

International Oil and Gas Technology Limited (the “Company”)

TERMS OF REFERENCE - THE AUDIT COMMITTEE

In these Terms of Reference, the following terms shall have the following meanings:

- i. the “Board” shall mean the Board of Directors of the Company; and
- ii. the “Committee” shall mean the Audit Committee; and
- iii. the “Investment Manager” shall mean Linton Capital LLP or its successors.

1. Introduction

These Terms of Reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the UK guidance on corporate governance and to assist the Committee in achieving best practice in corporate governance for the Company.

2. Membership and attendance

- 2.1 The Committee shall be appointed by the Board on the recommendation of the Company’s Nominations Committee in consultation with the chairman of the Committee (other than in respect of the initial members of the Committee as set out in paragraph 2.2 below) from amongst the directors of the Company and shall be made up of at least three members, each of whom shall be an independent non-executive director of the Company; at least one member of the Committee shall have recent and relevant financial experience.
- 2.2 The Board shall appoint the Committee chairman, who shall be an independent non-executive director. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting. The chairman of the Board shall not be eligible to be appointed as chairman of the Committee.
- 2.3 Only members of the Committee shall have the right to attend Committee meetings. However, other individuals such as the other directors, heads of risk management, compliance and internal audit, trading and representatives from the finance function of the Company’s advisors and principals of the Investment Manager may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 2.4 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 2.5 Members of the Committee shall be appointed by the Board for a period of up to three years, which may be extended for further periods of up to three years provided the director continues to meet the criteria for membership of the Committee.

3. Secretary

The Company Secretary or its nominee shall act as the secretary of the Committee (“Secretary”).

4. Quorum

The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

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5. Frequency of meetings

The Committee shall meet generally at least three times per year at appropriate times in the reporting and audit cycle and otherwise as required.

6. Notice of meetings and proceedings at meetings

6.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members or at the request of the external or internal auditors if they consider it necessary.

6.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors of the Company, no fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate at the same time.

6.3 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

7. Minutes of meetings

7.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including recording the names of those present and in attendance.

7.2 Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all other members of the Board, unless it would be inappropriate to do so.

8. Annual General Meeting

The chairman of the Committee (or in his absence another member of the Committee) shall attend the Company’s Annual General Meeting prepared to respond to any shareholder questions on the Committee’s activities.

9. Duties

9.1 *Internal control and risk management systems*

9.1.1 The Committee shall keep under review the adequacy and effectiveness of the Company’s internal financial control and risk management systems.

9.1.2 The Committee shall review and approve the statements to be included in the Company’s annual report concerning internal controls and risk management.

9.2 *Internal audit*

The Company does not currently have an internal audit function and the absence of an internal audit function shall be explained in the Company’s annual report. The decision on whether or not to set up an internal audit function will be made by the Board, on the recommendation of the Committee (which shall consider periodically whether there is a need for an internal audit), based on the growth of the Company, the scale, diversity and complexity of the Company’s activities and the number of employees, as well as cost/benefit considerations.

9.3 *External audit*

9.3.1 The Committee shall consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, as regards the

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appointment, reappointment and removal of the Company’s external auditor. The Committee shall oversee the selection process for new auditors and, if an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.

- 9.3.2 The Committee shall oversee the relationship with the external auditor, including (but not limited to):
- (a) recommendations on their remuneration, whether fees for audit or non-audit services, and ensuring that the level of fees is appropriate to enable an adequate audit to be conducted;
 - (b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of each audit;
 - (c) assessing annually the auditor’s independence and objectivity taking into account relevant Guernsey professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
 - (d) monitoring the external auditor’s compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
 - (e) agreeing with the Board a policy on the employment of former employees of the Company’s external auditor and monitoring the implementation of that policy;
 - (f) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Company (other than in the ordinary course of business); and
 - (g) assessing annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures.
- 9.3.3 The Committee shall meet the external auditor regularly, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor at least once a year without advisers being present, to discuss their remit and any issues arising from the audit.
- 9.3.4 The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to discussing any major issues that arose during the audit, accounting and audit judgments, levels of errors identified during the audit and the effectiveness of the audit.
- 9.3.5 The Committee shall also review any representation letter(s) requested by the external auditor before being signed by management, and review the management letter and management’s responses to the external auditor’s findings and recommendations.
- 9.3.6 The Committee shall develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

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9.4 Financial statements

- 9.4.1 The Committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management reports and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain.
- 9.4.2 The Committee shall review and challenge where necessary the Company’s financial statements before submission to the Board, taking into account:
- (a) the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Company;
 - (b) the methods used to account for significant or unusual transactions where different approaches are possible;
 - (c) whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account the views of the external auditor;
 - (d) the clarity of disclosure in the Company’s financial reports and the context in which statements are made; and
 - (e) all material information presented with the financial statements, such as the business review, financial review and the corporate governance statement (insofar as it relates to audit and risk management).

9.5 Compliance, whistleblowing and fraud

- 9.5.1 The Committee shall review the adequacy and security of the arrangements for the employees of its advisers to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee should consider whether these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.
- 9.5.2 The Committee shall consider the Company’s procedures for detecting fraud.
- 9.5.3 The Committee shall consider the Company’s systems for the prevention of bribery and receive reports on non-compliance.

10. Reporting responsibilities

- 10.1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 10.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 10.3 The Committee shall produce a report on its activities to be included in the Company’s annual report.

11. Other matters

- 11.1 The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Secretary for assistance as required.
- 11.2 The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on a continuing basis for all members.

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- 11.3 The Committee shall give due consideration to relevant laws and regulations, the provisions of applicable UK and Guernsey codes on Corporate Governance and requirements of the UK Listing Authority’s Listing, Prospectus and Disclosure and Transparency Rules, and any other applicable rules, as appropriate.
- 11.4 The Committee shall oversee any investigation of activities which are within its terms of reference.
- 11.5 The Committee should, at least once a year, review its own performance, constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.
- 11.6 The Committee should consider such other matters as the Board may from time to time refer to it.

12. Authority

- 12.1 The Committee is authorised to:
 - 12.1.1 seek any information it requires from any employee of the Company or of its advisers in order to perform its duties;
 - 12.1.2 call any member of staff of its advisers to be questioned at a meeting of the Committee as and when required; and
 - 12.1.3 obtain, at the Company’s expense, outside legal or other professional advice on any matters within its terms of reference.
 - 12.1.4 have the right to publish in the Company’s annual report details of any issues that cannot be resolved between the Committee and the Board.

13. Procedure

Subject to the constitutional documents of the Company, the Committee shall determine its own procedures.

APPROVED BY THE BOARD on 25 May 2012