

MEDTOX Scientific, Inc.
POLICY STATEMENT REGARDING RELATED PARTY TRANSACTIONS
Reaffirmed December 2011

A. Statement of Policy

The Board of Directors (the "Board") of MEDTOX Scientific, Inc. (the "Company") recognizes that transactions involving the Company and related parties present a heightened risk of conflicts of interest and therefore has adopted this Policy Statement Regarding Related Party Transactions (this "Policy").

It is the policy of the Company not to enter into any "Related Party Transaction" unless:

- the Audit Committee approves such transaction in accordance with the guidelines set forth in this Policy; or
- the transaction is approved by a majority of the Company's disinterested directors.

For these Purposes, a "Related Party" is:

1. an "executive officer" of the Company (as defined in Rule 405 promulgated under the Securities Act of 1933, as amended, and Rule 3b-7 promulgated under the Securities Exchange Act of 1934, as amended);
2. a director of the Company or a nominee for director of the Company;
3. a person (including an entity or group) known to the Company to be the beneficial owner of more than 5% of any class of the Company's voting securities (a "5% shareholder");
4. an individual who is an "immediate family member"¹ of an executive officer, director, nominee for director or 5% shareholder of the Company; or
5. an entity that is owned or controlled by a person listed in 1, 2, 3, or 4 above or in which any such person serves as an executive officer or general partner or, together with all other persons specified in 1, 2, 3 and 4 above, owns 10% or more of the equity interests thereof.

For these purposes, a "Related Party Transaction" is a transaction (including any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness)), or series of related transactions, or any material amendment to any such transaction, involving a Related Party and in which the Company is a participant, other than:

1. a transaction involving compensation of directors.
2. a transaction involving compensation of an executive officer or involving an employment agreement, severance arrangement, change in control provision or agreement or special supplemental benefit of an executive officer.
3. a transaction available to all employees generally or to all salaried employees generally;

¹ Any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law.

4. a transaction with a Related Party involving less than \$120,000 in a fiscal year;
5. a transaction in which the interest of the Related Party arises solely from the ownership of a class of the Company's equity securities and all holders of that class receive the same benefit on a pro rata basis; or
6. a transaction in which the rates or charges involved therein are determined by competitive bids, or a transaction that involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

B. Audit Committee Approval

The Board has determined that the Company's Audit Committee (the "Committee") is best suited to review and approve Related Party Transactions and any material amendments to such Related Party Transactions, although the Board may instead determine that a particular Related Party Transaction or a material amendment thereto be reviewed and approved by a majority of directors disinterested from the transaction. No member of the Committee shall participate in the review or approval of any Related Party Transaction or any material amendment thereto with respect to which such member is a Related Party. In reviewing and approving any Related Party Transaction or any material amendment thereto, the Committee shall:

- satisfy itself that it has been fully informed as to the Related Party's relationship and interest and as to the material facts of the proposed Related Party Transaction or the proposed material amendment to such transaction; and
- determine that the Related Party Transaction or material amendment thereto is fair to the Company.

At each Committee meeting, management shall recommend any Related Party Transactions and any material amendments thereto, if applicable, to be entered into by the Company. After review, the Committee shall approve or disapprove such transactions and any material amendments to such transactions.

C. Disclosure

Related Party Transactions shall be disclosed in the Company's SEC filings as and to the extent required by applicable SEC rules and regulations. Furthermore, all Related Party Transactions of which management is aware shall be disclosed to the Committee. At least annually, management shall elicit information from the Company's executive officers and directors as to existing and potential Related Party Transactions and shall seek to obtain such information from 5% shareholders who do not file reports with the SEC on Schedule 13G. An executive officer or director shall promptly inform the Chairman of the Committee when the officer or director becomes aware of a potential Related Party Transaction in which the officer or director would be a Related Party.

D. Other Agreements

Management shall assure that all Related Party Transactions are approved in accordance with any requirements of the Company's financing agreements.