

LOMBARD MEDICAL, INC.

Audit Committee Charter

(Effective as of _____, 2014)

This Audit Committee Charter (the “Charter”) was adopted by the Board of Directors (the “Board”) of Lombard Medical, Inc., a Cayman islands exempted company with limited liability (the “Company”), effective upon the consummation of the Company’s U.S. initial public offering.

I. Purpose

- A. The purpose of the Audit Committee of the Company (the “Committee”) is to assist the Board with oversight of the Company’s accounting and financial reporting processes and the audits of the Company’s financial statements. This Charter should be applied in a manner consistent with all applicable law and stock market rules and the Company’s memorandum and articles of association, each as amended and in effect from time to time.

II. Structure and Membership

- A. Number. Except as otherwise permitted by the applicable NASDAQ rules, the Audit Committee shall consist of at least three members of the Board.
- B. Independence. Except as otherwise permitted by the applicable NASDAQ rules, each member of the Committee shall be “independent” as defined by such rules, meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (subject to the exemptions provided in Rule 10A-3(c)), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. The Committee shall also consider whether any members of the Committee have relationships with the Company that may create the appearance of a lack of independence, even though such relationships do not technically disqualify the person from being “independent.”
- C. Financial Literacy. Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Committee. In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company’s annual report filed with the Securities and Exchange Commission (the “SEC”), at least one member of the Committee shall be an “audit committee financial expert” (as defined by applicable SEC rules).
- D. Chair. Unless the Board elects a Chair of the Committee, the Committee shall elect a Chair by majority vote.

- E. Compensation. The compensation of the Committee members shall be as determined by the Board. No member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than fees paid in his or her capacity as a member of the Board or of a committee of the Board.
- F. Selection and Removal. Members of the Committee shall be appointed by the Board, upon the recommendation of the Nomination Committee. The Board may remove members of the Committee, with or without cause.

III. Authority and Responsibilities

- A. General. The Committee shall discharge its responsibilities, and shall assess the information provided by the Board and the Company's registered public accounting firm (the "independent auditor"), in accordance with its business judgment. The Board 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 adequate internal control over financial reporting. The independent auditor is responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements. The authority and responsibilities set forth in this Charter do not reflect or create any duty or obligation of the Committee to plan or conduct any audit, to determine or certify that the Company's financial statements are complete, accurate, fairly presented or in accordance with International Financial Reporting Standards ("IFRS") or applicable law, or to guarantee the independent auditor's reports. Absent actual knowledge to the contrary, each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts, if any, and the Company's independent auditor from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.
- B. Oversight of Independent Auditor
 - 1. Selection. The Committee shall be solely and directly responsible for selecting, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor. The Committee shall recommend appointment of the independent auditor to the general meeting of shareholders.
 - 2. Independence. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor. In connection with this responsibility, the Committee shall obtain and review the written disclosures and the letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") regarding the independent auditor's communications with the Committee concerning independence. The Committee shall actively engage in dialogue with the independent auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor.
 - 3. Compensation. The Committee shall have sole and direct responsibility for setting the compensation of the independent auditor. The Committee is

empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditor established by the Committee.

4. Preapproval of Services. The Committee shall preapprove all audit services to be provided to the Company, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided to the Company by the independent auditor; provided, however, that de minimis non-audit services may instead be approved in accordance with applicable SEC rules. The Committee may delegate to one or more designated members of the Committee the authority to grant preapprovals, provided such approvals are presented to the Committee at a subsequent meeting.
5. Oversight. The independent auditor shall report directly to the Committee, and the Committee shall have sole and direct responsibility for overseeing the work of the independent auditor, including resolution of disagreements between the Board and the independent auditor regarding financial reporting. In connection with its oversight role, the Committee shall, from time to time as appropriate, receive and consider the reports and other communications required to be made by the independent auditor regarding:
 - a) Critical accounting policies and practices;
 - b) Alternative treatments within IFRS for policies and practices related to material items that have been discussed with the Board, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - c) Other material written communications between the independent auditor and the Board;
 - d) Any audit problems or difficulties the independent auditor encountered in the course of the audit work and the Board's response, including any restrictions on the scope of the independent auditor's activities or any access to requested information and any significant disagreements with the Board;
 - e) Major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies;
 - f) Analyses prepared by the Board and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements;
 - g) The effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company; and
 - h) The other matters addressed in PCAOB Auditing Standard No. 16, Communications with Audit Committees ("AS 16").

C. Audited Financial Statements

1. Review and Discussion. The Committee shall review and discuss with the Board and independent auditor the Company's audited financial statements, including the matters required to be discussed by AS 16, the Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the PCAOB.
2. Recommendation to Board Regarding Financial Statements. The Committee shall consider whether it will recommend to the Board that the Company's audited financial statements be included in the Company's Annual Report on Form 20-F.

D. Review of Other Financial Disclosures

1. Independent Auditor Review of Interim Financial Statements. The Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the Company of such information and to discuss promptly with the Committee and the Chief Financial Officer any matters identified in connection with the auditor's review of interim financial information which are required to be discussed by applicable auditing standards. The Committee shall direct the Board to advise the Committee in the event that the Company proposes to disclose interim financial information prior to completion of the independent auditor's review of interim financial information.
2. Quarterly Financial Statements. The Committee shall discuss with the Board and the independent auditor the Company's quarterly financial statements to be included in quarterly earnings press releases.
3. Earnings Release and Other Financial Information. The Committee shall discuss generally the type and presentation of information to be disclosed in the Company's earnings press releases, as well as financial information and earnings guidance to analysts, rating agencies and others.

E. Controls and Procedures

1. Oversight. The Committee shall coordinate the Board's oversight of the Company's internal control over financial reporting, disclosure controls and procedures and code of conduct. The Committee shall receive and review the reports of the Chief Executive Officer and the Chief Financial Officer required by Rule 13a-14 of the Exchange Act.
2. Procedures for Complaints. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
3. Oversight of Related-Party Transactions. The Committee shall review all "related party transactions" (defined as transactions required to be disclosed pursuant to

Item 7.B of Form 20-F) on an ongoing basis, and all such transactions must be approved by the Committee.

4. Evaluation of Financial Management. The Committee shall evaluate the Company's Chief Financial Officer.
5. Internal Audit. The Committee shall establish procedures for an annual internal audit of the Company and its subsidiaries, which procedures shall be designed to minimize duplication of the auditing procedures undertaken with respect to the Company's internal controls to ensure compliance with SEC rules and regulations. Upon completion of the annual internal audit, a report on the findings of such internal audit shall be prepared and addressed to the Committee.
6. Additional Duties. In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company's memorandum and articles of association and this Charter.

IV. Procedures and Administration

- A. Meetings. The Committee shall meet as often as it deems necessary in order to perform its responsibilities. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee shall periodically meet separately with: (i) the independent auditor; and (ii) senior management. The Committee shall keep such records of its meetings as it shall deem appropriate. The Chair (or in his or her absence, a member designated by the Chair) shall preside at each meeting of the Committee and set agendas for Committee meetings.
- B. Rules and Procedures. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's memorandum and articles of association that are applicable to the Committee.
- C. Quorum and Voting. A majority of the Committee members, present in person or by phone, shall constitute a quorum. A majority of the members present shall decide any questions brought before the Committee, except to the extent otherwise required by the Company's memorandum and articles of association (as in effect from time to time).
- D. Subcommittees. The Committee may form and delegate authority to one or more subcommittees, as it deems appropriate from time to time under the circumstances (including a subcommittee consisting of a single member). Any decision of a subcommittee to preapprove audit, review, attest or non-audit services shall be presented to the full Committee at its next scheduled meeting.
- E. Reports to Board. The Committee shall report regularly to the Board.
- F. Charter. At least annually, the Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

- G. Self-Evaluation. At least annually, the Committee shall review and assess its performance and report its findings to the Board.
- H. Independent Advisors. The Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.
- I. Investigations. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any managing director, supervisory director, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee. The Committee shall have full access to all books, records, facilities and personnel of the Company to conduct such investigations.
- J. Funding. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.