

## **Audit Committee Charter**

### **I. Purpose**

The Audit Committee (the “Committee”) will assist the Board of Directors (the “Board”) of The Blacksands Pacific Group (the “Company”) in fulfilling its responsibilities with respect to matters involving the accounting, financial reporting and internal control functions of the Company and its subsidiaries. This will include assisting the Board in overseeing (a) the integrity of the Company’s financial statements; (b) the Company’s compliance with legal and regulatory requirements and the Company’s Code of Business Conduct and Ethics; (c) the independent auditor’s qualifications and independence; (d) the performance of the Company’s independent auditor. The Audit Committee also will prepare the Audit Committee report that Securities and Exchange Commission (“SEC”) rules require to be included in the Company’s annual proxy statement.

The Committee’s responsibilities under this Charter do not relieve the Company’s management of its responsibilities for (a) preparing the Company’s financial statements so that they comply with generally accepted accounting principles (“GAAP”) and fairly present the Company’s financial condition, results of operations and cash flows; (b) issuing financial reports that comply with the requirements of the SEC; and (c) establishing and maintaining adequate internal control structures and procedures for financial reporting.

### **II. Composition**

The Audit Committee shall be comprised of at least three directors appointed by the Board, each of whom shall meet the independence and experience requirements of applicable New York Stock Exchange Marketplace Rules, Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations of the SEC. Each member of the Audit Committee shall, in the judgment of the Board, be financially literate or must become financially literate within a reasonable period of time after appointment to the Audit Committee. At least one member of the Audit Committee must have accounting or related financial management expertise, as determined by the Board, and, least one member shall be “an audit committee financial expert” as defined by the SEC. Audit committee members shall not simultaneously serve on the audit committees of more than two other public companies. Committee members may enhance their familiarity with finance and accounting by participating in

educational programs conducted by the Company or an outside consultant.

The members of the Committee shall be appointed by the Board annually and shall serve until their successors are duly elected and qualified. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership. The Board will have the power at any time to change the size and membership of the Committee, to remove Committee members and to fill vacancies on the Committee, provided that any new member satisfy the requirements of this Charter and any other applicable requirements.

### **III. Meetings**

The Committee shall meet as frequently as necessary to properly carry out its responsibilities, but not less than once every fiscal quarter. The Committee will meet following the end of each fiscal quarter prior to the filing of the Company's quarterly or annual report with the SEC to review the financial results of the Company for the preceding fiscal quarter or the preceding fiscal year, as the case may be. During each quarterly meeting, or at such other times as the Committee may determine, the Committee shall meet separately with management and the independent auditor to discuss any matters that the Committee or any of these groups believe should be discussed privately and to review the Company's periodic reports consistent with Section IV below. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee with or without the presence of management or to meet with any members of, or consultants to, the Committee.

The Committee will record and maintain minutes of its meetings. The Chairman of the Committee or a Committee member designated by the Chairman will make a report to the Board of the Committee's meetings, actions taken at meetings or by consent, and recommendations made since the most recent Board meeting, unless the Committee has previously circulated an interim report addressing the matter or matters.

### **IV. Responsibilities and Duties**

To fulfill its responsibilities and duties the Audit Committee shall:

#### **A. Financial Reporting**

Review and discuss with management and the independent auditor the Company's annual audited financial statements and related disclosures, including the Company's

disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in its Annual Report or on Form 10-K (if applicable) and the results of the independent auditor’s audit of the Company’s annual financial statements including the accompanying footnotes and the independent auditor’s report, and determine whether to recommend to the Board that the audited financial statements be included in the Company’s annual report on Form 10-K (if applicable).

Review and discuss with management and the independent auditor the Company’s quarterly financial statements and related disclosures, including the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in its Quarterly Report or on Form 10-Q (if applicable) and the results of the independent auditor’s review of the quarterly financial statements, prior to the filing of its Form 10-Q (if applicable).

In connection with each quarterly and annual report of the Company, review (a) management’s disclosure to the Committee under Section 302 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”); and (b) the contents of the Chief Executive Officer and Chief Financial Officer certifications to be furnished or filed with the SEC under Sections 302 and 906 of Sarbanes-Oxley.

Review and discuss with management the Company’s earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. The Chair of the Committee may represent the entire Committee for purposes of this review.

Prepare the audit committee report required to be included in the Company’s annual proxy materials.

Review and discuss with the Company’s management and independent auditors significant accounting and reporting principles, practices and procedures applied in preparing the financial statements and any major changes to the Company’s accounting or reporting principles, practices or procedures, including those required by professional or regulatory pronouncements and actions, as brought to its attention by management or the independent auditors.

Review, evaluate and discuss the nature and extent of any significant changes in U.S.

accounting principles, the application of accounting principles and all critical accounting policies with the independent auditors and the Company's management.

Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, rule changes and US GAAP matters, as well as off-balance sheet structures, on the Company's financial statements.

Prior to filing an audit report relating to audited financial statements, receive, review and discuss the independent auditors' report required to be provided by the auditors under Section 204 of Sarbanes-Oxley.

Review findings or communications from the independent auditors regarding any (i) fraud involving senior management and any fraud, whether caused by senior management or other employees, that causes a material misstatement of the financials statements and/or (ii) illegal acts involving senior management that come to the auditors' attention as well as other illegal acts unless they are clearly inconsequential.

Review and discuss with management any auditing, accounting or financial reporting based Current Reports on Form 8-K (if applicable).

#### B. Internal Control

Review annually the adequacy and quality of the Company's financial and accounting staff, the need for and scope of internal audit reviews, and the plan, budget and the designations of responsibilities for any internal audit.

Review the performance and material findings of internal audit reviews.

Review annually with the independent auditors any significant matters regarding the Company's internal controls and procedures over financial reporting that have come to their attention during the conduct of their annual audit, and review whether any internal control recommendations made by the auditors have been implemented by management.

Review major risk exposures (whether financial, operating or otherwise) and the guidelines and policies that management has put in place to govern the process of monitoring, controlling and reporting such exposures.

Review and evaluate at least annually the Company's policies and procedures for maintaining and investing cash funds and for hedging.

Review and discuss with management and the independent auditors the effect of accounting and regulatory initiatives and off-balance sheet structures on financial statements.

Review, evaluate and discuss with the independent auditors and management, management's report on internal controls over financial reporting and the related auditor's attestation report, when and as required by Section 404 of Sarbanes-Oxley. In particular, information regarding any deficiencies, weaknesses or changes in internal controls should be sought and discussed with management and the independent auditors.

Evaluate whether management is setting the appropriate "tone at the top" by communicating the importance of internal controls and ensuring that all supervisory and accounting employees understand their roles and responsibilities with respect to internal controls.

### C. Independent Auditor

Be directly responsible for the appointment (subject to shareholder ratification, if applicable), retention, termination, compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.

Review and discuss with the independent auditors:

a) All critical accounting policies and practices to be used.

All alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.

Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.

Approve all audit and permissible non-audit services to be provided by the independent auditor, establish a policy for the Committee's pre-approval of audit and non-audit services to be provided by the independent auditor and annually review and pre-approve the audit and non-audit services that are to be covered by the pre-approval policy.

Obtain and review a report from the independent auditor at least annually regarding (a) the independent auditor's internal quality-control procedures; (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 firm; (c) any steps taken to deal with any such issues; and (d) all relationships between the independent auditor and the Company. Evaluate at least annually the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence and including a review and evaluation of the lead partner of the independent auditor team, taking into account the opinions of management. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.

Discuss, as needed, with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 114 (previously No. 61), as amended from time to time, relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Prior to engaging the independent auditor to perform an audit of the Company's financial statements, (a) obtain from the independent auditor a formal written statement delineating all relationships between the accountants and the Company, consistent with Independence Standards Board Standard No. 1 or such other standard as may be promulgated by the Public Company Accounting Oversight Board; (b) actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the auditor's objectivity and independence; and (c) recommend that the Board take appropriate action in response to the independent auditor's report to satisfy the Board of independence.

Oversee the rotation of the audit partners as required by law. Consider whether, in

order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

Establish hiring policies for employees or former employees of the independent auditor who participated in any capacity in the audit of the Company.

Discuss with the national office of the independent auditor issues on which they were consulted by the Company's audit team and matters of audit quality and consistency.

Obtain from the independent auditors assurance that they have complied with Section 10A of the Exchange Act and the rules promulgated thereunder, as amended from time to time.

Confirm with the independent auditor that it is aware of no violations of Rule 13b2-2 under the Exchange Act relating to improper influence on the conduct of audits, or any illegal act that would require the independent auditor to inform management of the Company and the Audit Committee as required by Section 10A(b) of unusual transactions.

Meet with the independent auditor prior to the audit to discuss the proposed scope, planning and staffing of the audit, and receive confirmation from the independent auditor that no limitations have been placed on the scope or nature of their audit, plan or procedure. Review the fees and other significant compensation to be paid to the independent auditor.

#### D. Process Improvement

Establish regular and separate systems of reporting to the Audit Committee by each of management and the independent auditor regarding any significant judgments made in management's preparation of the financial statements and the view of each as to appropriateness of such judgments.

Review with the independent auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented.

#### E. Compliance with Corporate Business Conduct and Ethics Policies

Review with management, the independent auditors and legal counsel, as the Committee deems appropriate, actions taken to ensure compliance with any code of

ethics or conduct for the Company established by the Board.

Review at least annually the Company's code of ethics adopted to comply with Section 406 of the Sarbanes-Oxley Act and Item 406 of Regulation S-K.

Evaluate whether management is setting the appropriate tone at the top by communicating the importance of the Company's ethics and conduct codes.

#### F. Other

Review and advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations relevant to the scope of the Audit Committee's responsibilities.

Review with the Company's internal and outside counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

Review and approve any and all transactions involving the Company and a related party on an ongoing basis, with particular attention to potential conflicts of interest. For these purposes, a "related party transaction" includes any transaction required to be disclosed pursuant to Item 404 of Regulation S-K.

Review the findings of any examinations by regulatory agencies.

Discuss with management and the independent auditor the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Respond as it determines to be appropriate (after consulting with legal counsel selected by the Committee) to any report of evidence of a material violation of the securities laws that the Committee receives from the Company's chief legal officer, if any, or from any attorney appearing and practicing before the SEC in the representation of the

Company.

Review, reassess the adequacy of and update this Charter periodically, at least annually, as conditions dictate and recommend any proposed changes to the Board for approval.

Conduct a review and evaluation, at least annually, of the performance of the Audit Committee and its members, including a review of the compliance of the Committee with this Charter.

Undertake such additional actions within the scope of its primary functions as the Board or Audit Committee shall determine.

#### **V. Additional Resources**

The Committee will have the right to use reasonable amounts of time of the Company's accounting personnel and the independent auditor, other internal staff and legal counsel and also will have the right to hire independent accounting experts, lawyers and other consultants and advisors to assist and advise the Committee in connection with its responsibilities. The Company will provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor and any experts, lawyers, consultants or advisors employed by the Audit Committee.