

NATURALNANO, INC.
COMPENSATION COMMITTEE CHARTER
(Approved on December 30, 2005)

The purpose of the Compensation Committee shall be to carry out the responsibility of the Board of Directors (the "Board") relating to the compensation and benefit programs provided to the Board and to executive management. The guiding principle of the Compensation Committee is to provide a compensation program that enables the Company to retain and motivate a team of high quality executives who will create long-term shareholder value.

Membership of the Committee

The Compensation Committee shall consist of not less than three directors as appointed by the Board. Members serve at the pleasure of the Board and may be removed by the Board in its discretion. Each member of the Committee shall be a "non-employee director" as that term is defined under Securities and Exchange Commission Rule 16b-3. The Board will designate a Committee Chair who will also be the primary contact for management.

Meetings

The Compensation Committee shall meet as often as it determines is necessary to carry out its responsibilities under this charter. The Committee Chair, in consultation with the other Committee members, shall determine the frequency, length and method of the Committee meetings and shall set meeting agendas consistent with this charter. Meetings conducted by telephonic conference call are permitted.

The Committee may ask members of management or others to attend Committee meetings and provide pertinent information when needed. Two members of the Committee will constitute a quorum with a majority of votes of those Committee members present at a meeting in which a quorum has been established being sufficient to adopt a resolution or otherwise take action. The Committee may delegate any of its responsibilities to subcommittees as the Committee may deem appropriate.

Duties, Responsibilities and Authority

To fulfill its responsibilities and duties the Committee shall:

- (1.) Review and approve, on an annual basis, the corporate goals and objectives with respect to compensation and benefits for the President and other officers.
- (2.) Evaluate at least annually the President's performance in light of established goals and objectives and, based on such evaluation, have sole authority to determine the President's annual compensation and benefits.
- (3.) Review and make recommendations to the Board of Directors with respect to the compensation and benefits of other officers and directors.
- (4.) Review and make recommendations to the Board of Directors with respect to the types of incentive-compensation plans and equity-based compensation plans to be maintained by the Company.
- (5.) Oversee the development of management succession plans by the Board.

- (6.) Administer, interpret and determine awards pursuant to the Company's stock-based incentive compensation plans.
- (7.) Conduct an annual performance evaluation of the Committee.
- (8.) Have the sole authority, in its discretion, to retain and terminate any consulting firm to assist in the evaluation of the Board of Directors, President or officer compensation and benefits, including sole authority to approve the firm's fees and other retention terms.
- (9.) Prepare an annual report on executive compensation for inclusion in the Company's proxy statement.
- (10.) Review and assess, at least annually, the Compensation Committee charter and submit changes, as necessary, for approval of the Board of Directors.
- (11.) Perform other functions as requested by the Board of Directors.
- (12.) Assist the Board in evaluating the current composition, organization and governance of the Board and its committees and in determining future requirements.
- (13.) Assist the Board in the evaluation and selection of members of Board committees and the selection of Board committee chairs.

Reporting Responsibilities

The Compensation Committee is an arm of, and responsible to, the Board of Directors to which it directly reports. The Compensation Committee is responsible for periodically updating the Board of Directors about Committee activities and making appropriate recommendations.