

PETROGEN INSURANCE CORPORATION BOARD AUDIT COMMITTEE CHARTER

INTRODUCTION

This Committee Charter (this “Charter”) of the Audit Committee of Petrogen Insurance Corporation (the “Company”) sets out the roles, responsibilities, and authority of the Audit Committee and the rules of procedure that will guide the function of the Audit Committee.

PURPOSE

The Audit Committee is a standing committee of the Board of Directors. The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibility of the organization’s corporate governance processes relating to the:

- Quality and integrity of the Company’s financial statements and financial reporting process and the Company’s systems of internal accounting and financial controls;
- Performance of the internal auditors; and
- Annual independent audit of the Company’s financial statements, the engagement of the independent auditors and the evaluation of the independent auditors’ qualifications, independence and performance.

AUTHORITY

The Audit Committee shall be granted access to records and be provided with such resources as may be necessary for the purpose of fulfilling its duties and responsibilities under this Charter.

COMPOSITION

The Audit Committee consists of three (3) members of the Board of Directors, with the independent director(s) as defined in the Code of Corporate Governance of the Company being a member. Each member shall be (or shall become within a reasonable time after appointment) financially literate, as such qualification is interpreted by the Board of Directors in its business judgment, and at least one member shall have adequate financial and accounting expertise. The Board of Directors will appoint the members and the Chairman of the Audit Committee at the organizational board meeting that follows each annual stockholders’ meeting or at any earlier time as the Board of Director may deem necessary.

In the absence of the Chairman during any committee meeting, the Audit Committee may designate a Chair *pro tempore*. The Audit Committee shall act only on the affirmative vote of a majority of the members at a meeting or by unanimous written consent.

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The Head of Internal Audit Department (“IAD”) of Petron Corporation acts as the Secretary of the Audit Committee.

MEETINGS

The Audit Committee shall meet at such times and places as it considers appropriate. The Chairman may call a meeting at any time as needed.

All committee members are expected to attend each meeting, in person or via tele- or video-conference. The meetings are limited to the committee members and whoever is authorized by the Audit Committee to attend. As necessary, the Audit Committee will invite members of management and organization staff or any independent adviser to provide pertinent information or data.

The Audit Committee, through the committee secretary, distributes the notice, the agenda and the appropriate committee materials at least two (2) days before any meeting so the members can intelligently review the various matters raised. The meetings begin with the reading and approval of the minutes of the previous meeting.

Two (2) of the three (3) members of the Audit Committee constitute a quorum for the transaction of the Committee’s business. The vote of at least two (2) members will be required for any action of the Audit Committee.

DUTIES AND RESPONSIBILITIES

In meeting its purposes, the Audit Committee will carry out the following duties and responsibilities:

- provides oversight of the institution’s internal and external auditors;
- be responsible for the setting-up of an internal audit department and the appointment of the internal auditors and the independent external auditors; and
- monitor and evaluate the adequacy and effectiveness of the internal control system of the Company.

REPORTING PROCEDURES

The Chairman of the Audit Committee, or in his absence, the member elected by the members present in a meeting, shall report to the Board of Directors the decisions and recommendations made by the Audit Committee following each meeting.

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PERFORMANCE EVALUATION

The Audit Committee shall periodically assess its effectiveness by comparing its performance with the requirements of this Charter to ensure compliance with this Charter and best practice.

The Audit Committee shall also review and assess the adequacy of this Charter annually or as conditions dictate, recommend any modifications as deemed appropriate, and obtain the approval of the Board of Directors for any revisions.