

**ORE PHARMACEUTICAL HOLDINGS INC.**  
**AUDIT COMMITTEE CHARTER**

**PURPOSE AND POLICY**

1. The purpose of the Audit Committee is to represent and assist the Board of Directors in its general oversight of the Company's accounting and financial reporting processes, audits of the financial statements, and internal control and audit functions. Management is responsible for (a) the preparation, presentation and integrity of the Company's financial statements; (b) accounting and financial reporting principles; and (c) the Company's internal controls and procedures designed to promote compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards.
2. The Audit Committee members are not professional accountants or auditors and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm, nor can the Committee certify that the independent registered public accounting firm is "independent" under applicable rules. The Audit Committee serves a board level oversight role to oversee the relationship with the independent registered public accounting firm, as set forth in this charter, and provide advice, counsel and general direction, as it deems appropriate, to management and the independent registered public accounting firm on the basis of the information it receives, discussions with the independent registered public accounting firm, and the experience of the Committee's members in business, financial and accounting matters.

**COMPOSITION AND ORGANIZATION**

3. The members and the chairman of the Audit Committee will be appointed each year by the Board and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. At least one member of the Committee should be an "audit committee financial expert" as defined under applicable law and regulations.
4. Appointment to the Committee, including the designation of the Chair of the Committee and the designation of any Committee members as "audit committee financial experts", shall be made on an annual basis by the full Board upon recommendation of the Nominating Committee.
5. The Committee shall meet at least quarterly and otherwise at such times and places as the Audit Committee shall determine. The Audit Committee shall meet in executive session with the independent registered public accounting firm and management

periodically. The Committee shall maintain minutes of each meeting and provide them to all members of the Board, and shall report on matters considered at Committee meetings to the Board at the next quarterly Board meeting. The Chairman of the Audit Committee is to be contacted directly by the independent registered public accounting firm (1) to review items of a sensitive nature that can impact the accuracy of financial reporting or (2) to discuss significant issues relative to the overall Board responsibility that have been communicated to management but, in their judgment, may warrant follow-up by the Audit Committee.

6. The operation of the Audit Committee shall be subject to the Bylaws of the Company as in effect from time to time and Section 141 of the Delaware General Company Law.

## **RESPONSIBILITIES**

The Audit Committee:

- 7. Is directly responsible for the appointment, replacement, compensation, and oversight of the work of the independent registered public accounting firm, including resolution of disagreements between management and the independent registered public accounting firm regarding final reporting for the purpose of preparing or issuing an audit report or related work. The independent registered public accounting firm shall report directly to the Audit Committee. With respect to the independent registered public accounting firm, the Committee shall:

(7a) annually appoint the independent registered public accounting firm;

(7b) establish policies and procedures for the review and pre-approval by the Committee of all auditing services and permissible non-audit services (including the fees and terms thereof) to be performed by the independent registered public accounting firm (including the receipt of certain disclosure, documentation and discussion of non-prohibited tax services by the independent registered public accounting firm based on PCAOB Rule 3524), with exceptions provided for within specified limits under certain circumstances as described by law, and shall review and approve the audit scope and fees and terms of engagement of the independent registered public accounting firm, consistent with the Committee's policies;

(7c) at least annually receive from the independent registered public accounting firms a formal written statement describing: the independent registered public accounting firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the independent registered public accounting firms, or by any inquiry or investigation by governmental or professional authorities, within the preceding 5 years, respecting one or more independent audits carried out by the independent registered public accounting firm, and any steps taken to deal with any such issues; and (to assess the registered public accounting firms' independence) all

relationships between the independent registered public accounting firm and the Company, including each non-audit service provided to the Company, and the matters set forth in Independence Standards Board No. 1 and discuss with the independent registered public accounting firm any disclosed relationships or services that may impact the quality of the audit services or the independent registered public accounting firm's objectivity and independence

(7d) review and evaluate the qualifications, performance and independence of the independent registered public accounting firm and of the independent registered public accounting firm's lead partner, taking into account the opinions of management;

(7e) discuss with management the timing and process for implementing the rotation of the lead audit partner and the reviewing partner and consider whether there should be a regular rotation of the audit firm itself

- 8. Reviews with management and the independent registered public accounting firm the annual financial statements and quarterly financial statements and other financial reporting matters, including:

(8a) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";

(8b) significant transactions, which are not a normal part of the Company's operations;

(8c) the selection, application and disclosures of critical accounting policies and any major issues regarding accounting principles and financial statement presentations, including any significant changes in the company's selection or application of accounting principles;

(8d) significant adjustments proposed by the independent registered public accounting firm, including any such adjustments not made;

(8e) analyses prepared by management and/or the independent registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;

(8f) the effect of any regulatory initiatives expected to have a significant effect on the Company's financial structure, as well as off-balance sheet structures on the company's financial statements;

(8g) the matters required to be discussed with the independent registered public accounting firm by Statement of Auditing Standards No. 61, "Communications With Audit Committees" including the quality, not just the acceptability, of the

accounting principles and underlying estimates used in the audited financial statements;

(8h) any difficulties encountered by the independent registered public accounting firm in the course of the audit work, including any restriction on the scope of their activities or on access to requested information, and any significant disagreements with management;

(8i) instances where management has obtained second opinions from other independent registered public accounting firms, any accounting adjustments that were noted or proposed by the independent registered public accounting firms but were “passed” (as immaterial or otherwise), and any communications between the audit team and the independent registered public accounting firm’s national office regarding auditing or accounting issues presented by the engagement;

(8j) any management or internal control letter issued, or proposed to be issued, by the independent registered public accounting firm and management’s response thereto;

(8k) discussion of earnings press releases, as well as the types of financial information and earnings guidance (if any) provided to analysts;

(8l) discussion of guidelines and policies governing the process by which senior management assesses and manages the Company’s exposure to financial risk, and the Company’s major financial risk exposures and the steps management has taken to monitor and control such exposures.

- 9. Discusses with management and the independent registered public accounting firm quarterly earnings press releases, including the interim financial information and any financial forecasting included therein.
- 10. Reviews and has prior-approval authority for related-party transactions.
- 11. Reviews and discusses with management each year, subject to quarterly monitoring as to effectiveness:

(11a) the adequacy and effectiveness of the Company’s internal controls (including any significant deficiencies and significant changes in internal controls reported to the Committee by the independent registered public accounting firm or management);

(11b) the Company’s internal audit procedures;

(11c) any significant internal fraud issues and

(11d) the adequacy and effectiveness of the Company's disclosures controls and procedures, and management reports thereon.

- 12. Reviews matters related to the corporate compliance activities (including anti-fraud programs and controls as well as ethics programs) of the Company.
- 13. Establishes and implements 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 employees of concerns regarding questionable accounting or auditing matters.
- 14. Sets clear hiring practices for employees or former employees of the independent public accounting firm to ensure compliance with applicable laws and SEC regulations and stock exchange listing standards.
- 15. Approves the Audit Committee Report required by the rules of the Securities and Exchange Commission to be included in the Company's Annual Report on Form 10-K.
- 16. When appropriate, designates one or more of its members to perform certain of its duties on its behalf, subject to such reporting to or ratification by the Committee as the Committee shall direct.

#### **PERFORMANCE EVALUATION**

17. The Committee shall produce and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The performance evaluation shall also recommend to the Board any improvements to the Committee's charter deemed necessary or desirable by the Committee. The performance evaluation shall be conducted in such manner as the Committee deems appropriate, and may be a written or oral report.

#### **DELEGATION TO SUBCOMMITTEE**

18. The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee consisting of one or more members of the Committee.

#### **RESOURCES AND AUTHORITY**

19. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of independent counsel and other advisors, including outside independent registered public accounting firms for special audits, reviews and other procedures, as it deems appropriate, without seeking the approval of the Board or management.