



MESA LABORATORIES, INC.

CHARTER OF THE AUDIT COMMITTEE

PURPOSE

The Audit Committee (the “Committee”) of Mesa Laboratories, Inc. (the “Company”) is appointed by the Company’s Board of Directors (the “Board”) to assist in fulfilling its responsibilities as to the quality of the Company’s financial records and to specifically assist Board oversight of:

- (1) the integrity of the Company’s financial statements;
- (2) the independent auditor’s performance, qualifications and independence;
- (3) the performance of the Company’s internal audit function and independent auditors; and
- (4) the Company’s accounting and financial reporting processes, including disclosure controls and procedures, internal controls over financial reporting, and audits of the Company’s consolidated financial statements.

The Committee shall undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors of the Company may from time to time prescribe.

COMMITTEE MEMBERSHIP

The Committee shall be composed of at least three members of the Board who are appointed by the Board to serve an annual term. Each member shall be independent of the Company’s management and are not affiliates of the Company or any of its subsidiaries. One Committee member shall be designated by the Board as the Chairperson. No Committee member may receive any consulting, advisory or other fees from the company other than director and committee fees. No Committee member may simultaneously serve on the audit committee of more than two other public company audit committees. Each Committee member must be able to dedicate the time necessary to be an effective Committee member. All Committee members must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. The Committee will maintain at least one member who will be a “financial expert” as defined in SEC rules and have the experience or background required by NASDAQ Stock Market (NASDAQ) rules. The Committee will comply with all applicable provisions of relevant securities laws and the rules and regulations of the Securities and Exchange Commission (SEC) and the NASDAQ and any other requirements of applicable law, including those related to independence and committee composition.

The Chief Financial Officer of the Company shall be the member of management to serve in a liaison capacity with respect to the Committee. At its discretion, the Committee shall have unrestricted access to the independent auditors, legal counsel, the Controller (or equivalent position), the internal auditors and any other individual within the Company necessary to the Committee's discharge of its duties.

AUTHORITY AND RESPONSIBILITIES

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of the Company's financial statements; for the appropriateness of the accounting principles and reporting policies that are used by the Company; and for establishing and maintaining internal control over financial reporting. The independent auditor is responsible for auditing the Company's financial statements and the effectiveness of internal control over financial reporting, and for reviewing the Company's unaudited interim financial statements.

The Committee is granted the authority and responsibility to perform each of the following rights and duties:

Independent Audit

1. Establish 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 shareholders.
2. Select, appoint, and retain the Company's independent auditors. The independent auditors will report directly to, and be responsible to, the Committee.
3. Approve the compensation of the independent auditors, review their engagement letter, approve and oversee all auditing services (and any other pre-approved non-audit services to be provided to the Company), and oversee the Company's relationship with its independent auditors.
4. At least annually, obtain and review a report by the independent auditors describing (a) the firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review or peer review of the firm 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 firm, (c) any steps taken to deal with any such issues and (d) (to assess the auditor's independence) all relationships between the independent auditors and the Company.
5. Consider whether, in the interest of independence, there should be regular rotation of the audit firm. Oversee the rotation of the audit partners of the independent auditors as required by SEC rules. Present its conclusions on the foregoing matters to the Board.

6. Review with the independent auditors, prior to the beginning of their audit, the overall scope of their examination and planning of the audit and other financial reviews.
7. Review processes used for other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications as required by the Sarbanes-Oxley Act of 2002 and relevant reports rendered by the independent auditor (or summaries thereof).
8. Meet with the independent auditors, without management present, and inquire as to:
 - (a) whether there were any audit problems or difficulties encountered during their audit, including any restrictions on the scope of activities or access to requested information, and management's response;
 - (b) whether there were accounting or disclosure issues not resolved to their satisfaction; and
 - (c) whether there were any other matters (including matters affecting their independence) that should be discussed with the Committee that have not been raised or covered elsewhere.
9. The Committee is responsible for making sure it reviews at least annually the qualifications, performance and independence of the auditors. In addition, the Committee shall review a formal written statement explaining all relationships between the outside auditors and the Company consistent with the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Committee concerning independence. The Committee will maintain an active dialogue with the independent auditors, covering any disclosed relationships or services that may impact their objectivity and independence. The Committee will review all proposed hires by the Company or any of its subsidiaries or controlled affiliates of management level or higher individuals formerly employed by the independent auditors who provided services to the Company or any of its subsidiaries or controlled affiliates. The Committee will take, or recommend to the Board of Directors that it take, appropriate actions to oversee the independence of the outside auditors.
10. Resolve any disagreements between the independent auditors and management.

Interim and Annual Financial Reports

11. Review and discuss the Company's interim and annual financial statements with management and the independent auditors, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results

of Operations” as well as all material internal control reports (or summaries thereof).

12. Report the results of the independent audit to the Board and, if the Committee is satisfied with all of its reviews and discussions, recommend that the audited financial statements be included in the Annual Report on Form 10-K.
13. Generally discuss earnings and press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance provided to the public and rating agencies.
14. Review and discuss pending and threatened litigation, contingencies or claims that had, or may have, a significant impact on the financial statements, and the Company’s conclusions and applicable disclosures, in each case as and when it deems appropriate.
15. Obtain, review, and discuss timely reports from the independent auditors regarding:
 - (a) The appropriateness and consistent application of the Company’s critical accounting policies and practices;
 - (b) All alternative treatments of financial information with generally accepted accounting principles discussed between the independent auditors and management, the ramifications of the use of such alternative treatments and the independent auditors’ preferred treatment;
 - (c) The reasonableness of significant estimates and judgments;
 - (d) The clarity and completeness of the Company’s financial disclosure practices;
 - (e) Any other material written communication between the auditors and management, such as any management letter or schedule of unadjusted differences; and
 - (f) Discuss with management and the independent auditors the quality, not just acceptability, of the Company’s accounting principles.

Internal Controls

16. Review and discuss the activities of management to provide reasonable assurance as to the adequacy and effectiveness of the Company’s internal accounting and financial controls, including those related to the security of its information systems and risk assessment and risk management.

17. Review the independent auditors' letter to management containing suggestions for improvements in the Company's accounting policies, procedures and internal controls, and ascertain that management has adequately responded to the letter.
18. Review the company's internal controls annually. . Provide oversight of the Finance and Accounting functions, including their responsibilities, and performance..
19. Receive quarterly reports from and discuss with management the Company's major financial risk exposures, and the steps management has taken to monitor and control such exposures, including credit and liquidity matters and derivative instruments. Review the Company's risk assessment and risk management policies.
20. Obtain reports from management regarding the Company's, and its subsidiaries, compliance with applicable laws and regulations, as well as the Company's Code of Business Conduct and Ethics.

Other

21. Pre-approve all non-audit services to be provided to the Company by the independent auditors and confirm that such services are not prohibited by law, the PCAOB, or the rules of the NASDAQ.
22. Engage any outside advisors that the Committee determines to be necessary or appropriate and approve the compensation and other retention terms of such advisors. The Committee shall be provided with appropriate funding, as determined by the Committee, for payment of compensation to such outside counsel, accountants, experts and other advisors, in addition to funding for the independent auditor, and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
23. Review the adequacy of the professional qualifications of the Company's accounting personnel and assess succession planning within the Company's accounting organization.
24. Establish hiring policies for employees and former employees of the independent auditors. Confirm that within the year preceding the start of each year's audit, none of the Company's Chief Executive Officer, Chief Financial Officer, Controller, Chief Accounting Officer or any person serving in an equivalent position for the Company was employed by the independent auditors or participated in any capacity in the Company's audit.
25. Receive explanations from and review with management and the independent auditors of changes in, or adoption of, accounting principles and reporting and auditing standards that have had, or may have, an effect on the financial statements.

26. Review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
27. Receive briefings on other accounting and financial matters on a regular basis to expand each member's knowledge of matters impacting the Company.
28. Provide oversight and review of the Company's asset management policies, including annual review of the Company's investment policies and performance for cash and short-term investments.
29. Review and approve all related party transactions and review all disclosures of such transactions.
30. Investigate any matter brought to the Committee's attention within the scope of its duties, with full access to all Company books, records and personnel, and retain outside legal counsel and other experts for this purpose if, in the Committee's judgment, that is appropriate.
31. Obtain from the independent auditors assurance that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
32. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by Company employees of concerns regarding such matters. All such relevant complaints must be reported to the Committee.
33. The Committee will cause to be prepared, and review and approve the audit committee report to be included in the Company's annual proxy statement.
34. The Committee shall report regularly to the Board regarding the execution of the Committee's duties and responsibilities, activities, any issues encountered, and related recommendations. It shall also perform a review, at least annually, of the performance of the Committee and its members, and report to the Board on the results of each review. In addition, the Committee shall review and reassess this Charter at least on an annual basis and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable.
35. Perform such other duties and responsibilities as may be assigned to the Committee by the Board from time to time.

CONDUCT OF BUSINESS

The Committee shall meet at least quarterly, and more frequently as the Committee deems desirable. The Chair may call additional meetings whenever circumstances warrant. The Chair, in consultation with the other members of the Committee, shall set the time, frequency and agenda of each meeting. The Committee shall meet separately, periodically, with management, the internal auditors (or other personnel responsible for

the internal audit function) and the independent auditors. A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's Bylaws and to the extent permitted by law. In the absence of these rules, the Audit Committee will conduct its business in the same way the Board of Directors conducts its business.

Nothing in this Charter or in a member's service on the Committee shall increase or be deemed to increase the liability of any member of the Board under applicable state law.

Directors who are not Committee members may attend meetings and participate in the Committee's deliberations. The independent auditors as well as officers and employees of the Company or any other person whose presence the Committee believes to be necessary or appropriate may be asked to attend by the Chair. Non-Committee members may be excused from all or any portion of a meeting at the request of the Chair.

Minutes of each meeting will be prepared and filed with the Corporate Secretary. Reports of meetings of the Committee shall be made to the Board at its next regularly scheduled meeting following the Committee meeting.

Last Modification: May 28, 2019