

**MEDTOX Scientific, Inc.**  
**AUDIT COMMITTEE CHARTER**  
As Amended December 2007

**Organization**

There shall be a committee of the board of directors to be known as the audit committee. The audit committee shall be composed of at least three directors, all of whom are all independent of the management of the corporation (as defined by the applicable regulations of the exchange on which the Company's stock is traded) and are free of any relationship that, in the opinion of the board of directors, would interfere with their exercise of independent judgment as a committee member. All members of the audit committee shall be able to read and understand financial statements, and at least one member shall have accounting or financial management expertise.

**Statement of Policy**

- The audit committee shall provide assistance to the corporate directors in fulfilling their responsibility to the shareholders, potential shareholders, and investment community relating to corporate accounting, reporting practices of the corporation, and the quality and integrity of the financial reports of the corporation. In so doing, it is the responsibility of the audit committee to maintain free and open means of communication between the directors, the independent registered public accounting firm, and the financial management of the corporation and to ensure that the independent registered public accounting firm is accountable to both the audit committee and to the board of directors.

**Responsibilities**

In carrying out its responsibilities, the audit committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and shareholders that the corporate accounting and reporting practices of the corporation are in accordance with all requirements and are of the highest quality.

In carrying out these responsibilities, the audit committee will:

- The committee shall be directly responsible for the appointment and termination, compensation, and oversight of the work of the independent registered public accounting firm, including resolution of disagreements between management and the auditors regarding financial reporting. The committee shall pre-approve all audit and non-audit services provided by the independent registered public accounting firm and shall not engage the independent registered public accounting firm to perform the specific non-audit services prohibited by law or regulation. The committee may delegate pre-approval authority to a member of the audit committee. The decision of any audit committee member to whom pre-approval authority is delegated must be presented to the full audit committee at its next scheduled meeting.
- Oversee the independence of the independent registered public accounting firm, which shall include, obtaining from the independent registered public accounting firm a formal written statement delineating all relationships between the auditors and the company and actively engaging the

auditors in a discussion as to any disclosed activities that may impact the objectivity or independence of the auditors. The audit committee will obtain annually a written statement from the independent registered public accounting firm delineating all relationships between the Company and the independent registered public accounting firm. When necessary the committee shall make recommendations to ensure the auditors independence.

- Meet with the independent registered public accounting firm auditors and financial management of the corporation to review the scope of the proposed audit for the current year and the audit procedures to be utilized, and at the conclusion thereof review such audit, including any comments or recommendations of the independent registered public accounting firm.
- Review with the independent registered public accounting firm and the company's financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the corporation, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payment, transactions, or procedures that might be deemed illegal or otherwise improper.
- Discuss with the independent registered public accounting firm their qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Company, particularly about the degree of aggressiveness or conservatism of the Company's accounting principles and underlying estimates.
- Discuss with the independent registered public accounting firm critical accounting policies and practices used by the Company, the treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditors.
- Review the financial statements contained in the quarterly report on Form 10-Q and in the annual report to shareholders with management and the independent registered public accounting firm to determine that the independent registered public accounting firm is satisfied with the disclosure and content of the financial statements to be presented to the shareholders. Any changes in accounting principles should be reviewed.
- Provide the report for the Company's annual proxy statement required by regulations of the Security and Exchange Commission respecting the activities of audit committee and whether the Committee recommends inclusion of the Company's audited financial statements in the annual report to be filed with the Commission.
- Provide sufficient opportunity for the independent registered public accounting firm to communicate directly with the audit committee and to meet with the members of the audit committee without members of management present. Among the items to be discussed in these meetings are the independent registered public accounting firm's evaluation of the corporation's financial and accounting personnel, and the cooperation that the independent registered public accounting firm received during the course of the audit.
- Review accounting and financial human resources and succession planning within the company.
- Review with the full board of directors any material matters discussed or acted upon by the audit committee during its regular meetings.
- Review and approve all related-party transactions.

- Investigate any matter, including those brought to its attention, within the scope of its duties. The audit committee shall have the authority to retain special legal, accounting or other consultants to advise the committee. The audit committee may request any officer or employee of the Company or the Company's outside counsel or independent registered public accounting firm to attend a meeting of the committee or to meet with any members of, or consultants to, the committee. The Company shall provide appropriate funding to pay for any independent advisors engaged by the Committee.
- Maintain procedures for the receipt, retention, and treatment of complaints received by the company regarding accounting, internal control, or auditing matters, and the confidential, anonymous submissions by employees of the company regarding questionable accounting or auditing matters.
- Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
- Review at least annually the adequacy of its charter and where necessary make recommendations to the full board of directors for modification of such charter.

The function of the audit committee is oversight. While the audit committee has responsibility and powers set forth in this Charter, it is not the duty of the audit committee to plan or conduct audits or to determine the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. It is the responsibility of the Company's Management to ensure the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. The independent registered public accounting firm is responsible for expressing an opinion on the financial statements based on their audits.