

MITHRAS INVESTMENT TRUST PLC

Audit Committee Terms of Reference

1. Membership and attendance

- 1.1. Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chairman of the Audit Committee. The Committee shall be made up of at least 2 members.
- 1.2. All members of the Committee shall be non-executive Directors, independent of the Manager, and at least one of whom shall have recent and relevant financial experience.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate.
- 1.4. The external auditors will be invited to attend meetings of the Committee on at least one occasion per year.
- 1.5. 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 themselves to chair the meeting. For the time being the Chairman of the Committee shall be Mr Shearer.

2. Secretary

- 2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

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

4. Frequency of Meetings

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

5. Notice of Meeting

- 5.1. 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 auditors 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 and supporting papers, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than 5 working days before the date of the meeting.

6. Minutes of Meetings

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

- 6.2. The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Board, unless a conflict of interest exists.

7. Annual General Meeting

- 7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee should carry out the duties below as appropriate.

8.1. Financial Reporting

- 8.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual and interim reports, interim management statements, preliminary results' announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgements which they contain. The Committee shall also review summary financial statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature.
- 8.1.2. The Committee shall review and challenge where necessary:
 - 8.1.2.1 the consistency of, and any changes to, accounting policies both on a year on year basis and across the Company;
 - 8.1.2.2 the methods used to account for significant or unusual transactions where different approaches are possible;
 - 8.1.2.3 whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 8.1.2.4 the clarity of disclosure in the Company's financial reports and the context in which statements are made; and
 - 8.1.2.5 all material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

8.2. Internal Controls and Risk Management Systems

The Committee shall:

- 8.2.1. Ensure that critical risks are identified and that ownership of, and accountability for, such risks is assigned to the appropriate parties for management purposes;
- 8.2.2. keep under review the effectiveness of the Company's internal controls and risk management systems; and
- 8.2.3. review and approve the statements to be included in the annual report concerning internal controls and risk management.

8.3. Whistleblowing

- 8.3.1 The Committee shall review the arrangements for employees of the Manager and Administrator to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

8.4. Internal Audit

- 8.4.1 The Committee shall consider annually the need for an internal audit function.

8.5. External Audit

The Committee shall:

- 8.5.1. consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, re-appointment 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;
- 8.5.2. oversee the relationship with the external auditor including (but not limited to):
- 8.5.2.1. approval of their remuneration, whether fees for audit or non audit services and that the level of fees is appropriate to enable an adequate audit to be conducted;
 - 8.5.2.2. approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit;
 - 8.5.2.3. assessing annually their independence and objectivity taking into account relevant UK professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non audit services;
 - 8.5.2.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business);
 - 8.5.2.5. monitoring the 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; and
 - 8.5.2.6. assessing annually their qualifications, expertise and resources and the effectiveness of the audit process which shall include a report from the external auditor on their own internal quality procedures;
- 8.5.3. meet the external auditor at least once a year, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.4. review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement;
- 8.5.5. review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
- 8.5.5.1. a discussion of any major issues which arose during the audit,
 - 8.5.5.2. any accounting and audit judgements, and
 - 8.5.5.3. levels of errors identified during the audit.

The Committee shall also review the effectiveness of the audit.

- 8.5.6. review any representation letter(s) requested by the external auditor before they are signed by management; and
- 8.5.7. 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.

8.6. Reporting Responsibilities

- 8.6.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 8.6.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.6.3. The Committee shall compile a report to shareholders on its activities to be included in the company's Annual Report.

8.7. Other Matters

The Committee shall:

- 8.7.1. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;
- 8.7.2. be provided with appropriate training as required;
- 8.7.3. give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules as appropriate;
- 8.7.4. oversee any investigation of activities which are within its terms of reference and act as a court of the last resort; and
- 8.7.5. at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

9. Authority

The Committee is authorised:

- 9.1. to seek any information it requires from any employee of the Company's third party service providers in order to perform its duties;
- 9.2. to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference.

Approved on 4 March 2009