



TOPTUNG LIMITED

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2. AUDIT & RISK MANAGEMENT COMMITTEE CHARTER

1. ORGANISATION

Due to the size and nature of the Company, the Board has not established an Audit & Risk Management Committee, rather the full Board forms the Audit & Risk Management Committee.

This charter sets out the Board processes that would otherwise be considered by the Audit & Risk Management Committee of TopTung Limited ("the Company"). The Board shall review and reassess the charter at least annually.

2. MEETINGS

The Board shall incorporate into its regular board meetings as and when required the following Audit & Risk Management Committee Charter matters:

- review and approve internal audit (if applicable) and external audit plans;
- review and approve the half year financial report;
- update the year-end audit plans;
- review and approve the annual financial report;
- approve changes to the risk management policy
- review the strategic and operational risk registers;
- monitor the completion of risk mitigation plans; and
- review new or emerging risks to the Company

3. PURPOSE

The Audit & Risk Management Committee Charter is intended to provide guidance to the board of directors in fulfilling its corporate governance and oversight responsibilities in relation to the Company's financial reporting, internal control structure, risk management systems, and internal and external audit functions.

4. DUTIES AND RESPONSIBILITIES

The Board is specifically charged with the following with regard to the Audit & Risk Management Committee Charter:

Financial reporting

The board of directors is responsible for the Company's financial reports including the appropriateness of the accounting policies and principles that are used by the

Company. The external auditors are responsible for auditing the Company's financial reports and for reviewing the Company's unaudited interim financial reports.

The Board should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices, and ethical behaviour. The following shall be the principal duties and responsibilities with regard to the Audit & Risk Management Committee Charter. These are set forth as a guide with the understanding that the Board may supplement them as appropriate.

Assessment of accounting, financial and internal controls

The Board shall discuss with management and the auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs (e.g. the Company's Code of Conduct).

Any opinion obtained from management and/or the auditors on the Company's choice of accounting policies or methods should include an opinion on the appropriateness and not just the acceptability of that choice or method.

The Board shall periodically meet separately with management and the auditors to discuss issues and concerns warranting Board attention, including but not limited to their assessments of the effectiveness of internal controls and the process for improvement. The Board shall provide sufficient opportunity for the auditors to meet privately with the members of the Board. The Board shall review with the auditors any audit problems or difficulties and management's response.

The Board shall receive regular reports from the auditor on the critical policies and practices of the Company, and all alternative treatments of financial information, within generally accepted accounting principles, that have been discussed with management.

Appointment of external auditors

The Board shall be directly responsible for the appointment, re-appointment or replacement (subject, if applicable, to shareholder ratification), remuneration, and monitoring of the effectiveness and independence of the external auditor, including resolution of disagreements between management and the auditor regarding financial reporting. The Board shall pre-approve all audit and non-audit services provided by the external auditors and shall not engage the external auditors to perform any non-audit/assurance services that may impair or appear to impair the external auditor's judgment or independence in respect of the Company. The Board may delegate pre-approval authority to a member of the Board. The decisions of any Board member to whom pre-approval authority is delegated must be presented to the full Board at its next scheduled meeting.

Hiring policies for employees

The Board shall set clear hiring policies for employees or former employees of the external auditor in order to prevent the impairment or perceived impairment of the external auditor's judgment or independence in respect of the Company.

Independence of the external auditor

The Board shall review and assess the independence of the external auditor, including but not limited to any relationships with the Company or any other entity that may impair or appear to impair the external auditor's judgement or independence in respect of the Company. Furthermore, the Board shall draft an annual statement for inclusion

in the Company's annual report of whether the Board is satisfied that the provision of non-audit services is compatible with external auditor independence.

Scope of the external audit

The Board shall discuss with the external auditors the overall scope of the external audit, including identified risk area and any additional agreed-upon procedures.

In addition, the Board shall review the external auditor's compensation to ensure that an effective, comprehensive and complete audit can be conducted for the agreed compensation level.

Assessment of the internal audit

The Board shall review the internal auditor's mission, charter and resources and discuss the scope of the internal audit with the internal auditor, including the internal audit plan, work program and quality control procedures.

Communications with stakeholders

The Board shall review and discuss ASX press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

The Board shall receive corporate legal reports of evidence of a material violation of the Corporations Act 2001, the ASX Listing Rules or breaches of fiduciary duty.

Risk Management

The Board will review and make recommendations regarding:

- The adequacy of the Company's framework and processes for managing risk;
- Any incident involving fraud or other break down in the Company's internal controls; and
- The entities insurance program, having regard to the Company's business and the insurable risks associated with the business.

The Board will have the right to obtain information, interview management and internal and external auditors and seek advice from external consultants or specialists where considered necessary.

The Board will also be responsible for reviewing the Company's risk management framework at least annually in order to confirm that this is sound and operating effectively within any agreed risk appetite parameters.

The Board will also review and approve the annual disclosure of the Company's material exposure to economic, environmental and social sustainability risks and how these risks are being managed.

Approved by the Board

29 June 2015
