

**JMAR TECHNOLOGIES, INC.
COMPENSATION COMMITTEE CHARTER**

(Approved by the Board on March 16, 2004)

Purpose

The purposes of the Compensation Committee (the "Committee") of the board of directors (the "Board") of JMAR Technologies, Inc. (the "Corporation") are:

- to discharge the Board's responsibilities relating to compensation of the Corporation's directors and executive officers, including approving individual executive officer compensation;
- to review and recommend to the Board compensation plans, policies and benefit programs for employees generally; and
- to prepare the report on executive compensation required to be included in the Corporation's annual proxy statement.

Composition and Term of Office

- The Committee will consist of not fewer than two members each of whom shall be a director who satisfies the independence requirements of the listing standards of The Nasdaq Stock Market .
- One member shall serve as Chairman of the Committee. The members of the Committee shall serve for such terms as may be set by the Board. Members of the Committee may be removed or replaced by the Board.

Compensation/Employee Benefits Responsibilities

The Committee shall perform the following functions:

- Review and advise the Board concerning both regional and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Corporation's executive compensation programs among comparable companies in the Company's industry.
- Review and approve corporate goals and objectives relevant to CEO compensation, including the Corporation's performance and relative shareholder return. Evaluate the CEO's performance in light of those goals and objectives, as well as the value of similar incentive awards to CEOs at comparable companies, and have the sole authority to determine the CEO's compensation level based on this evaluation. This includes salary, annual incentive and long term incentive programs, whether stock or cash, and other significant terms of employment for the CEO.
- Review and approve the compensation, including base salary and incentive awards and other significant terms of employment, for individuals determined by the Board to be executive officers of the Corporation under Section 16 of the Securities Exchange Act of 1934.
- Review and approve all employment agreements, separation and severance agreements and similar agreements with executive officers.
- Review and make recommendations to the Board on matters concerning the directors' annual retainer, as well as any other compensation programs for the directors, committee chairpersons and committee members, consistent with any applicable requirements of the Nasdaq listing standards.
- Confer, as needed, with the Corporation's Human Resources manager on compensation and benefit matters.
- Prepare the Report on Executive Compensation for inclusion in the Corporation's Proxy Statement in accordance with applicable rules and regulations.
- Administer the Corporation's stock option and other equity incentive plans. The Committee may delegate to the CEO the authority to make option grants to eligible individuals, other than to directors and executive officers, in an amount not to exceed a maximum number of options fixed by the Committee and with such other terms as shall be consistent with the past practice of granting

options to employees. The CEO shall regularly report to the Committee the grants so made, and any such grants shall be ratified by the Committee or the full Board at its next meeting.

Other Responsibilities

- Following each Committee meeting, report at the next meeting of the full Board all significant items discussed at the Committee meeting.
- Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- Conduct an annual performance evaluation of the Committee.
- Take such further actions or provide such further advice as the full Board may from time to time delegate to the Committee.

Committee Meetings - Operating Principles

- The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, at least two times each year.
- Meetings of the Committee may be called as needed by the Chairman of the Committee, the Chairman of the Board or the Chief Executive Officer ("CEO").
- The Committee shall have the sole right to retain and terminate compensation consultants and to obtain relevant compensation surveys to assist in the evaluation of director, CEO or executive officer compensation, including the sole authority to approve the consultant's fees and other retention terms.
- The Committee shall have the authority to obtain advice and assistance from any officer or employee of the Corporation or from any outside legal expert or other advisor.
- The Committee may request that members of management or outside consultants and advisors of the Committee, be present to assist the Committee in performing its duties.
- Minutes of each meeting will be kept and distributed to the entire Committee.
- The Committee may form, and where legally permissible may delegate authority to, subcommittees when the Committee deems it appropriate or desirable to facilitate the operation or administration of the plans or programs. Where legally permissible, the Committee may also delegate authority to committees consisting of employees when the Committee deems it appropriate or desirable for the efficient administration of employee compensation and benefit plans.