Northern 3 VCT PLC ('N3VCT')

Terms of Reference - Audit Committee

1 Membership

1.1 Members of the Committee shall be appointed by the N3VCT board on the recommendation of the Nomination Committee in consultation with the Chairman of the Committee. The Committee shall be made up of at least three members, at least one of whom shall have recent and relevant financial experience. Only independent non-executive directors of N3VCT and the Chairman of the Company, provided he or she was considered independent upon appointment, may be members of the Committee. As at 28 March 2017 the membership of the Committee comprises Mr Fleetwood (Chairman), Mr Ferguson and Mr Waddell.

1.2 Only members of the Committee have the right to attend Committee meetings. The Committee may ask other members of the N3VCT board, any relevant employee of N3VCT's investment manager, and external advisers to attend for all or part of any meeting, as and when appropriate. N3VCT's auditors will be invited to attend meetings of the Committee on a regular basis; the Committee should have at least one meeting each year with N3VCT's auditors without employees of N3VCT's investment manager being present.

1.3 Appointments to the Committee shall be for a period of up to three years, which may be renewed.

1.4 The N3VCT board shall appoint the Committee Chairman who shall be an independent non-executive director but not the Company's Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of their number to chair the meeting.

2 Secretary

2.1 The company secretary or his or her nominee shall act as the secretary of the Committee.

3 Quorum

3.1 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.

4 Frequency of Meetings

4.1 The Committee shall meet as follows:

(a) meeting, with or without auditors, prior to the end of the financial year to discuss nature and scope of audit, audit fee and any other matters of principle expected to arise;

(b) meeting, with auditors, prior to the April/May board meeting to review the annual report and discuss any matters arising from the audit examination; this would also be the appropriate time for the committee to make a recommendation to the full board concerning the re-appointment of the auditors for the next 12 months at the AGM;

(c) meeting, with or without auditors, prior to the October/November board meeting to review the half-yearly report to shareholders; and

(d) further meetings on an ad hoc basis if a specific need arises which would not be covered by a scheduled meeting.

5 Notice of Meetings and resolutions in writing

5.1 Meetings of the Committee shall be called by the secretary of the Committee at the request of any of its members or if they consider it necessary at the request of N3VCT's auditors.

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, any other person required to attend and all other non-executive directors, 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.

5.3 Decisions of the Committee may be made by way of resolution in writing of its members circulated to all members of the Committee and signed by a majority of the members of the Committee.

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 Subject to any appropriate restrictions for reasons of confidentiality or because of a conflict of interest, minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once agreed, to all other members of the N3VCT board.

7 Annual General Meeting

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

8 Duties

8.1 Financial reporting

The Committee shall monitor the integrity of N3VCT's financial statements, including its annual and half-yearly reports and its interim management statements, any 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.

The Committee shall review and challenge where necessary:

(a) the consistency of, and any changes to, accounting policies both on a year on year basis and across the company/group;

(b) the methods used to account for significant or unusual transactions where different approaches are possible;

(c) whether N3VCT has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of N3VCT's auditors;

(d) the clarity of disclosure in N3VCT's financial reports and the context in which statements are made; and

(e) all material information presented with the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

8.2 Internal control and risk management systems

The Committee shall:

(a) monitor the effectiveness of N3VCT's internal controls (including internal financial control) and risk management systems and make recommendations to the N3VCT board and review and approve the statements to be included in N3VCT's annual report concerning internal controls and risk management;

(b) review the procedures of N3VCT's investment manager in order to ensure that arrangements are in place for any of its staff to raise concerns in confidence in relation to the propriety of financial reporting or about possible wrongdoing in financial reporting or other matters and for the investigation and follow-up of those concerns; and

(c) review the company's procedures for detecting fraud.

8.3 Internal audit

The Committee shall review the need for an internal audit function at least once a year.

8.4 External audit

The Committee shall:

(a) consider and make recommendations to the N3VCT board and to shareholders as regards the appointment, re-appointment and removal of N3VCT's auditors;

(b) oversee the relationship with N3VCT's auditors including:

(i) approval of their remuneration and terms of engagement, and the audit scope;

(ii) reviewing and monitoring the independence and objectivity of the external audit process, taking into consideration relevant UK professional and regulatory requirements and the relationship with the auditors as a whole, including the provision of any non-audit services;

(iii) developing and implementing policy on the engagement of N3VCT's auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;

(iv) satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and N3VCT (other than in the ordinary course of business);

(v) monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by N3VCT compared to the overall fee income of the firm, office and partner and other related requirements; and

(vi) assessing annually their qualifications, expertise and resources and the effectiveness of the audit process;

(c) oversee the selection process for new auditors and if an auditor resigns investigate the issues leading to this and deciding whether any action is required; and

(d) monitor the statutory audit of N3VCT's financial statements and for that purpose meet regularly with N3VCT's auditors, review and approve the annual audit plan and ensure that it is consistent with the scope of the audit engagement, and review the findings of

the audit with N3VCT's auditor including a discussion of any major issues which arose during the audit, any accounting and audit judgements, and levels of errors identified during the audit, review any representation letter(s) requested by N3VCT's auditors before issue, review the auditor's management letter and any response, and review the effectiveness of the audit.

9 Reporting Responsibilities

9.1 The Committee is accountable to the N3VCT board. The Committee Chairman shall report formally to the N3VCT 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 N3VCT board it deems appropriate on any area within its remit where action or improvement is needed.

9.3 N3VCT's annual report shall include a statement on the Committee's activities. . This statement shall include:

(a) the significant issues that the Committee considered in relation to the financial statements, and how these issues were addressed;

(b) an explanation of how the Committee has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, and information on the length of tenure of the current audit firm and when a tender was last conducted; and

(c) if the external auditor provides non-audit services, an explanation of how auditor objectivity and independence are safeguarded.

10 Other

10.1 The Committee from time to time shall 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.

10.2 The Committee will review other matters as directed by the N3VCT board.

10.3 The Committee shall:

(a) have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required;

(b) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

(c) give due consideration to laws and regulations, the provisions of the Combined Code and the requirements of the UK Listing Authority's Listing Rules, Prospectus Rules and Disclosure and Transparency Rules as appropriate;

(d) be responsible for co-ordination of the internal and external auditors; and

(e) oversee any investigation of activities which are within its terms of reference and act for internal purposes as a court of the last resort.

11 Authority

11.1 The Committee is authorised to seek any information it requires from any officer or employee of N3VCT's investment manager in order to perform its duties.

11.2 The Committee is authorised to obtain, at N3VCT's expense, outside legal or other professional advice on any matters within its terms of reference.

11.3 Committee members shall have access to N3VCT's auditors at any time; that contact should normally be made through the Committee Chairman.

Note: The nomination committee was established by a resolution of the N3VCT board in March 2002. These terms of reference were approved by the N3VCT board on 28 March 2017, following a review by the Committee.