

TNG LIMITED

TNG LIMITED POLICY

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18.1 SCOPE

The audit committee (**Committee**) is a Committee of the board (**Board**) of TNG Limited (**Company**). The charter sets out the Committee's function, composition, mode of operation, authority and responsibilities.

18.2 ROLE OF THE COMMITTEE

Role of the Committee

- To monitor the integrity of the financial statements of the Company, appropriateness of accounting policies and reviewing significant financial reporting judgments. The audit Committee serves as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public.
- Oversee, co-ordinate and appraise the quality of the audits conducted by both the Company's external and (if applicable) internal auditors, including reviewing the independence and effectiveness of the external auditor.
- To make recommendations to the Board in relation to the appointment of the external auditor and to approve the remuneration and terms of engagement of the external auditor.
- To develop and monitor compliance with policy on the engagement of the external auditor to supply external non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.

18.3 MEMBERSHIP AND COMPOSITION

The Board shall appoint the members of the Committee and review the composition of the Committee at least annually. The Committee will comprise:

- at least three members all of whom have an understanding of the content of financial statements;
- only non-executive directors of the Board, a majority of whom should if practical be independent;
- a chairman appointed by the Board; at least one member is to have significant, recent and relevant financial experience; and
- at least one member is to have an understanding of the industry in which the company operates.

18.4 AUTHORITY OF THE COMMITTEE

In performing its functions in accordance with any applicable law, the Committee :

- has unrestricted access to the external auditors, senior management and employees of the Company;
- has unrestricted access to information and reports relevant to fulfilling its responsibilities;
- may seek independent external advice on matters brought before the Committee or in relation to the functions and responsibilities of the Committee ; and
- shall have the power to conduct or authorise investigations into any matters within the Committee 's scope of responsibilities or when requested by the Board.

18.5 MEETINGS OF THE COMMITTEE

The Committee shall:

- meet as frequently as required but at least two times per year;
- the minimum quorum for a Committee meeting is two members;
- the secretary of the Committee is the Company Secretary; and
- Committee meetings will be governed by the same rules, as set out in the Company constitution as they apply to the meetings of the Board.

18.6 RESPONSIBILITIES

The Committee must promote an environment within the Company which is consistent with best practice financial reporting. In particular, the Committee must:

- perform an independent review of financial information prepared by management for external reporting. This will include conducting reviews of the annual report, directors' report, annual financial statements, half yearly financial statements and any other externally reported financial information required by law;
- monitor the integrity and effectiveness of financial reporting processes;
- review and assess the external audit arrangements;
- review and ensure implementation of legislated major accounting changes;
- ensure that appropriate policies are established and adequate systems are in place to identify and disclose related-party transactions and assess the propriety of any related party transactions;
- ensure that the Board is kept regularly informed on general progress and activities, and is promptly briefed on all significant matters; and
- overseeing risk management and monitoring the internal control environment by reference to the Company's Risk Management and Internal Compliance and Control policy.

18.7 EXTERNAL AUDIT ARRANGEMENTS

The Committee shall report to the Board on external audit arrangements, including:

- making recommendations to the Board on the appointment, re-appointment, replacement and remuneration of the external audit firm;
- review the terms of engagement for the external auditor;
- review the scope of the external audit with the external auditor including identified risk areas;
- monitor the performance of the external audit including assessment of the quality and rigor of the audit, quality of the service provided and the audit firm's internal quality control procedures;
- review and assess non-audit services to be provided by the external auditor, with particular consideration to the potential to impair or appear to impair the external auditors' independence;
- review and monitor management's responsiveness to the external audit findings; and
- on a periodic basis, meet with the external auditor without the presence of management.

18.8 APPOINTMENT OF EXTERNAL AUDITOR

Should a change in auditor be considered necessary, a formal tendering process will be undertaken. The Committee will identify the attributes required of an auditor and will ensure the selection process is sufficiently robust so as to ensure selection of an appropriate auditor.

The Committee will ensure that prospective auditors have been provided with a sufficiently detailed understanding of the Company, its operations, its key personnel and any other information, including group structures and financial statements that will have a direct bearing on each firm's ability to develop an appropriate proposal and fee estimate.

The Committee and the Board will consider the appointment in conjunction with senior management.

In selecting an external auditor, particular consideration will be given to determining whether the fee quoted is sufficient for the work required, that the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge and whether the work proposed is sufficient to meet the Company's needs and expectations.

The appointment of a new external audit firm will be placed before shareholders for ratification at the next annual general meeting after the appointment is made.

18.9 ROTATION AND SUCCESSION PLANNING

The Committee will discuss with the auditor the provisions the audit firm has in place for rotation of the lead engagement partner and the independent review partner.

18.10 MANAGEMENT SIGN-OFF PROCEDURE

The Committee will ensure that the Managing Director and Company Secretary or CFO prepare a written statement to the Board certifying that, in their opinion, the financial records of the Company have been properly maintained and that the Company's audited annual financial report and reviewed half yearly financial report present a true and fair view, in all

material respects, of the financial condition of the Company and its operational performance, are in accordance with relevant accounting standards and are that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The statement is to be presented to the Board prior to the approval and sign-off of the respective financial reports.

18.11 REVIEW PROCESS

This Charter and the composition of the Committee will be reviewed every 24 months. Any changes to the charter will require the approval of the Board.