

# **DGO Gold Limited**

## **Risk Management Policy**

September 2020

## **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 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 identifies a range of risk exposures arising from its corporate, exploration and evaluation activities including the following categories:

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

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 and operational 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 management that the declaration provided is founded on sound system of risk management and internal control;
- 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;
- 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 the risk inherent in geological exploration, mitigated by the Company's diligent and well informed approach to mineral exploration. However, the Company has very low risk tolerance for most other risk exposures including risks associated with the health and safety of its people, compliance and its relationship with communities in which it operates.

### 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 processes 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 and Risk Committee and Board review of financial statements; and
- Ensure public reporting of risk and making necessary disclosures relating to risk as and when required.

The Company continues to review its risk management framework and system of internal controls at least annually 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:

<b>Risk (description)</b>	<b>Responsible Person/s</b>
Overall responsibility for risk management process	Executive Chairman and Board of Directors
Overall responsibility for all material business risks	Executive Chairman and Board of Directors
Management level responsibility for material business risk (reporting to the Executive Chairman):	
Financial Risks	COO, CFO
Occupational Health and Safety	Exploration GM, COO
Operations	Exploration GM
Compliance	COO, CFO, Exploration GM
Exploration Risk	Exploration GM
Resource/Reserve Tables (Company Tenements)	Exploration GM
Technology	COO, CFO
Human Resources	COO

## 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](http://www.dgogold.com.au).