



Audit Committee Charter

A. Purpose

The purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of KiOR, Inc. (the "**Company**") is to assist the Board in fulfilling its oversight responsibility for the following matters:

- the integrity of the Company's financial statements;
- the qualifications, independence and performance of the Company's independent auditors;
- the performance of the Company's internal audit function;
- compliance by the Company with legal and regulatory requirements;
- the system of disclosure controls and the system of internal controls regarding finance, accounting, information technology, legal compliance, and ethics that management and the Board have established;
- the Company's system of enterprise risk management.

The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the "SEC") to be included in the Company's annual proxy statement. The Committee shall have and may exercise all the powers of the Board of Directors, except as may be prohibited by law, with respect to all matters encompassed by this Charter, and all the power and authority required under the Sarbanes-Oxley Act of 2002.

The Committee shall also assist the Board in fulfilling its oversight responsibility with respect to the financial affairs of the Company. The Committee shall review the financial objectives, financial policies and financing requirements of the Company and make such reports and recommendations to the Board as it deems advisable. To the extent delegated to it by the Board, the Committee shall have and may exercise all the powers and authority of the Board with respect to specific financings or categories of financing activity.

B. Membership

The Audit Committee shall consist of at least three members, each of whom shall be directors the Board of Directors has determined meet the independence, and financial literacy requirements of the NASDAQ Stock Exchange and the SEC. At least one member of the Committee will be a director the Board has determined to have accounting or related financial management expertise, and the Company will seek to have at least one member of the Committee who is an "audit committee financial expert" as defined by the SEC. No member of the Committee shall simultaneously serve on the audit committees of more than two other public companies unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. The Company shall disclose any such determination in its annual proxy statement.

C. Meetings and Structure

The Audit Committee shall meet at such times as it determines or as meetings may be called by the chairperson of the Committee or any two members, but at least four times during each year.

The Board of Directors shall appoint one member of the Audit Committee as chairperson. He or she shall be responsible for preparing the agenda (following consultation with other members and with management), presiding over meetings and coordination of reporting to the full Board. The Audit Committee will maintain regular liaison with the Company's Chief Executive Officer, Chief Financial Officer, General Counsel, and the principal officer(s) over the Company's accounting, internal audit, controls, risk management, and compliance functions, as well as with the lead audit partner of the Company's independent auditors.

D. Private Discussions/Investigations

The Audit Committee shall provide on a regular basis opportunities for separate private discussions with the independent auditors, the Chief Financial Officer, General Counsel, and the principal officer(s) over the Company's accounting, internal audit, controls, risk management, and compliance functions, as well as with outside counsel when appropriate. The Committee may investigate any matter, including those brought to its attention.

E. Accountability of the Independent Auditors and Audit Committee Authority and Responsibility

The independent auditors are accountable to the Audit Committee and the Board of Directors. The Committee shall have the sole authority to appoint and, where appropriate, replace the Company's independent auditors and to approve all audit engagement fees and terms.¹ Prior to the initial engagement of any registered public accounting firm as the Company's independent auditors, the Committee shall review and discuss with the firm written documentation concerning its independence prepared by such firm pursuant to the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB"). The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditors and any other registered public accounting firm (including resolution of disagreements between management and the auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditors and any such other registered public accounting firm shall report directly to the Committee.

At least annually, the Audit Committee shall obtain and review a report by the independent auditors describing (i) the independent auditors' internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors or their affiliates and the Company pursuant to applicable requirements of the PCAOB. The Committee shall discuss with the independent auditors such firm's independence. The Committee shall evaluate the independent auditors' qualifications, performance and independence, including considering whether the independent auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent auditors' independence. The evaluation shall include the review and evaluation of the lead partner of the independent auditor. In making this evaluation, the Committee shall take into account the opinions of management and the internal auditors. The Committee shall present its conclusions with respect to the independent auditors to the full Board of Directors.

The Audit Committee shall preapprove all audit, review or attest engagements, internal control-related services and permissible non-audit services, including the fees and terms thereof, to be performed by the independent auditors, subject to the *de minimis* exception for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 and the applicable rules and regulations of the SEC. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permissible non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at the next scheduled meeting.

The Audit Committee shall set clear hiring policies for employees or former employees of the independent auditors.

In addition to the responsibilities set forth in the preceding paragraphs, the Audit Committee shall from time to time as required and otherwise when the Committee deems appropriate:

1. Financial Reporting Processes and Accounting Policies

- Review and discuss with management and the independent auditors the annual audited financial statements, as well as disclosures made in management's discussion and analysis of financial condition and results of operations in the Company's Annual Report on Form 10-K.
- Recommend to the Board of Directors whether the Company's annual audited financial statements and accompanying notes should be included in the Company's Annual Report on Form 10-K.
- Review and discuss with management and the independent auditors the Company's quarterly financial statements, and disclosures made in management's discussion and analysis of financial condition and results of operations prior to the filing of the Company's Quarterly Report on Form 10-Q, including the results of the independent auditors' reviews of the quarterly financial statements.
- Review and discuss with management and the independent auditors:
 - major issues regarding accounting principles and financial statement presentations, including significant changes in the selection or application of accounting principles, any major issues concerning the adequacy of the Company's internal controls (including information technology security and controls), special steps adopted in light of material control deficiencies, and the adequacy of disclosures about changes in internal control over financial reporting.
 - analyses prepared by management and/or the independent auditors regarding critical accounting policies and practices and other significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including analyses of the effects of alternative GAAP methods on the financial statements, ramifications of the use of alternative disclosure and the treatment preferred by the independent auditor.
 - other material written communications between the independent auditor and management.
- Review and discuss with management, including the principal officer(s) over internal audit, controls and compliance, and the Company's independent auditors the Company's internal controls report and the independent

auditor's attestation of the report prior to filing the Company's Annual Report on Form 10-K.

- Meet with designated representatives of the Company's Disclosure Committee on a periodic basis and at least annually to confirm that the disclosure committee's quarterly process is serving its intended purpose of assisting the Chief Executive Officer and Chief Financial Officer in making the certifications required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002.
- Review and discuss with management the Company's earnings press releases, with particular emphasis on the use of any "non-GAAP financial measures," as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (covering, for example, the types of information to be disclosed and the type of presentation to be made).
- Review with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- Discuss with the independent auditors the matters required to be communicated by the independent auditors pursuant to Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any problems or difficulties encountered in the course of the audit work and management's response, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
- Review the disclosures that the Chief Executive Officer and Chief Financial Officer make to the Audit Committee and the independent auditors in connection with the certification process for the Company's Reports on Form 10-K and Form 10-Q concerning any significant deficiencies or weaknesses in the design or operation of internal control over financial reporting and any fraud that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
- Review other relevant reports or financial information as determined by the Audit Committee to be necessary, advisable or appropriate.

2. Internal Audit

- Review and advise regarding the staffing and structure of the Company's internal audit function, including appointment and replacement of the principal officer(s) over the internal audit function and any third party service providers providing any internal audit services on an outsourced basis. The principal officer(s) over the Company's internal audit function may be employees of the Company or may be outside service providers, as determined by the Audit Committee.
- Review at least annually the Company's internal audit organizational structure, qualifications and Charter.
- Review the material results of the Company's internal audit activities, including key metrics, special projects and significant reports prepared by the principal officer(s) over the internal audit function, and management's responses.
- Review with the principal officer(s) over the internal audit function and management and the independent auditors, when appropriate, the responsibilities, budget and staffing of the internal auditors.
- Review and approve the Company's annual internal audit plan and modifications to the approved plan.

3. Financial Matters

- Review management's recommendations regarding the Company's overall financial objectives and parameters and report thereon to the Board.
- Monitor the financial policies of the Company and report thereon to the Board.
- Review with management the financing plan in the Company's strategic business plan.
- Review management's ongoing forecasts of the Company's short-term and long-term financial requirements based on the Company's financial plans, including projected income and cash flow.
- Review management's reports and recommendations regarding financial issues and financing requirements in the event total projected capital spending for a previously approved individual project or for the Company in aggregate is expected to exceed the amount previously approved by the Board by ten percent and make recommendations to the Board.
- Review management's recommendations regarding the Company's (a) capital structure, (b) liquidity and related financial risk, (c) need for credit and other debt and equity financing, (d) amounts, timing and sources of proposed capital markets transactions, (e) financial hedging and derivatives policies, and (f) dividend policy and actions, and make recommendations to the Board concerning the foregoing matters.
- Review periodically the capital structure, financing plans and credit exposures of the Company and its subsidiaries.
- Review management's cost of capital analyses and investment hurdle rates.
- As and to the extent authority to do so is delegated to it by the Board, approve pricing and other terms and conditions relevant to specific securities offerings in the capital markets and other financing transactions, or when the Committee deems it appropriate, authorize officers of the Company to determine such terms and conditions (to the extent not required by law to be determined by the Board or a committee thereof).
- As and to the extent authority to do so is delegated to it by the Board, (a) authorize distributions, (b) authorize share repurchases, (c) establish new series of preferred or preference stock, (d) authorize the issuance of shares of capital stock of the Company, and (e) authorize exchange offers.
- Review management's recommendations regarding contributions to the Company's retirement plan and make recommendations to the Board.
- Periodically review with management and report to the Board concerning the Company's:
 - stock price performance
 - investor relations activities
 - credit ratings

- major commercial banking and investment banking relationships
- tax planning strategies and
- insurance programs and coverage.

4. Other Matters

- Review and assess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- Obtain information from management, the principal officer(s) over Company's internal audit, controls and compliance functions and the independent auditors as to compliance by the Company and its subsidiaries with applicable legal requirements and the Company's ethics and compliance code(s) and report to the Board of Directors with respect to such matters as appropriate.
- Obtain from the independent auditors assurance that no illegal acts required to be reported under Section 10A(b) of the Securities Exchange Act of 1934 have been detected or otherwise come to the attention of the independent auditor in the course of the audit.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Meet with management at least annually to review the Company's major risk exposures as identified through the Company's enterprise risk management process and the steps management has taken to monitor and control the Company's risk exposures, make recommendations to the Board on the process relating to overall corporate risk controls and limits, and discuss the following items with management:
 - the Company's policies and guidelines concerning risk assessment and risk management,
 - the structure and sufficiency of the Company's risk control organization,
 - any significant changes to the corporate risk control policy, including authorized financial instruments.
- Monitor enterprise risks assigned to the Audit Committee by the Board of Directors under the Company's enterprise risk management program and report thereon to the Board.
- Review with the Company's General Counsel at least annually legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.
- Review with management the Company's policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas as part of the Company's internal audit function.
- Review annually the Audit Committee's own performance.
- Perform such other duties and responsibilities as specified by the Board of Directors from time to time.
- Make regular reports to the Board of Directors, including an annual report on the Company's Enterprise Risk Management program.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

The Audit Committee shall have the authority to retain and obtain advice and assistance from current or independent legal, accounting or other advisors without seeking approval of the Board of Directors. The Committee may request any officer or employee of the Company or representative of the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company, compensation to any advisors employed by the Committee, and ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

The Audit Committee will make itself available to the Company's independent auditors and participants in the Company's internal audit function as requested. Reports of meetings of the Committee shall be made to the Board of Directors at its next regularly scheduled meeting following the Committee meeting, accompanied by any recommendations to the Board approved by the Committee.

¹ It is the Company's customary practice to seek shareholder ratification of the appointment of the Company's independent auditors.