report breaches of the Policy. The action taken will depend on the severity of the breach but may include:

- reprimands;
- formal warnings;
- demotions; and
- termination of employment or any analogous arrangements.

In the case of third parties to whom the Policy also applies, Centaurus will not hesitate to terminate its relationship with a third party who has been found to breach the Policy.

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 being 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 Diversity

The Group values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilises the contribution of all its employees. The purpose of this policy is to provide diversity and equality relating to all employment matters. The Group's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The Group opposes all forms of unlawful and unfair discrimination.

Gender Diversity

The Board is responsible for establishing and monitoring on an annual basis the achievement against gender diversity objectives and strategies, including the representation of women at all levels of the organisation. The proportion of women within the whole organisation was as follows:

	2013	2012
Women employees in the whole organisation	36%	30%
Women in Senior Executive positions	0%	0%
Women on the Board of Directors	0%	14%

The Board recognises that there is a gender imbalance amongst senior management and non-executive director positions, and that an opportunity exists to address this upon future appointments to these positions.

A copy of the Diversity Policy is available on the Company's website.

4.9 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 majority of the Board should be independent directors. The Board consists of six directors, consisting of four non-executive directors and two executive directors. Of the four non-executive directors, three are deemed to be independent directors. The other non-executive director, Mr Hancock, is the representative of the Company's largest shareholder, and as such does not meet the requirement to qualify as an independent director. The current size of the Company does not justify a larger Board with a majority of independent directors.
- The Board should establish a Nomination Committee. 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.
- Companies should establish measurable objectives for achieving gender diversity. Due to the size of the Company, the Board does not deem it practical to limit the Company to specific targets for gender diversity as it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

- 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 that there are circumstances where the issue of options is reasonable and will 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 strategic objectives.

5 Principal Activities

During the period the principal activities of the Group consisted of exploration and pre-development activities related to iron ore mineral resources. There were no 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

	12 Months 31 December 2013 $	6 months 31 December 2012 $
Interest Income	**693,518**	543,011
Other Income	**494**	482,122
	694,012	1,025,133
Loss before income tax expense	**(35,921,292)**	(9,125,800)
Income tax benefit	**3,206,305**	-
Loss attributable to members of Centaurus Metals Limited	**(32,714,987)**	(9,125,800)

Financial Performance

In 2012 the Group changed its financial year end from June to December and as a result of this change the comparative period covers the six month period from 1 July 2012 to 31 December 2012. During the year ended 31 December 2013 the Group recognised an impairment loss of $18,690,780 on the carrying values of two of its Iron Ore Projects, Itambé and Passabém. These projects were assessed for impairment as a result of the Group's intent to focus on the Jambreiro project. This impairment resulted in the reversal of a previously recognised deferred tax liability resulting in an income tax benefit of $3,206,305. Exploration and Evaluation costs totalling $12,240,270 (2012 $7,115,483) were expensed in accordance with the Group's accounting policy. The exploration and evaluation costs primarily comprise costs in relation to project development and engineering work at the Jambreiro project in Brazil, in addition to exploration work undertaken at Canavial and Candonga.

Financial Position

At the end of the period the Group had a net cash balance of $4,843,508 (2012: $23,402,755) and net assets of $12,008,268 (2012: $44,345,983). Total liabilities amounted to $1,680,558 (2012: $5,838,893) and were limited to trade and other payables, employee benefits and deferred tax liabilities.

Strategy

The key focus of the Group during the year has remained on its Domestic Iron & Steel Strategy, which is based on commencing production from its flagship Jambreiro Iron Ore Project in Brazil. The Group achieved a number of important milestones during year which will assist in achieving this goal.

Production from this operation is planned to be sold into the large domestic steel industry in south-eastern Brazil, which is based in and around the world class iron ore mining region of south-eastern Brazil known as the "Iron Quadrangle".

In the longer term Centaurus holds a portfolio of iron ore assets that will be evaluated as potential future production centres or hubs for the Company's Domestic Strategy. These include the Guanhães tenements – Canavial and Candonga, for which Centaurus announced maiden resource estimates during the year.

In addition to producing iron ore to sell into the Brazilian steel industry, Centaurus also plans to sell iron ore into the seaborne market. This Export Market Strategy plans to leverage off the cash flow to be generated by the domestic iron ore business to develop projects around existing port and rail infrastructure.

Project Activities

Jambreiro Iron Ore Project (Centaurus 100%)

During the year the Company announced a staged development plan for the Jambreiro Project based on the commencement of production at 1 Mtpa[1] with the ability to subsequently increase to 2-3Mtpa. No further environmental approvals will be required for this expansion as the Project is already licenced for a 3Mtpa production rate. This revised development strategy will result in a substantial reduction in pre-production capital, enabling the Company to commence development with significantly less financing risk and in the shortest possible timeframe. Subject to finalisation of an appropriate funding package, development is planned to commence during the first half of 2014 with first production targeted during the first half of 2015.

The Company's plan is to establish a strong cash flow business from the initial 1Mtpa Jambreiro development and then expand the production rate into the domestic market or as soon as an export path is established for the Jambreiro high-grade product into the seaborne market.

Mining Lease Granted
During the year the Company secured the grant of three Concessão de Lavra (Mining Leases) that comprise the tenement package at Jambreiro. The grant of the group of Mining Leases by the Ministry of Mines and Energy in Brazil – which have been officially gazetted in the Diário Oficial da União – represents a key strategic asset of the Company for future mining operations at Jambreiro.

The grant will also greatly assist Centaurus to complete the funding process for the development of the Jambreiro Project. Whilst the grant of the Mining leases was not required to enable construction to commence at Jambreiro, it will ensure that Centaurus is able to commence operations and generate positive cash flows on completion of the construction process.

Environmental Approvals
In March 2013, the Federal Department of Mineral Production (DNPM) in Brazil approved the PAE (Economic Development Plan) for the Jambreiro Iron Ore Project. The receipt of the PAE approval represented the final approval required from the DNPM before the relevant environmental agencies could issue the Installation Licence (LI) for the Project. The Company subsequently secured the key LI for the Jambreiro Project in April 2013, clearing the way for on-site construction to commence.

Initial Site Works
With the Company having secured the key environmental Installation Licence for the Jambreiro Project, Centaurus commenced some initial on-site work during the year. Water availability during construction and the operational phase is an important consideration for the Project.

Accordingly, a local earthmoving contractor was engaged to construct a temporary coffer dam immediately upstream from the site for the project's main tailings dam wall.

Engineering Work
Two key contracts for the Jambreiro Project, the Management Support Contract and the Detailed Engineering and Procurement Contract, were awarded during the period.

A detailed review and refinement of the plant general arrangement and layout was conducted, which resulted in a reduction of the plant footprint and therefore the earthworks required.

[1] Refer to ASX announcements dated 20 December 2013 and 13 January 2014 for details of the material assumptions underpinning the production target for the Jambreiro Project. The Company confirms that all the material assumptions underpinning the production target continue to apply and have not materially changed.

A significant focus of this effort was the utilisation of the natural site contours to minimise power demand during operations. While this will be valuable for the full project life, it has also assisted greatly in reducing unit power consumption and allowed the project to consider a start-up utilising contracted higher unit cost diesel power while still achieving a reasonable cost per tonne of finished high-grade product.

Competitive turnkey pricing for complete supply and installation has also been obtained, strengthening confidence in all previous study work. This was prepared for the original 2Mtpa project and is now being requoted for a 1Mtpa plant production rate to accommodate the change in the initial production rate.

Specific areas of detailed design work progressed and completed include the project water supply involving intake works, pipeline route and the combined water storage/tailings dam. The designs for these facilities have been phased, again assisting in the deferment of some capital costs under the new production scenario.

While not essential for a 1Mtpa start-up, the preferred locations for the power sub-stations and overall land requirement for the grid power supply have been progressed with CEMIG, the eventual grid power transmission authority.

Offtake Arrangements

The Company continued to progress discussions with a leading Brazilian-based iron ore and steel group in respect to off-take and encompassing a long term, take-or-pay arrangement.

While these negotiations are progressing, the finalisation of this off-take arrangement is reliant on the re-commencement of construction of a new port development in the south-east region of Brazil. This new port development should provide an opportunity for the potential off-taker to optimise its iron ore consumption – including any future arrangement in respect to Jambreiro ore – between the domestic and export markets.

At present, the timely completion of this partially constructed port capacity is awaiting the recommencement of on site activities following the settlement of the sale of the port development to new international third parties.

Other Project Activities

An in-fill RC drill program was completed, enabling some of the existing Inferred Resources falling within the current pit design to be converted to Measured and Indicated Resources.

The Company's JORC 2004 Mineral Resource estimate at Jambreiro now stands at 128 million tonnes (Measured, Indicated and Inferred) at an average grade of 27.2% Fe[2].

The Company contracted a number of environmental monitoring programs which are required under the Licence terms to be maintained during the period of site disturbance.

A Memorandum of Understanding (MOU) with the State of Minas Gerais and a group of key State Departments which will result in the provision of important fiscal concessions and project facilitation benefits for the development of the Project was secured.

The Company also made significant progress engaging with potential debt financiers. Key terms of a term sheet for a project finance facility were discussed and an Independent Engineer completed an Independent Technical Report for the purpose of debt financiers.

Export Opportunity

In conjunction with the development of the new base case production scenario for Jambreiro, the Company has also been actively pursuing potential avenues to export Jambreiro product using the existing and well established EFVM rail line and a number of port alternatives in the vicinity of both the Brazilian port of Vitória and the major Tubarão port complex in the State of Espírito Santo.

In this regard, the Company has commenced discussions to establish contractual arrangements with Rail and Port operators of the infrastructure required to establish a future permanent export path for Jambreiro ore. Shorter term contracts for suitable logistics services are available immediately for the project capacity now contemplated and further work is now in progress to establish long-term permanent logistics capacity which will support a future export development option.

[2] Refer to ASX announcement dated 29 July 2013 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Candonga Iron Ore Project (Centaurus 100%)

During the year, the Company undertook a drilling campaign at the Candonga Iron Ore Project, located 33km from Jambreiro. A maiden JORC 2004 Mineral Resource estimate was delivered of 11.9 Mt grading 43% Fe[3] including 0.9Mt of high grade itabirite mineralisation grading 58.6%.

It is expected that the Candonga mineralisation will be able to be upgraded to a high grade, low impurity product using a similar process flowsheet to the one that will be utilised at Jambreiro.

The Company successfully lodged the Final Exploration Report with the DNPM in November 2013. In parallel, an application for a temporary Mining License is being prepared that allows mining of 300,000 tonnes of ROM material per licence and requires simplified environmental licenses.

Canavial Iron Ore Project (Centaurus 100%)

During the year Centaurus delivered a maiden JORC 2004 Mineral Resource estimate for the Canavial Project of 27.6 million tonnes (Indicated and Inferred) at an average grade of 30.5% Fe[4]. Canavial is a key satellite deposit located 10km to the south-west of Jambreiro.

The Resource includes a significant component (15.8 million tonnes grading 33.2% Fe) of friable itabirite mineralisation which complements that of the Jambreiro Project.

The JORC Resources defined at Canavial and Candonga, when combined with the latest Jambreiro Resource estimate, boosts the Company's total JORC compliant Resource Inventory in the Guanhães region of south-eastern Brazil to over 167 million tonnes at an average grade of 28.9% Fe and the Company's total Resource Inventory in south-eastern Brazil to over 216 million tonnes at an average grade of 29.6% Fe. Importantly the Company's friable itabirite Resource Inventory in the Guanhães region has been lifted to over 89 million tonnes at an average grade of 30.8% Fe[5].

Competent Person's Statement

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

Roger Fitzhardinge and Volodymyr Myadzel have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Roger Fitzhardinge and Volodymyr Myadzel consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Corporate

In January 2013, the Company appointed experienced mining and project management executive, Mr Steven Zaninovich, as a non-executive Director. Mr Zaninovich filled a vacancy created by the retirement of long serving non-executive Director, Mr Keith McKay. On 12 April, Ms Sheila Lyons resigned as a non-executive Director. Ms Lyons joined the Board in October 2012 as a nominee of the Company's second largest shareholder, Liberty Metals & Mining Holdings, LLC ("LMM"), which holds a 12.8% interest in the Company.

[3] Refer to ASX announcement dated 8 August 2013 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
[4] Refer to ASX announcement dated 31 May 2013 for full details of the Resource estimate. This Resource estimate has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
[5] Refer to ASX announcement dated 8 August 2013 for further details of the Company's Resource inventory.

Factors and Business Risks Affecting Future Business Performance

The following factors and business risks could have a material impact on the Company's success in delivering its strategy of becoming an iron ore producer:

Access to Funding
The Company's ability to successfully develop future projects is contingent on the ability to fund those projects from operating cash flows or through affordable debt and equity raisings. The development of the Jambreiro Project is contingent on developing a debt and equity funding solution.

Iron Ore Commodity Prices
The iron ore price fluctuates according to changes in demand and supply. The Company is exposed to changes in the iron ore price, which could affect the profitability of the Company's projects. Significant adverse movements in the iron ore price could also affect the ability to raise debt and equity to fund the development of projects.

Exchange Rates
The Company will be exposed to changes in the US Dollar and the Brazilian Real. Sales of iron ore will be denominated in US Dollars. The Company's CAPEX and OPEX costs will be primarily denominated in Brazilian Real.

Project Implementation
The implementation of new projects on time and on budget is critical to maximising shareholder returns.

Access to Infrastructure
Success in selling iron ore to international export markets will be dependent on securing access to rail and port infrastructure. The Company is in discussions with rail and port operators of the infrastructure required to establish a future permanent export path for Jambreiro ore.

Operating Risks
Once in operations, the Company will be exposed to a number of factors and business risks including mining, beneficiation of ore, health and safety and environmental issues.

Emphasis of Matter

The audit opinion for the year ended 31 December 2013 contains an emphasis of matter in relation to potential uncertainty regarding continuation as a going concern. The Financial Statements have been prepared on the basis of going concern. The Group will require funding in order to continue its exploration activities and to fund development of the Jambreiro Iron Ore Project. Refer to Note 2 of the Financial Report for further details.

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

In the interval between the end of the financial year and the date of this report no 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, has arisen.

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 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.

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	Employee Rights
Directors			
Mr D M Murcia	1,613,405	312,500	-
Mr D P Gordon	6,769,791	750,000	400,000
Mr P E Freund	25,000	2,000,000(1)	300,000
Mr R G Hill	1,569,430	187,500	-
Mr M D Hancock	33,333	-	-
Mr S Zaninovich	6,250	-	-

(1) These options were issued as replacement awards pursuant to the takeover of Centaurus Resources Limited in 2010.

12 Share Options & Rights

Options & Rights Granted to Directors and Executives of the Company

During or since the end of the period, there have been no options or performance rights granted.

Unissued Share Options and Performance Rights

At the date of this report unissued ordinary shares of the Company under option (issued under the ESOP & PSP) are:

Expiry Date	Exercise Price	Employee Options Vested	Employee Options Unvested	Non - Employee Options Vested	Non - Employee Options Unvested	Total Number of Shares Under Option
17/07/14	$0.40	125,000	-	-	-	125,000
17/07/14	$0.60	281,250	-	-	-	281,250
17/07/14	$0.80	406,250	-	-	-	406,250
17/07/14	$0.96	125,000	-	-	-	125,000
31/08/14	$0.80	-	-	625,000	-	625,000
31/08/14	$0.96	-	-	625,000	-	625,000
31/08/14	$1.20	-	-	3,750,000	-	3,750,000
01/10/14	$0.88	56,250	137,500	-	-	193,750
31/10/14	$0.56	2,000,000	-	-	-	2,000,000
31/12/14	$0.80	-	300,000	200,000	-	500,000
31/12/14	$1.30	-	-	200,000	-	200,000
31/12/14	$1.80	-	-	400,000	-	400,000
15/02/15	$0.64	-	93,750	-	-	93,750
06/03/15	$1.04	12,500	-	-	-	12,500
31/03/15	$0.64	62,500	250,000	-	-	312,500
31/03/15	$0.80	62,500	-	-	-	62,500
31/03/15	$0.96	62,500	-	-	-	62,500
19/07/15	$0.76	12,500	75,000	-	-	87,500
29/08/15	$0.80	6,250	31,250	-	-	37,500
30/11/15	$0.88	125,000	-	-	-	125,000
04/02/16	$1.04	37,500	150,000	-	-	187,500
30/01/17	$0.80	100,000	300,000	-	-	400,000
		3,475,000	**1,337,500**	**5,800,000**	**-**	**10,612,500**

Expiry Date	Exercise Price	Employee Rights Vested	Employee Rights Unvested	Non - Employee Rights Vested	Non - Employee Rights Unvested	Total Number Of Shares Under Rights
31/08/17	$0.00	-	1,510,000	-	-	1,510,000
03/12/17	$0.00	-	500,000	-	-	500,000
		-	**2,010,000**	**-**	**-**	**2,010,000**

13 Indemnification and Insurance of Officers and Auditors

During the period, the Company 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 period 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, 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.

	12 Months 31 December 2013 $	6 months 31 December 2012 $
Audit Services		
Auditors of the Company		
Audit and review of financial reports KPMG	**129,932**	69,634
Services other than statutory audit		
Taxation compliance services KPMG	**42,988**	61,320

15 Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 60 and forms part of the directors' report for the period ended 31 December 2013.

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

D P Gordon
Managing Director
Perth
25 March 2014

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 31 December 2013

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 31 December 2013 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

Graham Hogg
Partner

Perth

25 March 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	12 Months 31 December 2013 $	6 months 31 December 2012 $
Profit or Loss			
Other income	7	**494**	482,122
Exploration expenditure		**(12,240,270)**	(7,115,483)
Reversal of provision for impairment		**-**	136,642
Impairment of available for sale investments		**(497,678)**	(23,438)
Impairment of exploration and evaluation	19	**(18,690,780)**	(105,758)
Employee benefits expense	8	**(2,913,442)**	(1,457,339)
Share based payments (expense)/ reversal	11	**80,413**	(267,045)
Occupancy expenses		**(443,483)**	(233,872)
Listing and share registry fees		**(56,150)**	(103,102)
Professional fees		**(453,246)**	(256,348)
Depreciation	9	**(153,942)**	(64,561)
Other expenses		**(1,266,390)**	(648,619)
Results from operating activities		**(36,634,474)**	(9,656,801)
Finance income		**716,096**	543,011
Finance expenses		**(2,914)**	(12,010)
Net finance income	10	**713,182**	531,001
Loss before income tax		**(35,921,292)**	(9,125,800)
Income tax benefit	12	**3,206,305**	-
Loss for the period		**(32,714,987)**	(9,125,800)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		**(42,048)**	110,972
Exchange differences arising on translation of foreign operations		**499,733**	(53,031)
Other comprehensive income (loss) for the period		**457,685**	57,941
Total comprehensive loss for the period		**(32,257,302)**	(9,067,859)
Earnings per Share		**Cents**	Cents
Basic loss per share	14	**(16.71)**	(5.14)
Diluted loss per share	14	**(16.71)**	(5.14)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	**2013 $**	2012 $
Current assets			
Cash and cash equivalents	15(a)	**4,843,508**	23,402,755
Other receivables and prepayments	16	**722,336**	913,105
Total current assets		**5,565,844**	24,315,860
Non-current assets			
Other receivables	16	**1,607,353**	1,336,437
Other investments including derivatives	17	**578,730**	1,120,679
Property, plant and equipment	18	**1,413,551**	965,589
Exploration and evaluation assets	19	**4,523,348**	22,446,311
Total non-current assets		**8,122,982**	25,869,016
Total assets		**13,688,826**	50,184,876
Current liabilities			
Trade and other payables	20	**1,207,301**	2,321,754
Employee benefits	21	**469,385**	433,044
Total current liabilities		**1,676,686**	2,754,798
Non-current liabilities			
Deferred tax liabilities	22	**3,872**	3,084,095
Total non-current liabilities		**3,872**	3,084,095
Total liabilities		**1,680,558**	5,838,893
Net assets		**12,008,268**	44,345,983
Equity			
Share capital		**98,766,042**	98,766,042
Reserves		**(76,702)**	(453,974)
Accumulated losses		**(86,681,072)**	(53,966,085)
Total equity		**12,008,268**	44,345,983

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Note	Issued Capital $	Option Reserve $	Share-Based Payments Reserve $	Fair Value Reserve $	Foreign Currency Translation $	Accumulated Losses $	Total Equity $
Balance at 1 January 2013		**98,766,042**	**2,966,597**	**2,791,614**	**110,972**	**(6,323,157)**	**(53,966,085)**	**44,345,983**
Loss for the period		-	-	-	-	-	(32,714,987)	(32,714,987)
Net change in fair value of available-for-sale financial assets		-	-	-	(42,048)	-	-	(42,048)
Foreign currency translation difference for foreign operation		-	-	-	-	499,733	-	499,733
Total comprehensive loss for the period		**-**	**-**	**-**	**(42,048)**	**499,733**	**(32,714,987)**	**(32,257,302)**
Share-based payment/ (reversal) transactions		-	-	(80,413)	-	-	-	(80,413)
Total transactions with owners		**-**	**-**	**(80,413)**	**-**	**-**	**-**	**(80,413)**
Balance at 31 December 2013		**98,766,042**	**2,966,597**	**2,711,201**	**68,924**	**(5,823,424)**	**(86,681,072)**	**12,008,268**

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 31 December 2013

	Note	Issued Capital $	Option Reserve $	Share-Based Payments Reserve $	Fair Value Reserve $	Foreign Currency Translation $	Accumulated Losses $	Total Equity $
Balance at 1 July 2012		**72,710,747**	**2,966,597**	**2,524,569**	**-**	**(6,270,126)**	**(44,840,285)**	**27,091,502**
Loss for the period		-	-	-	-	-	(9,125,800)	(9,125,800)
Net change in fair value of available-for-sale financial assets		-	-	-	110,972	-	-	110,972
Foreign currency translation difference for foreign operation		-	-	-	-	(53,031)	-	(53,031)
Total comprehensive income for the period		**-**	**-**	**-**	**110,972**	**(53,031)**	**(9,125,800)**	**(9,067,859)**
Issue of ordinary shares		26,200,916	-	-	-	-	-	26,200,916
Share Issue Costs		(820,621)						(820,621)
Issue of ordinary shares on exercise of options		675,000	-	-	-	-	-	675,000
Share-based payment transactions		-	-	267,045	-	-	-	267,045
Total transactions with owners		**26,055,295**	**-**	**267,045**	**-**	**-**	**-**	**26,322,340**
Balance at 31 December 2012		**98,766,042**	**2,966,597**	**2,791,614**	**110,972**	**(6,323,157)**	**(53,966,085)**	**44,345,983**

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 CASH FLOWS

For the year ended 31 December 2013

	Note	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Cash flows from operating activities			
Exploration and evaluation expenditure		**(12,510,697)**	(8,920,178)
Payments to suppliers and employees (inclusive of goods and services tax)		**(5,228,180)**	(2,806,958)
Interest received		**850,500**	428,334
Net cash used in operating activities	15(b)	**(16,888,377)**	(11,298,802)
Cash flows from investing activities			
Payments for plant & equipment		**(784,974)**	(153,211)
Payments for mine development		**-**	(33,874)
Acquisition of exploration assets		**(961,467)**	-
Proceeds from sale of plant & equipment		**43,834**	-
Net cash used in investing activities		**(1,702,607)**	(187,085)
Cash flows from financing activities			
Proceeds from issue of equity securities		**-**	26,875,916
Capital Raising Costs		**-**	(820,621)
Net cash used in financing activities		**-**	26,055,295
Net increase/(decrease) in cash and cash equivalents		**(18,590,984)**	14,569,408
Cash and cash equivalents at the beginning of the period		**23,402,755**	8,845,662
Effect of exchange rate fluctuations on cash held		**31,737**	(12,315)
Cash and cash equivalents at 31 December	15(a)	**4,843,508**	23,402,755

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

Note 1. Reporting Entity

Centaurus Metals Limited ("the Company") is a company domiciled in Australia. The Company's registered office is at Level 1, 16 Ord Street, West Perth WA 6005. The consolidated financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (collectively the "Group" and individually "Group entities"). The Group is a for-profit entity and primarily is involved in exploration for and development of iron ore resources.

Note 2. Basis of Preparation

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 Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 25 March 2014.

Basis of Measurement

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

- Derivative financial instruments are measured at fair value;
- Available-for-sale financial assets are measured at fair value; and
- Share based payments are measured at fair value.

Change of Financial Year End

The financial year of the Company was changed in 2012 from 30 June to 31 December to align the Company's financial year end with that of its Brazilian subsidiaries. This change was implemented to improve the efficiency of the Company's financial reporting allowing the Company to co-ordinate financial reporting and the audit and review process with its subsidiaries. Accordingly, the financial period of the Group reported in these financial statements covers the twelve month period from 1 January 2013 to 31 December 2013. Comparative figures for the financial statements cover the six month period from 1 July 2012 to 31 December 2012.

Going Concern

The financial statements for the year ended 31 December 2013 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the Group incurred a loss after tax of $32,714,987 with net cash outflows of $18,590,984. The Group has a working capital surplus of $3,889,158.

The Group's strategy is to develop its iron ore projects in south- eastern Brazil and is focused on the development of its Jambreiro Iron Ore Project. The Group plans to continue exploration work on its other iron ore projects during 2014. The Group has the ability to accelerate its work programs or to reduce or defer expenditure.

The Group expects it will require further funding in order to continue its exploration activities and fund development of the Jambreiro Iron Ore Project. The Group will require a combination of debt and equity to fund its project development. In the event the project does not proceed as planned, the Group intends to raise funds via equity issues. Additionally, if necessary should such funding not be achieved, interests in the Group's projects can be sold or farmed out as required in order to maintain sufficient cash reserves.

The Directors believe that the Group will be able to secure funding sufficient to meet requirements to continue as a going concern due to the following:

- The Group has successfully raised equity capital in the past;
- The Group is well advanced in discussions with debt and equity providers regarding the funding of its planned development; and
- The Group has received indications of funding support from its significant shareholders.

Should the Group not secure additional funding, there are material uncertainties as to whether the Group will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 3. Functional and Presentation Currency

These consolidated financial statements are presented in Australian Dollars, which is the Company's functional currency. The functional currency of the Brazilian subsidiaries is the Brazilian Real.

Note 4. Use of Judgements and Estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's 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.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included below and also in the following notes:

- Note 16 - Other Receivables and Prepayments;
- Note 19 - Exploration and Evaluation Assets. The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.; and
- Note 25 - Financial Instruments – Fair Values & Risk Management.

(b) Assumptions and Estimation Uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2013 is included in the following notes:

Note 19 – Exploration and evaluation assets. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's Exploration and Evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The Group is required to make 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 are 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 recoverability of ore reserves becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after the expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to profit or loss in the period when that information becomes available.

Measurement of Fair Values

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

When measuring the fair value of an asset or a liability, the Group uses market observable data where possible and relevant. Fair values are categorised into difference levels in a fair value hierarchy based on the inputs used in the value techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(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) Derivatives

The fair value of listed options is determined by reference to their quoted closing bid price at the reporting date. The fair value of unlisted options is determined using a valuation model.

(iii) 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.

(iv) Share-based Payment Transactions

The fair value of the employee share options are valued using the applicable valuation methodology. 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 and performance conditions attached to vesting are not taken into account in determining fair value. The fair value of the employee performance rights is measured using the 5 day weighted average share price prior to grant date. Where the service period commences prior to grant date the fair value is provisionally calculated and subsequently revised upon grant date.

Note 5. Significant Accounting Policies

Except for the changes explained in Note 5(q), the Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. 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.

(a) Basis of Consolidation

(i) Business Combinations

The Group accounts for business combinations using the acquisition method as at the acquisition date, which is the date control is transferred to the Group (see (a)(iii)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see (g)(ii)). Transaction costs such as legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

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.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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.

(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 are retranslated to the functional currency at the foreign exchange rate at the reporting 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.

(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 average exchange rates for the period.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve, or FCTR) within equity. 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

The Group classifies non-derivative financial assets into the following categories at fair value through profit and loss, held-to-maturity financials assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non- derivative Financial Assets and Financial Liabilities – Recognition and Derecognition

The Group initially recognises loans, receivables and deposits on the date when they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, 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 assets: receivables, cash and cash equivalents 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.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

Available-for-sale Financial Assets

These assets are recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (refer Note 5(g)) and foreign currency differences on available-for-sale equity instruments (see Note 5(b)(i)), are recognised in other comprehensive income and accumulated in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is reclassified to profit or loss.

The Group's investments in equity securities are classified as available-for-sale financial assets.

(ii) Non derivative Financial Liabilities – Measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(iii) Share Capital

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) Derivative Financial Instruments

Derivatives are recognised initially at fair value any directly 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.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant 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.

Any gains or loss on disposal of an item of property, plant and equipment are recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

• Plant & equipment	10-15 years
• Motor Vehicles	3-5 years
• Furniture, fittings and equipment	3-8 years
• Software	1-3 years
• Leasehold improvements	5 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 and evaluation costs are written off in the year they are incurred. Acquisition costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

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.

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.

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 5(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 statement of comprehensive income.

(f) Leases

(i) Determining Whether an Arrangement Contains a Lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

(ii) Leased Assets

Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(iii) 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.

(g) Impairment

(i) Non- derivative Financial Assets

Financial assets not classified at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence of impairment. 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 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;
- Adverse changes in the payment status of borrowers or issuers;
- The disappearance of an active market for a security; or
- Observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

For Financial Assets measure at amortised cost 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.

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 financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through 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 group of assets is referred to as the Cash Generating Unit or CGU.

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.

(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 re-measurement 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 benefits are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid 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.

(v) Share-based Payment Transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an expense, with a corresponding increase in equity, over the period that employees 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 meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-market 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.

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 a 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) 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 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.

(m) 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 purpose.

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.

(n) Goods and Services Tax and Equivalent Indirect Taxes

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) and equivalent indirect taxes, except where the amount of tax incurred is not recoverable from the taxation authority. In these circumstances, the tax 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 tax included. The net amount of tax recoverable from, or payable to, the taxation authority 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 tax components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

(o) 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 for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(p) Segment Reporting

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 Managing Director ('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 minimal, not material 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.

(q) Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

AASB 10 Consolidated Financial Statements

AASB 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee and the ability to use its power to affect those returns.

The application of this standard has not resulted in any change to the consolidated group as previously reported under AASB 127 *Consolidated and Separate Financial Statements.*

AASB 11 Joint Arrangements

Under AASB 11 there has been a change to the definition of joint arrangements. Joint arrangements are based on the definition of control as set out in AASB 10. Depending on the underlying rights and obligations arising from the arrangement; joint arrangements are accounted for as either joint operations or joint ventures. AASB 11 requires that joint operations be proportionately consolidated and joint ventures be equity accounted for. The Group has no joint arrangements and therefore the amendments have not resulted in a change for the Group.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 sets out the requirements for disclosures relating to an entity's interest in subsidiaries, joint arrangements, associates and structured entities. Application of this standard does not affect any amounts recognised in the financial statements.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all far value measurements and enhances fair value disclosures. Application of AASB 13 has not materially impacted the fair value measurements of the Group. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

AASB 101 Presentation of Items of Other Comprehensive Income

As a result of amendments to AASB 101, the Group has modified the presentation of items of Other Comprehensive Income in its statement of Profit or Loss and Other Comprehensive Income, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been re-presented accordingly.

AASB 119 Employee Benefits (2011)

The revised standard changes the accounting for defined benefit plans. Interest cost and expected return on plan assets used in the previous version of AASB 119 are replaced with a net interest amount, calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period. The revised standard has also introduced a distinction between short-term and other long term benefits which are now classified based on when payment is expected.

(r) 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 may be available for early adoption at 31 December 2013, but have not been applied in preparing this financial report.

AASB 9 *Financial Instruments* applicable to annual reporting period beginning on or after 1 January 2015. 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 31 December 2015 financial statements. Retrospective application is generally required, although there are exceptions. The Group has not yet determined the potential effect of the standard.

Note 6. Operating Segments

The Group operates in the iron ore exploration industry. For management purposes the Group is organised into one main operating segment which involves the exploration of minerals. All of the Group's activities are interrelated and financial information is reported to the Managing Director (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon an analysis on the Group as one segment. The financial results and financial position from this segment are largely equivalent to the financial statements of the Group as a whole, with the exception of corporate administration expenses in Australia and Brazil of $5,141,247 (31 December 2012: $2,699,291[(1)]) and deferred tax liabilities of $3,872 (31 December 2012: $3,084,095) which are reviewed separately from the Group's operating segment.

(1) For the half year 1 July 2012 to 31 December 2012

Geographical Segment Information	**2013 Revenue $**	**2013 Non-current Assets $**	2012 Revenue $	2012 Non-current Assets $
Brazil	**-**	**7,467,332**	-	24,515,516
Australia	**-**	**655,650**	-	1,353,500
Total	**-**	**8,122,982**	-	25,869,016

Note 7. Other Income

	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Net gain on disposal of mineral tenements	-	478,024
Proceeds on court settlement	-	4,098
Other	494	-
Total	494	482,122

Proceeds on court settlement relates to award of damages against Mineração Marsil Ltda a former Joint Venture partner in the Liberdade Iron Ore Project. Centaurus was awarded damages which were adjusted for interest and inflation components.

Note 8. Employee Benefits Expense

	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Salaries, fees and other benefits	6,997,755	3,899,046
Superannuation	211,121	175,145
Recognised in exploration expenditure expense	(4,295,434)	(2,616,852)
Total	2,913,442	1,457,339

Note 9. Depreciation

	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Depreciation	341,680	146,509
Recognised in exploration expenditure expense	(187,738)	(81,948)
Total	153,942	64,561

Note 10. Finance Income and Expense

	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Finance income		
Interest income on bank deposits	693,518	543,011
Net foreign exchange gain	22,578	-
	716,096	543,011
Finance expense		
Net foreign exchange loss	-	(11,102)
Change in fair value of derivatives	(2,222)	(908)
Interest expense	(692)	-
	(2,914)	(12,010)
Net finance income recognised in profit or loss	713,182	531,001

Note 11. 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 2013 annual general meeting. All employees (including directors) are eligible to participate in the ESOP. Options granted carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share of the Company with full dividend and voting rights.

Options were issued to Consultants outside of the ESOP.

There were no new options granted during the year ended 31 December 2013 or for the prior period.

Reconciliation of Outstanding Share Options

The number and weighted average exercise prices of share options issued under the employee share option plan and issued to consultants are as follows:

	Weighted Average Exercise Price 2013	**Number of Options 2013**	Weighted Average Exercise Price 2012	Number of Options 2012
Outstanding at start of period	**$0.807**	**7,356,250**	$0.833	7,700,000
Forfeited during the period	**$1.040**	**(37,500)**	$0.720	(156,250)
Expired during the period	**$0.731**	**(368,750)**	$1.960	(187,500)
Outstanding at balance date	**$0.809**	**6,950,000**	$0.807	7,356,250
Exercisable at balance date	**$0.813**	**5,587,500**	$0.736	5,500,000

The options outstanding at 31 December 2013 have an exercise price in the range of $0.40 to $1.80 (2012: $0.40 to $1.80) and the weighted average remaining contractual life is 1.01 years (2012: 1.95 years).

There were no ESOP options exercised during the year (2012 nil.).

Performance Share Plan

A Performance Share Plan (PSP) was adopted by the Board of Directors on 23 July 2012 and was approved by shareholders on 31 August 2012. Under the PSP, the Board may from time to time in its absolute discretion grant performance rights to eligible persons including executives and employees, in the form and subject to terms and conditions determined by the Board. Performance rights are, in effect, options to acquire unissued shares in the Company, the exercise of which is subject to certain performance milestones and remaining in employment during the vesting period. Performance rights are granted under the PSP for no consideration and are granted for a period not exceeding 5 years. The fair value at grant date is measured using the 5 day weighted average share price.

There were no performance rights granted during the year ended 31 December 2013.

Details of performance rights issued period ended 31 December 2012 are as follows:

Grant Date	Number of Rights	Vesting Conditions	Term
Key Management Personnel			
31/08/12	400,000	See note 1	16 months
31/08/12	150,000	See note 2	33 months
23/11/12	300,000	See note 3	21 months
03/12/12	100,000	See note 1	13 months
03/12/12	200,000	See note 2	19 months
03/12/12	200,000	See note 4	42 months
Sub total	1,350,000		
Employees			
31/08/12	20,000	See note 1	16 months
31/08/12	30,000	See note 2	33 months
03/09/12	100,000	See note 1	16 months
03/09/12	150,000	See note 2	33 months
10/09/12	100,000	See note 1	16 months
10/09/12	150,000	See note 2	33 months
11/09/12	150,000	See note 1	16 months
11/09/12	220,000	See note 2	33 months
12/09/12	250,000	See note 1	16 months
12/09/12	360,000	See note 2	33 months
11/10/12	50,000	See note 1	15 months
11/10/12	70,000	See note 2	32 months
Sub total	1,650,000		
Total	3,000,000		

Note 1: Rights vest on first sale of iron ore from the Jambreiro Iron Ore Project on or before 31 December 2013.

Note 2: Rights vest on first sale of iron ore into the export market from the Company's current or future Brazilian Projects on or before 30 June 2015.

Note 3: Rights vest on first sale of iron ore into the export market from the Company's current or future Brazilian Projects on or before 30 June 2014.

Note 4: Rights vest on the Company's market capitalisation exceeding A$500 million by 30 June 2016.

Inputs for Measurement of Grant Date Fair Values

31 December 2012	Valuation Date	Expiry Date	Exercise Price	Vesting Days	Fair Value
Key Management Personnel					
400,000	31/08/12	31/08/17	Nil	487	$0.2853
150,000	31/08/12	31/08/17	Nil	1,033	$0.2853
300,000	23/11/12	31/08/17	Nil	657	$0.3000
100,000	03/12/12	03/12/17	Nil	393	$0.2926
200,000	03/12/12	03/12/17	Nil	939	$0.2926
200,000	03/12/12	03/12/17	Nil	1,305	$0.2926
Other Employees					
50,000	31/08/12	31/08/17	Nil	Note 1	$0.2853
250,000	03/09/12	31/08/17	Nil	Note 1	$0.2861
250,000	10/09/12	31/08/17	Nil	Note 1	$0.2663
610,000	12/09/12	31/08/17	Nil	Note 1	$0.2625
370,000	11/09/12	31/08/17	Nil	Note 1	$0.2632
120,000	11/10/12	31/08/17	Nil	Note 1	$0.2651

Note 1: Vesting period ranges from 475 days to 1,021 days

Reconciliation of Outstanding Performance Rights

The number of performance rights on issue are as follows:

	Number of Performance Rights 2013	Number of Performance Rights 2012
Outstanding at start of period	**3,700,000**	-
Issued during the period	**-**	3,700,000
Forfeited during the period	**(250,000)**	-
Expired during the period	**(1,370,000)**	-
Balance at 31 December	**2,080,000**	3,700,000

Expenses Arising From Share based Payment Transactions

	12 Months 2013 $	6 months 2012 $
Share options	**(137,054)**	76,744
Performance rights	**56,641**	190,301
Total expense recognised as share based payment	**(80,413)**	267,045

During the year performance rights were forfeited due to failure to meet vesting conditions. Share based payment expenses in relation to these performance rights were reversed during the period. In addition a number of unvested options and performance rights are not expected to vest due to the revised development strategy for the Jambreiro Project and the expected timeframe required to develop an economic export business for the Project. Share based payment expenses in relation to these performance rights and options which are not expected to vest were reversed during the period.

Note 12. Income Tax

(a) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

	2013 $	2012 $
Loss from continuing operations before income tax expense	**(35,921,292)**	(9,125,800)
Tax at the Australian tax rate of 30%	**(10,776,387)**	(2,737,741)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Overseas project generation and review costs	**611,414**	191,522
Share-based payments	**(24,124)**	80,114
Sundry items	**23,668**	(39,525)
	(10,165,429)	(2,505,630)
Effect of tax rates in foreign jurisdictions	**(316,125)**	(111,932)
Deferred tax assets not recognised	**7,275,252**	2,617,562
Income tax benefit, being deferred tax	**3,206,302**	-

(b) Tax Losses

	2013 $	2012 $
Tax losses	**46,094,215**	37,910,079
Capital losses	**2,473,264**	2,473,264
	48,567,479	40,383,343
Potential tax benefit (between 30-34%)	**15,341,391**	12,537,601

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.

(c) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013	2012	**2013**	2012	**2013**	2012
	$	$	**$**	$	**$**	$
Receivables	**65**	-	**(3,790)**	(147,188)	**(3,725)**	(147,188)
Available-for-sale financial assets	**802,729**	506,570	**-**	-	**802,729**	506,570
Exploration	**11,091,472**	7,449,040	**(3,872)**	(3,084,095)	**11,087,600**	4,364,945
Accrued expenses/provisions	**65,041**	240,800	**-**	-	**65,041**	240,800
Transaction costs relating to issue of capital	**361,961**	436,986	**-**	-	**361,961**	436,986
Tax losses carried forward	**15,341,391**	12,537,601	**-**	-	**15,341,391**	12,537,601
Set off of tax	**(3,790)**	(147,188)	**3,790**	147,188	**-**	-
	27,658,869	21,023,809	**(3,872)**	(3,084,095)	**27,654,997**	17,939,714
Less DTA not recognised	**(27,658,869)**	21,023,809	**-**	-	**(27,658,869)**	(21,023,809)
Net tax asset/(liabilities)	**-**	-	**(3,872)**	(3,084,095)	**(3,872)**	(3,084,095)

(d) 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: (2012: $nil).

Note 13. Dividends

There were no dividends paid or declared during the period (2012: nil).

Note 14. Earnings / (Loss) Per Share

Basic Loss per Share

The calculation of basic and diluted earnings per share at 31 December 2013 was based on the loss attributable to ordinary shareholders of $32,714,987 (2012: $9,125,800) and a weighted average number of ordinary shares outstanding of 195,747,919 (2012: 177,698,424), calculated as follows:

Loss Attributable to Ordinary Shareholders

	12 Months 2013 $	6 months 2012 $
Loss attributable to the shareholders	**(32,714,987)**	(9,125,800)

Weighted Average Number of Ordinary Shares

	2013 Number	2012 Number
Issued ordinary shares at beginning of the period	**195,747,919**	133,500,382
Effect of shares issued related to share placement	**-**	41,967,607
Effect of shares issued on exercise of options	**-**	2,230,435
Weighted average number of ordinary shares at the end of the period	**195,747,919**	177,698,424

Diluted Earnings per Share

Potential ordinary shares were not considered to be dilutive as the Group made a loss for the year ended 31 December 2013 and the exercise of potential shares would not increase that loss.

Note 15. (a) Cash and Cash Equivalents

	2013 $	2012 $
Cash at bank and on hand	**321,672**	40,224
Deposits - short term	**4,521,836**	23,362,531
	4,843,508	23,402,755

Deposits

The deposits are bearing floating and fixed interest rates between 1.18% and 6.48% (31 December 2012: between 4.03% and 6.59%).

Note 15. (b) Reconciliation of Cash Flows from Operating Activities

	2013 $	2012 $
Loss for the period	**(32,714,987)**	(9,125,800)
Adjustments for:		
Depreciation	**341,680**	146,509
Provision (Reversal) of impairment net	**-**	(136,642)
Unrealised foreign exchange loss	**-**	11,102
Non-cash employee benefits expense/(reversal) – share based payments	**(80,413)**	267,045
(Profit)/ Loss on sale of mineral tenements	**-**	(478,024)
Impairment losses		
Exploration and evaluation assets	**18,690,780**	105,758
Available-for-sale financial assets	**497,678**	23,438
Change in fair value derivative instruments	**2,222**	908
(Profit)/loss on sale of plant and equipment	**(8,504)**	-
Income tax expense/(benefit)	**(3,206,305)**	-
Operating loss before changes in working capital and provisions	**(16,447,849)**	(9,185,706)
Change in other receivables	**(80,364)**	(770,773)
Change in trade creditors and provisions	**(330,164)**	(1,342,323)
Net cash used in operating activities	**16,888,377**	(11,298,802)

Note 16. Other Receivables and Prepayments

	2013 $	2012 $
Current		
Receivable from court settlement	**185,986**	183,490
Provision for impairment	**(182,009)**	(179,567)
Other Receivables	**576,247**	759,199
Security deposits	**43,796**	43,787
Prepayments	**98,316**	106,196
	722,336	913,105
Non – Current		
Prepayments	**398,148**	446,984
Other Receivables	**1,209,205**	1,251,784
Provision for impairment	**-**	(362,331)
	1,607,353	1,336,437

Non-current other receivables relate to Brazilian federal VAT ("Pis-Cofins") levied on the Groups purchases. Recoverability of Pis-Cofins assets is dependent upon the Group generating a federal company tax liability, which may be offset against the Groups Pis-Cofins assets if the Group elects to do so. As at balance date its taxable profits are not considered probable in the next 12 months. Information about the Group's exposure to credit and market risk, and impairment losses for other receivables is included in Note 25 (c).

Note 17. Other Investments, Including Derivatives

	2013 $	2012 $
Available-for-sale financial assets (1)	**483,924**	906,736
Derivative instruments (2)	**94,806**	213,943
	578,730	1,120,679

(1) Shares in ASX listed entities consists of 4,444,444 listed ordinary shares in Clancy Exploration Limited (ASX: CLY), 1,562,500 listed ordinary shares in Southern Crown Resources Limited (ASX: SWR), 6,250,000 listed ordinary shares in Antipa Minerals Limited (ASX: AZY) and 1,000,000 listed ordinary shares in Orinoco Gold Ltd. The available-for sale financial assets have been revalued to the market price at 31 December 2013. Further movement in share prices after 31 December 2013 have not been taken into account.

(2) Unlisted options in ASX listed entities consists of 3,125,000 unlisted options in Antipa Minerals Limited and 1,000,000 unlisted options in Orinoco Gold Limited. The fair value of the unlisted options is determined using a Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Note 18. Property, Plant and Equipment

	Software $	Plant & Equipment $	Motor Vehicles $	Furniture & Fixtures $	Leasehold Improvements $	Land $	Total $
Cost							
Balance at 1 January 2013	260,386	337,973	346,843	171,639	416,752	58,813	1,592,406
Additions	68,465	119,594	265,699	10,926	26,775	320,430	811,889
Disposals	-	(434)	(126,248)	-	-	-	(126,682)
Effect of movements in exchange rates	1,238	890	3,042	2,121	2,264	3,125	12,680
Balance at 31 December 2013	330,089	458,023	489,336	184,686	445,791	382,368	2,290,293
Balance at 1 July 2012	245,974	301,639	348,685	88,267	404,316	59,125	1,448,006
Additions	15,071	37,112	-	84,951	13,558	-	150,692
Disposals	-	-	-	-	-	-	-
Effect of movements in exchange rates	(659)	(778)	(1,842)	(1,579)	(1,122)	(312)	(6,292)
Balance at 31 December 2012	260,386	337,973	346,843	171,639	416,752	58,813	1,592,406

Note 18. Property, Plant and Equipment (continued)

	Software $	Plant & Equipment $	Motor Vehicles $	Furniture & Fixtures $	Leasehold Improvements $	Land $	Total $
Depreciation							
Balance at 1 January 2013	149,066	139,882	176,449	20,400	141,020	-	626,817
Depreciation for the year	85,674	72,697	96,548	18,688	66,985	-	340,592
Disposals	-	(165)	(91,518)	-	-	-	(91,683)
Effect of movements in exchange rates	217	224	510	31	34	-	1,016
Balance at 31 December 2013	234,957	212,638	181,989	39,119	208,039	-	876,742
Balance at 1 July 2012	109,557	109,729	142,518	13,226	109,269	-	484,299
Depreciation for the year	41,593	30,522	35,158	7,323	31,914	-	146,510
Disposals	-	-	-	-	-	-	-
Effect of movements in exchange rates	(2,084)	(369)	(1,227)	(149)	(163)	-	(3,992)
Balance at 31 December 2012	149,066	139,882	176,449	20,400	141,020	-	626,817
Carrying amounts							
At 1 January 2013	111,320	198,091	170,394	151,239	275,732	58,813	965,589
At 31 December 2013	95,132	245,385	307,347	145,567	237,752	382,368	1,413,551
At 1 July 2012	136,417	191,910	206,167	75,041	295,047	59,125	963,707
At 31 December 2012	111,320	198,091	170,394	151,239	275,732	58,813	965,589

Note 19. Exploration and Evaluation Assets

	$
Cost as at 1 July 2012	25,224,006
Additions	-
Reclassification to other receivables[1]	(39,633)
Write off due to relinquishment of tenements	(14,116)
Write off of costs previously provided for due to relinquishment of tenements	(873,819)
Effect of movements in exchange rate	(122,324)
Cost as at 31 December 2012	**24,174,114**
Additions	-
Write off of costs previously provided for due to relinquishment of tenements	(91,640)
Effect of movements in exchange rate	459,599
Cost as at 31 December 2013	**24,542,073**
Provision for impairment as at 1 July 2012	2,509,982
Write off due to relinquishment of tenements	(873,819)
Impairment of capitalised exploration expenditure	91,640
Provision for impairment as at 31 December 2012	**1,727,803**
Write off due to relinquishment of tenements	(91,640)
Impairment of capitalised exploration expenditure	18,690,780
Effect of movements in exchange rate	(308,218)
Provision for impairment as at 31 December 2013	**20,018,725**
Net book value as at 31 December 2012	22,446,311
Net book value as at 31 December 2013	4,523,348

(1) Relates to tax credits on previously capitalised exploration reclassified to other assets.

During the year ended 31 December 2013 the Group recognised an impairment loss on the carrying values of two of its Iron Ore Projects, Itambé and Passabém. The projects were assessed for impairment as a result of the Group's intent to focus on the Jambreiro project. The Group engaged the services of valuation experts both in Brazil and Australia to assist in the calculation of the recoverable amount of these underlying assets. The method applied to calculate the recoverable amount (being the fair value less cost to sell) was the Enterprise Value method. This method incorporates the entity's current market value and allocates the value on a reasonable basis to the underlying assets. This resulted in the recognition of an impairment loss as follows:

Project	**Carrying Amount**	**31 December 2013 Recoverable Amount**	**Impairment Charge**
Passabém	12,330,973	1,570,000	10,760,973
Itambé	8,409,807	480,000	7,929,807
Total	20,740,780	2,050,000	18,690,780

The impairment charge resulted in a reversal of a recognised deferred tax liability of $3,206,305 resulting in a net impact on the Consolidated Statement of Profit or Loss of $15,484,475. These assets are part of the Brazil geographical reporting segment.

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.

Note 20. Trade and Other Payables

	2013 $	2012 $
Trade and other creditors	**998,728**	1,677,233
Accrued expenses	**208,573**	644,521
	1,207,301	2,321,754

Note 21. Employee Benefits

	2013 $	2012 $
Liability for annual leave	**469,385**	433,044

Note 22. Deferred Tax Liabilities

	2013 $	2012 $
Deferred tax liability attributable to exploration and evaluation assets	**3,872**	3,084,095

The deferred tax liability relates to Brazil exploration assets acquired through a business combination. During the year an impairment charge was raised resulting in the reversal of a recognised deferred tax liability of $3,206,305 offset by foreign currency movements of $126,082. Potential deferred tax assets of the same amount in Brazil have not been recognised on the basis that the ability to utilise these losses has not yet been determined probable.

Note 23. Capital and Reserves

	2013 Number of Shares	2012 Number of Shares
On issue at beginning of period	**195,747,919**	133,500,382
Issue of ordinary shares for share placement at $0.44 per share	-	59,547,537
Exercise of options	-	2,700,000
On issue at the end of the period – Fully paid	**195,747,919**	195,747,919

Option Reserve

The option reserve is used to recognise the fair value of options issued in the year ended 30 June 2010 in exchange of the Centaurus existing Bid and Replacement Options.

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.

Employee Share Options and Performance Rights

Information relating to the Employee Share Option Plan and Performance Share Plan, including details of options and rights issued, exercised, lapsed during the financial year and outstanding at the end of the financial year are set out in Note 11.

Share-based Payments Reserve

The share-based payments reserve is used to recognise the fair value of options and performance rights 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.

Options

At 31 December 2013, in addition to the unissued shares under options and performance rights disclosed in Note 11, the Company has the following options on issue.

Number options	Exercise Price	Expiry
3,750,000	exercisable at $1.20	Expiring 31 August 2014

No share options were exercised during the year. The weighted average share price at the date of exercise for share options exercised in the period ended 31 December 2012 was $0.35.

Note 24. Related Parties

(a) Key Management Personnel

(i) Key management personnel compensation is comprised of the following:

	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Short term employee-benefits	**1,418,281**	829,698
Post – employment benefits	**80,233**	43,432
Share-based payments expense/ (reversals)	**(84,340)**	111,151
	1,414,174	984,281

Individual Directors and Executives Compensation Disclosures

Information regarding individual directors' and executives' compensation and equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

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 Value		Balance Outstanding As At	
		2013	2012	**2013**	2012
Key Management Person	**Transaction**	**$**	$	**$**	$
Mr D M Murcia[(1)]	Legal fees	**28,691**	35,836	**-**	6,303
Total and current liabilities				-	6,303

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

(b) Transactions With Related Parties

Transactions between the parent company and its subsidiaries which are related parties of that company are eliminated on consolidation and are not disclosed in this note.

Note 25. Financial Instruments – Fair Values and Risk Management

(a) Accounting Classifications and Fair Values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair Value			
31 December 2013	Note	Held for Trading	Loans and Receivables	Available-for-sale	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value										
Equity securities		-	-	483,924	-	483,924	483,924	-	-	483,924
Derivative instruments (i)		94,806	-	-	-	94,806	-	94,806	-	94,806
		94,806	**-**	**483,924**	**-**	**578,730**	**483,924**	**94,806**	**-**	**578,730**
Financial assets not measured at fair value										
Trade and other receivables		-	1,833,225	-	-	1,833,225				
Cash and cash equivalents		-	4,843,508	-	-	4,843,508				
		-	**6,676,733**	**-**	**-**	**6,676,733**				
Financial liabilities not measured at fair value										
Trade and other payables		-	-	-	1,207,301	1,207,301				
		-	**-**	**-**	**1,207,301**	**1,207,301**				

There have been no transfers of assets from Levels during the period ended 31 December 2013

(i) Valuation technique used in measuring Level 2 fair values is Black Scholes Options Price Model. Decline in fair value of derivative instruments of $2,222 has been charged to finance expense.

		Carrying amount					Fair Value			
31 December 2012	**Note**	**Held for Trading**	**Loans and Receivables**	**Available-for-sale**	**Other Financial Liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value										
Equity securities		-	-	906,737	-	906,737	906,737	-	-	906,737
Derivative instruments(i)		213,942	-	-	-	213,942	2,222	211,720	-	213,842
		213,942	**-**	**906,737**	**-**	**1,120,679**	**908,959**	**211,720**	**-**	**1,120,679**
Financial assets not measured at fair value										
Trade and other receivables		-	1,696,362	-	-	1,696,362				
Cash and cash equivalents		-	23,402,755	-	-	23,402,755				
		-	**25,099,117**	**-**	**-**	**25,099,117**				
Financial liabilities measured not measured at fair value										
Trade and other payables		-	-	-	2,321,754	2,321,754				
		-	**-**	**-**	**2,321,754**	**2,321,754**				

There have been no transfers of assets from Levels during the period ended 31 December 2012.

(i) Decline in fair value of derivative instruments of $908 has been charged to finance expense.

(b) Measurement of Fair Values

The following table shows the valuation technique used in measuring Level 2 fair values as well as significant unobservable inputs used.

Type	Valuation Technique	Significant Unobservable Inputs	Inter-relationship Between Significant Unobservable Inputs and Fair Value Measurement
Derivative instruments	Black-Scholes	Volatility	The estimated fair value would increase (decrease) if there was an increase (decrease) in the volatility rate used, as well as movements in the underlying security price.

(c) Financial Risk Management

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

- Credit Risk (see (c)(ii))
- Liquidity Risk (see (c)(iii))
- Market Risk (see (c)(iv)).

This note presents information about the Group's 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.

(i) Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's 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.

(ii) 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 other receivables and investment securities.

Other Receivables

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 consist of mainly refundable deposits, court settlement proceeds and tax credits. An allowance for impairment has been recognised as at 31 December 2013.

Investments

The Group limits its exposure to credit risk by investing predominantly in liquid securities listed on the Australian Securities Exchange.

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:

	2013 $	2012 $
Cash and cash equivalents (i)	**4,843,508**	23,402,755
Other receivables	**1,833,225**	1,696,362
	6,676,733	25,099,117

(i) The cash and cash equivalents are held with bank and financial institution counterparties, which are rated BBB to AA based on rating agency Standard and Poor's rating.

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

	Carrying Amount	
	2013 $	2012 $
Australia	**56,643**	257,356
Brazil	**1,776,582**	1,439,006
	1,833,225	1,696,362

These balances are net of provision for impairment (refer to Note 16).

Provision for Impairment

The movement in the provision in respect of other receivables during the year was as follows.

	2013 $	2012 $
Opening balance	**541,898**	747,963
Reversal of provision for impairment	-	(380,177)
Provision for impairment	-	243,535
Provision used	**(362,332)**	(65,725)
Foreign currency exchange	**2,443**	(3,698)
	182,009	541,898

Amounts receivable as a result of the Court Settlement award relating to Liberdade are past due and a provision for impairment has been recognised of $182,009 (31 December 2012: $179,567). At 31 December 2012 $362,331 was provided for in relation to indirect tax credits which was not considered to be recoverable. This amount was written off during the year ended 31 December 2013. None of the Company's other receivables are past due (31 December 2012: nil). The Group believes that no impairment allowance is necessary in respect of the other receivables not past due.

(iii) 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 31 December 2013, the Group has current trade and other payables of $1,207,301 (31 December 2012: $2,321,754). The Group believes it will have sufficient cash resources to meet its financial liabilities when due.

The following table shows the contractual maturities of financial liabilities, excluding the impact of netting agreements. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

	Carrying amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 year	More than 5 years
31 December 2013							
Non- derivative financial liabilities							
Trade and other payables	1,207,301	(1,207,301)	(1,207,301)				
31 December 2012							
Non- derivative financial liabilities							
Trade and other payables	2,321,754	(2,321,754)	(2,321,754)				

(iv) 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 respective functional currencies of the Group entities, primarily the Australian dollar (AUD) and Brazilian Real (BRL). The currencies in which these transactions primarily are denominated are AUD and BRL.

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

Exposure to Currency Risk

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

	2013 USD $	2012 USD $
AUD Equivalents		
Trade and other payables	-	(964,000)
On issue at the end of the period	-	(964,000)

Sensitivity Analysis

A strengthening of the AUD, as indicated below, against the BRL and the USD at 31 December would have 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 $**
31 December 2013		
USD (10 percent strengthening)	-	-
31 December 2012		
USD (10 percent strengthening)	-	96,400

A weakening of the AUD against the above currencies at 31 December 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.

Interest Rate Risk Profile

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

	2013 $	2012 $
Variable rate instruments		
Financial assets	4,843,508	23,402,755
On issue at the end of the period	**4,843,508**	23,402,755

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 2012.

	Profit or Loss		**Equity**	
	100bp Increase	**100bp Decrease**	**100bp Increase**	**100bp Decrease**
31 December 2013				
Variable rate instruments	**48,430**	**(48,430)**	-	-
Cash flow sensitivity (net)	**48,430**	**(48,430)**		
31 December 2012				
Variable rate instruments	234,027	(234,027)		
Cash flow sensitivity (net)	234,027	(234,027)		

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. These financial assets were acquired as a result of the sale of tenements to Clancy Exploration Limited, Southern Crown Resources Limited, Antipa Minerals Limited and Orinoco Gold Ltd.

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 an 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 period.

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

Note 26. Contingent Liabilities

Guarantees

Guarantees given in respect of bank security bonds amounting to $43,377 (2012: $43,787), secured by cash deposits lodged as security with the bank.

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

There are no other contingent liabilities that require disclosure.

Note 27. Operating Leases

Leases as Lessee

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

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.

(i) Future Minimum Lease Payments

	2013 **$**	2012 $
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**309,679**	483,665
Between one and five years	**152,407**	444,356
More than Five years	**-**	-
	462,086	928,021

Note 28. Capital Commitments

The Group had the following capital commitments:

	2013 **$**	2012 $
Contract for but not provided and payable		
Less than one year	**-**	619,950
Between one and five years	**-**	-
More than Five years	**-**	-
	-	619,950

Note 29. Group Entities

	Country of Incorporation	Ownership interest 2013	2012
Parent Entity			
Centaurus Metals Limited			
Subsidiaries			
Centaurus Resources Pty Ltd	Australia	**100%**	100%
San Greal Resources Pty Ltd	Australia	**100%**	100%
Centaurus Brasil Mineração Ltda	Brazil	**100%**	100%
CSLJ Limited	Channel Islands	**-**	100%
Glengarry Sabah Pty Ltd	Australia	**100%**	100%
Mineração Passo das Pedras Ltda	Brazil	**100%**	100%
Centaurus Export Mineração Ltda	Brazil	**100%**	100%
Centaurus Manganês Mineração Ltda	Brazil	**100%**	100%

Note 30. Subsequent Events

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.

Note 31. Remuneration of Auditors

	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Audit Services		
Audit and review of the Company – KPMG	**129,932**	69,634
Other Services		
Auditors of the Company		
KPMG Taxation services	**42,988**	61,320

Note 32. Parent Entity Disclosures

As at, and throughout, the financial year ended 31 December 2013 the parent entity of the Group was Centaurus Metals Limited.

	Company	
	12 Months 31 December 2013 $	6 Months 31 December 2012 $
Results of the Parent Entity		
Loss for the period [1]	**(54,558,442)**	(2,258,693)
Other comprehensive income	**(42,048)**	88,750
Total comprehensive income for the period	**(54,600,490)**	(2,169,943)

The loss for the period includes:

	2013 $	2012 $
Financial Position of the Parent Entity at Year End		
Current assets	**4,049,445**	21,381,780
Non-current assets(2)	**24,531,420**	62,482,118
Total assets	**28,580,865**	83,863,898
Current liabilities	**545,293**	679,904
Total liabilities	**545,293**	679,904
Net assets	**28,035,572**	83,183,994
Share capital	**98,766,042**	98,766,042
Reserves	**5,256,981**	5,846,961
Accumulated losses	**(75,987,451)**	(21,429,009)
Total equity	**28,035,572**	83,183,994

(1) During the year the parent entity provided for an impairment of $50,497,498 relating to loans to subsidiaries based on an assessment of recoverability.

(2) Included within non-current assets are loans to subsidiaries net of provision for impairment. Ultimate recoupment is dependent on successful development and commercial exploitation or, alternatively, sale of the respective project areas.

Parent Entity Contingencies

The parent entity had no contingent liabilities as at 31 December 2013 (2012: nil).

Parent Entity Capital Commitments

The parent entity had no capital commitments at 31 December 2013 (2012: nil)

Parent Entity Lease Commitments

The parent entity has the following lease commitments:

Leases as Lessee

	2013 $	2012 $
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	**130,914**	176,272
Between one and five years	**-**	131,359
More than Five years	**-**	-
	130,914	307,631

DIRECTORS' DECLARATION
For the year ended 31 December 2013

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 31 December 2013 and of its 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 31 December 2013.

3. The financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Signed in accordance with a resolution of the directors.

D P Gordon
Managing Director

Perth

25 March 2014

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

Report on the financial report

We have audited the accompanying financial report of Centaurus Metals Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2013, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 32 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply 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 of the financial report that gives a true and fair view 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, a true and fair 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.

KPMG

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 31 December 2013 and of its performance for the year ended on that date; and

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

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

Material uncertainty regarding continuation as a going concern

Without modifying our opinion above, we draw attention to note 2 of the financial report. The matters set forth in note 2 indicate the existence of material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the Remuneration Report included in section 4.3 of the directors' report for the year ended 31 December 2013. 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 Metal Limited for the year ended 31 December 2013, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Graham Hogg
Partner

Perth

25 March 2014

The shareholder information set out below was applicable as at 26 March 2014.

A. Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Atlas Iron Limited [1] – 38,320,264 shares and 3,750,000 unlisted options
Liberty Metals & Mining Holdings, LLC – 25,000,000 shares
Lujeta Pty Ltd – 11,400,000 shares

[1] On 27 July 2011, the Company announced it had entered into a strategic alliance with Atlas Iron Limited ("Atlas") pursuant to which Atlas agreed to take a strategic 19.9% stake in the Company, and for Atlas to provide technical, development and product marketing support as the Company looks to develop its export and domestic iron ore businesses in Brazil. Centaurus and Atlas entered into a subscription agreement with respect to the strategic alliance. Pursuant to the strategic alliance, and subject to meeting various conditions including Atlas continuing to hold a 5% interest in the share capital in the Company, ASX Limited have granted Centaurus a waiver from the listing rules to permit Atlas to have a right to maintain its equity interest in the Company in the event that further equity issues are undertaken for future funding requirements or as a means of securing further assets (other than by a takeover bid or scheme of arrangement). Atlas will be given the opportunity to participate in these future equity issues of the Company on the same terms as those being offered to third parties.

B. Class of Shares and Voting Rights

(a) There were 3,898 holders of ordinary shares in the Company.

(b) The voting rights attaching to the ordinary shares, set out in Clause 41 of the Company's Constitution, are:
On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid is of the total amounts paid and payable, excluding amounts credited, provided that the amounts paid in advance of a call are ignored when calculating a true portion.

(c) There were 17 holders of options over 10,612,500 unissued ordinary shares. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

(d) There were 13 holders of performance rights over 2,010,000 unissued ordinary shares. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the performance rights have been exercised.

C. Distribution of Equity Securities

(a) Analysis of numbers of equity security holders by size of holding:

	Class of Equity Security		
	Ordinary Shares	Options	Performance Rights
1 - 1,000	606	-	-
1,001 - 5,000	1,370	-	-
5,001 - 10,000	593	-	-
10,001 - 100,000	1,141	4	2
100,001 and over	188	13	11
	3,898	17	13

(b) There were 1,650 holders of less than a marketable parcel of ordinary shares.

D. Equity Security Holders

The names of the twenty largest holders of each class of quoted equity security are listed below:

	Name	Ordinary Shares Number Held	Ordinary Shares Percentage of Issued Shares (%)
1	Atlas Iron Limited	38,320,264	19.58
2	Liberty Metals & Mining Holdings, LLC	25,000,000	12.77
3	Lujeta Pty Ltd	11,400,000	5.82
4	Mr Darren Gordon	6,769,791	3.46
5	Bridgelane Capital Pty Ltd	5,576,375	2.85
6	JP Morgan Nominees Aust Limited	5,386,858	2.75
7	Lion Selection Group Limited	4,545,455	2.32
8	Citicorp Nominees Pty Ltd	4,315,541	2.20
9	National Nominees Limited	3,446,705	1.76
10	BNP Paribas Nominees (NZ) Ltd	2,513,584	1.28
11	Mr Kevin Press	2,090,969	1.07
12	Mr Richard Grant Manners Hill	1,569,430	0.80
13	Mr Antonio Aceti	1,121,750	0.57
14	Lomacott Pty Ltd	1,000,000	0.51
15	MPH Resources Pty Ltd	875,000	0.45
16	HSBC Custody Nominees (Aust) Limited	749,649	0.38
17	Tohei Pty Ltd	738,405	0.38
18	Mr Grant Anthony Pestell	731,485	0.37
19	Mr Matthew Glenn Sikirich	700,000	0.36
20	Super Seed Pty Ltd	675,000	0.35
	Total Top 20 Shareholders	117,526,261	60.03
	Other Shareholders	78,221,658	39.97
	Total Number of Issued Shares	195,747,919	100.00

E. Restricted Securities

The Company currently has no restricted securities.

F. On-market Buy Back

There is no current on-market buy back.

Australian Tenements

Tenement	Project Name	Location	Interest
EPM14233	Mt Guide	Queensland	10%[1]

[1] Subject to a Farm-Out and Joint Venture Exploration Agreement with Summit Resources (Aust) Pty Ltd. Summit has earned a 90% interest in the Project. Aston Metals (QLD) Limited is earning 80% of Summit's interest in the Project.

Brazilian Tenements

Tenement	Project Name	Location	Interest
831.638/2004	Canavial	Minas Gerais	100%
831.639/2004	Canavial	Minas Gerais	100%
831.629/2004	Candonga	Minas Gerais	100%
873.381/2011	Castanhão	Bahia	100%
846.113/2009	Curral Velho	Paraíba	100%
846.114/2009	Curral Velho	Paraíba	100%
846.115/2009	Curral Velho	Paraíba	100%
846.232/2009	Curral Velho	Paraíba	100%
846.233/2009	Curral Velho	Paraíba	100%
846.234/2009	Curral Velho	Paraíba	100%
833.998/2008	G100	Minas Gerais	100%
833.999/2008	G100	Minas Gerais	100%
834.000/2008	G100	Minas Gerais	100%
834.001/2008	G100	Minas Gerais	100%
834.002/2008	G100	Minas Gerais	100%
834.003/2008	G100	Minas Gerais	100%
834.004/2008	G100	Minas Gerais	100%
832.792/2010	G100	Minas Gerais	100%
832.316/2005	Itambé	Minas Gerais	100%
831.649/2004	Jambreiro (Mining Lease)	Minas Gerais	100%
833.409/2007	Jambreiro (Mining Lease)	Minas Gerais	100%
834.106/2010	Jambreiro (Mining Lease)	Minas Gerais	100%
831.645/2006	Passabém	Minas Gerais	100%
830.588/2008	Passabém	Minas Gerais	100%
832.589/2008	Ponte de Pedra	Minas Gerais	100%
832.590/2008	Ponte de Pedra	Minas Gerais	100%
832.690/2009	Ponte de Pedra	Minas Gerais	100%
832.249/2006	Regional Guanhães	Minas Gerais	100%
833.410/2007	Regional Guanhães	Minas Gerais	100%
872.224/2011	Serra da Lontra	Bahia	100%
872.225/2011	Serra da Lontra	Bahia	100%
831.636/2004	Tenda	Minas Gerais	100%
831.637/2004	Tenda	Minas Gerais	100%

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