

CHARTER OF THE AUDIT COMMITTEE

The Board of Directors (the “**Board**”) of SPC Power Corporation (the “**Company**”) hereby establishes the Audit Committee, in compliance the principles of good corporate governance.

I. DUTIES and RESPONSIBILITIES

- o Check all financial reports against its compliance with the pertinent accounting standards, including requirements, laws, rules and regulations.
- o Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.
- o Perform oversight/overview financial management functions, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks of the Corporation, and crisis management. This function shall include regular receipt from Management of information on risk exposures and risk management activities.
- o Pre-approve all audit plans.
- o Perform direct interface functions with the internal and external auditors. Perform oversight functions over the Corporation’s internal and external auditors. It shall ensure that the internal and external auditors act independent from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable to perform their respective audit functions.
- o Develop a transparent financial management system that will ensure the integrity of internal control activities throughout the Corporation.
 - o The Audit Committee shall meet with the External Auditor and the Internal Auditor without the presence of the Corporation’s management at least annually.
- o The Audit Committee shall ensure that a review of the effectiveness of the Corporation’s material internal controls, including financial, operational and compliance controls, and risk management, is conducted at least annually. Such review can be carried out by the internal and/or external auditors.
- o Review the annual financial statements before their submission to the Board, with particular focus on the following matters: a. Any change/s in accounting policies and practices b. Major judgmental areas c. Significant adjustments resulting from the audit

d. Going concern assumptions e. Compliance with accounting standards f. Compliance with tax, legal, and regulatory requirements

o Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it.

o Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit.

o Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal.

o Review the reports submitted by the internal and external auditors.

o Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, shall be disclosed in the corporation's annual report.

o Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall report directly to the Audit Committee.

o Shall perform the functions of a Board Risk Oversight Committee and Related Party Transactions Committee as defined in the Code of Corporate Governance for Publicly Listed companies.

The Audit Committee shall ensure that, in the performance of the work of Internal Auditor, he shall be free from interference by outside parties.

II. MEMBERSHIP AND STRUCTURE

The Audit Committee shall be composed of at least three (3) appropriately qualified non-executive directors, the majority of whom, including the Chairman, should be independent directors. The Chairman of the Audit Committee should not be the Chairman of the Board or of any other committees. All members of the committee must have relevant background, knowledge, skills and/or experience in areas of accounting, auditing and finance.

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An Audit Committee member may resign by delivering his or her written resignation to the Chairman of the Board or may be removed by majority vote of the Board by delivery

to such member of written notice of removal, to take effect at a date specified therein or upon delivery of such written notice to such member if no date is specified.

III. MEETINGS AND COMMITTEE ACTION; QUORUM

Any member of the Audit Committee may convene a special meeting, communicated through the Corporate Secretary, upon five (5) business days prior written notice given to the other members, setting forth the agenda for such meeting. Unless delivery of the notice and agenda is waived in writing by all the members of the Audit Committee, the Audit Committee shall have only the authority to approve, authorize or take action with respect to matters included in the agenda for a particular meeting. The majority approval of the members of the Audit Committee attending any duly constituted meeting shall be required for the Audit Committee to approve, authorize or take any action; any matter which fails to be approved by a majority of the members of the Audit Committee attending a duly constituted meeting shall be referred to the Board of Directors for consideration.

For a quorum to exist at all Audit Committee Meetings, there must be the presence of at least a majority of the members. If within two (2) hours from the time appointed for the meeting, a quorum is not present, the meeting shall automatically without notice stand adjourned and be reconvened on a date two (2) business days after such meeting at the same time and place. If such meeting is adjourned a second time, the matters on the agenda for such meeting shall be referred to the Board of Directors for consideration during a meeting to be held not later than ten (10) business days from the date of the second reconvened meeting.

The Corporate Secretary shall act as the secretary of the Audit Committee.

Any action permitted or required to be taken by the members of the Audit Committee may be taken by unanimous written consent of all the members, in lieu of convening a meeting. Such written consent shall be deemed to have the same effect as resolutions adopted at a meeting of the Audit Committee in all respects. Meetings of the Audit Committee may be held by telephone or other electronic means of communication that permits all members present to be heard by all other members present.

The Chairman of the Audit Committee shall cause written minutes of all action taken by the Audit Committee to be prepared and delivered by the Corporate Secretary to each member.