

GLOBAL ENERGY DEVELOPMENT PLC

Audit Committee Terms of Operation

- 1 In order to assist the Board in discharging its duty to ensure that the financial statements presented by the Company to its shareholders conform with all legal requirements and that the Group's systems of internal financial control are adequate, the Audit Committee shall keep such matters under review and shall from time to time make appropriate recommendations to the Board.
- 2 In particular, but without limiting the generality of paragraph 1, the Committee, bearing in mind the provisions of the Principles of Good Governance and Code of Best Practice ("the Combined Code") appended to the Listing Rules of the UK Listing Authority, shall:
 - (a) consider the appointment of the Auditors of the Group ("the Auditors"), their fees, any questions of or relating to their resignation or removal and their objectivity and independence in the conduct of the audit] [and review the nature and extent of non-auditing services provided by the Auditors, seeking to balance the maintenance of objectivity and value for money;
 - (b) discuss with the Auditors before the audit commences the nature and scope of the audit, consider its cost-effectiveness, and, where more than one firm of Auditors is involved, ensure coordination between them;
 - (c) review the half-yearly and annual financial statements before submission to the Board, focusing particularly on:
 - (i) any changes in accounting policies and practices;
 - (ii) major judgemental areas;
 - (iii) significant adjustments;
 - (iv) the going concern assumption;
 - (v) compliance with accounting standards;
 - (vi) compliance with the requirements of the UK Listing Authority; and
 - (vii) compliance with legal requirements.
 - (d) discuss problems and reservations arising from the preparation and audit of such financial statements, and any matters which the Auditors may wish to discuss (in the absence of management where necessary);
 - (e) review the Auditors' management letters and the response thereto of the management of the Company or any other company in the Group;
 - (f) review the Company's statement on internal control systems prior to endorsement by the Board;
 - (g) review the internal financial control systems of the Group and review the internal audit programme and procedures, ensure co-ordination between the Auditors and the internal auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group;

- (h) consider the major findings of internal investigations and the response of management thereto; and
 - (i) consider such other matters as the Board may from time to time refer to it.
- 2.2 The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It may seek any information it requires from any employee of the Group. All such employees will be directed to co-operate fully with any request made of them by the Audit Committee within its terms of reference.
- 3 If at any time the Auditors shall request a meeting with the Audit Committee (whether with or without any other Director or Directors present) the Audit Committee shall arrange such a meeting as soon as reasonably practicable.
- 4 The Finance Director and a representative of the Auditors shall normally attend meetings of the Audit Committee. Directors who are not members of the Audit Committee shall also be entitled (except as provided in this resolution) to attend, but not vote at, meetings of the Committee, but at least on one occasion in each year the Audit Committee shall meet the Auditors without any executive Directors present.
- 5 The Audit Committee may obtain at the Company's expense outside legal or other independent professional advice and secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary, but such persons shall not be members of the Audit Committee.
- 6 In the event that any director of the Company or any of its subsidiaries shall indicate to the Audit Committee that he requires, or has obtained, independent legal or other professional advice in relation to his duties as such director, the Committee may authorise the obtaining at the Company's expense of such advice by such director on such terms as the Audit Committee may think fit.
- 7 The Audit Committee shall inform the Chairman or the Finance Director of any expenses of the kind referred to in paragraphs 5 and 6 which it has incurred or approved as soon as it is appropriate in the particular circumstances for the Audit Committee to do so.
- 8 Alan Henderson shall be chairman of the Audit Committee and the quorum for its meetings shall be two members. Meetings of the Audit Committee shall be held not less than twice a year and otherwise as any member of the Audit Committee may require.
- 9 The Secretary of the Company shall act as secretary of the Audit Committee. Minutes shall be taken of all meetings of the Audit Committee, copies of which shall be circulated to all members of the Board.
- 10 Subject as provided in the resolution appointing the committee and to the Articles of Association of the Company, the Audit Committee shall determine its own procedures.
- 11 A copy of this minute shall be supplied to the Auditors.