



**TESCO CORPORATION**  
**Audit Committee Charter**  
Rev 06 August 3, 2016

1. Establishment of the Audit Committee. The Board of Directors (the “**Board**”) of Tesco Corporation (the “**Company**”) hereby establishes a committee to be called the Audit Committee (the “**Committee**”).
2. Purpose. The Committee’s purpose is to represent and assist the Board with oversight of the integrity of the Company’s accounting and financial reporting processes (including related internal controls) and the audits of the financial statements of the Company. Management is responsible for the Company’s accounting and financial reporting processes. The external auditors are responsible for the audit within accepted auditing standards of the Company’s accounting and reporting process and reporting the results of that audit to the Committee.
3. Composition of the Committee.
  - (a) The Committee shall be composed of not less than three (3) directors of the Company and at least one quarter of the members of the Committee shall be resident Canadians.
  - (b) The Committee and its members shall, in the judgment of the Board, meet such independence standards as are required by law, regulation or stock exchange listing requirements applicable to the Company and the Committee (“applicable legal requirements”). Without limiting the foregoing, to the extent required by applicable legal requirement:
    - (i) Each member of the Committee shall have the ability to read and understand the Company’s basic financial statements and otherwise shall be financially literate. A Committee member who does not meet the foregoing requirements may be appointed to the Committee provided that the member meets such requirements within a reasonable period of time following his or her appointment; and
    - (ii) At least one member of the Committee shall, in the judgment of the Board be an audit committee financial expert in accordance with the rules and regulations of the Securities and Exchange Commission. In addition, to the extent required, at least one member (who may also serve as the audit committee financial expert) shall, in the judgment of the Board, have accounting or related financial management expertise in accordance with applicable stock exchange listing standards.
  - (c) Members shall be appointed annually by the Board from among directors of the Company. The Chair of the Committee shall be appointed by the Board. A director shall automatically cease to be a member of the Committee upon ceasing to be a director of the Company.
4. Responsibilities. Subject to the powers of the Board and in addition to any other responsibilities assigned to the Committee by the Board, the Committee’s responsibilities are set forth below.
  - (a) *Review of Financial Statements and Other Financial Information.* The Committee will have the following responsibilities and all related authority required to discharge such responsibilities to:
    - (i) Oversee the Company’s compliance, and to adopt procedures it believes will be designed to cause the Company to maintain compliance, with all of the applicable legal requirements relating to financial reporting, audit functions and audit committee operations.
    - (ii) Review the Company’s financial statements, management’s discussion and analysis, and annual earnings press releases before the Company publicly discloses or files such statements or information. In addition, the Committee will review the disclosure contained in the Company’s annual information form that is required to be filed pursuant to applicable legal requirements. The Committee will recommend to the Board, based on the review described in this Charter, whether the financial statements should be included in the annual report. The Committee shall also approve, on behalf of the Board, the Company’s interim financial statements and related management’s discussion and analysis and interim earnings press releases.
    - (iii) The Committee shall provide the Audit Committee Report for inclusion in the Company’s annual proxy statement or other required filings.

- (iv) Establish and oversee procedures, and periodically assess the adequacy of such procedures, for:
    - (A) the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph (b) above;
    - (B) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
    - (C) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
  - (v) Review with the external auditors of the Company:
    - (A) the scope of the audit;
    - (B) significant changes to the Company's accounting principles, practices or policies; and
    - (C) new or pending developments in accounting principles, reporting matters or industry practices which may materially affect the Company.
  - (vi) Review with the external auditors, the Company's internal auditors, and the Company's management the adequacy and effectiveness of the systems of internal controls (including any significant deficiencies and significant changes in internal controls reported to the Committee by the external auditors or management), accounting practices, and disclosure controls and procedures (and management reports thereon), of the Company.
- (b) *External Auditors.*
- (i) The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (each an "external auditor"). Without limiting the foregoing, the Committee shall:
    - (A) Select and retain (subject to approval by the Company's shareholders), evaluate and terminate when appropriate, the external auditors, set the external auditors' compensation, and pre-approve all audit and non-audit services to be provided by the external auditors. The Committee may delegate approval authority for audit and non-audit services to one or more members of the Committee.
    - (B) At least annually, consider the independence of the external auditors, including consideration of audit partner rotation and non-audit services provided by the external auditors. In connection therewith the Committee shall, at least annually, receive and review a report by the external auditors describing in detail all of the relationships between the external auditors and the Company, considering whether the non-audit services performed by the external auditors during the year have impacted their independence and determining whether any relationship exists between the external auditors and the Company which may affect the independence of the external auditors.
    - (C) Take such action as it considers appropriate regarding the independence of the external auditors and compliance by external auditors with the applicable legal requirements.
    - (D) At least annually, receive and review a report by the external auditors describing the external auditors' internal quality-control procedures and any material issues raised by the most recent internal quality-control review, peer review or Public Company Accounting Oversight Board (PCAOB) review, of the external auditors, 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 external auditors, and any steps taken to deal with any such issues.

- (E) Periodically review the Company’s internal control and management information systems, and verify that the Company’s financial results are reported to security holders, regulators and the public as required by applicable legal requirements
- (ii) The external auditors of the Company shall report directly to the Committee and the Committee shall have authority to communicate directly with the external auditors.
- (iii) The Committee shall facilitate the resolution of disagreements between management of the Company and the external auditors regarding financial reporting.
- (c) *Internal Audit.* The Committee shall be responsible for oversight of the internal audit function of the Company (the “Internal Auditor”), whether such function is performed by an employee of the Company or an outside consultant. The Internal Auditor shall report directly to the Committee and the Committee shall have authority to communicate directly with the Internal Auditor.
- (d) *Internal Controls, Information Systems and Risk Management.* The Committee shall:
  - (i) review with the external auditors of the Company the adequacy of internal control procedures and management information systems and make inquiries to management of the Company and the external auditors of the Company about significant risks and exposures to the Company that may have a material adverse impact on the Company’s financial statements and about the efforts of the management of the Company to mitigate such risks and exposures; and
  - (ii) monitor any changes in the Company’s internal control over financial reporting. It will oversee and approve any required disclosure as to any change that occurred during the Company’s most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.
- (e) *Other.* The Committee shall:
  - (i) periodically review and approve the Company’s hiring policies regarding partners, employees, and former partners and employees of the present and former external auditors of the Company;
  - (ii) meet periodically, and may request to meet separately, with the General Counsel, Corporate Secretary, the Chief Compliance Officer, and other appropriate legal staff of the Company including, if appropriate, the Company’s outside counsel, to review material legal affairs of the Company, including matters involving criminal conduct or potential criminal conduct, and the Company’s compliance with applicable law and listing standards. Each of the General Counsel, Corporate Secretary, and the Chief Compliance Officer has express authority to communicate personally with the Chair of the Audit Committee about any such matters as appropriate;
  - (iii) review and, as appropriate, investigate and approve all related party transactions under the Code of Business Conduct and Ethics; and
  - (iv) review this Charter at least annually to determine if amendments to this Charter should be recommended to the Board.

5. Administrative.

- (a) The administrative provisions set forth in Section 3 of the Company’s Board of Directors Charter shall apply to the Committee.
- (b) The Committee shall report regularly to the Board with respect to its activities and make recommendations to the Board as appropriate.

Prior Versions:	August 12, 2012; March 8, 2012; August 9, 2011; August 27, 2009; November 18, 2008; May 18, 2007
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