

HELIUS ENERGY PLC

(the "Company")

AUDIT COMMITTEE TERMS OF REFERENCE

1. Membership

- 1.1 The Committee shall be made up of at least three members appointed by the Board.
- 1.2 Each Member of the Committee shall be an independent Non-Executive Director of the Company.
- 1.3 At least one member of the Committee shall have recent and relevant financial experience.
- 1.4 The Board shall appoint the Committee Chairman who shall be an independent Non-Executive Director of the Company. In the absence of the Committee Chairman the remaining members present shall elect one of themselves to chair a meeting of the Committee.
- 1.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for one further three year period.

2. Secretary

- 2.1 The Company Secretary shall act as the Secretary of the Committee.

3. Attendance, Quorum and voting

- 3.1 Only members of the Committee shall have the right to attend Committee meetings. However, the Committee may invite other individuals such as the CEO, CFO, other employees, or consultants, to attend all or part of any meeting. The Committee may decide to discuss any issue with the external auditors, or any other external party, without Executive Directors, or any employees, being present.
- 3.2 The external auditors will be invited to attend meetings of the Committee on a regular basis.
- 3.3 The quorum necessary for the transaction of business shall be two members and shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Notice and Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year at appropriate points in the reporting and audit cycle, and otherwise as required.
- 4.2 Meetings of the Committee shall be called by the Secretary of the Committee at the request of any of its members or at the request of external or internal auditors if they consider it necessary.
- 4.3 Unless otherwise agreed, notice of each meeting, confirming date, time and venue, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, and all other Non-Executive Directors, no later than five days before the date of the relevant meeting.

5. Minutes of Meetings

- 5.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 5.2 Minutes of Committee meetings shall be circulated to all members of the Board.

6. Authority

- 6.1 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties, and to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- 6.2 Call any employee to be questioned at a meeting of the Committee as and when required.

7. Duties

The duties of the Committee shall be to:

- 7.1 Monitor the integrity of the financial statements of the Company, including its annual and half-yearly reports, interim management statements, preliminary results announcements and any other formal announcement relating to its financial performance, and reviewing significant financial reporting issues and judgements which they contain. The Committee shall also, where relevant, review summary statements, significant financial returns to regulators and any financial information contained in certain other documents, such as announcements of a price sensitive nature;
- 7.2 Review and, where necessary, challenge:
 - 7.2.1 The consistency of, and any changes to, accounting policies on a year-on-year basis and across both the Company and its group;
 - 7.2.2 The methods used to account for significant or unusual transactions where different approaches are possible;
 - 7.2.3 Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
 - 7.2.4 The clarity of disclosure in the Company's financial reports and the context in which statements are made;
 - 7.2.5 All material information presented with the financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management); and
 - 7.2.6 Compliance with applicable Stock Exchange and legal requirements;
- 7.3 Review the annual financial statements of the pension funds of the Company, where not reviewed by the Board as a whole;
- 7.4 Discuss the nature and scope of the audit with the external auditor before the audit commences, and to ensure cooperation where more than one audit firm is involved;
- 7.5 Discuss the nature and scope of the review of the half-year financial statements with the external auditor before the review commences, and to ensure cooperation where more than one audit firm is involved;

- 7.6 Make recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor. If the Board does not accept the Committee's recommendation then the Committee will issue a statement in the Annual Report of the Company explaining why the Board has taken a different position.
- 7.7 Discuss the problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss, in the absence of management where appropriate;
- 7.8 Review the external auditor's management letter and management's response;
- 7.9 Review the Company's compliance with the Combined Code Guidance;
- 7.10 Review the Company's internal financial controls, its internal control and risk management systems and its statement on internal control systems, in each case prior to endorsement by the Board;
- 7.11 Monitor and review the effectiveness of the internal audit function, ensure coordination between the internal and external auditors and ensure that the internal audit department has adequate resources and appropriate standing within the Company;
- 7.12 Review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, and ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
- 7.13 Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant UK professional and regulatory requirements;
- 7.14 Develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- 7.15 Explain to shareholders, in the Annual Report, if the auditor provides non-audit services, how auditor objectivity and independence is safeguarded; and
- 7.16 Consider such other topics as are from time-to-time defined by the Board.

By Order of the Board

April 2010