

**AMENDED AND RESTATED CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF
LAYNE CHRISTENSEN COMPANY**

I. Purpose

The primary function of the Audit Committee of the Board of Directors (the “Board”) of Layne Christensen Company (the “Company”) is to assist the Board in fulfilling its oversight of (a) the Company’s compliance with legal and regulatory requirements, (b) the independent auditors qualifications and independence, (c) the performance of the Company’s internal audit function, if any, and independent auditors, (d) the accounting and financial reporting process of the Company and the audits of the financial statements of the Company, and (e) the system of internal controls and disclosure controls and procedures established by management. The Audit Committee is expected to maintain and encourage free and open communication with the independent auditors, the internal auditors, if any, management of the Company and the Board, and should foster adherence to, the Company's policies, procedures and practices at all levels.

II. Composition and Structure of the Audit Committee

A. Independence. The Audit Committee shall be comprised of three or more independent directors as determined by the Board. The Audit Committee shall report to the Board. No member of the Audit Committee may be an “affiliated person” of the Company or any of its subsidiaries or receive any advisory, consulting or compensatory fee except as a Board member. Each member shall also be free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a member of the Audit Committee. Examples of such relationships include, but are not limited to:

1. an Audit Committee member being employed by the Company or any of its affiliates for the current year or any of the past three years.
2. an Audit Committee member or his or her family member accepting, directly or indirectly, any compensation from the Company or any of its affiliates during the previous fiscal year, other than compensation for service as a member of the Board.
3. an Audit Committee member's family member being currently or during the past three years, employed by the Company or any of its affiliates as an executive officer.
4. an Audit Committee member being a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments (other than those arising solely from investments in the Company's securities) that exceed 5% of the organization’s consolidated revenues for that year, or \$200,000, whichever is more, in the current or any of the past three years.
5. an Audit Committee member or his or her family member being employed as an executive of another entity where any of the Company's executives serves on that entity's compensation committee.
6. an Audit Committee member or his or her family member being, currently or during any of the last 3 years, a partner or employee of the Company's independent auditors and working on the Company's audit, at any time, during the past three years.

For purposes of this Charter the term "family member" means any person's spouse, parent, child and sibling, whether by blood, marriage or adoption, or anyone residing in such person's home.

B. Qualifications. All members of the Audit Committee must be able to read and understand fundamental financial statements, including balance sheets, income statements and cash flow statements. At least one member of the Audit Committee must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background, resulting in such member being financially sophisticated, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

No member of the Audit Committee shall have participated in the preparation of the financial statements of the Company or any subsidiary at any time during the past three years.

Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant. The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board and shall serve until the next annual organizational meeting of the Board or until their successors shall be duly elected and qualified.

C. Chairperson. The Board shall elect one member of the Audit Committee to serve as the Chairperson. The Chairperson shall be responsible for the overall leadership of the Audit Committee, including presiding over the meetings, reporting to the Board and acting as a liaison with the Chief Executive Officer, the Chief Financial Officer and the lead independent audit partner.

III. Meeting Requirements

Except as provided by Section IV.B.2, the Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. At least annually, a separate executive session will be held with corporate management to discuss privately any matters corporate management or the Audit Committee deems necessary. The Audit Committee shall also hold the meetings set forth in Section IV hereto.

IV. Responsibilities and Duties

A. Independent Auditors. The Audit Committee is responsible for the following:

1. Appointing, compensating, terminating and overseeing the work of the independent auditors employed by the Company for the purpose of preparing and issuing an audit report or related work. Accordingly, the independent auditors shall report directly to the Audit Committee and shall, in all respects, be accountable to the Audit Committee.

2. Evaluating the Company's independent auditors, after considering their independence and effectiveness, and approving the fees and other compensation to be paid to the independent auditors.

3. Reviewing the performance of the independent auditors and approving any proposed discharge of the independent auditors when circumstances warrant.

4. At least annually, consulting with the independent auditors out of the presence of management about internal controls and the fullness and accuracy of the Company's financial

statements and to discuss privately any matters the independent auditors or the Audit Committee deems necessary.

5. Resolving disagreements, if any, between management and the independent auditors regarding financial reporting.

6. At least annually, reviewing and discussing with the independent auditors all significant relationships they have with the Company and obtaining a written statement from the independent auditors to determine and confirm their independence in relation to the Company.

7. Reviewing and approving the overall nature and scope of the audit process, receive and review all reports and recommendations of the independent auditors and providing the independent auditors complete access to the Audit Committee and the Board to discuss all appropriate matters.

8. Pre-approving all audit and permitted non-audit services; provided, however, the following services cannot be provided even with Audit Committee approval, unless the Public Accounting Oversight Board (established pursuant to the Sarbanes-Oxley Act of 2002) approves an exemption on a case by case basis: (A) bookkeeping or other services related to the accounting records or financial statements of the Company; (B) financial information systems design and implementation; (C) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (D) actuarial services; (E) internal audit outsourcing services; (F) management functions or human resources; (G) broker-dealer, investment adviser, or investment banking services; (H) legal services and expert services unrelated to the audit; and (I) any other service that the Public Accounting Oversight Board determines, by regulation is not permissible.

9. At least annually, obtaining and reviewing a report by the independent auditors describing (A) the firm's internal quality-control procedures; (B) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 (C) a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard No. 1.

10. Actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors.

B. Financial Reporting Process. The Audit Committee is responsible for:

1. Reviewing and discussing with management and the independent auditors the annual audited financial statements, including any opinion, certification, annual report on Form 10-K submitted to the SEC or other annual report sent to stockholders, along with the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to determine that they are satisfied with the disclosures and content of the financial statements for presentation to the stockholders and others.

2. Reviewing and discussing with management and the independent auditors the quarterly financial statements, including any opinion, certification, quarterly report on Form 10-Q submitted to the SEC or other quarterly report sent to stockholders, along with the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of

Operations” to determine that they are satisfied with the disclosures and content of the financial statements for presentation to the stockholders and others; provided, however, this review and discussion may be performed by the entire Audit Committee or, in the alternative, the Chairperson of the Audit Committee or designee Audit Committee member, and other members as deemed appropriate by the Chairperson.

3. Reviewing and discussing with management earnings press releases (paying particular attention to any use of “pro forma,” or “adjusted” non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies.

4. Discussing with management and the independent auditors the content of the Company’s financial statements including quality of earnings, review of reserves and accruals, suitability of accounting principles, quality and adequacy of internal controls and disclosure controls and procedures, review of highly judgmental areas, recorded and unrecorded audit adjustments and other inquiries as may be appropriate.

5. Instructing management and the independent auditors to notify at least one member of the Audit Committee prior to the date the Company issues its quarterly press release as to whether or not either management or the independent auditors are aware of any of the following matters and, if so, the details regarding any matter:

- a. A change in a significant accounting policy.
- b. A change in the process for determining significant estimates.
- c. Significant adjustments as a result of the limited review by the independent auditors.
- d. Disagreements between the independent auditors and management regarding accounting principles, estimates, scope of work or disclosures.

C. Process Improvement. In conjunction with the Audit Committee’s review of financial statements and reports, the Audit Committee shall, as appropriate:

1. Obtain and review reports from Management and the independent auditors regarding internal controls and disclosure controls and procedures.

2. Obtain and review the attestation reports submitted by the independent auditor regarding internal control over financial reporting.

3. Obtain and review reports submitted by the independent auditors regarding the Company’s critical accounting policies and alternative treatment of financial information.

4. Obtain and review information from each of management and/or the independent auditors regarding any significant management judgments or significant adjustments made in preparation of the financial statements and the view of each as to appropriateness of such judgments and adjustments.

5. Discuss policies with respect to risk assessment and risk management.

6. Meet separately with management, with internal auditors, if applicable, and with independent auditors, in each case, on a periodic basis.

7. Review with the independent auditors any audit problems or difficulties and management's response.

8. Set clear policies for the Company with respect to hiring employees or former employees of the independent auditors.

9. If an internal audit function is maintained, the following should be performed:.

a. Maintain free and open communication between the Audit Committee and the staff performing the internal audit function to confirm and ensure their continual independence and objectivity.

b. Review the overall internal audit function of the Company including the Internal Audit Charter, reporting obligations and the qualifications of the internal audit employees.

c. Review the proposed internal audit plan on an annual basis, and continually monitor the department's performance against the plan.

d. Review internal audit reports to be aware of any potentially significant issues or control weaknesses and corporate management's responses to these issues.

10. If an internal audit function is not maintained, ensure management has taken the necessary steps (*i.e.*, outsourcing, internal reviews, etc.) to ensure appropriate internal control reviews are performed.

D. Ethical and Legal Compliance. The Audit Committee shall, as appropriate:

1. Adopt and implement a policy to receive, handle, retain complaints regarding accounting, internal controls, disclosure controls and procedures or auditing matters, keep confidential certain complaints, and keep confidential the identity of certain employees making such complaints.

2. Investigate, as it deems appropriate, any matter brought to its attention, with full power to retain outside counsel or other experts for this purpose, as deemed necessary.

3. Review, with the Company's counsel, legal compliance matters including corporate securities trading policies.

4. Review, with the Company's counsel, any legal matter that could have a significant impact on the Company's financial statements.

5. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.

E. Other Functions. The Audit Committee shall also:

1. As it deems necessary to carry out its business, (a) engage independent counsel (legal or accounting) or other advisors and (b) obtain advice and assistance from such counsel or advisors.
2. Perform an annual evaluation of its performance.
3. Review, reassess and approve the adequacy of the Audit Committee Charter on an annual basis and adopt amendments as needed.
4. Prepare minutes of all Audit Committee meetings and regularly report all Audit Committee activities to the full Board of Directors with the issuance of an annual Audit Committee Report to be included in the proxy statement for submission to the shareholders.
5. Review with corporate management, the independent auditors and the internal auditors, if applicable, any legal matters, risks or exposures that could have a significant impact on the financial statements and what steps management has taken to minimize the Company's exposure.

V. Funding

The Company shall make available to the Audit Committee appropriate funds for the payment by the Company of:

- (A) compensation to the Company's independent auditors employed by the Company for the purpose of rendering or issuing an audit report;
- (B) compensation to any counsel or advisers engaged by or on behalf of the Audit Committee; and
- (C) ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.

VI. Disclosure of Charter

This Charter will be made available on the Company's website at:

www.laynechristensen.com/investorrelations.html