

RAK Petroleum plc

Registered in England and Wales with Registered Number 8572925

(the "Company")

Terms of Reference - Audit Committee

1. Membership

- 1.1 The committee shall comprise up to three members. Members of the committee shall be appointed by the board of directors in consultation with the chairman of the audit committee.
- 1.2 At least one member of the committee shall be an independent non-executive director and at least one member of the committee shall have recent and relevant financial experience ideally with a professional qualification from one of the professional accountancy bodies. The chairman of the board of directors shall not be a member of the committee.
- 1.3 Only members of the committee have the right to attend committee meetings. However, the finance director and the external audit lead partner, or his or her nominee, will be invited to attend meetings of the committee on a regular basis and other non-members may be invited to attend all or part of any meeting as and when appropriate and necessary.
- 1.4 Appointments to the committee shall be for a period of up to two years, extendable by no more than two additional two-year periods, so long as members continue to be independent.
- 1.5 The chairman of the board of directors shall appoint the committee chairman. In the absence of the committee chairman, the remaining members present shall elect one of themselves to chair the meeting.

2. Secretary

The Company secretary, or his or her nominee, shall act as the secretary of the committee and will ensure that the committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members.

4. Frequency of meetings

- 4.1 The committee shall meet at least three times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.
- 4.2 Outside of the formal meeting programme, the committee chairman will maintain a dialogue with key individuals involved in the Company's governance, including the chairman of the board of directors, the managing director, the finance director and the external audit lead partner.

5. Notice of meetings

- 5.1 Meetings of the committee shall be convened by the secretary of the committee at the request of any of its members or at the request of the finance director or external audit lead partner if they consider it necessary.
- 5.2 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 and any other person required to attend, no later than five days before the date of the meeting. Supporting papers shall be sent to committee members and to other attendees as appropriate, at the same time.

6. Minutes of meetings

- 6.1 The secretary of the committee shall minute the proceedings and decisions of all meetings of the committee, including recording the names of those present and in attendance.
- 6.2 Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes should be circulated to all other members of the board of directors unless it would be inappropriate to do so in the opinion of the committee chairman.

7. Duties

The committee shall carry out the duties below for the parent Company, major subsidiaries and the group as a whole, as appropriate.

7.1 Financial reporting

- 7.1.1 The committee shall monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance.
- 7.1.2 In particular, the committee shall review and challenge where necessary:
 - (a) The consistency of, and any changes to, significant 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 judgements, taking into account the views of the external auditor;
 - (d) The clarity and completeness 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 and the corporate governance statements relating to the audit and to risk management.
- 7.1.3 Where the committee is not satisfied with any aspect of the proposed financial reporting by the Company, it shall report its views to the board of directors.

7.2 Narrative reporting

Where requested by the board of directors, the committee shall review the content of the annual report and accounts and advise the board of directors on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's performance, business model and strategy.

7.3 Internal controls and risk management systems

7.3.1 The committee shall:

- (a) Keep under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems; and
- (b) Review and approve the statements to be included in the annual report concerning internal controls and risk management.

7.4 Compliance, whistleblowing and fraud

7.4.1 The committee shall:

- (a) Review the adequacy and security of the Company's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- (b) Review the Company's procedures for detecting fraud; and
- (c) Review the Company's systems and controls for the prevention of bribery and receive reports on non-compliance.

7.5 External Audit

7.5.1 The committee shall:

- (a) Consider and make recommendations to the board of directors, to be put to shareholders for approval at the general meeting, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- (b) Ensure that at least once every ten years the audit services contract is put out to tender to enable the committee to compare the quality and effectiveness of the services provided by the incumbent external auditor with those of other audit firms; and in respect of such tender, oversee the selection process and ensure that all tendering firms have such access as is necessary to information and individuals during the duration of the tendering process;
- (c) If an external auditor resigns, investigate the issues leading to this and decide whether any action is required;
- (d) Oversee the relationship with the external auditor including (but not limited to):
 - (i) Recommendations on their remuneration, including both fees for audit and non-audit services, and ensure that the level of fees is appropriate to enable an effective and high quality audit to be conducted;

- (ii) Approval of the terms of engagement of the external auditor, including any engagement letter issued at the start of each audit and the scope of the audit;
 - (iii) Assessing annually the independence and objectivity of the external auditor taking into account relevant professional and regulatory requirements and the relationship with the external auditor as a whole, including the provision of any non-audit services;
 - (iv) 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) which could adversely affect the external auditor's independence and objectivity;
 - (v) Agreeing with the board of directors a policy on the employment of former employees of the Company's external auditor, and monitoring the implementation of this policy;
 - (vi) Monitoring the external auditor's compliance with relevant ethical and professional guidance on the rotation of the external audit lead partner and the level of fees paid by the Company compared to the overall fee income of the firm; and
 - (vii) Assessing annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process, which shall include a report from the external auditor on its own internal quality procedures.
- (e) Review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the external audit team; and
 - (f) Review the findings of the audit with the external auditor. This shall include but not be limited to, the following:
 - (i) A discussion of any major issues which arose during the audit;
 - (ii) Key accounting and audit judgements;
 - (iii) Levels of errors identified during the audit; and
 - (iv) The effectiveness of the audit process.

7.5.2 The committee shall also

- (a) Review any representation letter(s) requested by the external auditor before these are signed by management;
- (b) Review the management letter and management's response to the external auditor's findings and recommendations; and
- (c) Develop and implement policy on the supply of non-audit services by the external auditor to avoid any threat to the objectivity and independence of the external auditor, taking into account any relevant ethical guidance on the matter.

8. Reporting responsibilities

- 8.1 The committee chairman shall report formally to the board of directors on its proceedings after each meeting on all matters within its duties and responsibilities and shall also report to the board of directors on how it has discharged its responsibilities. This report shall include:

- (a) The significant issues that it considered in relation to the financial statements and how these were addressed;
 - (b) Its assessment of the effectiveness of the audit process and its recommendation on the appointment or reappointment of the external auditor; and
 - (c) Any other issues on which the board of directors has requested the committee's opinion.
- 8.2 The committee shall make whatever recommendations to the board of directors it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The committee shall compile a report on its activities to be included in the Company's annual report. The report shall include an explanation of how the committee has addressed the effectiveness of the audit process; the significant issues that the committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the external auditor; and all other information requirements set out in the Code.
- 8.4 In the compiling the reports referred to in 8.1 and 8.3, the committee shall exercise judgement in deciding which of the issues it considers in relation to the financial statements are significant, but shall include at least those matters that have informed the board of director's assessment of whether the Company is a going concern. The report to shareholders need not repeat information disclosed elsewhere in the annual report and accounts, but could provide cross-references to that information.

9. Other matters

- 9.1 The committee shall:
- (a) Have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for assistance as required;
 - (b) Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
 - (c) Give due consideration to laws and regulations, the provisions of the Norwegian Code of Practice for Corporate Governance, the requirements of the Continuing Obligations for Companies Listed on the Oslo Stock Exchange, the Norwegian Securities Trading Act, the Financial Conduct Authority's Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate;
 - (d) Oversee any investigation of activities which are within its terms of reference;
 - (e) Work and liaise as necessary with all other committees of the board of directors; and
 - (f) Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board of directors.

10. Authority

- 10.1 The committee is authorised to:
- (a) Seek any information it requires from any employee of the Company in order to perform its duties;

- (b) Obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter it believes it necessary to do so;
- (c) Call any employee to be questioned at a meeting of the committee as and when required; and
- (d) 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 of directors.

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