

CONCRETE AGGREGATES
CORPORATION

*AUDIT COMMITTEE CHARTER
CODE OF CORPORATE GOVERNANCE*

Concrete Aggregates Corporation

Audit Committee Charter

Purpose

The audit committee is a committee of the Board of Directors with the Finance Officer as secretariat. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to the shareholders and others, the systems of internal controls which management and the Board of Directors have established, and the audit process. In doing so, it is the responsibility of the audit committee to provide an open avenue of communication between the Board of Directors, Management, the Internal Auditors, and the External Auditor.

Organization

- ♦ The audit committee shall be appointed annually by the Board of Directors.
- ♦ The audit committee shall be composed by at least three, but not more than five members.
- ♦ At least one member of the committee is an independent director. An independent director refers to a person other than an officer or employee of the Company, its subsidiaries, or any other individual having any relationship with the Company, which would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. This means that apart from the director's fees and shareholdings, he should be independent of management and free from any business or other relationship which could materially interfere with the exercise of his independent judgment.
- ♦ At least one member of the committee shall have a background in financial reporting, accounting or auditing.
- ♦ The Chairperson of the committee should be an independent director. It is the responsibility of the Chairperson to schedule all meetings of the committee and provide the committee with a written agenda for all meetings and inculcating in the minds of the Board the importance of management responsibilities in maintaining a sound system of internal control and the Board's oversight responsibility.

In meeting its responsibilities, the committee shall:

General

- ♦ Have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities. The committee shall have unrestricted access to members of management and all information relevant to its responsibilities. The committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.
- ♦ Meet at least 4 times per year or more frequently as circumstances require. The committee may ask members of management or others to attend the meetings and provide pertinent information as necessary. The Company's Finance Officer and Internal Audit Head will normally be present at each meeting. Also, at least 2 times per year, the Company's Finance Officer and Legal Officer will meet with the committee to discuss legal matters that may impact the Company's financial position. Minutes of meetings will be taken including notations as to what private sessions occur.
- ♦ Report committee actions to the Board of Directors with such recommendations as the committee may deem appropriate.
- ♦ Review and update the committee's charter.
- ♦ Perform such other functions assigned by law, the Company's charter or by-laws, or the board of directors.
- ♦ Meet with the Internal Audit Head, the External Auditor, and management in separate executive sessions to discuss any matters that the committee or these groups believe should be discussed privately with the audit committee.

Internal Controls and Risk Assessment

- ♦ Review and evaluate the effectiveness of the Company's process for assessing significant risks or exposures and the steps management has taken to minimize such risks to the Company.
- ♦ Consider and review with management, the independent accountants and the Internal Audit Head:
 - The effectiveness of or weaknesses in the Company's internal controls including computerized information system controls and security, the overall control environment and accounting and financial controls.
 - Any related significant findings and recommendations of the independent accountants and internal auditing together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls.

Concrete Aggregates Corporation

Audit Committee Charter

- ♦ Review with the Internal Audit Head and the External Auditor the coordination of audit effort to assure completeness of coverage of key business controls and risk areas, reduction of redundant efforts, and the effective use of audit resources.
- ♦ Discuss with management, the Company's External Auditor, and the Internal Audit Head, the status and adequacy of management information systems and other information technology, including the significant risks related thereto and major controls over such activities.

Financial Reporting

- ♦ Review filings with the SEC and other agencies and other published documents containing the Company's financial statements, including annual and interim reports, press releases and statutory filings, and consider whether the information contained in these documents is consistent with the information contained in the financial statements.
- ♦ Review the quarterly, half-year and annual financial statements before submission to the Board, focusing particularly on:
 - Any changes in accounting policies and practices
 - Major judgmental areas
 - Significant adjustments resulting from the audit
 - Any serious difficulties or disputes with management encountered during the course of the audit
 - Going concern assumption
 - Compliance with accounting standards
 - Compliance with tax, legal and stock exchange requirements
 - Other matters related to the conduct of the audit which are to be communicated to the committee under generally accepted auditing standards
- ♦ Assess internal processes for determining and managing key financial statement risk areas.

External Auditor

- ♦ Recommend to the board of directors the External Auditor to be nominated, approve the compensation of the External Auditor, and review and approve the discharge of External Auditor.
- ♦ Review the scope and approach of the annual audit with the External Auditor before the audit commences and ensure coordination where more than one audit firm is involved.
- ♦ Assess the External Auditor's process for identifying and responding to key audit and internal control risks.
- ♦ Review the External Auditor's identification of issues and business and financial risks and exposures.
- ♦ Confirm and assure the independence of the External Auditor.
- ♦ Evaluate and determine non-audit work by the External Auditor and keep under review the non-audit fees paid to the External Auditor and in relation to the Company's total expenditure on consultancy. The non-audit work should be disclosed in the annual report.
- ♦ Instruct the External Auditor to communicate to report directly to the audit committee any serious difficulties or disputes with management.

Internal Auditor

- ♦ Evaluate the internal audit process for establishing the annual internal audit plan and the focus on risk.
- ♦ Consider, in consultation with the Internal Audit Head, the audit scope and role of the internal auditors.
- ♦ Review and evaluate the scope, risk assessment and nature of the internal auditors' plan and any subsequent changes, including whether or not the internal auditors' plan is sufficiently linked to the Company's overall business objectives and management's success and risk factors.

Concrete Aggregates Corporation

Audit Committee Charter

- ♦ Consider and review with management and the Internal Audit Head:
 - Significant findings during the year and management's responses thereto, including the timetable for implementation of the recommendations to correct weaknesses in internal control.
 - Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
 - Any changes required in the planned scope of their audit plan.
 - The internal audit department budget and staffing.
 - The internal audit department charter.
 - Internal audit's compliance with The IIA's *Standards for the Professional Practice of Internal Auditing (Standards)*.
- ♦ Review and concur in the appointment, replacement, reassignment, or dismissal of the Internal Audit Head.
- ♦ Confirm and assure the independence of the internal auditors.
- ♦ Establish and identify the reporting line of the Internal Audit Head so that the reporting level allows the internal audit activity to fulfill its responsibilities. The Internal Audit Head shall report directly to the Audit Committee functionally. The Audit Committee shall ensure that the internal auditors shall have free and full access to the Company's records, properties and personnel relevant to the internal audit activity and that the internal audit activity should be free from interference in determining the scope of internal audit examinations, performing work, and communicating results.

Compliance with Laws and Regulations

- ♦ Ascertain whether the Company has an effective process for determining risks and exposures from asserted and unasserted litigation and claims and from noncompliance with laws and regulations.
- ♦ Review with the Company's general counsel and others any legal, tax or regulatory matters that may have a material impact on Company operations and the financial statements, related Company compliance policies, and programs and reports received from regulators.

Compliance with Codes of Ethical Conduct

- ♦ Review and assess the Company's processes for administering a code of ethical conduct.
- ♦ Review with the Internal Audit Head and the External Auditor the results of their review of the Company's monitoring of compliance with the Company's code of conduct.
- ♦ Review policies and procedures with respect to officers' expense accounts and privileges, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the External Auditor.