

**MENTOR CAPITAL, INC.**  
**CHARTER OF THE AUDIT COMMITTEE**  
**MAY 6, 2017**

This Charter for the Audit Committee of the Board of directors (the “**Board**”) of Mentor Capital, Inc., a Delaware corporation (the “**Company**”) was effected on May 6, 2017.

This Charter is intended as a component of the flexible governance framework within which the Board, assisted by its committees, reviews the CEO and officers as they direct the affairs of the Company. While it is intended to be complimentary to compliance with all applicable laws and regulatory requirements, and compliance with the Company’s Certificate of Incorporation and Bylaws, it is advisory in nature and is not intended to create any legally binding obligations.

1. The Purpose of the Audit Committee.

The primary purpose of the Audit Committee (the “**Committee**”) is to assist the Board in fulfilling its general oversight responsibilities with respect to the Company’s accounting and financial disclosures, audits of the financial statements, internal controls, and audit functions. Management is responsible for: (i) the preparation, disclosure, and integrity of the Company’s financial statements and reporting; (ii) accounting and financial reporting; and (iii) the Company’s internal controls and procedures designed to support compliance with accounting standards and applicable legal and regulatory requirements. The Company’s registered independent public accounting firm (the “**Independent Auditors**”) are responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted accounting principles (“**GAAP**”) in the United States.

The responsibilities of the Committee are not intended to duplicate the activities of management and the Independent Auditors. It is the Independent Auditor’s responsibility to conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate in accordance with GAAP and applicable rules and regulations and it is management’s responsibility to comply with the same. The Committee will have a Board level oversight role where it oversees the Company’s relationship with the Independent Auditors, as set forth in this Charter, and the Committee will receive information and provide advice, counsel, and general direction to management and the Independent Auditors, as it deems appropriate, taking into account the information it receives, discussions with the Independent Auditors, and the experience of the Committee’s members in business, financial, and accounting matters.

In addition to retaining the Company’s Independent Auditors, the Committee, upon approval by the Board, has the power to retain outside counsel, other auditors or other advisors to assist it in carrying out its activities. The Company shall provide adequate resources to support the Committee’s activities, including compensation of the Company’s Independent Auditors and legal counsel, as well as other resources that the Committee may deem appropriate as approved by the Board.

2. Membership of the Audit Committee.

The Committee shall be comprised of three or more directors as determined by the Board, of which a majority of the members shall satisfy the independence requirements of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended and all other regulatory requirements applicable to the Company.

Each Committee member understands fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement. At least one member of the Committee shall be an “audit committee financial expert” as defined under applicable SEC rules<sup>1</sup>. Committee members shall continue to be members as long as they remain directors and until their successors as committee members are elected and qualified or until their earlier death, incapacity, resignation or removal. Any member may be removed by

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<sup>1</sup> See Section 407 of the Sarbanes-Oxley Act of 2002.

the Board, with or without cause, and for no cause, at any time. Vacancies on the Committee may be filled by the Board.

The Committee's chairperson shall be appointed from among the independent Committee members by the Board or the Committee. The chairperson shall preside at meetings of the Committee. In the absence of the chairperson at a duly convened meeting, the Committee members attending such meeting shall select a Committee member to serve as chair of the meeting.

3. Meetings of the Audit Committee.

The Committee shall meet on a regularly-scheduled basis, as circumstances dictate. The Committee should meet at least annually with the independent auditor to provide the opportunity for full and frank discussion. The Board or the Committee shall establish its own schedule of meetings. Meetings of the Committee may be held telephonically. A majority of the members of the Committee shall constitute a quorum for a meeting and the affirmative vote of a majority of members present at a meeting at which a quorum is present shall constitute the action of the Committee. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The operation of the Committee shall be subject to the Bylaws of the Company as in effect from time to time and Section 141 of the Delaware General Corporation Law.

4. Audit Committee Responsibilities.

The Committee's role is one of independent oversight. The Company's management is responsible for preparing the Company's financial statements, and the Independent Auditors are responsible for auditing those financial statements. The Committee is not responsible for providing the Company's financial statements or for providing a professional certification as to the Independent Auditor's work.

The following responsibilities are set forth as a guide for fulfilling the Committee's purposes, with the understanding that the Committee's activities may diverge as appropriate given the circumstances. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or as assigned by the Board from time to time.

The Committee may form, and delegate any of its responsibilities to, a subcommittee so long as such subcommittee is solely comprised of one or more members of the Committee.

To fulfill its purposes, the Committee may at its discretion:

A. Review and Supervise the Independent Auditor as Deemed Necessary:

1. select (subject to such approval by shareholders as may be mandated in the Bylaws), evaluate (taking into account opinions of management and including an evaluation of the lead audit partner(s)), compensate, oversee the work of and, if appropriate, terminate, the Independent Auditor who may be required to report directly to the Committee;
2. review and approve the terms of the Independent Auditor's retention, engagement and scope of the annual audit, and pre-approve any audit-related and permitted non-audit services (including the fees and terms thereof) to be provided by the Independent Auditor;
3. on an annual basis, (i) review a formal written statement from the Independent Auditor delineating all relationships between the Independent Auditor and the Company, consistent with the New Ethics and Independence Rule 3526 of the Public Company

Accounting Oversight Board (as modified or supplemented), actively engage in a dialogue with the Independent Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the Independent Auditor and take appropriate action in response to the Independent Auditor's report to satisfy itself of the auditor's independence; (ii) consider whether, in addition to assuring the regular rotation of the lead audit partner as required by law<sup>2</sup>, in the interest of assuring continuing independence of the Independent Auditor, the Company should regularly rotate its Independent Auditor; and (iii) if necessary, set clear policies concerning the hiring of employees or former employees of the Independent Auditors, which may provide that no former employee of the Independent Auditor may become the Chief Executive Officer, Chief Financial Officer, or Controller (or serve in a similar capacity) for the Company if such person participated in any capacity in the Company's audit within the one-year period preceding the date of the initiation of the audit;

4. obtain and review annually, a report by the Independent Auditor describing: (i) the Independent Auditor's internal quality-control procedures; (ii) any material issues raised by its most recent internal quality-control review or a peer review of the firm, or by any review, inquiry or investigation by governmental or professional authorities (including the Public Company Accounting Oversight Board), within the preceding five years, regarding one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditor and the Company;
5. review and discuss with management and the Independent Auditor: (i) any significant findings during the year, including the status of previous audit recommendations; (ii) any accounting adjustments that were noted or proposed by the auditor but were "passed" (as immaterial or otherwise) and any other audit problems or difficulties encountered in the course of audit work; (iii) any restrictions on the scope of activities or access to required information; and (iv) any changes required in the scope of the audit plan; and
6. review and resolve any disagreements between management and the Independent Auditor concerning financial reporting, or relating to any audit report or other audit, review or attest services provided by the Independent Auditor.

B. Oversee Internal Controls and Risk Management as Deemed Necessary:

1. as necessary in structuring a system of internal control over financial reporting, review and discuss with management and the Independent Auditor: (i) the adequacy and effectiveness of the Company's internal controls, including any significant deficiencies or material weaknesses in the design or operation of, and any significant changes in, the Company's internal controls, any special audit steps adopted in light of any material control deficiencies, and any fraud involving management or other employees with a significant role in such internal controls; (ii) disclosure relating to the Company's internal controls, in the Independent Auditors' report, if and as required by the rules of the Securities and Exchange Commission, on the effectiveness of the Company's internal control over financial reporting, and the required management certifications to be included in or attached as exhibits to the Company's Annual Report on Form 10-K or Quarterly Report on Form 10-Q, as applicable, and

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<sup>2</sup> Section 10A(j) of the Securities and Exchange Act of 1934 prohibits an independent auditor from providing audit services to a company if the lead audit partner has performed audit services for that company in each of its previous five fiscal years.

- (iii) the adequacy and effectiveness of the Company's disclosure controls and procedures, and management reports thereon;
2. review and discuss with management and the Independent Auditor any significant risks or exposures and assess the steps management has taken to minimize such risks; and review and discuss with management and the independent auditor the Company's policies with respect to risk assessment and risk management; and
3. establish and oversee procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and any other aspects of the Company's internal control over financial reporting, and the confidential, anonymous submission by employees of concerns regarding questionable accounting, financial reporting or auditing matters.

C. Oversee Financial Reporting as Deemed Necessary:

1. on an annual basis review and discuss with management and the Independent Auditor: (i) all critical accounting policies and practices used by the Company; (ii) any significant changes in Company accounting policies; (iii) any material alternative accounting treatments within GAAP that have been discussed with management, including the ramifications of the use of the alternative treatments and the treatment preferred by the accounting firm; and (iv) any accounting and financial reporting proposals that may have a significant impact on the Company's financial reports;
2. inquire as to the Independent Auditor's view of the accounting treatment related to significant new transactions or other significant matters or events not in the ordinary course of business;
3. review and discuss with the Independent Auditor the matters required to be discussed with the independent auditor by: (i) Auditing Standard No. 16 of the Public Company Accounting Oversight Board, including, but not limited to, the auditor's responsibility under generally accepted auditing standards, violations or possible violations of laws or regulations, the need for specialized skill or knowledge in the audit, auditor's evaluation of the Company's ability to continue as a going concern, the significant accounting policies used by the Company, accounting estimates used by the Company and the process used by management in formulating them, any consultation with other accountants and any major issues discussed with management prior to its retention; and (ii) communications required by other Standards of the Public Company Accounting Oversight Board (PCAOB), including whether Company accounting principles as applied are conservative, moderate, or aggressive from the perspective of income, asset, and liability recognition, and whether or not those principles reflect common or minority practices;
4. review and discuss with the Independent Auditor any so-called "management" or "internal control" letter issued, or proposed to be issued, by the Independent Auditors to the Company or any other material written communications between the accounting firm and management, such as any management letter or schedule of "unadjusted differences"; and
5. review the Company's financial statements, including, but not limited to: (i) prior to public release, review and discuss with management and the Independent Auditor the Company's annual and quarterly financial statements to be filed with the SEC (including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any certifications regarding the

financial statements or the Company's internal control over financial reporting and disclosure controls and procedures filed with SEC by the Company's senior executive and financial officers); and (ii) with respect to the Independent Auditor's annual audit report and certification, prior to release of the annual audited financial statements, meet with the Independent Auditor to discuss (a) the adequacy for the preparation of the Company's audited financial statements of the Company's system of internal control over financial reporting and the audit procedures applied by the independent auditor, (b) the appropriateness of the accounting principles applied and the judgments, including estimates, made in the preparation of the Company's audited financial statements, and (c) the quality of the Company's financial reports; (iii) meet separately and periodically with management regarding such matters; (iv) recommend to the Board whether to include the audited annual financial statements in the Company's annual report on Form 10-K to be filed with the SEC; and (v) prior to submission to any governmental authority of any financial statements of the Company that differs from the financial statements filed by the Company with the SEC, reviewing such financial statements and any report, certification or opinion thereon provided by the Independent Auditor.

D. Oversee Legal and Ethical Compliance as Deemed Necessary:

1. review the Company's legal counsel: (i) legal and regulatory matters that may have a material impact on the Company's financial statements and (ii) the scope and effectiveness of the Company's legal and regulatory compliance policies and programs;
2. review, discuss with management and the Independent Auditor any transactions or course of dealing with related parties (e.g., including significant shareholders of the Company, directors, corporate officers or other members of senior management or their family members) that are significant in size or involve terms or other aspects that differ from those that would likely be negotiated with independent parties, including any safeguards or additional procedures to be applied in such circumstances;
3. review annually with management and the Company's legal counsel compliance with, the adequacy of and any requests for waivers under, the Company's ethics policies (including ethics codes that apply to all employees as well as those applicable to directors, senior officers and financial officers and the Company's policies and procedures concerning trading in Company's securities and use in trading of proprietary or confidential information) and with regard to any waiver sought with respect to any executive officer or director; and
4. review and address conflicts of interest of directors and executive officers.

E. Report and Self-Evaluate as Deemed Necessary:

1. oversee the preparation and approve all reports required or appropriate in the conduct of the Committee's responsibilities, including the report for inclusion in the Company's annual proxy statement, if necessary, stating whether the Committee: (i) has reviewed and discussed the audited financial statements with management; (ii) has discussed with the Independent Auditors the matters required to be discussed by Auditing Standard No. 16 and any other PCAOB Standards and requirements; (iii) has received the written disclosure and letter from the Independent Auditors (describing their relationships with the Company) and has discussed with them their independence; and (iv) based on the review and discussions referred to above, the

matters of the Committee recommended to the Board that the audited financials be included in the Company's annual report on Form 10-K for filing with the SEC;

2. conduct an annual self-evaluation of the performance of the Committee, including its effectiveness and compliance with this Charter;
3. review and reassess the adequacy of this Charter annually, and recommend to the Board amendments as the Committee deems appropriate; and
4. report, as necessary and at least annually, to the Board on Committee findings and recommendations, including on any issues that arise with respect to the quality or integrity of the Company's financial statements, the performance and independence of the independent auditors, the Company's compliance with legal or regulatory requirements and its ethics policies, and any other matters the Committee deems appropriate or the Board requests, and maintain minutes or other records of Committee meetings and activities.