

**PASSUR AEROSPACE, INC (the "Company")**  
**AUDIT COMMITTEE CHARTER**

***Purpose***

The purpose of the Audit Committee (the "Committee") shall be as follows:

11. To oversee the accounting and financial reporting processes of the Company and audits of the financial statements of the Company.
22. To provide assistance to the Board of Directors with respect to its oversight of the following:
  - 0 (a) The integrity of the Company's financial statements.
  - 1 (b) The Company's compliance with legal and regulatory requirements.
  - 2 (c) The registered public accounting firm's qualifications, performance and independence.
  - 0 (d) The performance of the Company's internal audit function.
  - 1 (e) The Company's systems of disclosure controls and procedures, external financial reporting and internal control over financial reporting.
33. To prepare an audit committee report as required by the SEC rules to be included in the Company's annual proxy statement.

***Composition***

The Committee shall consist of at least three members of the Board of Directors, each of whom is determined by the Board of Directors to be "independent" under the rules of the National Association of Securities Dealers and Rule 10A-3(b)(i) under the Securities Exchange Act of 1934 adopted pursuant to the Sarbanes-Oxley Act. No member of the Committee shall receive directly or indirectly any consulting, advisory, or other compensatory fees from the Company other than (1) director's fees for service as a director of the Company, including reasonable compensation for serving on the Committee and regular benefits that other directors receive and (2) a pension or similar compensation for past performance, provided that such compensation is not conditioned on continued or future service to the Company. In addition, no member of the Committee may be an affiliate of the Company or any subsidiary of the Company whether by way of being an officer or owning more than 10 percent of the Company's voting securities.

***Qualifications***

All members of the Committee shall be financially literate; as such qualification is interpreted by the Board of Directors (or must become financially literate within a reasonable period of time after his or her appointment). In addition, at least one member must have

accounting or related financial management expertise; as such qualifications are interpreted by the Board of Directors in its business judgment, or be an “audit committee financial expert” as defined in the rules of the Securities and Exchange Commission (the “SEC”). Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or by an outside consultant.

### ***Appointment and Removal***

The members of the Committee shall be appointed by the Board of Directors. A member shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

### ***Chairman***

Unless a Chairman is elected by the full Board of Directors, the members of the Committee shall designate a Chairman by the majority vote of the full Committee membership. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

### ***Meetings***

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Chairman of the Committee or a majority of the members of the Committee may call meetings of the Committee. Any one or all members of the Committee may participate in a meeting of the Committee by means of a conference call or similar communication device by means of which all persons participating in the meeting can hear each other.

All non-management directors who are not members of the Committee may attend meetings of the Committee, but may not vote. In addition, the Committee may invite to its meetings any director, member of management of the Company, and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate.

As part of its goal to foster open communication, the Committee shall periodically meet separately with management and the registered public accounting firm to discuss any matters that the Committee or any of these groups believe would be appropriate to discuss privately. In addition, the Committee should meet with the registered public accounting firm and management quarterly to review the Company’s financial statements in a manner consistent with that outlined in this Charter.

### ***Duties and Responsibilities***

The Committee shall carry out the duties and responsibilities set forth below. These functions should serve as a guide with the understanding that the Committee may determine to carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal, or other conditions. The Committee shall also carry out any other duties and responsibilities delegated to it by the Board of Directors

from time to time related to the purposes of the Committee outlined in this Charter. The Committee may perform any functions it deems appropriate under applicable law, rules, or regulations, the Company's by-laws, and the resolutions or other directives of the Board, including review of any certification required to be reviewed in accordance with applicable law or regulations of the SEC.

In discharging its oversight role, the Committee is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate. In this regard and as it otherwise deems appropriate, the Committee shall have the authority, without seeking Board approval, to engage and obtain advice and assistance from outside legal and other advisors, as it deems necessary, to carry out its duties. The Committee also shall have the authority to receive appropriate funding, as determined by the Committee, in its capacity as a committee of the Board of Directors, from the Company for the payment of compensation to any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company; to compensate any outside legal or other advisors engaged by the Committee; and to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall be given full access to the Company's Board of Directors, corporate executives, and registered public accounting firm as necessary to carry out these responsibilities. While acting within the scope of its stated purpose, the Committee shall have all the authority of the Board of Directors, except as otherwise limited by applicable law.

Notwithstanding the foregoing, the Committee is not responsible for certifying the Company's financial statements or guaranteeing the registered public accounting firm's report. The fundamental responsibility for the Company's financial statements and disclosures rests with management and the registered public accounting firm. It also is the job of the CEO and senior management, rather than that of the Committee, to assess and manage the Company's exposure to risk.

The Committee Shall:

#### *Reports Review*

11. Meet to review and discuss with management and the registered public accounting firm, prior to public dissemination, the Company's annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and discuss with the registered public accounting firm the matters required to be discussed by Statement of Auditing Standards No. 61.
22. Discuss with management and the registered public accounting firm, prior to the Company's filing of any quarterly or annual report, (a) any significant or major changes in the Company's selection or application of accounting principles and practices; (b) any major issues as to the adequacy of the Company's internal controls; (c) any special audit steps adopted in light of material control deficiencies; (d) the adequacy of disclosure about changes in internal control over

financial reporting; and (e) the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

33. Discuss with management and the registered public accounting firm the Company's major financial risk exposures, the guidelines and policies by which risk assessment and management is undertaken, and the steps management has taken to monitor and control risk exposure.

4

*Registered public accounting firm*

14. Directly appoint, retain, compensate, evaluate, and terminate any accounting firm engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company and, in its sole authority, approve all audit engagement fees and terms as well as all non-audit engagements with such registered public accounting firm.
25. Oversee the work of any accounting firm engaged by the Company for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company, including resolving any disagreement between management and the auditor regarding financial reporting.
36. Pre-approve all audit, permitted non-audit and internal control-related services, including engagement fees and terms thereof to be performed by the registered public accounting firm for the Company, subject to the exceptions for certain non-audit services that are approved by the Committee prior to the completion of the audit in accordance with section 10A of the Exchange Act. Any pre-approved services that will involve fees or costs exceeding pre-approved levels will also require specific pre-approval by the Committee. Unless otherwise specified by the Committee in pre-approving a service, the pre-approval will be effective for the 12-month period following pre-approval. The Committee will not approve any non-audit services prohibited by applicable SEC regulations or any services in connection with a transaction initially recommended by the registered public accounting firm, the purpose of which may be tax avoidance and the tax treatment of which may not be supported by the Internal Revenue Code and related regulations.
47. To the extent deemed appropriate, delegate pre-approval authority to the Chairman of the Committee or any one or more other members of the Committee, (provided that such person(s) are independent directors) provided that any member of the Committee who has exercised any such delegation must report any such pre-approval decision to the Committee at its next scheduled meeting. The Committee will not delegate the pre-approval of services to be performed by the registered public accounting firm to management.

18. Require that the registered public accounting firm, in conjunction with the Chief Financial Officer, be responsible for seeking pre-approval for providing services to the Company and that any request for pre-approval must inform the Committee about each service to be provided and must provide detail as to the particular service to be provided.
29. Inform each accounting firm performing work for the Company that such firm shall report directly to the Committee.
310. Review and evaluate, at least annually, the qualifications, performance, and independence of the registered public accounting firm, including the lead audit partner, and other senior members of the audit team. In conducting its review and evaluation, the Committee should do the following:
  - 0 (a) At least annually, obtain and review a report by the Company's registered public accounting firm describing (i) the auditing firm's internal quality-control procedures; and (ii) the auditor's independence and all relationships between the registered public accounting firm and the Company.
  - 1 (b) Discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring audit partner, and any other active audit engagement team partner, and consider whether there should be regular rotation of the audit firm itself.
  - 2 (c) Confirm with the registered public accounting firm that the lead (or coordinating) audit partner, the concurring (or reviewing) partner, and each other active audit engagement team partner satisfies the rotation requirements of Rule 2-01(c)(6) of Regulation S-X.
  - 3 (d) Take into account the opinions of management in assessing the qualifications, performance, and independence of the registered public accounting firm.

#### *Financial Reporting Process*

111. In consultation with the registered public accounting firm and management, review the integrity of the Company's financial reporting processes, both internal and external. In that connection, the Committee should obtain and discuss with management and the registered public accounting firm reports from management and the registered public accounting firm regarding (a) all critical accounting policies and practices to be used by the Company and the related disclosure of those critical accounting policies under "Management's Discussion and Analysis of Financial Condition and Results of Operations"; (b) analyses prepared by management and/or the registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements; (c) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Company's management, the ramifications of the use of the alternative

disclosures and treatments, and the treatment preferred by the registered public accounting firm; (d) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles; (e) any significant matters arising from any audit, whether raised by management or the registered public accounting firm, relating to the Company's financial statements; and (f) any other material written communications between the registered public accounting firm and the Company's management, including any "management" letter or schedule of unadjusted differences.

212. Consider and review with management, the internal audit group and the registered public accounting firm the effectiveness or weakness of the Company's internal controls. Develop in consultation with management a time table for implementing recommendations to correct identified weaknesses, monitor significant changes in internal controls and the adequacy of disclosures about changes in internal control over financial reporting.
113. Review periodically the effect of regulatory and accounting initiatives on the financial statements of the Company.
214. Review with the registered public accounting firm any audit problems or difficulties encountered and management's response thereto. In this regard, the Committee will regularly review with the registered public accounting firm (a) any audit problems or other difficulties encountered by the auditor in the course of the audit work, including any restrictions on the scope of the registered public accounting firm's activities or on access to requested information, and any significant disagreements with management and (b) management's responses to such matters. Without excluding other possibilities, the Committee may review with the registered public accounting firm (i) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise), (ii) any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement, and (iii) any "management" or "internal control" letter issued, or proposed to be issued, by the registered public accounting firm to the Company.
115. Advise management and the registered public accounting firm that they are expected to provide the Committee a timely analysis of any significant financial reporting issues and practices.
216. Obtain from the registered public accounting firm assurance that the audit of the Company's financial statements was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, which sets forth procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934.

317. Based upon review and discussion with management and the registered public accounting firm, recommending to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K.
418. Review and discuss with management and the internal auditor management's annual report on internal control over financial reporting and the registered public accounting firm's attestation of the report prior to the filing of the Company's Form 10-K.
519. Review the form of the opinion the registered public accounting firm proposes to render.

#### *Legal Compliance/General*

120. Review periodically, with the Company's legal counsel, any significant legal, compliance, or regulatory matters that may have a material effect on the Company's financial statements, accounting policies, business compliance policies, and internal controls, including material notices or inquiries from governmental agencies and any whistleblower complaints or published reports.
221. Inquire of management regarding the existence of any significant deficiencies and major weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to affect the Company's ability to record, process, summarize, and report information and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
322. Discuss with management and the registered public accounting firm the Company's guidelines and policies with respect to risk assessment and risk management. The Committee will discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
423. Set clear hiring policies for employees or former employees of the registered public accounting firm, which policies shall meet the requirements of applicable law. At a minimum, these policies will provide that any public accounting firm may not provide audit services to the Company if the CEO, CFO, controller, chief accounting officer, or any person serving in an equivalent position for the Company was employed by the audit firm and participated in any capacity in the audit of the Company within one year of the initiation of the current audit.
524. Establish procedures for (a) the 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 the Company of concerns regarding questionable accounting or auditing matters.

#### *Reports*

125. Provide an audit committee report as required to be included in the Company's proxy statement, pursuant to and in accordance with applicable rules and regulations of the SEC.
226. Report regularly to the full Board of Directors. In this regard, the Committee will review with the full board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's registered public accounting firm, or the performance of the management. The Committee shall also monitor the Company's compliance function, including compliance with the Company's policies and review with management the adequacy and effectiveness of the Company's procedures to ensure compliance with legal or regulatory requirements.
327. The Committee shall provide such recommendations as the Committee may deem appropriate. The report to the Board of Directors may take the form of an oral report by the Chairman or any other member of the Committee designated by the Committee to make such report.
428. Maintain minutes or other records of meetings and activities of the Committee.

### ***Committee Functioning***

In conjunction with the Board of Directors, the Committee will give consideration to the qualifications and criteria for membership of the Committee; the appointment and removal of members of the Committee; and the structure and operations of the Committee.

### ***Annual Performance Evaluation***

The Committee will perform a review and evaluation, at least annually, of the performance of the Committee, including reviewing the compliance of the Committee with this Charter. In addition, the Committee will review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee will conduct such evaluations and reviews in such manner as it deems appropriate.

### ***Limitation of Audit Committee's Role***

With respect to the foregoing responsibilities and processes, the Committee recognizes that the Company's financial management as well as the registered public accounting firm have more time, knowledge, and detailed information regarding the Company than do Committee members. Consequently, in discharging its oversight responsibilities, the Committee will not provide or be deemed to provide any expertise or special assurance as to the Company's financial statements or any professional certification as to the registered public accounting firms' work.



While the 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 and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the registered public accounting firm. It also is not the duty of the Committee to conduct investigations or to assure compliance with laws and regulations and the Company's internal policies and procedures.