



## Risk Management Policy

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<b>Related Documents:</b>	Risk Register, Orezone ERM Process Memorandum

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### I. Purpose

The purpose of this Policy is to document Orezone Gold Corporation’s (“**Orezone**” or the “**Company**”) approach to the oversight, frequency, inputs and outputs of the Company’s enterprise risk management program.

### II. Background

Orezone is a West African gold producer engaged in the mining, exploration and development of precious minerals. The Company is guided by a strategy, objective and budget approved by the Board of Directors (the “**Board**”). It is the uncertainty of meeting objectives that creates risks.

*Risk management* involves understanding, analyzing, and managing risk.

*Enterprise Risk Management* (“**ERM**”) is an integrated approach to managing risk across an organization. Individual risks must be managed at the operating or unit level however there is also a risk management activity at the corporate level. Risk management at the corporate level is led by senior management who are required to understand, prioritize, and ensure risks are managed. As part of good governance, the results of risk management are discussed and analysed with the Board.

The Company discusses and reports risks in several ways:

- **Strategy Session:** a strategy session is held annually with the Board.
- **MD&A and AIF:** the management discussion and analysis and annual information form (the “AIF”) each provide a summary list of the most significant risks and uncertainties faced by the Company and the AIF further describes these risks in greater detail.

Annually, the SVP & General Counsel prepares a risk factor list (presented in order of seriousness from the most serious to the least serious) and circulates it to senior management for comment. The AIF is subject to approval of the Board.

- **Financial Statements:** The interim and annual filings provide a brief discussion of foreign currency, credit, and liquidity risks. The financial filings are subject to approval of the Board.
- **Month End Report and Monthly Activity Report:** Risks of concern are tracked and evaluated in these monthly reports.
- **Phase II Expansion Project Controls:** The project team follows a formal risk management process outlined in the Project Controls Manual.
- **Other:** Various risk assessments are completed in the organization, examples of which include:
  - Annual security risk assessment completed at site;
  - Legal risks are tracked and evaluated by the legal department;
  - Risk Assessment completed as part of the scoping exercise for the Internal Controls over Financial Reporting (ICFR) program – summarized to management and the Audit Committee; and
  - Fraud Risk Assessment - summarized to management.

### **III. Enterprise Risk Management Purpose and Philosophy**

Orezone’s purpose for using ERM is to tie together, in an organized framework according to a consistent methodology, all risk management activities to provide alignment and action by management. The results are presented to the Board of Directors to allow for oversight of the organization’s risks.

There are varying degrees and practices by which Orezone can adopt principles of ERM. Orezone bases its ERM practices on “ISO31000: 2018 - Risk Management Framework- Guidelines” (International Organization for Standardization) with certain elements adopted from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) 2017 “Enterprise Risk Management – Integrated Framework”. These standards and best practices based thereon are used by the organization as a guideline as it matures and supports the corporate strategy.

ERM activities will be designed with the principles that roles and responsibilities are defined, governance established, with a focus on identifying and acting on known risks.

The Board will oversee the ERM program to ensure that it receives sufficient information on organization risks and assess whether those risks are acceptable. The Board shall receive updates on management's actions plans and remediations on elevated risks.

Management shall use enterprise risk management as a tool to communicate, act, mitigate and resolve risks in the organization. Management assumes responsibility for managing all risks in the organization.

Orezone's risk management process will focus on filtering up risks from site to corporate and the Board level and emphasize communication and action.

Risk Management is an important entity level control which also serves to enhance and supplement the organization's internal controls over financial reporting and disclosure control process. As a single asset producer, reporting lines are much shorter and management has a much closer view of risks. As the organization grows, so to will its risk management maturity.

#### **IV. Roles and Responsibilities**

All Orezone personnel are responsible for managing risk. Specific responsibility is held as follows:

##### **A. Board of Directors**

Understand and provide oversight of the areas of greatest risk to the Company including business, political, financial and control risks. Consider risk in strategic planning and specifically as it relates to enterprise risk management:

- Approve the Risk Management Policy and receive reporting on a bi-annual basis.
- Oversee the adequacy of the enterprise risk management program.

##### **B. Senior Leadership Team**

Ensure systems are in place to identify and manage risk. Own risks and seek to implement and monitor action plans over risk remediation strategies. Provide reporting on the greatest risks facing the organization to the Board. Incorporate risk into the Business and Strategic Planning processes. The SVP & General Counsel is the executive sponsor and champion of the ERM process.

##### **C. Site Management**

Identify and act on risks. Provide visibility to senior leadership team on risk management activities.

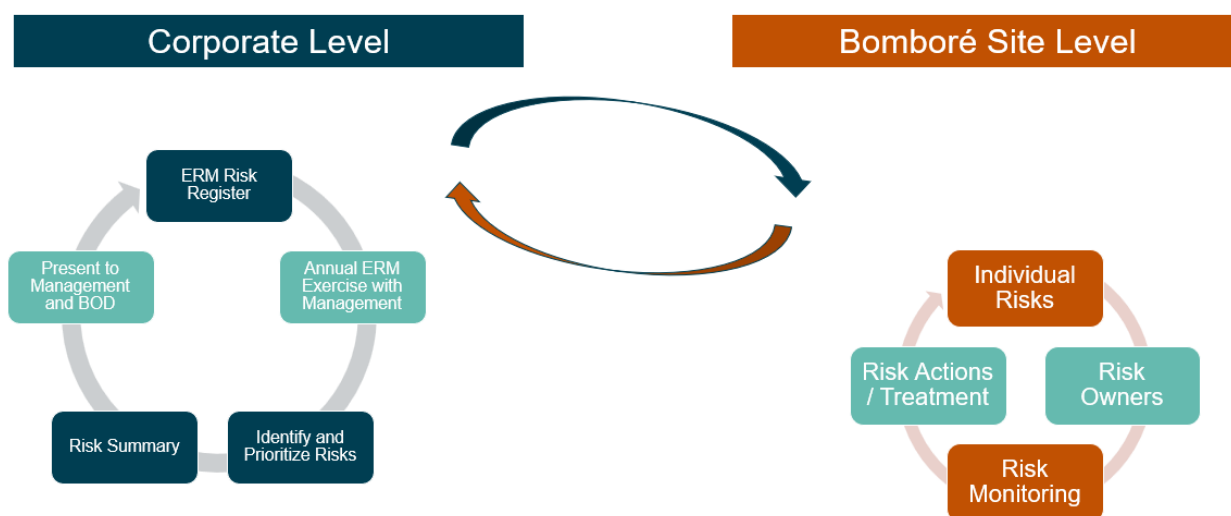
##### **D. Internal Controls**

Serve as the co-ordinator for risk management activities. Conduct meetings and prepare the consolidated risk register. Promote risk management across the organization. Document and adhere to a Risk Management Procedure.

## E. All Employees

Be proactively involved in risk identification and management throughout all levels of the organization. Orezone will foster a culture where everyone will assume responsibility for managing risk in their day-to-day activities and accept risk taking as fundamental to the business.

The following table illustrates the different risk management activities between Corporate and Site and their interaction.



## V. Enterprise Risk Management Process

Risk management begins with business objectives and related key performance indicators. Annually, senior management develops objectives and KPIs for corporate performance. Objectives and KPIs are also completed at the site level as part of the annual budgeting exercise. The objectives and targets at the site level, for the most part, roll up and link to corporate objectives naturally as a single asset producer. The corporate goals and measures for the Company are presented to the Corporate Governance, Nominating and Compensation Committee for approval and then recommended by the committee to the Board for approval.

A risk register is maintained tracking risks to the organization. The activities to develop this register are as follows:

- Identify a universe of risks facing the organization;

- Meet with senior leaders and site management to identify new risks and assign risk ratings and prioritize based on a risk rating scale;
- Identify a risk owner and action plan to remediate risk;
- Finalize a risk register; and
- Finalize heat map based on top 10 risks and prepare a report on results and ERM Process.

Materials and distributions related to ERM are maintained and developed by the Internal Controls Manager and overseen by the SVP & General Counsel.

## **VI. Enterprise Risk Management Reporting**

The nature, timing and extent of ERM reporting requirements are set out below:

### **A. Ongoing Reporting**

Managers should raise risks as they arise and if considered appropriate enterprise risks, recommend that they are included in the risk register. Changes to action plans or updates to status, can also be communicated in the same manner.

### **B. Quarterly Reporting**

At quarterly management meetings, management will revisit with risk owners, the risk register looking at the status of action plans and the movement or emergence of new risks and update the register accordingly. The objective of such updates is to ensure that: (a) the risk register identifies all existing, new and emerging risks; (b) the corresponding mitigation plans and activities, and that the identified controllable risk areas are appropriately managed and meet established risk targets; and (c) management is updated on the status of risk actions in the risk register.

### **C. Semi-Annual Reporting**

Semi-annually, the Board will receive a report summarizing the results of the annual ERM process. This will include a summarized heat map, a copy of the risk register and any other discussion on changes to the organization's risk management programs. Action plans and status of all top risks will also be provided in the presentation.

### **D. Continuous Improvement**

Orezone will strive to continuously improve upon its risk management practices, periodically self-assess its performance and ensure that mitigations are appropriately designed and operating effectively in line with sound risk management practices. Periodically this Policy will be updated to reflect changing philosophy and evolution of the organization's risk management practices.