

ROYAL HAWAIIAN RESOURCES, INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Amended August 7, 2017

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PURPOSE

The audit committee (the “Committee”) is appointed by the board of directors (the “Board”) of Royal Hawaiian Resources, Inc. (“RHR”). This audit committee charter specifies the composition, scope of authority and responsibility of the Committee. The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the integrity of the financial statements of Royal Hawaiian Orchards, L.P. (“RHO”), compliance with legal and regulatory requirements, the independent auditors’ qualifications and independence, and the performance of the independent auditors. The primary responsibility of the Board of RHR is to exercise RHR’s responsibilities as general partner of RHO. The term Company when used herein shall mean either or both of RHR and RHO as may be applicable or appropriate.

The Committee’s principal responsibility is one of oversight. The Company’s management is responsible for preparing the Company’s financial statements and the outside auditors are responsible for auditing and/or reviewing those financial statements. In carrying out these oversight responsibilities, the Committee is not providing any expert or special assurance as to the Company’s financial statements or any professional certification as to the outside auditors’ work.

COMPOSITION

The Committee shall consist of three or more directors. Each member of the Committee shall be independent in accordance with the requirements of Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended, and the rules of the New York Stock Exchange.

Each member of the Committee must be financially literate, as determined by the Board. At least one member of the Committee must have accounting or related financial management expertise, as determined by the Board. At least one member of the Committee must be an “audit committee financial expert” as defined by applicable law and listing standards. A person who satisfies this definition of audit committee financial expert will also be presumed to have accounting or related financial management expertise.

The members of the Committee shall be appointed by the Board and shall serve until the earlier to occur of the date on which he or she shall be replaced by the Board, resigns from the Committee, or resigns from the Board.

RESPONSIBILITIES AND AUTHORITY

The Committee shall:

A. Independent Auditors and Financial Reporting

1. Select, retain, compensate, oversee and terminate, if necessary, any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditors shall report directly to the Committee.

2. Pre-approve all engagement terms and fees for all audit and permitted non-audit and tax services that may be provided by the Company's independent auditors or other registered public accounting firms and establish policies and procedures for the Committee's pre-approval of permitted services by the Company's independent auditors or other registered public accounting firms.

3. At least annually, (a) obtain and review a report by the Company's independent auditors that describes (i) the accounting firm's internal quality control procedures, (ii) any issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board review or inspection, or by any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the firm, (iii) any steps taken to deal with any such issues, and (iv) all relationships between the firm and the Company or any of its subsidiaries; and (b) discuss with the independent auditors this report and any relationships or services that may impact the objectivity and independence of the auditors.

4. Review and discuss with the Company's independent auditors (a) all critical accounting policies and practices to be used in the audit; (b) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the auditors; and (c) other material written communications between the auditors and management.

5. Review with management and the Company's independent auditors (a) any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; (b) any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including the effects of alternative GAAP methods; (c) and the effect of regulatory and accounting initiatives and off-balance sheet structures on the Company's financial statements.

6. Review with management and the Company's independent auditors 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 material changes in, the Company's internal controls and 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.

7. Review and discuss with the Company's independent auditors any other matters required to be discussed by applicable auditing standards (*PCAOB Auditing Standards No. 1301, Communications with Audit Committees*).

8. Review and discuss with the Company's independent auditors and management the Company's annual audited financial statements (including the related notes), the form of audit opinion to be issued by the auditors on the financial statements, and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's annual report on Form 10-K, and determine whether to recommend to the Board that the audited financial statements be included in the Company's Form 10-K prior to filing the Form 10-K with the SEC and produce the audit committee report required to be included in the Company's Form 10-K.

9. Review and discuss with the Company's independent auditors and management the Company's quarterly financial statements and the disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations" to be included in the Company's quarterly report on Form 10-Q prior to filing such reports with the SEC.

10. Review and discuss with the Company's independent auditors and management earnings press releases, including the type of information to be included and its presentation and the use of any pro forma, adjusted or other non-GAAP financial information, prior to release to the public, as well as financial information and earnings guidance provided to analysts and ratings agencies, if any.

11. Review the results of any material difficulties, differences or disputes with management encountered by the independent auditors during the course of the audit or reviews and be responsible for overseeing the resolution of such difficulties, differences and disputes.

12. Review the scope, plan and procedures to be used on the annual audit and receive confirmation from the independent auditors that no limitations have been placed on the scope or nature of their work or access to required information.

B. Related Party Transactions

Approve, ratify or disapprove any transaction involving the Company and a related party. In addition, review any transaction involving the Company and a related party at least once a year or upon any significant change in the transaction or relationship. For these purposes, a "related party" means:

- (a) any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer of the Company or a nominee to become a director of the Company;

(b) any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities;

(c) any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

(d) any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

For these purposes, a "transaction" means (i) any transaction, arrangement or relationship (or series of similar transactions, arrangements or relationships) in which the Company was, is or will be a participant and the amount involved exceeds \$25,000; provided, however, that a transaction shall not include compensation resulting solely from the employment relationship of an executive officer if such compensation has been approved, or recommended to the Board for approval, by the Nominating, Governance and Compensation Committee of the Board, and (ii) any transaction required to be disclosed by Item 404 of Regulation S-K.

C. Whistleblower Process

Establish and oversee 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 questionable accounting or auditing matters.

D. Risk Management

At least annually, review and discuss with management the risks faced by the Company and the policies, guidelines and process by which management assesses and manages the Company's risks, including the Company's major financial, operational and strategic risks, and the steps management has taken to monitor and control such exposures.

E. Compliance with Law and Regulations

Review the Company's compliance with applicable laws and regulations and to review and oversee the Company's policies, procedures and programs designed to promote and monitor legal and regulatory compliance.

F. Code of Ethics

Review with management, the independent auditors and legal counsel, as the Committee deems appropriate, actions taken to ensure compliance with any code of ethics or conduct applicable to directors, management or employees established by the Board.

OUTSIDE ADVISORS

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of independent outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation and oversee the work of any outside counsel and other advisors.

The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to the Company's independent auditors, any other accounting firm engaged to perform services for the Company, any outside counsel and any other advisors to the Committee.

STRUCTURE AND OPERATIONS

The Committee shall meet at least once quarterly. The Committee shall report regularly to the Board on its discussions and actions, including any significant issues or concerns that arise at its meetings, and shall make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

At least annually, the Committee shall meet separately with management and representatives of the independent auditors in separate sessions to discuss any matters that the Committee or any of the foregoing believes should be discussed privately. The Committee shall also meet in executive session without any such individuals present.

DELEGATION OF AUTHORITY

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.