



AUDIT COMMITTEE CHARTER

SYLVASTATE LIMITED

MAY 2008

ROLE

The Audit Committee is responsible for considering the effectiveness of the systems and standards of internal control, financial reporting and any other matters at the request of the Board.

The committee will report to the Board on matters relevant to its role and responsibilities.

RESPONSIBILITIES

The responsibilities of the Audit Committee are to ensure that:

- Relevant, reliable and timely information is available to the Board to monitor the performance of the Company;
- External reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- Management processes support external reporting in a format which facilitates ease of understanding by shareholders and institutions;
- The external audit arrangements are adequate to ensure the maintenance of an effective and efficient external audit. This involves:
 - Reviewing the terms of engagement, scope and auditor's independence;
 - Recommendations as to the appointment, removal and remuneration of an auditor;
 - Reviewing the provision of any non-audit services provided by the external auditor, ensuring it does not adversely impact on audit independence;
- Review the company's risk profile and assess the operation of the company's internal control system; and
- Conduct an annual review of the Chief Executive Officer's performance.

COMPOSITION OF THE COMMITTEE

The Audit Committee will comprise of three independent non-executive directors on the Board. The Chairman of the Audit Committee will be an independent director who is not Chairman of the Board. A majority of the audit committee members will have experience in financial and accounting matters.

MEETINGS

As a minimum, the Audit Committee meets two times per annum. An agenda will be prepared and issued prior to each meeting. Minutes of each meeting will be taken by the Company Secretary and copies of Minutes will be issued to each member of the Board.

The Audit Committee may have in attendance at their meeting such members of management as may be deemed necessary to provide information and explanations. The external auditors attend meetings by invitation to report to the Committee.

AUDIT

The Board monitors the performance of the annual & half-yearly audit performed by the External Auditor. If the Board consider that the external auditor of the Company should be changed a special resolution will be put to shareholder vote at the following Annual General Meeting. External audit engagement partners are required by legislation to rotate their appointment every five years.