SEASCAPE ENERGY ASIA PLC ("Company")

AUDIT COMMITTEE TERMS OF REFERENCE

1. INTRODUCTION

Pursuant to the powers of the board of directors of the Company (the **"Board"**) set out in Article 97.1 of the Company's Articles of Association, the Board have resolved to establish a committee of the Board to be known as the Audit Committee (the **"Committee"**) and approved these terms of reference for the Committee.

2. MEMBERSHIP OF THE COMMITTEE

2.1 The Committee shall consist of at least two independent non-executive directors appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chairman of the Committee.

2.2 Appointments to the Committee shall be for a period of up to three years which may be extended by up to two additional three-year periods provided that the members of the Committee remain independent.

2.3 The Committee should have an adequate balance of skills and ideally include members who, between them, have not only recent and relevant financial experience but also overall:

(a) extensive business experience particularly in relation to the sector in which the Company operates;

(b) knowledge of financial markets;

(c) an understanding of management practices including risk management activities, both generally and in the Company's industry sector; and

(d) knowledge of any relevant specialist regulatory or legal requirements.

At least one member of the Committee should have recent and relevant financial experience (ideally with a professional qualification from one of the professional accountancy bodies) and it should be clear which member(s) of the Committee claim(s) this experience. The Committee shall, where possible, include at least one member of the Remuneration Committee.

3. CHAIRMAN OF THE COMMITTEE

3.1 The Board, on the recommendation of the Nomination Committee shall appoint the chairman of the Committee who must be an independent non-executive director. The Nomination Committee shall determine the period for which the chairman shall hold office.

3.2 The chairman of the Board may be a member of (but may not chair) the Committee provided that he or she was considered independent on appointment as chairman of the Board.

3.3 In the absence of the chairman of the Committee (or any deputy appointed by the Board) from any meeting of the Committee, the members of the Committee participating in the meeting shall elect one of their number (being a member who would qualify under these terms of reference to be appointed as the chairman of the Committee by the Board) to chair the meeting.

4. SECRETARY OF THE COMMITTEE

The secretary of the Company (or such other person as the Committee may appoint) 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 all issues.

5. FREQUENCY OF MEETINGS AND ATTENDANCE AND PARTICIPATION AT MEETINGS

5.1 Meetings of the Committee must be held at least three times a year at appropriate times in the financial reporting and audit cycle and at such additional times as may be required.

5.2 In addition to its formal meetings, the Committee shall (primarily through the chairman of the Committee) maintain an ongoing dialogue with key individuals involved in the Company's governance (including the chairman of the Board, the chief executive, the finance director, the lead partner of the external auditor and the head of any internal audit function).

5.3 Only members of the Committee are entitled as of right to participate in meetings of the Committee. However, the external auditor, any internal auditor(s) and the Chief Financial Officer should be invited to participate in meetings of the Committee on a regular basis and other non-members may be invited to participate in all or part of any meeting as and when the Committee considers appropriate.

5.4 The Company's external auditors may be required to attend Committee meetings, but not in the presence of any of the executive directors of the Company, with a view to consulting with the Committee.

5.5 At least once per year the Committee should have the opportunity to have an independent, objective discussion and debate, without the presence of management and assurance providers.

6. CALLING MEETINGS

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

6.2 Notice of a meeting of the Committee shall be given to each member of the Committee and to any other person who is required to participate in the meeting no later than five business days before the date of the meeting (or such shorter period as all the members of the Committee may agree). The notice shall include the venue, time and date of the meeting, details of the arrangements for participating in the meeting and an agenda of items to be discussed at the meeting. Supporting papers shall be sent to members of the Committee (and, where appropriate, to other persons who are required to participate in the meeting) at the same time as the notice of meeting (or as soon as reasonably practicable thereafter).

6.3 Notices, agendas and supporting papers can be sent in electronic form where the recipient has agreed to receive documents in such a way.

7. QUORUM

7.1 The quorum necessary for the transaction of business at a meeting of the Committee shall be any two members.

7.2 Meetings of the Committee may be conducted when the members are physically present or in the form of either a video or audio conference.

7.3 A duly convened meeting of the Committee in which a quorum is participating shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

8. VOTING

8.1 Subject to these terms of reference:

(a) a decision is taken at a meeting of the Committee by a majority of the votes of the members of the Committee who are participating in the meeting; and

(b) each member of the Committee participating in the meeting has one vote.

8.2 If there is an equality of votes, the chairman of the Committee (or other person chairing the relevant meeting) has a casting vote. However, this does not apply if, under these terms of reference, the chairman of the Committee (or other person chairing the relevant meeting) is not entitled to vote on the relevant matter.

9. CONFLICTS OF INTEREST

9.1 Each member of the Committee must, at or prior to the commencement of each meeting of the Committee, disclose to the Committee:

(a) any financial or other interest (other than as a shareholder) that such member has in any matter to be considered at the meeting; and

(b) any conflict of interest.

9.2 A member of the Committee must not participate in any discussions concerning, and is not entitled to vote in relation to, any matter to be considered at a meeting of the Committee in which he has a direct or indirect interest or a conflict of interest.

10. MINUTES OF MEETINGS

10.1 The secretary of the Committee shall keep minutes of every meeting of the Committee (including the names of those participating in the meeting, any interests disclosed pursuant to paragraph 9 and every decision taken at the meeting).

10.2 The secretary of the Committee shall circulate draft minutes of each meeting of the Committee to all members of the Committee promptly following the meeting. When finalised and approved, the minutes shall be circulated to all members of the Board unless the chairman of the Committee considers that it would be inappropriate to do so.

11. DUTIES OF THE COMMITTEE

11.1 Corporate reporting

The Committee shall monitor the integrity of the financial results of the Company and its subsidiaries (the **"Group"**) which are expressed in the annual report and accounts and other relevant public announcements relating to the financial performance of the Group and made throughout a year. The role of the Committee is integral to the corporate reporting cycle of the Group. It shall take the lead on ensuring that an appropriate and realistic timeframe is established for the Group's reporting requirements and review and report to the Board on the significant financial reporting issues and judgements contained in the Group's financial statements (having regard to matters communicated to the Committee by the external auditor).

In particular, and without limitation the Committee shall:

(a) review and, where necessary, challenge:

(i) the consistency of, and any changes to, significant accounting policies or practices on a year-on-year basis across the Group and ensure that such policies or practices remain appropriate to the Group's circumstances;

(ii) the methods used to account for significant or unusual transactions where different approaches are possible;

(iii) whether appropriate accounting standards, and where relevant, best industry practice, have/has been complied with and appropriate estimates and judgements made, taking into account the views of the external auditor. Where accounting standards provide a choice, discuss that choice with management to ensure the policy selected is appropriate;

(iv) the clarity and completeness of disclosure in the Group's financial reporting and the context in which statements are made;

(v) all material information presented with the financial statements, such as the strategic report/operating and financial review and any corporate governance statement;

(vi) the appropriateness of any qualifications or assumptions and methods to deliver the financial results;

(vii) significant adjustments resulting from audit in the financial statements; and

(viii) the payment of any dividend. The Committee should consider the legality of any proposed dividend and the ability to pay such dividend and remain a going concern;

(b) discuss how to communicate with shareholders any potential negative impact new accounting standards would have on results;

(c) review any other statements containing financial information that require prior Board approval, in circumstances where carrying out a review before Board approval is given would be practicable and consistent with any prompt reporting requirements under any law or regulation; and

(d) report its views to the Board where the Committee is not satisfied with any aspect of the proposed financial reporting.

11.2 **Narrative reporting**

The Committee shall:

(a) when requested by the Board, review the content of the annual report and accounts (or any other report or document containing narrative reporting) to assess whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy; and

(b) after completing such review, make a recommendation to the Board regarding their approval.

11.3 **Internal controls and risk management systems**

When the Company has met its Investment Objectives, and at the request of the Board, the Committee shall:

(a) regularly review and report to the Board on the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems;

(b) provide support and oversight on the effectiveness of the risk management and internal control systems put in place by the Board;

(c) work with management to determine how the Group's information, training and monitoring processes are used to provide assurance that the Group's systems of risk management and internal control are functioning as intended;

(d) review and approve the statements to be included in the annual report concerning internal controls and risk management;

(e) review any internal reports on risk management;

(f) where requested by the Board, review the approach to the identification and assessment of the emerging and principal risks of the Group, including the management and mitigation of those risks and the consideration of acceptable risk and tolerance levels for the Group; and

(g) where requested by the Board, provide advice on how, taking into account the Group's financial position and principal risks, the Company and the Group's prospects have been assessed, over what period and why the period is regarded as appropriate. The Committee will also advise on whether there is a reasonable expectation that the and each member of the Group will be able to continue in operation and meet its liabilities as they fall due over that period, drawing attention to any qualifications or assumptions as necessary.

11.4 Until such time as the Committee assumes responsibility for the Internal Controls and Risk Management as set out above, the Board shall retain responsibility. **Compliance, whistleblowing and fraud**

The Committee shall:

(a) review the adequacy and security of the Group's policy and 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 the relevant policy and arrangements protect the individual raising the concern and allow proportionate and independent investigation of the matters raised together with appropriate follow up action;

(b) review the Group's procedures for detecting fraud;

(c) review the Group's systems, processes and controls for ensuring compliance with applicable laws and standards including, without limitation, for the prevention of bribery, and receive reports on any instances of non-compliance;

(d) review the Group's plans for business continuity; and

(e) review the adequacy and effectiveness of the Group's compliance function.

11.5 **Internal audit**

When the Company has met its Investment Objectives, the Committee shall consider annually whether there is a need for an internal audit function if there is not currently one in place and make a recommendation to the Board, and if an internal audit function is in place or if one is put in place then the Committee shall:

(a) monitor and assess the role and the effectiveness of the Group's internal audit function in the context of the Group's overall risk management system and the work of compliance, finance and the external auditor;

(b) approve the appointment or termination of appointment of the head of the internal audit function;

(c) review and approve the remit and strategy of the internal audit functions, approve the budget for the function and ensure that the function has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to carry out its duties in accordance with appropriate professional standards for internal auditors;

(d) ensure the internal audit has unrestricted scope, the necessary resources and appropriate access to information to enable it to perform its function effectively, ensure there is open communication between different functions and that the internal audit function evaluates the effectiveness of these functions as part of its internal audit plan and ensure that the internal audit function is equipped to perform in accordance with the relevant professional standards for internal auditors;

(e) ensure that the internal auditor has direct access to the chairman of the Board and to the chairman of the Committee and is accountable to the Committee;

(f) review and assess the annual internal audit work plan and receive a report on the results of the internal auditor's work on a periodic basis;

(g) review and monitor management's responsiveness to the findings and recommendations of the internal auditor;

(h) meet the head of the internal audit function at least once a year, without management being present; and

(i) monitor and review the effectiveness of the internal audit function in the context of the Group's overall risk management system.

11.6 **External audit**

The Committee shall:

(a) assess the effectiveness of the audit process on behalf of the shareholders and consider and make recommendations to the Board, to be put to shareholders for approval at the annual general meeting, in relation to the appointment, re-appointment and removal of the external auditor;

(b) ensure that at least once every 10 years the audit services contract is put out to tender so as to enable the Committee to compare the quality and effectiveness of the services provided by the incumbent auditor with those of other audit firms;

(c) in respect of the tender referred to in (b) above, 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;

(d) if an auditor resigns, investigate the issues leading to this and decide whether any action is required;

(e) oversee the relationship with the external auditor and, in particular (but without limitation):

(i) make annual recommendations as to their remuneration (for both 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) approve their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;

(iii) assess annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;

(iv) satisfy itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and any member of the Group (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;

(v) agree with the Board a policy on the employment of former employees of the auditor and monitor the implementation of this policy;

(vi) monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of the audit partner, the level of fees paid by the Group compared to the overall fee income of the firm, office and partner and other related requirements;

(vii) assess annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process (including receiving and reviewing a report from the external auditor on their own internal quality procedures); and

(viii) evaluate the risks to the quality and effectiveness of the financial reporting process and consider whether the risk of the withdrawal of the auditor from the market needs to be included in that evaluation;

(f) meet regularly with the external auditor including:

(i) a meeting at the planning stage before the audit and a meeting after the audit at the reporting stage; and

(ii) a meeting at least once a year, without management being present, to discuss the auditor's remit and any issues arising from the audit;

(g) 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 audit team). In particular, attention should be given to:

(i) the significant audit risks and the planned approach to them;

(ii) the auditor's approach to internal controls;

(iii) the assessment of materiality; and

(iv) the level above which errors will be reported to the Committee;

(h) review the findings of the audit with the external auditor. This review shall include (without limitation):

(i) a discussion of any major issues which arose during the audit;

(ii) key accounting and audit judgements;

(iii) the auditor's view of their interactions with senior management;

(iv) the auditor's explanation of how the risks to audit quality were addressed;

(v) levels of errors identified during the audit; and

(vi) the effectiveness of the audit;

(i) review any representation letter(s) requested by the external auditor before they are signed by management;

(j) review the management letter and management's response to the auditor's findings and recommendations; and

(k) develop and implement a regularly reviewed policy on the supply of non-audit services by the external auditor, including approval of non-audit services by the Committee and specifying the types of non-audit service to be pre-approved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:

(i) whether the external auditor is overly reliant financially on the Group;

(ii) the balance between audit work and non-audit services provide by the external auditor;

(iii) threats to the independence and objectivity of the external auditor and safeguards adopted by the external auditor when supplying non-audit services to protect its independence and objectively;

(iv) the nature of the non-audit services and whether they are closely related to audit matters;

(v) whether the external audit firm is the most suitable supplier of the non-audit service;

(vi) the fees for the non-audit services, both individually and in aggregate, relative to the audit fee;

(vii) the criteria governing compensation; and

(viii) the process for identifying and reporting any conflicts of the external auditor.

11.7 **Co-ordination of internal and external auditors**

The Committee shall be responsible for ensuring the co-ordination of the activities of the external auditor and the internal audit function.

12. **REPORTING RESPONSIBILITIES**

12.1 The chairman of the Committee shall report to the Board on the Committee's activities in relation to all matters within its remit after each meeting of the Committee unless it would be inappropriate to do so in the opinion of the Chairman of the Committee. The Committee

shall also formally report to the Board on how it has discharged its duties and this report shall include:

(a) the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed;

(b) the Committee's assessment of the effectiveness of the external audit process, the approach taken to the appointment or reappointment of the external auditor, length of tenure of audit firm, when a tender was last conducted and advance notice of any retendering plans; and

(c) any other issues on which the Board has requested the Committee's opinion.

12.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any matter within its remit where action or improvement is needed.

12.3 The Committee shall compile a report on its activities to be included in the annual report. This report should include:

(a) an explanation of how the Committee has addressed the effectiveness of the external audit process;

(b) 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

(c) all other information requirements set out in the QCA Corporate Governance Code.

12.4 The chairman of the Committee shall attend each annual general meeting of the Company in order to respond to questions from shareholders concerning the Committee's activities.

13. **OTHER MATTERS**

13.1 The Committee shall be provided with:

(a) access to sufficient resources in order to carry out its duties (including access to the secretary of the Company for assistance as required); and

(b) appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

13.2 The Committee shall:

(a) work and liaise as necessary with all other committees of the Board; and

(b) carry out such other duties and consider such other matters as may be referred to it by the Board from time to time.

13.3 In carrying out its duties, the Committee shall give due consideration to all applicable laws, regulations, guidelines and recommendations including the QCA Corporate Governance Code, the PLSA Corporate Governance Policy and Voting Guidelines for Smaller Companies and the AIM Rules for Companies as published by the London Stock Exchange and amended from time to time.

13.4 The Committee shall arrange for periodic reviews of its own performance and shall, at least once a year, review its own performance, constitution and these terms of reference to ensure that it is operating at maximum effectiveness and recommend any changes that it considers necessary to the Board for approval.

14. AUTHORITY OF THE COMMITTEE

14.1 The Committee is authorised by the Board:

(a) to examine any activity and undertake such investigations and research as it considers necessary or appropriate for the purpose of carrying out its duties;

(b) to have unrestricted access to the Company's external auditors;

(c) to obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter within its remit where the Committee considers it necessary or appropriate to do so; and

(d) to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee;

(e) to seek any information it requires from any employee or director, and all such employees or directors will be directed to co-operate with any request made by the Committee

14.2 The Committee shall have the right to publish in the annual report details of any issues that cannot be resolved between the Committee and the Board.

15. AVAILABILITY OF TERMS OF REFERENCE

These terms of reference shall be made available on the Company's website.