

# TNG Limited

## Corporate Governance Statement

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The Board of Directors of TNG Limited. (the “Company”) is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

This statement sets out the main corporate governance practices in place throughout the financial year in accordance with 3rd edition of the ASX Principles of Good Corporate Governance and Best Practice Recommendations.

This Statement was approved by the Board of Directors and is current as at 26 September 2018.

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

ASX Recommendation 1.1: A listed entity should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Company has complied with this recommendation.

The Board has adopted a formal charter that details the respective Board and management functions and responsibilities. A copy of this Board charter is available in the corporate governance section of the Company's website at [www.tngltd.com.au](http://www.tngltd.com.au).

ASX Recommendation 1.2: A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a Director and provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.

The Company has complied with this recommendation.

The Company conducted appropriate checks on the Director appointed during the year.

Information in relation to Directors seeking reappointment is set out in the Directors' report and Notice of Annual General Meeting.

ASX Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The Company has complied with this recommendation.

The Company has in place written agreements with each Director and Senior Executives.

ASX Recommendation 1.4: The company secretary of a listed company should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company has complied with this recommendation.

The Board Charter provides for the Company Secretary to be accountable directly to the Board through the Chair.

ASX Recommendation 1.5: A listed entity should:

- Have a diversity policy which includes the requirement for the Board to set measurable objectives for achieving gender diversity and assess annually the objectives and the entity's progress to achieving them;
- disclose the policy or a summary of it;
- disclose the measurable objectives and progress towards achieving them; and
- disclose the respective proportions of men and women on the Board and at each level of management and the company as a whole.

The Company partly complies with this recommendation.

The Company has adopted a Diversity Policy which is available in the corporate governance section of the Company's website at [www.tngltd.com.au](http://www.tngltd.com.au).

## **TNG Limited**

### **Corporate Governance Statement**

---

The Board considers that, due to the size, nature and stage of development of the Company, setting measurable objectives for the Diversity Policy at this time is not practical. The Board will consider setting measurable objectives as the Company increases in size and complexity.

As at 30 June 2018, the Company does not have any female Board members or senior managers (2017: nil). Of the balance of the Company's employees 57% are female (2017:50%). 42% (2017: 30%) of the Company's employees in total, including Directors, are female.

ASX Recommendation 1.6: A listed entity should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

The Company has complied with this recommendation.

The Board has adopted a self-evaluation process to measure its own performance and the performance of its committees during each financial year. The chairperson is also responsible for conducting an annual review of overall board performance during a regular meeting of the board.

The Remuneration Committee charter also provides that the Remuneration Committee will make recommendations to the Board, from time to time, in respect of the performance evaluation process for evaluating each of the board, the board committees and individual directors.

A performance review was undertaken during the reporting period.

ASX Recommendation 1.7: A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose in relation to each reporting period where a performance evaluation was undertaken in accordance with a process.

The Company has complied with this recommendation.

The Company has in place procedures for evaluating the performance of its senior executives overseen by the Board. These procedures include a review by the Board of the Company's financial performance and an annual performance appraisal meeting with each senior executive.

A performance review was undertaken during the reporting period.

#### PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

ASX Recommendation 2.1: The Board of a listed entity should establish a Nomination Committee:

- With at least three members the majority of which are independent Directors;
- chaired by an independent director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has not complied with this recommendation.

The full Board considers Board composition and identifies and assesses candidates to fill any casual vacancy which may arise from time to time. The Board considers that at this stage no efficiencies or other benefits would be gained by establishing a separate Nomination Committee.

ASX Recommendation 2.2: A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Company has complied with this recommendation.

## TNG Limited Corporate Governance Statement

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The Board has established a skill matrix. On a collective basis the Board has the following skills:

Strategic expertise: Ability to identify and critically assess strategic opportunities and threats and develop strategies.

Specific Industry knowledge: Geological qualifications are held by the Managing Director and other members of the Board have a general background and experience in the resources sector including exploration, mineral resource project development and mining.

Accounting and finance: The ability to read and comprehend the Company's accounts, financial material presented to the Board, financial reporting requirements and an understanding of corporate finance.

Legal Compliance: Overseeing compliance with numerous laws, ensuring appropriate legal and regulatory compliance frameworks and systems are in place and understanding an individual Director's legal duties and responsibilities.

Risk management: Identify and monitor risks to which the Company is, or has the potential to be exposed to.

Experience with equity markets: Experience in working in or raising funds from the equity markets.

Funding and project financing: a detailed understanding and experience in working in funding markets and involvement in project funding.

Project development and construction: experience in the development of projects and construction of project infrastructure.

Native Title negotiations: experience in dealing with Traditional Owners and negotiation of Native Title agreements and access agreements to progress the Company's activities.

Investor relations and stakeholder Management: Experience in identifying and establishing relationships with Shareholders, potential investors, institutions, equity analysts and other key stakeholders.

ASX Recommendation 2.3: A listed entity should disclose the names of the Directors considered by the Board to be independent Directors and provide details in relation to the length of service of each Director.

The Company has complied with this recommendation.

Rex Turkington, Interim Chairman, John Davidson and Greg Durack are considered to be independent Directors.

Mr Paul Burton is an Executive Director and is not considered an independent Director as he is employed in an executive capacity.

The respective appointment date of each Director is:

Paul Burton	11 August 2008
Rex Turkington	28 November 2011
John Davidson	2 February 2017
Greg Durack	31 May 2018

ASX Recommendation 2.4: The majority of the Board of a listed entity should be independent Directors.

The Company has complied with this recommendation for part of the year.

As set out in ASX recommendation 2.3, the majority of the Board is considered to be independent.

Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic unless other Directors agree to their attendance. Directors having a conflict must absent themselves from the meeting while any decisions are being made on the business.

ASX Recommendation 2.5: The Chair of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.

The Company complies with this recommendation

Mr Rex Turkington is currently appointed as Interim Chairman on 31 May 2018 pending the appointment of a permanent chair in due course. Mr. Turkington is an independent non-executive director.

Mr. Paul Burton is Managing Director of the Company.

## **TNG Limited**

### **Corporate Governance Statement**

---

ASX Recommendation 2.6: A listed entity should have a program for inducting new Directors and provide appropriate professional development opportunities.

The Company has complied with this recommendation.

The full board has responsibility for the approval and review of induction procedures for new appointees to the Board to ensure that they can effectively discharge their responsibilities. The Board is also responsible for the program for providing adequate professional development opportunities for Directors and management.

#### PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

ASX Recommendation 3.1: A listed entity should establish a code of conduct and disclose the code or a summary of the code.

The Company has complied with this recommendation.

The Company has established a code of conduct that sets out standards which the Board, management and employees of the Company are to comply with when dealing with each other, shareholders, customers and the broader community.

A copy of the Company's code of conduct is available in the corporate governance section of the Company's website at [www.tngltd.com.au](http://www.tngltd.com.au).

#### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

ASX Recommendation 4.1: The Board of a listed entity should establish an audit committee:

- With at least three members, all of whom are non-executive Directors and a majority of which are independent Directors;
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has partly complied with this recommendation.

The Board has established an Audit Committee and adopted a charter that sets out the committee's role and responsibilities, composition and membership requirements. Currently, Mr. John Davidson (Chair) appointed to the Committee on 13 August 2018 and Mr. Rex Turkington serve on the Audit Committee. Mr. Geoffrey Crow served as chairman of the Audit Committee until his resignation as Director on 31 May 2018.

The role of the Audit Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting and audit process.

The qualifications of the members of the Audit Committee are set out in the Directors' report.

A copy of the charter of the Audit Committee is available in the corporate governance section of the Company's website at [www.tngltd.com.au](http://www.tngltd.com.au).

Details of the number of meetings of the committee and attendance at those meetings is set out in the Directors' Report.

ASX Recommendation 4.2: The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO or equivalent a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Company partly complies with this recommendation.

## **TNG Limited**

### **Corporate Governance Statement**

---

The Board has received the assurance required by ASX Recommendation 4.2 in respect of the financial statements for the half year ended 31 December 2017 and the full year ended 30 June 2018. Given the size and nature of the Company's operations the Board has not received the assurance in respect of the quarterly cash flow statements believing that the provision of the assurance for the half and full year financial statements is sufficient.

ASX Recommendation 4.3: A listed entity should ensure that the external auditor attends its Annual General Meeting and is available to answer questions from security holders relevant to the audit.

The Company has complied with this recommendation.

The external auditor attends the Annual General Meeting and is available to answer questions from shareholders relevant to the audit and financial statements. The external auditor will also be allowed a reasonable opportunity to answer written questions submitted by shareholders to the auditor as permitted under the Corporations Act.

#### PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

ASX Recommendation 5.1: A listed entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has complied with this recommendation.

The Company has established a continuous disclosure policy which forms part of its overall corporate governance policy which is designed to guide compliance with ASX Listing Rule disclosure requirements and to ensure that all Directors, senior executives and employees of the Company understand their responsibilities under the policy. The Board has designated the Managing Director as the person responsible for ensuring that all required price sensitive information is disclosed to the ASX as required. The Managing Director may delegate aspects of administering the continuous disclosure policy to other Directors or Company employees which may be a general delegation or specific to a particular matter.

In accordance with the Company's continuous disclosure policy, all information provided to ASX for release to the market is posted to its website at [www.tngltd.com.au](http://www.tngltd.com.au) after ASX confirms an announcement has been made.

Information in relation to the Company's continuous disclosure requirements is set out in the Company's corporate governance policy available at [www.tngltd.com.au](http://www.tngltd.com.au).

#### PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

ASX Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.

The Company has complied with this recommendation.

The Company's website at [www.tngltd.com.au](http://www.tngltd.com.au) contains information about the Company's projects, Directors and management and the Company's corporate governance practices, policies and charters. All ASX announcements made to the market, including annual, half year and quarterly reports are posted on the website as soon as they have been released by the ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report and copies of all investor presentations are posted on the Company's website.

ASX Recommendation 6.2: A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

The Company has complied with this recommendation.

The Company's Managing Director is the Company's contact for investors and potential investors and makes himself available to discuss the Company's activities when requested. From time to time the Managing Director may delegate responsibility for dealing with specific investor relations issues to other Directors or Company officers.

In addition to announcements made in accordance with its continuous disclosure obligations the Company, from time to time, prepares and releases general investor updates about the Company.

## **TNG Limited**

### **Corporate Governance Statement**

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The Company has engaged the services of an Investor Relations company to assist the Company with its investor relations activities.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's electronic mailing list.

ASX Recommendation 6.3: A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Company has complied with this recommendation.

The Company encourages participation of shareholders at any general meetings and its Annual General Meeting each year. Shareholders are encouraged to lodge direct votes or proxies subject to the adoption of satisfactory authentication procedures if they are unable to attend the meeting.

The full text of all notices of meetings and explanatory material are posted on the Company's website at [www.tngltd.com.au](http://www.tngltd.com.au).

ASX Recommendation 6.4: A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.

The Company has complied with this recommendation.

Contact with the Company can be made via an email address provided on the website and investors can subscribe to the Company's electronic mailing list.

The Company's share register provides a facility whereby investors can provide email addresses to receive correspondence from the Company electronically and investors can contact the share register via telephone, facsimile or email.

#### **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

ASX Recommendation 7.1: The Board of a listed entity should have a committee to oversee risk:

- With at least three members, all of whom are non-executive Directors and a majority of which are independent Directors;
- chaired by an independent director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has not complied with this recommendation.

The full Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within the Company with the Managing Director and Chief Financial Officer having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and financial position of the Company and reports to the Board by the Chairman of each committee at the next Board meeting following the committee meeting.

The Board considers that at this stage no efficiencies or other benefits would be gained by establishing a separate Risk Committee.

ASX Recommendation 7.2: The Board or a committee of the Board, of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose in relation to each reporting period whether such a review was undertaken.

The Company has complied with this recommendation.

The Board conducted such a review during the reporting period.

## **TNG Limited**

### **Corporate Governance Statement**

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ASX Recommendation 7.3: A listed entity should disclose if it has an internal audit function and if it does not have an internal audit function that fact and the processes it employs for evaluating and continually improving the effectiveness of risk management and internal control processes.

The Company has complied with this recommendation.

Given the Company's current size and level of operations it does not have an internal audit function. The Board oversees the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements and monitors the quality of the accounting function.

In addition the Audit Committee's role is to monitor the integrity of the financial statements of the Company, the appropriateness of accounting policies adopted by the Company and review significant financial reporting judgements. The Audit Committee serves as an independent and objective party to review the financial information submitted by management to the Board.

ASX Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and if it does how it manages or intends to manage those risks.

The Company has complied with this recommendation.

The Company has exposure to economic risks, including general economy wide economic risks and risks associated with the economic cycle which impact on the price and demand for minerals which affects the sentiment for investment in exploration and development companies.

There will be a requirement in the future for the Company to raise additional funding to pursue its business objectives. The Company's ability to raise capital may be effected by these economic risks.

The Company has in place risk management procedures and processes to identify, manage and minimise its exposure to these economic risks where appropriate.

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly when the Mount Peake Project is developed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company's social sustainability risk relates primarily to the communities in which it operates and the part it plays in corporate social responsibility, including the employment and welfare of local communities.

As the Company develops the Mount Peake Project, heritage matters and consultation with stakeholders will be given high priority to ensure that all aspects relating to its operations are adequately addressed.

The Board currently considers that the Company does not have any material exposure to social sustainability risk.

The Company has established a code of conduct that sets out standards which the Board, management and employees of the Company are to comply with when dealing with each other, shareholders, customers and the broader community.

## TNG Limited

### Corporate Governance Statement

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#### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

ASX Recommendation 8.1: The Board of a listed entity should establish a remuneration committee:

- With at least three members the majority of which are independent Directors;
- chaired by an independent Director; and
- disclose the charter of the committee, the members of the committee and the number of times the committee met throughout the period and member attendance at those meetings.

The Company has partly complied with this recommendation.

The Board has established a Remuneration Committee and adopted a charter that sets out the Remuneration Committee's role and responsibilities, composition and membership requirements. Currently, Mr. Rex Turkington (chair) and Mr. Greg Durack (appointed on 13 August 2018) serve on the Remuneration Committee. Mr. Geoffrey Crow served on the Remuneration Committee until his resignation as Director on 31 May 2018.

A copy of the committee's charter is available in the corporate governance section of the Company's website at [www.tngltd.com.au](http://www.tngltd.com.au).

Details of the number of meetings of the committee and attendance at those meetings is set out in the Directors' Report.

ASX Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives.

The Company has complied with this recommendation.

Non-Executive Directors are paid a fixed annual fee for their service to the Company. Non-Executive Directors may, subject to shareholder approval, be granted equity securities as remuneration. Non-executive Directors may also be paid a fee on a per day rate for services in addition to the normal duties of a non-executive Director.

Executives of the Company typically receive remuneration comprising a base salary component and other fixed benefits based on the terms of their employment agreements with the Company and potentially the ability to participate in bonus arrangements and may, subject to shareholder approval if appropriate, be granted equity securities as remuneration.

Further information in relation to the Company's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report in the annual financial statements.

ASX Recommendation 8.3: A listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions which limit the economic risk of participating in the scheme and disclose the policy or a summary of that policy.

The Company has complied with this recommendation.

Participants in any Company equity based remuneration scheme are not permitted to enter into transactions which limit the economic risk of participating in the scheme.