

DGO Gold Limited

Audit Committee Charter

**June 2019**

## **Introduction**

The Board of DGO Gold Limited ("the Company") has established an Audit Committee. The following Audit Committee Charter provides guidance to the operations of the Audit Committee.

## **Authority**

The Audit Committee is an advisory Committee of the Board. The Audit Committee has authority to investigate any activity of the Company and its subsidiary. In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

This Charter sets out the specific responsibilities and roles delegated by the Board to the Audit Committee and provides support for the manner in which the Audit Committee operates.

## **Role**

The role of the Audit Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the following:

- a) oversee the preparation of and ensure the Company's financial reports present a true and fair view of the Company's financial position;
- b) ensuring that the Company maintains an effective system of internal controls and Risk Management Framework;
- c) oversee the Company's relationship with the external auditor and the external audit function generally;
- d) ensuring the company adopts and maintains appropriate accounting policies and procedures;
- e) address any issues arising from the external audit process;
- f) review and recommend the engagement of the Auditor; and
- g) maintaining a forum for free and open communication between the Committee, external auditors and the management of the Company.

## **Committee Composition**

The composition of the Audit Committee consists of at least three members of the Board with all of its members being non-executive directors. The Board will appoint the members of the Audit Committee. The Audit Committee may invite members of Management, other Directors and the external auditor to attend the meetings.

All members of the Audit Committee shall have working knowledge of basic finance and accounting practices. At least one member of the Audit Committee or invited participant shall hold financial qualifications and be able to demonstrate relevant basic financial experience in financial management. The Chief Financial Officer may be called upon to provide financial expertise.

The Chairman of the Audit Committee shall be a non-executive director and shall be appointed by the Chairman of the Board.

### **Secretary**

The minutes of the Audit Committee Meeting shall be kept by the Company Secretary.

### **Managing Director**

The Managing Director and Executive Chairman shall be available as required during the meetings of the Audit Committee to update the Committee on the Company's activities, provide all relevant information and answer all queries to the satisfaction of the Committee. In the case where no Managing Director or Chief Executive Officer (CEO) is appointed, the Executive Chairman shall take on the roles and responsibilities of the Managing Director as outlined in this Continuous Disclosure Policy. The policy refers to the roles and responsibilities of the Managing Director however these would apply to a CEO if appointed instead of or in conjunction with, a Managing Director.

### **Meetings**

The Audit Committee shall meet not less than two times a year or more frequently as circumstances require. Audit Committee minutes will be confirmed at the following Audit Committee meeting and the Chair of the Committee shall report to the Board following each meeting.

Any Committee member, the external auditor or the Chief Financial Officer may request a member to call a meeting. A notice of each meeting confirming the date, time, venue and agenda shall be forwarded to each member of the Committee.

Minutes of proceedings and resolutions of Committee meetings shall be kept by the Company Secretary. The Chairman shall report to the Board on the outcome of the Audit Committee meetings, results of the external audit process and any other activities and major issues.

The Audit Committee has the right to obtain information, interview Management and external auditors (with or without Management present) and seek advice from external consultants or specialists where the Committee considers this necessary or appropriate.

### **Quorum**

A quorum will comprise of any two Committee members. In the absence of the Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman for the meeting.

## Duties and Responsibilities

The specific responsibilities of the Audit Committee include but are not limited to the following:

- a) Internal controls and risk management
  - ensure each individual member understands the Company's structure, controls and types of transactions in order to assess the risks that might face the company;
  - communicate to Management the Audit Committee's expectation of internal controls;
  - review and assess the adequacy of the Company's systems of internal controls and ethical standards for the management of the Company;
  - assess the adequacy of the Company's policies and procedures to monitor and ensure compliance with laws and regulations;
  - review and assess the adequacy of the Company's Risk Management Framework in respect to the identification and management of risks; and
  - consider matters addressed in the external auditor's Management Letter.
  
- b) In relation to the external audit
  - recommend to the Board the appointment, evaluation and termination of the external auditor;
  - ensure adherence to the ASX guidelines regarding the selection, appointment of the external auditor and the rotation of external audit engagement partners;
  - ensure the independence of the external auditor;
  - review the Company's financial reporting and disclosure processes and make recommendations to the Board in relation to the adequacy of these processes.
  - ensure that the auditor communicates to the Audit Committee in a timely fashion and at least annually;
  - periodically consult with the external auditor out of the presence of Management about the quality of the Group's accounting principles, material judgments and any other matters that the Committee deems appropriate
  - review with the external auditor the planned scope of their audit and their subsequent audit findings including any internal control recommendations;
  - review the external auditor's management letter and reports regarding the external audit of the financial statements;
  - provide advice to the Board as to whether the Committee is satisfied that the provision of non-audit services is compatible with the general standard of independence and an explanation of why those non-audit services do not compromise audit independence; and
  - discuss and resolve any problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss in the absence of Management.
  
- c) In relation to the half-year and annual financial statements and reports:
  - review the draft financial statements and the audit report and make necessary recommendations to the Board for the approval of the financial statements to ensure they represent a true and fair view of the Company's financial position

- and performance and the Company's cash flow;
- review the quality and timeliness of the information reported;
- query any large or unusual transactions; and
- review with Management and the external auditor the accounting policies and practices adopted by the Company and their compliance with accounting standards, regulatory requirements and relevant legislation.

### **Identifying and Managing Material Business Risks**

The Company has adopted a Risk Management Framework which includes a Risk Management Policy and Risk Register for the management and oversight of material risks and internal control.

Outlined below are the accountabilities and responsibilities of the Audit Committee for managing risk in the Company:

- a) oversee the Risk Management Framework;
- b) ensure that the Risk Management Framework is implemented and adopted;
- c) review and approve the Company's list of material business risks and risk treatment strategies;
- d) monitor the implementation and the continued update of the Risk Management Framework;
- e) confirm that the Risk Register is continually updated to reflect the changing environment and will allow the company to identify and respond to emerging issues and risks; and
- f) receive reports from Management on material business risks and the effect of these material risks on the business.

The role and the responsibilities of the Audit Committee in the context of Risk Management will be reviewed periodically to assess effectiveness and performance.

### **Reviews**

The Audit Committee shall assess its performance on an annual basis and training needs will be monitored by the Chair. The Audit Committee shall review this Charter and its composition annually to ensure that it remains consistent with the Board's objectives and responsibilities.