

AUDIT COMMITTEE CHARTER

Purpose

The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors of Jones Soda Co. (the “Company”) in fulfilling its oversight responsibilities by reviewing the financial information which will be provided to shareholders and others, the systems of internal control which management and the Board of Directors have established, and the Company’s audit and financial reporting process.

The function of the Committee is to provide oversight; it is the responsibility of the Company’s management to maintain appropriate systems for accounting and internal control, and it is the responsibility of the Company’s independent auditors to plan and carry out a proper audit. The independent auditors are ultimately accountable to the Board of Directors and the Committee, as representatives of the Company’s shareholders. The Committee has the sole authority to select, evaluate, and, where appropriate, replace the independent auditors.

The Committee members are not acting as professional accountants or auditors, and their functions are not intended to duplicate or substitute for the activities of management and the independent auditors. The Committee serves a Board-level oversight role in which it provides advice, counsel and direction to management and the independent auditors on the basis of information it receives, discussions with the accountants and the experience of the Committee’s members in business, financial and accounting matters. The Committee regularly reports to the Board on the Committee’s activities.

Committee Composition

Number and Appointment. The Committee shall be comprised of three or more directors, who shall be appointed annually and subject to removal at any time, by the Board of Directors.

Independence. Each Committee member shall meet the independence requirements set out by the rules of The Nasdaq Stock Market (“Nasdaq”) and the rules and regulations of the Securities and Exchange Commission (“SEC”). No member of the Audit Committee shall receive any compensation from the Company other than his or her Directors’ fees, benefits and expense reimbursement.

Financial Literacy. Each Committee member shall be financially literate, having a basic understanding and knowledge about financial and auditing matters, financial controls and reporting, and must be able to read and understand financial statements. At least one

Committee member shall also have accounting or related financial management expertise to qualify as a “financial expert” (as defined by the SEC and Nasdaq requirements).

Authority. The Committee shall have sole authority, without further Board approval, to appoint, determine funding for, and oversee the Company’s independent auditors. The Committee has the authority to investigate any activity of the Company within its scope of responsibilities, and shall have unrestricted access to members of management and all information relevant to its responsibilities. All employees are directed to cooperate as requested by members of the Committee. The Committee shall be provided the resources and authority necessary to discharge its duties and responsibilities and is empowered to retain persons having special competence as necessary, including engaging independent counsel or other advisors. The Committee is authorized to form and delegate authority to subcommittees as appropriate. The Committee shall perform all such other functions and activities as required by law or the Company’s bylaws or assigned to it by the Board of Directors.

Specific Responsibilities and Duties

To fulfill its responsibilities the Committee shall do the following, which is not intended to be an exhaustive list, and the Committee shall take such other action as it determines reasonable, necessary or appropriate to carry out the purposes of the Committee:

Relationship with Independent Auditors. The Committee shall bear primary responsibility for overseeing the Company’s relationship with its independent auditors. In carrying out this responsibility, the Committee shall:

- select, retain and terminate, if appropriate, the Company’s independent auditors;
- review the scope and extent of audit services to be provided and the audit planning and staffing, including the engagement letter, prior to the annual audit, and review and pre-approve all audit fees to be charged by the independent auditors;
- review the independent auditors’ annual written statement pursuant to Independence Standards Board Standard No. 1, outlining any relationships that may impact their independence or objectivity;
- review and pre-approve any additional or permitted non-audit services to be provided by the independent auditors;
- enable direct communication between the independent auditors and the Committee at all times, and instruct the independent auditors to report directly to the Committee any serious difficulties or disputes with management;

- review with management and the independent auditors the financial statements and disclosures to be included in the Company's annual or quarterly reports to be filed with the SEC prior to filing;
- obtain and review a report by the Company's independent auditors describing the independent auditor firm's internal quality-control procedures, review 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, and any steps taken to deal with any such issues, and (assess the auditors' independence) all relationships between the independent auditors and the Company;
- review the audit process with management and the independent auditors, upon completion of their annual audit, to discuss, identify or evaluate: (i) the cooperation received by the independent auditors from management, including access to all requested information; (ii) any instances where management has obtained "second opinions" from other external auditors; (iii) any disagreements with management that, if not satisfactorily resolved, would have caused the auditors to modify their report on the financial statements; (iv) management's comments regarding the audit; (v) any restrictions placed by management on the scope of the audit, and (vi) any other matters the Committee deems appropriate;
- inquire of management and the Company's independent auditors concerning any deficiencies or material weaknesses in the Company's policies and procedures that could adversely affect the adequacy of internal controls and the financial reporting process, review the timeliness and reasonableness of proposed corrective actions, and monitor such actions;
- discuss with the Company's independent auditors the results and findings of any PCAOB audits or other investigations with respect to such independent auditor firm, and the Committee may request the Company's independent auditors provide the Committee with a copy of any such findings;
- meet periodically with the independent auditors in private session (without the participation of management); and
- approve the Committee's report included in the proxy statement for the Company's annual meeting of shareholders, and such other reports as may from time to time be necessary or appropriate.

Financial Reporting Process. The Committee shall monitor the preparation by management of the Company's quarterly and annual external financial reports and quarterly earnings announcements. In carrying out this responsibility, the Committee shall:

- review periodically, with and without management, the Company's internal accountants and the independent auditors, the adequacy of the Company's accounting and financial personnel and any relevant recommendations concerning internal controls, accounting principles, critical accounting policies, significant judgments or estimates, other material written communications between the independent auditors and management, and accounting/reporting systems;
- review the effect of any important new pronouncements of the accounting profession and other regulatory bodies on the Company's accounting and reporting policies, and consider and approve, if appropriate, changes to the Company's accounting principles and practices;
- review the accounting and reporting treatment of any significant transactions outside the Company's ordinary operations including the existence of any off balance sheet transactions;
- discuss with the independent auditors any significant changes in auditing standards or their audit scope;
- review, investigate and act upon any concerns or complaints received by the Company regarding its accounting, internal control, or auditing matters; and
- review the internal accounting department's staffing, budget and responsibilities, and enable direct communication between the Committee and the Chief Financial Officer and any member of the internal accounting department at any time, as needed, to address concerns.

Internal Controls. Additionally, the Committee shall:

- review with the independent auditors and management the integrity of the Company's financial reporting processes (internal and external) and the internal controls over financial reporting and disclosure controls and procedures, including any identified significant deficiencies or material weaknesses and the planned remediation of those control deficiencies;
- consider whether any changes to the internal controls over financial reporting or disclosure controls and procedures are appropriate in light of management's assessment as to the effectiveness of internal controls over financial reporting and the independent auditor's report, if applicable; and

- review with management the internal controls to prevent and detect fraud on the part of management, employees or people external to the Company.

Legal Compliance and Risk Management. The Committee shall also:

- review the process for assessment of major financial risk exposure monitoring and control by management including areas of risk in the Company's internal and external environment;
- review the Company's Code of Ethics and Code of Conduct in consultation with the Compensation and Governance Committee, in accordance with the applicable rules of Nasdaq and the SEC and review with management the systems to monitor compliance with these standards and applicable legal requirements;
- review the process for the confidential and anonymous submission of complaints and concerns by Company employees, and ensure that any complaints received by the Company or the Committee regarding accounting, internal control or auditing matters are reviewed, investigated and acted upon;
- review periodically with management and the Board of Directors any legal and regulatory matters that may have a material impact on the Company's financial statements, compliance policies, and compliance programs;
- review with management the Company's systems to monitor compliance with applicable legal requirements;
- review and approve or ratify all significant related party transactions and potential conflict of interest situations;
- review, investigate and act upon any claims or instances of fraud with respect to the Company's financial records, financial reporting or accounting on the part of management, employees or people external to the significant cases of misconduct or fraud; and
- review any inquiries related to accounting or financial reporting matters received from the SEC or other agencies, and management's response thereto.

Meetings

The Committee shall meet at least four times per year, and may hold additional meetings as often as may be necessary or appropriate, in the discretion of the Chairperson of the Committee. The Chairperson of the Committee may communicate with the independent auditors to review the agenda and solicit input on any additional topics that should be covered. Meetings may be held in person or telephonically.

Attendance

Members of the Committee are expected to use all reasonable efforts to attend each meeting. As necessary or desirable, the Chairperson may request that members of management, the internal accounting department, or representatives of the independent auditors be present at meetings of the Committee.

Minutes

Minutes of each meeting shall be prepared under the direction of the Chairperson of the Committee and circulated to Committee members for review and approval. Copies are to be made available to the Company's independent auditors and lawyers upon request.

This Charter is intended to provide a set of guidelines for the effective functioning of the Committee. Accordingly, the Committee will periodically review and reassess the adequacy of this Charter. The Committee may modify or amend this Charter and the authority and responsibilities of the Committee as necessary at any time. The Committee shall periodically perform an evaluation of the Committee's performance and make applicable recommendations for improvement.

Revised: March 4, 2013