

# **Knightsbridge Tankers Limited (the "Company")**

## **Audit Committee Charter**

### **Organisation and Purpose**

This Audit Committee Charter (the "Charter") has been adopted by the Board of Directors (the "Board") of the Company and this Charter governs the operation of the Audit Committee of the Board (the "Audit Committee"). The Audit Committee, a committee of the Board, shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The purpose of the Audit Committee shall be to:

- Provide assistance to the Board in fulfilling their oversight responsibility to shareholders and others relating to (1) the quality and integrity of the financial statements and the financial reporting process of the Company, (2) the Company's compliance with applicable legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's independent registered public accountants.
- The Audit Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "Commission") to be included in the Company's Annual Report on Form 20-F.

The Audit Committee shall have the authority, to the extent it deems necessary or appropriate, to retain and compensate independent legal, accounting or other advisors. The Company shall pay the fees of such advisors as approved by the Audit Committee.

In fulfilling its purpose, it is the responsibility of the Audit Committee to maintain free and open communication between the Audit Committee, independent registered public accountants and management of the Company, and to determine that all parties are aware of their responsibilities.

The Audit Committee shall make regular reports to the Board. The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Audit Committee shall annually review the Audit Committee's own performance. The Audit Committee also shall discuss with the independent registered public accountants the accountant's observations related to the effectiveness of the Audit Committee.

### **Committee Membership**

The Audit Committee shall consist of no fewer than two members, each of whom is an independent director of the Board. For purposes hereof, members shall be considered independent as long as they satisfy the independence requirements of the applicable stock exchange listing standards and Rule 10-A3 of the Securities Exchange Act of 1934 (the "Exchange Act") and the rules and regulations of the Securities and Exchange Commission (the "SEC").

All members of the Audit Committee shall be financially literate in accordance with the rules of the applicable stock exchange listing standards and at least one member shall be an audit committee financial expert as defined by the SEC. Unless the Board determines otherwise, Audit Committee members shall not simultaneously serve on the audit committees of more than three other companies publicly listed in the United States.

The members of the Audit Committee shall be appointed by the Board and the Board shall designate one person as the chairperson or delegate the authority to designate a chairperson to the Audit Committee. Audit Committee members may be replaced by the Board.

### **Meetings**

The Audit Committee shall meet as often as it determines, but at least quarterly. The Audit Committee shall meet periodically with management and the independent registered public accountants in separate executive sessions.

In discharging its oversight role, the Committee may request any officer or employee of the Company, outside counsel or any officer or employee of the Company to attend any Committee meeting in order to provide information or advice in connection with the matters to be addressed at the meeting.

### **Committee Authority and Responsibilities**

The Audit Committee shall have the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for establishing and maintaining control over financial reporting.

The Audit Committee shall be directly responsible for proposing for shareholder approval (as required under Bermuda law) the independent registered public accountants for appointment or replacement. The Audit Committee shall be directly responsible for establishing the compensation and overseeing of the work of the independent registered public accountants (including resolution of disagreements between management and the independent registered public accountants regarding financial reporting) in preparing or issuing an audit report or related work. The independent registered public accountants shall report directly to the Audit Committee.

The Audit Committee shall pre-approve all auditing services and permitted non-audit services to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Audit Committee prior to the completion of the audit. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Audit Committee member to whom pre-approval authority is delegated must be presented to the full Audit Committee at its next scheduled meeting.

The following are the principal duties and responsibilities of the Audit Committee and are set forth as a guide, with the understanding that the committee may supplement them as appropriate.

### ***Financial Statement and Financial Reporting Process***

- The Audit Committee shall meet to review and discuss the annual audited financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent registered public accountants prior to the filing of the Company's Annual Report on Form 20-F. The Audit Committee shall also discuss the results of the annual audit and any matters required to be communicated to the Audit Committee by the independent registered public accountants under the generally accepted auditing standards.
- The Audit Committee shall meet to review and discuss the quarterly financial statements, including disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent registered public accountants prior to the filing of the Company's Quarterly Report on Form 6-K. The Audit Committee shall also discuss the results of the quarterly review, where applicable, and any matters required to be communicated to the Audit Committee by the independent registered public accountants under the generally accepted auditing standards.

- The Audit Committee’s review of the financial statements shall include:
  - major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, the Company’s internal controls over financial reporting (including any major issues as to the adequacy of such controls) and, if needed, any special steps adopted in light of material control deficiencies.
  - Discussions with management and the independent registered public accountants regarding significant, complex and unusual transactions.
  - Discussions with management and the independent registered public accountants regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements
  - Discussions with management and the independent registered public accountants regarding the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- The Audit Committee shall receive and review a report from the independent registered public accountants prior to the filing of the Company's Annual Report on Form 20-F with respect to the following:
  - (a) All critical accounting policies and practices used.
  - (b) All material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment prepared by the independent auditor.
  - (c) Other material written communications between the independent registered public accountants and management.
  - (d) Adjustments proposed by the independent registered public accountants that were "passed" as immaterial or otherwise.
- The Audit Committee shall review and discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- The Audit Committee shall regularly review and discuss with the independent registered public accountants any audit problems or difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management. The Audit Committee should review any accounting adjustments proposed by the independent registered public accountants that were "passed", and any “management” or “internal control” letter issued or proposed to be issued.
- The Audit Committee shall review management’s report on its assessment of the effectiveness of internal control over financial reporting as of the end of each fiscal year and the independent registered public accountant’s report on (1) management’s assessment and (2) the effectiveness of internal control over financial reporting.
- The Audit Committee shall discuss with management and the independent registered public accountants management’s process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes Oxley Act, including any significant deficiencies or material weaknesses identified.

- The Audit Committee shall discuss with management and the independent registered public accountants and (1) changes in internal control over financial reporting that have materially affected or are likely to materially affect the Company's internal control over financial reporting that are required to be disclosed and (2) any other changes in internal control over financial reporting that were considered for disclosure in the Company's periodic filings with the SEC
- The Audit Committee shall review disclosures made to the Audit Committee by the Company's CEO and CFO during their certification process for the Form 6-K and Form 20-F about any significant deficiencies in the design or operation of internal controls or material weakness therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

### ***Oversight of the Company's Relationship with the Independent Auditor***

- At least annually, the Audit Committee shall obtain and review a report from the independent registered public accountants describing (a) the independent registered public accountants internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with any such issues and (c) all relationships between the independent registered public accountants and the Company. After reviewing the foregoing report and the independent registered public accountants work throughout the year, the Audit Committee shall evaluate the qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead audit partner and take into account the opinions of management. The Audit Committee shall present its conclusions with respect to the independent registered public accountants to the Board.
- The Audit Committee shall determine that the independent registered public accounting firm has a process in place to ensure the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules.
- Discuss with the independent registered public accountants significant technical issues on which the Company's audit team consulted their national office, and significant matters of audit quality and consistency.
- The Audit Committee shall meet with the responsible management and independent registered public accountants prior to the audit to discuss the planning and staffing of the audit.

### ***Compliance Oversight Responsibilities***

- The Audit Committee shall inquire of the independent registered public accountants if they have detected or become aware of information regarding the occurrence of an illegal act as defined in Section 10A (b) of the Exchange Act..
- The Audit Committee shall review reports and disclosures of insider and related party transactions.
- The Audit Committee shall establish and review procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- The Audit Committee shall discuss with management and the independent registered public accountants any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company's financial statements or accounting policies.

- The Audit Committee shall review with senior management the Company's overall anti-fraud programs and controls.
- The Audit Committee shall discuss with management the Company's policies with respect to risk assessment and risk management, including the risk of fraud. The Audit Committee shall also discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures
- The Audit Committee shall review the Company's compliance and ethics programs including consideration of legal and regulatory requirements, and shall review with management its periodic evaluation of the effectiveness of such programs. The Audit Committee shall review the Company's code of conduct and programs that management has established to monitor compliance with such code.
- The Audit Committee shall receive and review any reports from the Company's attorneys relating to legal matters that may have a material impact on the financial statements or the Company's compliance policies.
- The Audit Committee shall evaluate annually with management the benefits and cost of establishing an internal audit function.

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#### ***Other Audit Committee's Responsibilities and Limitations***

- The Audit Committee shall recommend to the Board policies for the Company's hiring of employees or former employees of the independent registered public accountants who participated in any capacity in the audit of the Company consistent with the requirements of the SEC and applicable stock exchanges.
- The Company's management has the primary responsibility for the financial statements and the reporting process, including the Company's system of internal controls and disclosure controls and procedures. The independent registered public accountants audits the Company's financial statements and expresses an opinion on the financial statements based on the audit and attests to any report of the Company's management on the Company's internal controls for financial reporting required by the rules of the SEC. The Audit Committee oversees (i) the accounting and financial reporting processes of the Company and (ii) the audits or reviews of the financial statements of the Company on behalf of the Board. While the Audit Committee has the responsibilities and authority set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or reviews or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations or that the Company's internal controls for financial reporting are in compliance with law and other applicable requirements. These are the responsibilities of management and the independent registered public accountants.