

## Charter of the Audit Committee of the Board of Directors

### I. Audit Committee Purpose

The Board of Directors (the "Board") of SpendSmart Networks, Inc. (the "Company"), pursuant to the By-laws of the Company and the General Corporation Law of the State of Colorado, has designated from among its members an audit committee (the "Committee") for the purpose of overseeing the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company and to have the responsibilities and authorities of the Board set forth in this Charter, which has been adopted and approved by the Board. Notwithstanding anything set forth in this Charter, the Committee shall not be responsible to plan or conduct audits, to determine that the Company's financial statements are complete and accurate or prepared in accordance with generally accepted accounting principles, or to assure compliance with laws and regulations or the Company's Corporate Code of Conduct and Ethics.

### II. Audit Committee Composition and Meetings

The Committee shall be comprised of three or more directors, such number to be determined by the Board from time to time, each of whom shall satisfy the independence standards specified by the Board and applicable laws, rules and regulations. All members of the Committee shall be able to read and understand fundamental financial statements, including the Company's balance sheets, statements of operations, and statements of cash flows.

Committee members shall be appointed annually by the Board. If a Committee chair is not designated by the Board or if the Committee chair is not present at any meeting of the Committee, the members of the Committee may designate a chair by majority vote of the Committee membership. The Committee shall meet at least one time each fiscal quarter either in person or telephonically and more frequently as circumstances dictate.

### III. Audit Committee Responsibilities and Duties

The Committee shall have the following responsibilities and duties:

- Review and reassess the adequacy of this Charter at least annually. Submit any recommended amendments to this Charter to the Board for its adoption and approval.
- Review and discuss with management and the independent auditor, the Company's annual audited financial statements.
- Review and discuss with management and the independent auditor, the Company's annual and quarterly financial statements.
- The Committee's review of financial statements should include discussion with management and independent auditor of significant issues regarding accounting principles, practices, and judgments, including any significant changes in the Company's selection or application of accounting principles.

- In consultation with management and the independent auditor monitor the integrity of the Company's reporting process and systems of internal controls regarding finance and accounting, including reviewing and discussing any major issues with respect to the adequacy of the internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the independent auditor and the internal auditing department together with management's responses.
- The Committee shall be directly responsible for the appointment, compensation, retention, termination and oversight of the work of any independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and each such independent auditor shall report directly to the Committee.
- The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the terms thereof) to be performed for the Company by its independent auditor, subject to de minimis exceptions for non-audit services.
- The Committee shall be directly responsible for the resolution of any disagreements between management and any independent auditor regarding financial reporting.
- On an annual basis, the Committee shall obtain from the independent auditor the written disclosures and letter delineating all relationships between the auditor and the Company, and discuss with the independent auditor its independence.
- The Committee shall actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor.
- The Committee shall review the independent auditor's audit plan, including a discussion of the scope, staffing locations, reliance upon management and the general audit approach.
- The Committee shall consider the independent auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- The Committee shall obtain from the independent auditor assurance that it has not detected or otherwise become aware of information indicating that an illegal act has or may have occurred.
- The Committee shall meet with management and independent auditor prior to commencement of the annual audit by such independent auditor for the purpose of reviewing the scope and audit procedures of such audit, including special audit risk areas and materiality. The Committee shall also meet with the Company's independent auditor subsequent to completion of that audit for the purpose of reviewing the results.
- The Committee shall obtain and review any written reports issued by the Company's independent auditor regarding all critical accounting policies and practices the Company uses or expects

to use, all alternative treatments of financial information within GAAP that have been discussed with the Company's management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditors.

- The Committee shall meet regularly with the Company's independent auditor in executive sessions without management present. Among the items to be discussed at these meetings are the auditor's evaluation of the Company's accounting personnel and the cooperation that the auditor received during the course of the audit, including any audit problems or difficulties, together with the responses of the Company's management thereto, any restrictions on the scope of such independent auditors' activities and any disagreements with the Company's management. If applicable, such review may also include any accounting adjustments that were noted or proposed by such auditors but were passed (including similar adjustments that were passed because individually they were not material), any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement, any "management" or "internal control" letter issued, or proposed to be issued, by such auditors to the Company and all other material written communications between the independent auditors and the management of the Company.
- Review and, if appropriate, approve related party transactions subject to disclosure pursuant to the applicable rules and regulations.
- Establish and maintain 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 the Company of concerns regarding questionable accounting or auditing matters.
- Investigate all matters brought to its attention within the scope of its duties, including the review of any significant fraudulent or illegal activities that may be discovered and any preventative action taken in response to such activities.
- At least annually, review with the Company's counsel any legal matters that could have a significant impact on the Company's financial statements.
- Review the appointment and replacement of senior financial executives.
- Provide an avenue of communications among the independent auditor, management, and the Board.
- Maintain minutes of meetings and periodically report to the Board on significant results of the Committee's activities.
- Perform any other activities consistent with this Charter, the Company's By-laws, and governing law, as the Committee or the Board deems necessary or appropriate.

#### IV. Audit Committee Authorities

The Committee has and shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties. The Committee has and shall have the authority to conduct any investigations appropriate to fulfilling its responsibilities, and it has and shall have direct access to the independent auditor as well as anyone in the organization. The Company shall provide for appropriate funding, as determined by the Committee, for payment of:

- Compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- Compensation to any advisers employed by the Committee under this Article IV of this Charter;  
and
- Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.