

AUDIT & RISK COMMITTEE CHARTER

INTRODUCTION

1. This Charter sets out the role, responsibilities, composition and operation of the Audit and Risk Committee ('Committee').
2. The main objective of the Committee is to oversee the quality and integrity of the accounting, auditing and financial reporting of Dynasty Resources Limited ('the Company').

MEMBERSHIP

1. The Committee should consist of:
 - a. a minimum of 3 directors; and
 - b. an independent Chair.
2. Non-committee members, including officers, advisors, consultants and the external auditor may attend meetings of the Committee at the invitation of the Committee chair.
3. It is intended that a majority of members of the Committee should be financially literate and have familiarity with financial management.
4. The Company Secretary must attend all Committee meetings as minute secretary.

RESPONSIBILITIES

5. The Committee has the following responsibilities:

Financial Reporting

- a. Engage in the pro-active oversight of the Company's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process (including review of the Company's financial statements for accuracy and to ensure they reflect a true and fair view, as a basis for recommendation to and adoption by the Board).
- b. Assess the reliability and integrity of accounting policies and financial reporting and disclosure practices.
- c. Review the appropriateness of the accounting policies adopted in the composition and presentation of financial reports (or any changes made or contemplated in relation to the Company's accounting policies) and assess the internal processes supporting external reporting.
- d. Consider the external auditor's report, any differences of opinion between the auditor and those preparing the financial statements, or any other matters relating to the conduct of the audit or issues raised by those responsible for the preparation of the financial statements or the auditor.
- e. Consider whether the financial statements are presented in a way which facilitates ease of understanding by shareholders.

External Audit

- f. Consider the appointment and removal of the external auditor, including ensuring that the audit engagement partner is rotated at least every 5 years.
- g. Review the terms of the auditor's engagement, including approval of annual audit fees, scope and quality of the audit, and the auditor's independence.
- h. Review the level and nature of non-audit services provided by the external auditor.
- i. Annual review of the expertise, resources and performance of the external auditor.

Risk and Compliance

- j. Consider and review with the external auditor:
 - i. the adequacy of the Company's internal controls to manage identified risks; and
 - ii. the adequacy of the Company's financial reporting.
- k. Evaluating the structure and adequacy of the Company's own insurances on an annual basis.
- l. Evaluating the Company's exposure to fraud and overseeing investigations of allegations of fraud or malfeasance.
- m. Reviewing the Company's main corporate governance practices for completeness and accuracy.
- n. Reviewing the procedures in place to ensure compliance with insider trading laws, continuous disclosure requirements and other best practice corporate governance processes (including requirements under the ASX Listing Rules, Corporations Act and AASB requirements).
- o. Advising the Board on the appropriateness of significant policies and procedures relating to financial processes and disclosures and reviewing the effectiveness of the Company's internal control framework.
- p. Reviewing and discussing with the external auditors the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs.

COMMITTEE PROCEDURES

- 6. The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet at least twice per year.
- 7. The quorum is at least 2 members.
- 8. Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee.
- 9. The Committee has rights of access to all service providers involved in the provision and preparation of financial information for the Company and to the auditor, and rights to seek explanations and additional information from all parties including the auditor.
- 10. The Committee may seek the advice of the Company's auditors, solicitors or such other independent advisers as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee, as the Committee may require.
- 11. Minutes of meetings of the Committee must be kept by the Company Secretary and approval by the Committee chair. All minutes of the Committee must be entered into a minute book maintained for that purpose and be open at all times for inspection by any director.
- 12. The Board will, at least once in each year, review the membership and Charter of the Committee to determine its adequacy for current circumstances and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.

REVIEW OF THIS CHARTER

A formal review of this Charter takes place annually.

Reviewed and approved by the Board on 30 September 2016.