

VIASPACE Inc.

**CHARTER
of the
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS**

The Board of Directors (the “Board”) of VIASPACE Inc. (the “Company”), hereby confirms the role of the Audit Committee (the “Committee”) to advise the Board with respect to fulfilling its oversight responsibilities relating to corporate accounting, financial reporting practices, and the quality and integrity of the financial reports of the Company.

1. Members

The Board of Directors shall appoint an Audit Committee of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson. Members of the Audit Committee shall be appointed by the Board of Directors upon the recommendation of the Governance and Nominating Committee, and may be removed by the Board of Directors at its discretion. For the purpose hereof, the term “independent” shall mean a director who meets the independence requirements of the Nasdaq Stock Market, Inc. (“NASDAQ”), as determined by the Board of Directors.

Each member of the Company’s Audit Committee must be financially literate at the time of appointment and at least one member of the Audit Committee must have accounting or related financial management expertise, as determined by the Board of Directors.

2. Purposes, Duties, and Responsibilities

The purpose of the Audit Committee shall be to:

represent and assist the Board of Directors in discharging its oversight responsibility relating to: (i) the accounting, reporting, and financial practices of the Company and its subsidiaries, including the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the Company’s program to monitor compliance with internal controls; (iv) the outside auditor’s qualifications and independence; and (v) the performance of the Company’s outside auditor; and prepare the Audit Committee report required by the rules of the Securities and Exchange Commission (“SEC”) to be included in the Company’s annual proxy statement.

Among its specific duties and responsibilities, the Audit Committee shall, consistent with and subject to applicable law and rules and regulations promulgated by the SEC, NASDAQ or other regulatory authority:

- a. Be directly responsible, in its capacity as a committee of the Board, for the appointment, compensation and oversight of the work of the outside auditor. In this regard, the Audit Committee shall appoint and retain, approve the compensation of, evaluate and terminate, when appropriate, the outside auditor, which shall report directly to the Audit Committee.
- b. Approve in advance all audit services to be provided by the outside auditor, including any written engagement letters related thereto. (By approving the audit engagement, the audit service contemplated in any written engagement letter shall be deemed to have been pre-approved.)
- c. Establish policies and procedures for the engagement of the outside auditor to provide permissible audit and non-audit services, which shall include pre-approval by the Audit Committee of all permissible non-audit services to be provided by the outside auditor.
- d. Consider, at least annually, the independence of the outside auditor, including whether the outside auditor's performance of permissible non-audit services is compatible with the auditor's independence; obtain and review a report by the outside auditor describing any relationships between the outside auditor and the Company or any other relationships that may adversely affect the independence of the auditor; and discuss with the outside auditor any disclosed relationships or services that may impact objectively and independence of the auditor.
- e. Review and discuss with the outside auditor: (i) the scope of the audit, the results of the annual audit examination by the auditor and any accompanying management letters, and any difficulties the auditor encountered in the course of their audit work, including any restrictions on the scope of the outside auditor's activities or on access to requested information, and any significant disagreements with management; and (ii) any reports of the outside auditor with respect to interim periods.
- f. Review and discuss with management and the outside auditor the annual audited and quarterly unaudited financial statements of the Company, including: (i) an analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (ii) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," including the development, selection and reporting of accounting policies that may be regarded as critical; (iii) major issues regarding the Company's accounting principles and financial statement

presentations, including any significant changes in the Company's selection or application of accounting principles and financial statement presentations; and (iv) review reports from the outside auditor as required by the SEC rules.

- g. Recommend to the Board based on the review and discussion described in paragraphs (d) - (f) above, whether the financial statements should be included in the Annual Report on Form 10-K.
- h. Review and discuss the adequacy and effectiveness of the Company's internal controls, and significant deficiencies in internal controls, and significant changes in such controls; and review and discuss with the principal financial officer of the Company and such others as the Audit Committee deems appropriate, the scope and results of the program to monitor compliance with internal controls.
- i. Review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures and management reports thereon.
- j. Review and discuss corporate policies with respect to earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies.
- k. Review and with management and the outside auditors any material financial or non-financial arrangements of the Company that do not appear in the financial statements of the Company.
- l. Review and approve all related party transactions (as defined in applicable listing standards).
- m. Review material pending legal proceedings involving the Company and other contingent liabilities, and consult with outside legal counsel on such matters as deemed necessary.
- n. Establish procedures for receiving and handling complaints regarding accounting, internal accounting controls and auditing matters, including procedures for confidential, anonymous submission of concerns by employees regarding accounting and auditing matters.
- o. Administer the Company's code of conduct in conjunction with administering the procedure for handling employee complaints on accounting and auditing matters.
- p. Evaluate annually the performance of the Audit Committee and the adequacy of the Audit Committee charter.

3. Outside Advisors

The Audit Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it determines appropriate to assist the Audit Committee in the performance of its functions. The Audit Committee shall have sole authority to approve related fees and retention terms.

4. Meetings

The Audit Committee will meet at least four times per year, either in person or telephonically, and at such times and places as the Audit Committee shall determine. The Audit Committee shall meet separately in executive session, periodically, with each of management and the outside auditor. A majority of the members of the Audit Committee present in person or by telephone shall constitute a quorum. The Audit Committee shall report regularly to the full Board of Directors with respect to its activities.