

DYADIC INTERNATIONAL, INC.

COMPENSATION COMMITTEE CHARTER

I. Purpose and Responsibilities

The Compensation Committee (the "Committee") of Dyadic International, Inc. (the "Company") shall have direct responsibility to:

- (a) Review and approve on an annual basis the corporate goals and objectives relevant to the compensation of the Chief Executive Officer and other senior executive officers, and evaluate such officers' performance in light of these goals and objectives;
- (b) Make recommendations with respect to and, together with the other independent members of the Board of Directors, determine and approve the compensation of the Chief Executive Officer of the Company based upon the foregoing evaluation of his performance;
- (c) Make recommendations to the Board of Directors with respect to the establishment or amendment of incentive-compensation plans and equity-based plans;
- (d) Based upon the recommendations of, and in consultation with, the Chief Executive Officer, determine and approve the compensation of the other senior executive officers of the Company; and
- (e) Produce an annual report of the Committee on executive compensation as required by the Securities and Exchange Commission ("SEC") for inclusion in the Company's annual proxy statement.

II. Composition and Qualifications

The Committee shall consist of two or more members ("directors") of the Board of Directors of the Company (the "Board of Directors"), each of whom is determined by the Board of Directors to be "independent" under the rules of the Nasdaq Stock Market ("NASDAQ") or any other national securities exchange on which the Company's common stock is then listed and the SEC. Additionally, no director may serve unless that director (1) is a "non-employee director" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and (2) satisfies the requirements of an "outside director" for purposes of Section 162(m) of the Internal Revenue Code.

III. Considerations for CEO Compensation

In determining the long-term incentive compensation component of Chief Executive Officer compensation, the Committee should consider the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards (or lack thereof) given to the Company's Chief Executive Officer in past years. Nothing in this Charter shall preclude discussion of Chief Executive Officer compensation with the Board of Directors generally.

IV. Appointment and Removal

The members of the Committee shall be appointed by the Board of Directors, and each member shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

V. Chairperson

The Chairperson of the Committee shall be elected by the full Board of Directors. The Chairperson will chair all regular sessions of the Committee and set the agenda for Committee meetings.

VI. Delegation to Subcommittees

In fulfilling its responsibilities, the Committee may delegate any or all of its responsibilities to a member of the Committee or to a subcommittee of members of the Committee.

VII. Meetings

The Committee shall meet as frequently as circumstances dictate, but no less than twice annually. The Secretary of the Company, the Chairman of the Board of Directors or any member of the Committee may call meetings of the Committee. The Committee may invite to its meetings any director, member of management of the Company, and such other persons, as it deems appropriate in order to carry out its responsibilities.

VIII. Additional Authority and Responsibilities

The Committee shall have the following additional authority and responsibilities:

- Review annually director compensation levels and practices and, if determined to be appropriate, recommend changes in such compensation levels and practices to the Board of Directors.
- Oversee and administer all equity-based incentive plans, establish guidelines, rules and interpretations for such plans, approve and ratify awards, and amendments thereto, made under any such plans, and review and monitor awards under such plans.

- Meet annually with the Chief Executive Officer to receive the Chief Executive Officer's recommendations concerning performance goals, his or her evaluation of the Company's progress toward the achievement of those goals, and recommendations regarding compensation with respect to other senior executives.
- Review and recommend to the Board of Directors guidelines or agreements with respect to severance, change in control or other termination payments to be made to executive officers, other officers and key employees of the Company and exceptions to those guidelines or agreements with respect to executive officers.
- Review and approve any special or supplemental benefits provided to any director, the Chief Executive Officer or other senior executive officer of the Company, provided that the independent members of the Board of Directors shall also approve any such benefit provided to a director or the Chief Executive Officer of the Company.
- With respect to the position of Chief Executive Officer, the Board of Director's review and approval shall be required to appoint a newly-hired person or to promote a person to that office, but the Committee shall make recommendations with respect to and, together with the other independent Directors of the Company, determine and approve the compensation of a newly-hired Chief Executive Officer or a person promoted to that position.
- In discharging its duties, the Committee shall have full access to all Company books, records, facilities, personnel, legal counsel and independent auditors, along with the power to retain, at the Company's expense, outside counsel or other experts as the Committee may deem appropriate.
- Perform any other activities consistent with this Charter, the Company's Bylaws and governing law as the Committee or the Board of Directors deems appropriate.

IX. Compensation Consultant

The Committee shall have the sole authority to retain a compensation consultant to assist in the evaluation of director, Chief Executive Officer and senior executive compensation. The Committee shall have sole authority to terminate the consultant and to approve related fees and other retention terms.

X. Reports and Performance Review

The Committee shall report its actions and any recommendations to the Board of Directors at the next regularly scheduled meeting following each Committee meeting and, beginning with 2005, shall conduct and present to the Board of Directors an annual performance self-evaluation of the Committee. The Committee shall review at least annually the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

XI. Procedural Rules

The Committee may establish its own rules for the conduct of its meetings and proceedings, subject to the provisions of Section 4.11 of the Amended and Restated Bylaws of the Company and the following requirements:

1. Each member of the Committee shall have one vote;
2. A quorum of the Committee shall consist of a majority of its members;
3. The Committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the members thereof present at any meeting at which a quorum of its members is present, or by the unanimous written consent of all of the members thereof;
4. Meetings of the Committee shall be held at least annually and may be held in person or by means of conference telephone equipment; and
5. The Committee shall maintain and submit to the Board of Directors copies of the minutes of each meeting of the Committee, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee since the preceding meeting of the Board of Directors.

XII. Disclosure of Charter

This Charter will be disclosed as required by applicable rules of NASDAQ and the SEC.

*Adopted by Resolution of the Board of Directors
January 12, 2005*