

GLOBUS MARITIME LIMITED

(the "Company")

TERMS OF REFERENCE FOR THE AUDIT COMMITTEE

In these Terms of Reference the following terms shall have the following meanings

the "**Board**" shall mean the Board of Directors of the Company,

the "**Committee**" shall mean the Audit Committee, and

the "**Group**" shall mean the Company and its subsidiaries

1 Introduction

These Terms of Reference have been produced to identify and formalise the roles, tasks and responsibilities of the Committee for compliance with the UK guidance on corporate governance and to assist the Committee in achieving best practice in corporate governance for the Group

2 Membership and attendance

- 2.1 The Committee shall be appointed by the Board on the recommendation of the Company's Nomination Committee in consultation with the chairman of the Committee (other than in respect of the initial members of the Committee as set out in paragraph 2.2 below) from amongst the directors of the Company and shall be made up of at least two members, the majority of whom shall be independent non-executive directors of the Company and at least one member of the Committee shall have recent and relevant financial experience
- 2.2 The initial members of the Committee shall be Amir Eilon and Arjun Batra
- 2.3 The Board shall appoint the Committee chairman who shall be an independent non-executive director. The first chairman of the Committee shall be Amir Eilon. In the absence of the Committee chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair any meeting of the Committee. The chairman of the Board shall not be eligible to be appointed as chairman of the Committee
- 2.4 Only members of the Committee shall have the right to attend and vote at Committee meetings. However, other individuals such as the chairman of the Board, the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, other directors, the heads of risk management, compliance and internal audit, trading and representatives from the finance function of the Company may be invited to attend for all or part of any meeting as and when appropriate

- 2.5 The Committee may ask the external auditor to attend meetings of the Committee on a regular basis.
- 2.6 Members of the Committee shall be appointed by the Board for a period of three years. Such appointment may then be extended by a further three years, and thereafter for another period of three years subject to a maximum term of nine years and provided the member continues to be independent.

3 Secretary

- 3.1 The Company secretary or their nominee shall act as the secretary of the Committee ("**Secretary**").
- 3.2 The Secretary shall also act as a co-ordinating intermediary between the Board and the Committee.

4 Quorum

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

5 Frequency of meetings

The Committee shall meet at least two times a year at appropriate times in the reporting and auditing cycle and at such other times as the chairman of the Committee shall require. Meetings should be organised so that attendance is maximised.

6 Notice of meetings and proceedings at meetings

- 6.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members.
- 6.2 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, any other person required to attend and all other non-executive directors of the Company, no fewer than five working days prior to the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.
- 6.3 Meetings of the Committee may be conducted when the members are physically present or in the form of either video or audio conferences.

7 Minutes of meetings

- 7 1 The Secretary shall minute the proceedings and resolutions of all Committee meetings (including the names of those present and in attendance) and shall ensure the Committee is properly constituted and advised
- 7 2 The Secretary should ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly
- 7 3 Minutes of Committee meetings shall be circulated to all members of the Committee and, once agreed, to all other members of the Board, unless a conflict of interest exists

8 Annual general meeting

The chairman of the Committee (or in his absence another member of the Committee) shall attend the Company's Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities

9 Duties

9.1 Internal control and risk assessment

- 9 1 1 The Committee shall keep under review the effectiveness of the Group's financial reporting and internal control policies and procedures for the identification, assessment and reporting of risks. It shall consider the major findings of internal investigations and the response of management thereto
- 9 1 2 The Committee shall review and approve the statements to be included in the Company's annual report concerning internal controls and risk management

9.2 Internal audit

The Company does not currently have an internal audit function and the absence of such a function shall be explained in the Company's annual report. The decision on whether or not to set up an internal audit function will be made by the Board, on the recommendation of the Committee (which shall consider annually whether there is a need for an internal audit), based on the growth of the Company, the scale, diversity and complexity of the Company's activities and the number of employees, as well as cost/benefit considerations

9.3 External audit

- 9 3 1 The Committee shall consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, as regards the appointment and re-appointment of the Company's external auditor, as well as any questions relating to their resignation or removal, and shall ensure that key partners within the appointed firm are

rotated from time to time. 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.

9.3.2 The Committee shall oversee the relationship with the external auditor including (but not limited to)

- (a) approval of their remuneration, whether fees for audit or non-audit services, and ensure that the level of fees is appropriate to enable an adequate audit to be conducted,
- (b) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of each audit,
- (c) assessing 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,
- (d) monitoring the external 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,
- (e) agreeing with the Board a policy on the employment of former employees of the Company's external auditor and monitoring the implementation of that policy,
- (f) 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), and
- (g) 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.

9.3.3 The Committee shall meet the external auditor regularly and, at least once a year, the Committee shall meet the external auditor without management being present, to discuss their remit and any issues arising from the audit.

9.3.4 The Committee shall review the findings of the audit with the external auditor. This shall include but not be limited to discussing any major issues resulting from the audit, accounting and audit judgments and levels of errors identified during the audit.

9.3.5 The Committee shall also review any representation letter(s) requested by the external auditor before they are signed by management, review any responses to the external auditor's

findings and recommendations and take responsibility for the resolution of disagreements between management and the external auditor

9 3 6 The Committee shall 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 and report to the Board, identifying any matters in respect of which the Committee considers that action or improvement is needed and making recommendations as to the steps to be taken

9.4 Financial statements

9 4 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

9 4 2 The Committee shall keep under review the consistency of accounting policies both on a year-to-year basis and across the Group

9 4 3 The Committee shall review and challenge where necessary the Company's financial statements before submission to the Board taking into account

- (a) decisions requiring a major element of judgment,
- (b) the extent to which the financial statements are affected by any unusual or significant transaction,
- (c) the clarity of disclosures,
- (d) significant adjustments resulting from the audit,
- (e) the going concern assumption,
- (f) compliance with relevant accounting standards, and
- (g) compliance with stock exchange and other legal requirements

9 4 4 The Committee shall review the Company's statement on internal control systems prior to endorsement by the Board and shall review the policies and process for identifying and assessing business risks and the management of those risks by the Group

9 4 5 The Committee shall review the annual financial statements of any pension funds where not reviewed by the Board as a whole

10 Reporting responsibilities

- 10 1 The Committee chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities
- 10 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 3 The Committee shall compile a formal report to shareholders on its activities to be included in the company's annual report. Such a report shall include an explanation of how, if the external auditor provides non-audit services to the Group, auditor objectivity and independence is safeguarded
- 10 4 The Committee shall make available to shareholders these Terms of Reference by placing them on the Company's website

11 Other matters

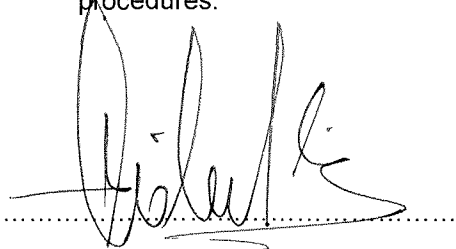
- 11 1 The Committee shall have access to sufficient resources, including adequate information (provided by the Board on a proactive as well as a reactive basis) in order to carry out its duties, including access to the Company Secretary for assistance as required
- 11 2 The Committee shall be responsible for co-ordination of the internal and external auditors
- 11 3 The Committee shall give due consideration to relevant laws and regulations, the provisions of the Combined Code on Corporate Governance and requirements of the London Stock Exchange's AIM Rules for Companies as appropriate
- 11 4 The Committee shall review the Group's arrangements for its employees to raise concerns about possible wrongdoing in financial reporting or other matters and the procedures for handling such allegations. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action
- 11 5 The Committee shall oversee any investigation of activities, which are within its terms of reference and act as a court of the last resort
- 11 6 The Committee should, at least once a year, review its own performance, constitution and these Terms of Reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval
- 11 7 The Committee should consider such other matters as the Board may from time to time refer to it

12 Authority

- 12.1 The Committee is authorised to:
- 12.1.1 seek any information it requires from any employee of the Group in order to perform its duties;
 - 12.1.2 call any member of staff to be questioned at a meeting of the Committee as and when required; and
 - 12.1.3 obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference and secure the attendance at its meetings of outsiders with relevant experience and expertise if it considers this necessary.

13 Procedure

Subject to the constitutional documents of the Company, the Committee shall determine its own procedures.



Signed by:

G. FEIDANCILS

Dated 31 MAY 2007