

DGO Gold Limited

Audit and Risk Committee Charter June 2020

Introduction

The Board of DGO Gold Limited (“DGO Gold” or “the Company”) has established an Audit and Risk Committee. The following Audit and Risk Committee Charter provides guidance to the operations of the Audit and Risk Committee.

Authority

The Audit and Risk Committee is an advisory Committee of the Board. The Audit and Risk 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 and Risk Committee and provides support for the manner in which the Audit and Risk Committee operates.

Role

The role of the Audit and Risk Committee is to review and make recommendations to the Board in relation to the following: in

- oversee the preparation of and ensure the Company’s financial reports provide a true and fair view of the Company’s financial position and performance;
- ensure adequacy of the Company’s corporate reporting processes;
- ensuring that the Company maintains an effective system of internal controls and Risk Management Framework;
- oversee the Company’s relationship with the external auditor and the external audit function generally;
- ensuring the company adopts and maintains appropriate accounting policies and procedures;
- address any issues arising from the external audit process;
- determine the fees payable to the auditor for audit and non-audit work;
- appointment or removal of the external auditor;
- the rotation of the audit engagement partner;
- the scope and adequacy of the external audit;
- the independence and performance of the external auditor;
- any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor;
- maintaining a forum for free and open communication between the Committee, external auditors and the management of the Company;
- whether the Company’s financial statement reflect the understanding of the Committee members of, and otherwise provide a true and fair view of the financial position and performance of the Company; and

- The appropriateness of the accounting judgements or choices exercised by management in preparing the Company's financial statements.

Committee Members and Composition

The Committee members shall be appointed by the Board and shall, to the extent practicable given the size and composition of the Board from time to time comprise of at least two Directors, a minimum of one of whom is an independent Director.

The Audit Committee may obtain information from and invite members of management, other Directors and the external auditor to attend the meetings.

All members of the Audit and Risk 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 and Risk Committee shall be an Independent Non-Executive Director and appointed by the Board and who is not the Chairman of the Board.

Secretary

The minutes of the Audit and Risk 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 and Risk 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 and Risk Committee shall meet not less than two times a year or more frequently as circumstances require. Audit and Risk 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 and Risk Committee meetings, results of the external audit process and any other activities and major issues.

The Audit and Risk 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 and Risk 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 and Risk 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 and Risk 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 and Risk Committee for managing risk in the Company:

- oversee the Risk Management Framework;
- ensure that the Risk Management Framework is implemented and adopted;
- review and approve the Company's list of material business risks and risk treatment strategies;
- monitor the implementation and the continued update of the Risk Management Framework;
- 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;

- receive reports from Management on material business risks and the effect of these material risks on the business;
- monitor management's performance against the Company's risk management framework, including whether it is operating within the risk appetite set by the Board;
- review any material incident involving fraud or a breakdown of the Company's risk controls and the learnings arising from such incident;
- receive reports from management on new and emerging sources of risk and the risk controls and mitigation measures that management has put in place to deal with those risks; and
- make recommendations to the Board in relation to changes that should be made to the Company's risk management framework or to the risk appetite set by the Board.

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

Audit & Risk Committee Performance

The Audit and Risk Committee shall make an evaluation of its performance at least once every two years to determine whether it is functioning effectively by reference to the current best practices.

Review of the Policy

The Audit and Risk Committee shall review this Charter and its composition annually to ensure that it remains consistent with the Board's objectives and responsibilities.

A copy of the Audit and Risk Committee Charter is available on the Company's website www.dgogold.com.au.