

Corporate Governance Practices

Audit & Risk Committee Charter

1. Introduction

The Board of Directors (**Board**) of Centaurus Metals Limited (**Company**) has established an Audit & Risk Committee (**Committee**).

The Board has approved this Charter which prescribes the role and responsibilities, composition, structure and membership requirements for the Committee.

2. Role

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.

3. Authority

The Committee is authorised to:

- (a) consult with and seek any information from any director or employee of the Company or any external party;
- (b) obtain, at the Company's expense, outside legal or other professional advice on any matters within its Charter; and
- (c) require the attendance of any employee of the Company or invite any external party to attend Committee meetings.

4. Composition

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.

5. Responsibilities

The main responsibilities of the Committee include:

5.1 Internal Control and Risk Management

The Committee will review whether:

- (a) internal processes for determining, managing and reporting key risk areas are appropriate;
- (b) the Company has an effective risk management system and material risks are reported to the Board;
- (c) an adequate risk register is maintained which identifies the risks to the Company and its operations and assesses the likelihood of their occurrence;
- (d) the insurance maintained by the Company is adequate; and
- (e) the effectiveness of the Company's internal controls have been addressed with the auditors.

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5.2 External Audit

The Committee will:

- (a) consider and make recommendations to the Board on the appointment and termination of the Company's external auditor, and will ensure that key partners within the appointed firm are rotated from time to time in accordance with the Company's External Auditors Policy;
- (b) meet with the external auditor at least twice each year, and if considered necessary, to meet without the presence of management;
- (c) approve the scope of the audit, the terms of the annual engagement letter and audit fees; and
- (d) review the Company's relationship with the external auditor, including:
 - the appointed firm's independence and objectivity;
 - the external auditor's performance; and
 - the nature and quantum of non-audit services provided by the external auditor, including the amount of fees paid for such services.

5.3 Financial Statements

The Committee will:

- (a) review the consistency of accounting policies both on a year to year basis and across the Company and the Group; and
- (b) review and challenge where necessary the Company's financial statements taking into account:
 - critical accounting policies and practices and changes in them;
 - decisions requiring a major element of judgement;
 - the extent to which the financial statements are affected by any unusual transactions;
 - the clarity of disclosures;
 - significant adjustments resulting from the audit;
 - the going concern assumption;
 - compliance with accounting standards; and
 - compliance with securities exchange and other legal requirements.

5.4 Management Declarations

The Committee will ensure that the Managing Director and Chief Financial Officer provide the following written declarations to the Board prior to the sign-off of the annual financial reports:

- (a) the Company's financial reports are in accordance with the requirements of the Corporations Act; and
- (b) 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.

6. Meetings

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.

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A quorum consists of two members of the Committee. The vote of a majority of the members present will constitute an act 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.

7. Reporting to the Board

The Committee will report to the Board on all matters relevant to the Committee's roles and responsibilities including:

- (a) assessment of whether external reporting is consistent with Committee members' information and knowledge and is adequate for shareholder needs;
- (b) assessment of management processes supporting external reporting;
- (c) procedures for the selection and appointment of the external auditor and for the rotation of external auditor engagement partners;
- (d) recommendations for the appointment or, if necessary, the removal of the external auditor;
- (e) assessment of the performance and independence of the external auditor. Where the external auditor provides non-audit services, the report should state whether the Committee is satisfied that the provision of those services has not compromised the auditor's independence;
- (f) if and when applicable, assessment of the performance and objectivity of the internal audit function;
- (g) the results of the Committee's review of risk management and internal control systems; and
- (h) if and when applicable, recommendations for the appointment, or if necessary, the dismissal of the head of internal audit.

8. Review

This Charter will be reviewed regularly and updated as required.

Updated by the Board on 4 September 2013.