

## **RF Industries, Ltd.**

### **Audit Committee Charter**

#### **PURPOSE**

The Audit Committee is appointed by the Board of Directors for the primary purposes of:

1. performing the Board of Directors oversight responsibilities as they related to the Company's accounting, auditing and reporting practices, including internal audit and control functions.
2. maintaining, through regularly scheduled meetings, a line of communication between non-committee directors, the independent accountants and the Company's management.
3. monitoring and reviewing transactions between (a) the Company and (b) its employees, officers and members of the Board of Directors, or any affiliates of the foregoing.

#### **COMPOSITION AND QUALIFICATIONS**

The Audit Committee shall be appointed by the Board of Directors and shall be comprised of three or more Directors (as determined from time to time by the Board of Directors), each of whom shall meet the independence and other qualification requirements of the Sarbanes-Oxley Act of 2002 (the "Act"), the Nasdaq Stock Market, Inc., rules of the Securities and Exchange Commission ("SEC") and all other applicable law. Each member of the Audit Committee shall be financially literate and, at least one member of the Audit Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities, as each such qualification is interpreted by the Board of Directors in its business judgment.

#### **POWERS AND DUTIES**

The Audit Committee will:

1. Review with management and the independent auditors, upon completion of their audit, financial results for the year, as reported in the Company's financial statements, supplemental disclosures to the SEC or other disclosures.
2. Review the Company's balance sheet, profit and loss statement and statements of cash flows and stockholders' equity for each interim period in advance of filing with the SEC with management and the independent accountants, and any changes in accounting policy that have occurred during the interim period.

3. Oversee the external audit coverage. The Company's independent accountants are accountable to the Audit Committee, which has direct responsibility for the appointment, compensation, retention and oversight of the work of any independent accountant engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, or otherwise. In connection with its oversight of the external audit coverage, the Audit Committee will:

- Have the sole authority to approve the engagement, scope, planning, staffing and the fees to be paid to the independent accountants.
- Pre-approve all non-audit services to be performed by the independent auditors and the related fees for such services (subject to the inadvertent de minimus exceptions set forth in the Act).
- Obtain confirmation and assurance as to the independent accountants independence, including ensuring that they submit on a periodic basis (not less than annually) to the Audit Committee a formal written statement delineating all relationships between the independent accountants and the Company.
- Review and evaluate the performance of the independent accountants.
- Assure regular rotation of the lead audit partner, as required by the Act.
- At its discretion, retain outside counsel, consultants or other advisors.

4. Oversee internal audit coverage, if applicable. In connection with its oversight responsibilities, the Audit Committee shall, to the extent the Committee deems appropriate: (i) review, in consultation with management, the independent accountants and the senior internal auditing executive, the plan and scope of internal audit activities and (ii) review reports to management prepared by the internal auditing department and management's responses to such reports.

5. Have familiarity, through the individual efforts of its members, with the accounting and reporting principles and practices applied by the Company in preparing its financial statements including without limitation the policies for recognition of revenues in financial statements.

6. Evaluate the cooperation received by the independent auditors during their audit examination, including their access to all requested records, data and information, and elicit the comments of management regarding the responsiveness of the independent auditors to the Company's needs.

7. Consult with the independent auditors and discuss with Company management the scope, adequacy and quality of internal accounting and financial reporting controls in effect, and any significant findings and recommendations with respect to such controls.

8. Meet periodically with management to review and assess the Company's major financial risk exposures and the manner in which such risks are being monitored and controlled.
9. Investigate, review and report to the full Board of Directors the propriety and ethical implications of any transactions, as reported or disclosed to the Committee by the independent auditors, employees, officers, members of the Board of Directors or otherwise, between (a) the Company and (b) any employee, officer or member of the Board of Directors of the Company, or any affiliates of the foregoing.
10. Establish procedures for (a) 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 concerns regarding questionable accounting or auditing matters.
11. Review periodically with the Company's General Counsel (i) legal and regulatory matters which may have a material effect on the financial statements, and (ii) corporate compliance policies or codes of conduct.
12. As appropriate, obtain advice and assistance from outside legal, accounting or other advisors.
13. Meet periodically in separate executive session with each of the chief financial officer, the senior internal auditing executive, if applicable, and the independent accountants.
14. Report regularly to the Board of Directors with respect to Audit Committee activities.
15. Evaluate any request for a waiver of the application of the Company's Code of Ethics by any of the Company's directors or senior executives and reporting its findings and recommendations to the full Board.
16. Perform such other functions and have such power as may be necessary or convenient in the efficient and lawful discharge of the foregoing.

## **PROCEDURES**

1. Action.

A majority of the members of the entire Audit Committee shall constitute a quorum. The Audit Committee shall act on the affirmative vote a majority of members present at a meeting at which a quorum is present. Without a meeting, the Audit Committee may act by unanimous written consent of all members. However, the Audit Committee may delegate to one or more of its members the authority to grant pre-approvals of non-audit services, provided the decision is reported to the full Audit Committee at its next scheduled meeting.

2. Fees.

The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation: (a) to the independent accountants engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review or attest services; (b) to outside legal, accounting or other advisors employed by the Audit Committee; and (c) for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

3. Appointment of Chairman.

The Board shall elect the members of the Audit Committee at its first meeting following the annual meeting of stockholders. Unless the Board elects a Chairman, the members of the Audit Committee shall designate a Chairman by majority vote of the full Committee membership.

4. Limitations.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit 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. This is the responsibility of management and the independent accountants.

RATIFICATION OF THE ESTABLISHMENT OF AUDIT COMMITTEE.

WHEREAS, it is deemed to be in the best interests of the Company and its shareholders to ratify the establishment of the Audit Committee, made up of independent members of the Board of Directors, in order to assist, evaluate and make recommendations regarding who will serve as the Company's independent public accountants, and to monitor the propriety and ethical implications of certain transactions between the Company and its employees, officers and members of the Board of Directors,

RESOLVED, that the establishment of the Audit Committee of this Board of Directors be, and it hereby is, ratified, with the members as designated by the Board of Directors;

RESOLVED FURTHER, that the purposes, objectives and authority of the Audit Committee shall be as set forth in the charter attached hereto as Exhibit A. to (1) study, review and evaluate the Company's accounting, auditing and reporting practices, including internal audit and control functions, and to serve as a focal point for communication between non-committee directors, the independent accountants and the Company's management and (2) monitor transactions between (a) the Company and (b) its employees, officers and members of the Board of Directors, or any affiliates of the foregoing;

RESOLVED FURTHER, that the Audit Committee is to meet at least three (3) times per year, and as many additional times as the Committee deems appropriate; and

RESOLVED FURTHER, that minutes of each meeting are to be prepared and sent to committee members, members of the Board of Director who are not members of the Audit Committee and the Secretary of the Company.