

**TERMS OF REFERENCE
OF THE AUDIT AND FINANCE COMMITTEE
Adopted by the Board of Directors January 29, 2008**

*Reference to "the Committee" shall mean the Audit and Finance Committee.
Reference to "the Board" shall mean the Board of Directors of Eurasia Drilling Company Limited.*

1. Membership

- 1.1. The Committee shall be appointed by the Board and shall comprise of a Chairman and at least one other Director.
- 1.2. The Chairman of the Committee shall be an independent Director, as determined by the Board.
- 1.3. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive Officer, the Chief Financial Officer and external advisers may be invited to attend for all or part of any meeting as and when appropriate.
- 1.4. 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.

2. Secretary

- 2.1. The Company Secretary or his designee shall act as the Secretary of the Committee.
- 2.2. In case the Company Secretary or his designee is not present at the meeting, a member of the Committee shall act as the Secretary of the Committee.

3. Quorum

- 3.1. The quorum necessary for the transaction of business shall be one half of the then currently serving members of the Committee. 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. Meetings

- 4.1. The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall require.
- 4.2. Meetings may be held by telephone or video conference.

5. Notice of Meetings

- 5.1. Meetings of the Committee shall be summoned by the Secretary of the Committee at the request of any of its members.
- 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 no later than five working 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 shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all members of 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 for the parent company, major subsidiary undertakings and the group as a whole, 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, preliminary results announcements and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments 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/group;
 - 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 judgments, 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 keep under review the effectiveness of the Company's internal controls and risk management systems; and
- 8.2.2 review and approve the statements to be included in the annual report concerning internal controls and risk management.

8.3. Whistleblowing

The Committee shall review the Company's arrangements for its employees 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.

8.4. External Audit

The Committee shall:

- 8.4.1 consider and make recommendations to the Board, to be put to shareholders for approval, in relation to the appointment, re-appointment and removal of the Company's external auditor;
- 8.4.2 meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage;
- 8.4.3 review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement; and
- 8.4.4 review the findings of the audit with the external auditor.

9. Reporting Responsibilities

- 9.1. The Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2. 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. Other

- 10.1. The Committee shall, 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.

11. Authority

- 11.1. The Committee is authorized by the Board to seek any information it requires from any employee of the company in order to perform its duties.
- 11.2. In connection with its duties the Committee is authorized by the Board to obtain, at the company's expense, any reasonable outside legal or other professional advice.