

DGO Gold Limited

Risk Management Policy

November 2019

Introduction

DGO Gold Limited (“DGO Gold” or “the Company”) believes that management and recognition of risk is integral to the Company meeting its objective including successfully carrying out its mineral exploration and evaluation activities.

The purpose of the Risk Management Policy (“the Policy”) is to highlight the Company’s practices and risk management framework for the identification and management of uncertainty in the business.

The Company aims to achieve a balance between risk and reward consistent with activities that are in the best interest of its stakeholders.

Scope

The Policy applies to DGO Gold and its subsidiaries (the Group) including the exploration and evaluation operations. Although the Board is responsible for the oversight of the risk management process, the Company relies on the judgement, skill and experience of its employees to make risk management decisions within the risk management framework and to communicate risk issues to relevant parties.

The Company acknowledges that a large part of its risk surround exploration and evaluation activities and has considered risks that fall into the following categories:

- Operational Management
- Asset Management
- Environmental/ Sustainability
- Compliance/ Financial Reporting
- Strategic Management
- Ethical Conduct
- Reputation
- Work Health & Safety/ Human Capital and Contract management
- IT and Technological
- Finance and Business continuity
- Tenements and Resource Statements
- Stakeholder Communications

The Company will use its best endeavours to identify material business risks. However, due to the uncertain nature of the mining industry and business generally it may be difficult for the Board, Management and staff to foresee and identify all material business risks affecting the Company.

There are a number of risks associated with the Company’s operations and activities. The objective and rationale for managing risk in the Company is to facilitate the identification of the material business risks, manage those material risks and internally report to the responsible person and to the Board on those risks identified.

The Company has implemented a Risk Management Framework for the management and oversight of material risks and internal control. The Risk Management Framework is designed to address risks that have been identified to have material impact on the Company’s business and to ensure that the Board regularly reviews the risk management and oversight policies.

DGO Gold has developed an organisational approach to risk management, the key elements of the risk management process are as follows:

- considering the Company's risk tolerance level that drives the overall risk management effort and determines the action required to address material business risk;
- maintaining the risk management framework for the management and oversight of material business risks and internal control;
- ensuring risk management is included in strategic and business planning;
- planning management actions and training to consider and manage the identified material business risks;
- maintaining and updating the Risk Register which:
 - identifies material business risks;
 - details current controls;
 - provides an assessment of the likelihood and consequences of the risk happening;
 - details further action to eliminate, reduce, transfer, manage or accept each risk; and
 - provides management responsibilities for dealing with the risk.
- obtaining assurance from the Managing Director and Chief Financial Officer that the declaration provided is founded on sound system of risk management and internal control;
- the Audit and Risk Committee (the Committee) and Board ensure management accountability for developing and implementing a sound system of risk management and internal control;
- providing the Risk Management Register to the Board on a regular basis to allow oversight of the material business risks;
- providing the Board with updates on management risk activity including an assessment of whether the material business risks are being effectively managed; and
- preparing annual disclosure with respect to ASX recommendations under Principle 7 of the Corporate Governance Principles and Recommendations.

Risk Management Procedure

Risk Strategy and Risk Tolerance

The principal activity of the Company is the exploration for gold and other minerals. The Company has assessed that it has a relatively high tolerance for risk due to the nature of this industry with shareholders being rewarded if the Company is successful in its activities.

Risk Management Requirements

The Company will continue to update and formulate policies for its activities in accordance with the objectives of the Company and the assessments of the material business risks as outlined in the Risk Register. The Company has developed authority levels for exploration and evaluation expenditure, implement safety polices, conducts reviews of its insurance policies and regularly monitors its financial risk through budgeting.

Internal Control

The Board has overall responsibility for the oversight of matters relating to risk, compliance and internal control. The Audit and Risk Committee has a number of responsibilities including making recommendations to the Board with respect to financial compliance, auditor independence, effectiveness of systems of internal control and the management of risk.

The Company's internal control processes are in place to ensure that information is reported to the Board and senior management on a regular basis. The internal control process include amongst other things:

- Internal consideration of internal controls;
- Regular internal reporting of exploration activities;
- Regular consideration of the company budget by the Board and management;
- Updating and review of the Risk Register and Risk Management Framework by the Board and management;
- Half year review and annual audit by external auditor;
- Audit Committee and Board review of financial statements; and
- Ensure public reporting of risk and making necessary disclosures relating to risk as when required.

The Company continues to review its risk management framework and system of internal controls to ensure that it is managing its material business risk effectively.

Risk Management Roles and Responsibilities

The attached table outlines a summary of the roles and responsibilities for managing risk in the Company on a day to day basis:

Risk (description)	Responsible Person/s
Overall responsibility for risk management process	MD and Board of Directors
Overall responsibility for all material business risks	MD and Board of Directors
Responsible for material business risk (in conjunction with the Managing Director):	
Financial Risks	Co Sec, CFO, Assistant Accountant
Occupational Health and Safety	Exploration Manager
Operations	Exploration Manager
Compliance	Co Sec, CFO
Exploration Risk	Exploration Manager
Resource/Reserve Tables (Drummond Tenements)	Exploration Manager
Technology	CFO, Assistant Accountant
Human Resources	Assistant Accountant

Review of the Policy

The Board will review the Risk Management Policy annually to ensure it remains consistent with Company's objectives and relevant regulations.

A copy of the Policy is available on the Company's website www.dgogold.com.au.