

AIR INDUSTRIES GROUP
BOARD OF DIRECTORS
AUDIT COMMITTEE CHARTER

Purpose

The Audit Committee (hereinafter, the “Committee”) will provide assistance to the Board of Directors of Air Industries Group, a Nevada corporation (the “Company”), in fulfilling its oversight responsibility to the stockholders and others relating to the integrity of the Company’s financial statements and the financial reporting process, the systems of internal accounting and financial controls, the annual independent audit of the Company’s financial statements, the Company’s compliance with legal and regulatory requirements, and its ethics programs as established by management and the Board of Directors. The Committee shall also oversee the independent auditors’ qualifications and independence. The Committee will evaluate the performance of the Company’s independent auditors, including a review and evaluation of the engagement partner and coordinating partner. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, the internal auditors and management of the Company, so as to make the Board aware of significant financial matters which require the Board’s attention.

Committee Membership

The Committee shall be comprised of three or more “independent” members of the Board, each of whom is able to read and understand fundamental financial statements and at least one of whom has past employment experience in finance or accounting, is a certified accountant, or has other comparable experience, including a current or past position as chief executive, financial officer or other senior officer with financial oversight responsibilities. A member of the Board is independent only if he or she satisfies the requirements for independence as established by the Securities and Exchange Commission (“SEC”) and, in the event the Company’s securities become listed on any securities exchange, as established by such exchange, and has no relationship to the Company that may interfere with the exercise of his or her independent judgment. The members of the Committee and its Chairman will be appointed by and serve at the discretion of the Board. Committee members may receive no compensation from the Company other than Director’s fees, including appropriate compensation for committee service. The Board will designate at least one member of the Committee as the “audit committee financial expert” as defined by the SEC.

Committee Authority, Functions and Responsibilities

General responsibilities

The primary responsibility of the Committee is to oversee the Company’s financial controls and reporting processes on behalf of the Board and report the results of

its activities to the Board. Management is responsible for preparing the Company's financial statements, and the independent auditors are responsible for auditing those financial statements.

Take the appropriate actions to set the overall corporate "tone" for quality financial reporting, consistent with the Company's commitment to sound business risk practices, and ethical behavior.

The Committee shall be subject to the By-laws of the Company, as in effect from time to time and applicable corporation law of the State of Delaware. The Committee shall be obligated, and shall have the full power and authority, to carry out the following responsibilities:

Responsibilities for engaging independent accountants and appointing the internal auditor

1. The Committee shall select the Independent Auditors. The Committee shall have a clear understanding with management and the independent auditors that the independent auditors are ultimately accountable to the Board and the Committee, as representatives of the Company's stockholders. The Committee shall have the sole authority and responsibility to hire, evaluate and, where appropriate, replace the independent auditors and, in its capacity as a committee of the Board, shall be directly responsible for the appointment, compensation and oversight of the work of the independent auditors. Annually, the Committee shall review the qualifications and performance of the Company's current independent auditors and select the Company's independent auditors for the next year. The Committee shall consider the auditors' independence from management and the Company, including whether the auditors' performance of permissible non-audit services is compatible with their independence, and the Committee shall approve, in advance, any engagement of the independent auditors to perform non-audit services for the Company. The Committee shall also review the independent auditors' internal control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditors, and any steps taken to deal with any such issues.
2. The Committee shall receive a formal written statement from the Company's independent auditors describing all relationships between the auditors and the Company.
3. The Committee shall review the engagement of the independent auditors, including the scope, extent and procedures of the audit and the compensation to be paid therefore, and all other matters the Committee deems appropriate.

Responsibilities for reviewing internal audits, the annual external audit and the review of quarterly and annual financial statements

1. The Committee shall 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 revenue in financial statements.
2. Inquire about the impact of and, if appropriate, review new and proposed releases and pronouncements by the Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA) and the SEC that may affect current or future financial statements or other disclosures in financial reports.
3. Meet separately with management and the independent auditors, upon completion of their audit, to review and discuss the Company's financial results for the year, as reported in the Company's financial statements, or other disclosures, and any other items required to be communicated by the independent auditors to the Audit Committee.
4. Provide a report in the Company's annual meeting proxy statement describing how the Committee has complied with its responsibilities under the Charter, including without limitation, whether the Committee has reviewed and discussed the Company's audited financial statements with the Company's management, whether the Committee recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K and whether any matters came to the attention of the Committee that caused the Committee to believe that the audited financial statements contain any materially misleading information or omit any material information.
5. Instruct the independent auditors to perform a quarterly review and discuss the Company's financial results with the Committee and the Company's management in accordance with the "Meetings" requirements set forth below, prior to the filing of a Form 10-Q.
6. Assist and interact with the independent auditors so that they may carry out their duties in the most efficient and cost effective manner.
7. 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.
8. Review the Company's balance sheet, profit and loss statements and statements of cash flow and stockholders' equity for each interim period, and any changes in accounting policy that have occurred during the interim period.
9. Consult with the independent auditors and discuss with Company management the scope and quality of internal accounting and financial reporting controls in effect.

10. Determine, as regards new transactions or events, the auditor's reasoning in concurring with the appropriateness of the accounting principles and disclosure practices adopted by management or changes thereto.
11. Provide open avenues of communication among the internal auditors, if any, the independent accountant and the board of directors.

Periodic responsibilities

1. Disclose in the Company's annual meeting proxy statement that the Committee has a written charter, and file the current Charter in the Company's annual meeting proxy statement as required by applicable rules of the SEC.
2. Review the Charter at least once annually and update as appropriate.
3. 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 regarding questionable accounting or auditing matters.
4. To review, approve and oversee any transaction between the Company and any related person (as defined in Item 404 of Regulation S-K of the Securities and Exchange Commission), including the propriety and ethical implications of any such transactions, as reported or disclosed to the Committee by the independent auditors, employees, officers, members of the Board or otherwise.
5. Review and discuss with management, the internal auditors, and the independent auditors the Company's policies with respect to risk assessment and risk management.
6. Engage independent counsel and other advisors as it deems necessary to carry out its duties.
7. Perform such other functions and have such power as may be necessary or convenient in the efficient and lawful discharge of the foregoing.

Meetings

The Committee will hold regular meetings as the Committee determines, and special meetings as the Chairman or the Committee deems appropriate.

The Committee shall meet with the independent auditor and the CFO at least quarterly to review the financial statements and audit for the fiscal year and to conduct each quarterly financial review.

Meetings may be held by conference telephone call as provided in the Bylaws. The chief executive officer, chief operating officer and/or chief accounting officer may

attend any meeting of the Committee, except for executive sessions as determined by the Committee Chairman. At least annually the committee will hold an executive session with the independent auditors.

Minutes and Reports

Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, members of the Board who are not members of the Committee and the Secretary of the Company. The Chairman of the Committee shall report to the Board on a periodic basis, but no less often than quarterly, or whenever so requested by the Board.