

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS  
OF S&W SEED COMPANY**

**As adopted March 17, 2010**

**I. PURPOSE**

The purpose of the Audit Committee (“Committee”) of the Board of Directors (“Board”) of S&W Seed Company, a Delaware corporation (“Company”) is to assist the Board in fulfilling its statutory and fiduciary oversight responsibilities relating to the Company’s financial accounting, reporting and controls. The Committee’s principal functions are to:

- oversee the integrity of accounting and financial reporting processes of the issuer and the audits of the financial statements of the issuer;
- monitor the periodic reviews of the adequacy of the accounting and financial reporting processes and systems of internal control that are conducted by the Company’s independent auditors and the Company’s financial and senior management;
- review and evaluate the independence and performance of the Company’s independent auditors; and
- facilitate communication among the Company’s independent auditors, the Company’s financial and senior management and the Board.

In order to serve these functions, the Committee will have unrestricted access to Company personnel and documents, and will have authority to direct and supervise an investigation into any matters within the scope of its duties.

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 are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the Company’s independent auditors.

**II. MEMBERSHIP**

The Committee will consist of three or more members of the Board, with the exact number determined by the Board. Each member of the Committee will meet the independence, financial sophistication and experience requirements of the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder by the Securities and Exchange Commission (“Commission”) and The NASDAQ Stock Market, as they may be amended from time to time (“Rules”), except as otherwise permitted by such Rules. Each member of the Committee will have the ability to read and understand fundamental financial statements and at least one member will have prior experience in accounting, financial management or financial oversight, as required by the Rules, and be a “financial expert” as defined in Item 401(h) of Regulation S-K promulgated by the Commission. No member of the Committee may have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three years.

All members of the Committee will be appointed by, and will serve at the discretion of, the Board. Unless a chairperson is elected by the Board, the members of the Committee may designate a chairperson by majority vote of the Committee members.

### **III. RESPONSIBILITIES AND DUTIES**

The principal duties of the Committee in carrying out its responsibilities are set forth below. These processes are set forth as a guide with the understanding that the Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities

#### **A. Financial Statements and Disclosures**

The Committee will:

1. Review and discuss with management quarterly and annual results and the type and presentation of information to be included in the Company's related earnings press release prior to distribution to the public.
2. Review the Company's quarterly and annual financial statements, including any report on the Company's internal control over financial reporting, and any report or opinion by the independent auditors prior to distribution to the public or filing with the Commission.
3. In connection with the Committee's review of the annual financial statements:
  - Discuss with the independent auditors, any internal audit department and management the financial statements and the results of the independent auditors' audit of the financial statements;
  - Discuss any items required to be communicated by the independent auditors in accordance with Statement on Auditing Standards ("SAS") No. 61, Communication With Audit Committees (Codification of Statements on Auditing Standards, AU § 380), as amended. These discussions should include the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles, the reasonableness of significant judgments, the clarity of the disclosures in the Company's financial statements and any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
6. Discuss on a general basis the type of information to be disclosed and type of presentation to be made regarding financial information and earnings guidance to analysts and rating agencies.
7. Review any (i) significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting or (ii) fraud involving management or any employee of the Company with a significant role in the Company's internal controls over financial reporting that are disclosed to the Audit Committee by the Company's Chief Executive Officer and Chief Financial Officer in connection with such officers' periodic review of the Company's internal controls over financial reporting.

## **B. Internal Controls**

The Committee will:

1. Discuss with the independent auditors and management their periodic reviews of the adequacy of the Company's accounting and financial reporting processes and systems of internal control, including the adequacy of the systems of reporting to the Committee by each group.
2. Discuss any comments or recommendations of the independent auditors outlined in their annual management letter or internal control reports. Approve a schedule for implementing any recommended changes and monitor compliance with the schedule.
3. Periodically consult with the independent auditors out of the presence of management about internal controls, the fullness and accuracy of the Company's financial statements and any other matters that the Committee or these groups believe should be discussed privately with the Committee.
4. Review with management the Company's major financial risk exposures and the steps management has taken to monitor such exposures, including the Company's procedures and any related policies, with respect to risk assessment and risk management.
5. Establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Review any such complaints and submissions that have been received, including the current status and the resolution if one has been reached.
6. Consider the establishment and oversee the activities of the Company's internal audit function

## **C. Independent Auditors**

1. Be directly responsible for the selection, compensation, retention and oversight of the work of the independent auditors. Recommend to the Board the appointment or discharge of the independent auditors. The independent auditors will report directly to the Committee.
2. Review the continuing independence of the Company's independent auditors, including:
  - obtaining and reviewing, on an annual basis, a letter from the independent auditors describing all relationships between the independent auditors and the Company required to be disclosed by Independence Standards Board Standard No. 1;
  - reviewing and discussing with the independent auditors their independence, including the nature and scope of any such relationships; and
  - taking, or recommending that the Board take, appropriate action to oversee the independence of the auditors, including discontinuing any relationships that the Committee believes could compromise the independence of the auditors.

3. Approve the Company's hiring of employees or former employees of the independent auditor, as required by regulations and by applicable listing standards.
4. Review the independent auditors' audit planning, scope and staffing.
5. Approve the fees and other significant compensation to be paid to the independent auditors, and pre-approve all audit and non-audit related services of independent auditors permitted by the Rules and applicable law. The Committee may establish pre-approval policies and procedures, as permitted by the Rules and applicable law, for the engagement of independent auditors to render services to the Company, including without limitation policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approval decision is reported to the Committee at its next scheduled meeting.
6. Review and discuss with the independent auditors the reports delivered to the Committee by the independent auditors regarding:
  - critical accounting policies, estimates and practices used;
  - alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the alternatives, and the treatment preferred by the independent auditors; and
  - other material written communications between the independent auditors and Company management, such as any management letter or schedule of unadjusted differences.

#### **D. General**

The Committee will:

1. On a regular basis, review the status of any legal matters that could have a significant impact on the Company's financial statements and, at least annually, review with management the Company's program for promoting and monitoring compliance with applicable legal and regulatory requirements.
2. Annually prepare a report to the Company's stockholders for inclusion in the Company's annual proxy statement as required by the rules and regulations of the Commission, as they may be amended from time to time.
3. Review and reassess the adequacy of the Committee's charter at least annually, and recommend to the Board any changes the Committee determines are appropriate.
4. Evaluate the Committee's composition and performance on an annual basis and submit a report to the Board.
5. Review the fairness of and approve any proposed transaction between management and other related parties of the Company and the Company (other than transactions that are subject to review by the Compensation Committee of the Board) that are brought to the attention of the Committee

6. Have the authority and right, at the expense of the Company, to retain legal, accounting and other consultants, experts and advisers of its choice to assist the Committee in connection with its functions. The Committee will have the authority to approve the fees and other retention terms of such advisers. The Company will provide for appropriate funding, as determined by the Committee, for payment of compensation to any such advisers retained by the Committee and for ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its functions.

7. Perform any other activities required by applicable law, rules or regulations, including the rules of the Commission and any exchange or market on which the Company's capital stock is traded, and may perform other activities that are consistent with this charter, the Company's Certificate of Incorporation and By-laws, and applicable laws, rules or regulations as the Committee or the Board deems necessary or appropriate

#### **IV. MEETINGS AND MINUTES**

The Committee will meet at least once each quarter or more frequently, as determined appropriate by the Committee. The Committee will regularly report to the Board on significant matters related to the Committee's responsibilities. A quorum of the Committee for the transaction of business will be a majority of its members. Meetings may be held telephonically. The Committee may also act by unanimous written consent in lieu of a meeting. The Committee will maintain written minutes of its meetings and copies of its actions by written consent, and will file such minutes and copies of written consents with the minutes of the meetings of the Board.