

**PHARMATHENE, INC.
BOARD OF DIRECTORS**

AUDIT COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of PharmAthene, Inc. (the “Company”) in undertaking and fulfilling its oversight responsibilities in connection with: (a) reviewing the financial reports and other financial information prepared by the Company for submission to any governmental or regulatory body or the public and monitoring the integrity of such financial reports; (b) reviewing the Company’s systems of internal controls established for finance, accounting, legal compliance and ethics; (c) reviewing the Company’s accounting and financial reporting processes generally and the audits of the financial statements of the Company; (d) monitoring compliance with legal regulatory requirements; (e) monitoring the independence and performance of the Company’s registered independent public accounting firm; and (f) providing effective communication between the Board, senior and financial management and the Company’s registered independent public accounting firm.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full power and all necessary resources to retain special legal, accounting or other consultants to advise the Committee.

II. MEMBERSHIP AND TERM

A. Membership

The Committee shall be comprised of at least the minimum number of members of the Board required by the rules of the NYSE Alternext US, LLC (“NYSE Alternext US”), or other exchange on which the Company’s common stock may be listed from time to time. Committee members shall meet the independence requirements set forth in the Listed Company Guide of the NYSE Alternext US, Section 10A(m)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations of the Securities and Exchange Commission (“Commission”). Accordingly,

1. Each member of the Committee must be an independent, non-executive director free from any relationship that, in the judgment of the Board, may interfere with the exercise of the member’s independence;
2. Each member of the Committee must not receive any payments from the Company other than in such member’s capacity as a director;
3. Each member of the Committee must be financially literate¹;

¹ The term “financial literacy” means that a member of the Committee must have the ability to read and understand fundamental financial statements, including a balance sheet, income statement and cash flow statement. The term “financial literacy” does not

4. Each member must not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the previous three years; and

5. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in such individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

B. Term

The members of the Committee shall be appointed for a one year term by the Board at its annual meeting. Any vacancy occurring in the Committee shall be filled by the Board. Any such Committee member so elected shall hold office for a term expiring at the Board's next annual meeting. Unless a Chairman of the Committee is designated by the Board, the members of the Committee will elect a Chairman by formal vote of the Committee's full membership.

III. RELATIONSHIP WITH INDEPENDENT ACCOUNTANTS

The Company's registered independent public accounting firm shall be accountable to the Committee, and the Committee shall have ultimate authority to select, evaluate and replace the Company's registered independent public accounting firm. The Committee will ascertain that the registered independent public accounting firm will be available to the full Board at least annually (and more frequently if deemed appropriate by the Committee) to provide the Board with a timely analysis of significant financial reporting issues. The Committee will not engage the registered independent public accounting firm to perform any services set forth in Section 10(A)(g) of the Exchange Act.

IV. MEETINGS

The Committee shall meet at such times and from time to time as it deems to be appropriate, but not less than quarterly. Meetings of the Committee may be held upon the call of any Committee member by mailing a written notice stating the day, hour and geographic location, if any, of such meeting, to each Committee member at his or her last known post office address, by causing the same to be delivered personally or by transmitting such notice by telegram, overnight courier service, telephone or e-mail, to each Committee member, in any case, at least two days before the meeting. Notice may be waived in writing before or after the time of such meeting, and attendance of a Committee member at a meeting shall constitute a waiver of notice thereof. Neither the business to be transacted at, nor the purpose of, any meeting need be specified in the notice of such meeting. Members of the Committee may attend a meeting by telephone conference.

mean that a member must have a chief financial officer's or accounting practitioner's understanding of generally accepted accounting principles, consistently applied, as adopted in the United States of America by the Financial Accounting Standards Board ("GAAP").

The Committee may request any officer or employee of the Company or the Company's outside counsel or registered independent public accounting firm to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Minutes of each meeting of the Committee shall be reduced to writing. Except as otherwise provided by statute or this Charter, a majority of the incumbent members of the Committee shall be required to constitute a quorum for the transaction of business at any meeting, and the act of a majority of the Committee members present and voting at any meeting at which a quorum is present shall be the act of the Committee. The Committee shall report to the Board at the first Board meeting following each such Committee meeting. The Committee may also act by unanimous written consent without a meeting. As part of its job to foster open communication, the Committee should meet, whenever deemed appropriate by the Committee, with management and the registered independent public accounting firm in separate sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee should meet with the registered independent public accounting firm and management quarterly to review the Company's financial statements and related materials as described below.

V. RESPONSIBILITIES

The following functions are the common recurring activities of the Committee in carrying out its oversight role. These functions are set forth as a guide with the understanding that the Committee may diverge from this guide as appropriate given the circumstances.

1. Review and reassess the adequacy of this Committee and its Charter not less than annually and recommend any proposed changes to the Board for consideration and approval.

2. Hold such regular meetings as may be necessary and such special meetings as may be called by the Chairman of the Committee or at the request of the registered independent public accounting firm or management.

3. Review with management and the registered independent public accounting firm the audited financial statements and related footnotes and the clarity of the disclosures in the financial statements, including a review of major issues regarding accounting and auditing principles and practices and any related party transactions as well as the adequacy of internal controls that could significantly affect the Company's financial statements, and review and consider with the registered independent public accounting firm the matters required to be discussed by Statement on Auditing Standards ("SAS") 61.

4. Review with management and the registered independent public accounting firm their judgments about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity and transparency of the disclosures in the financial statements.

5. Prepare the report required by the rules of the Securities and Exchange Commission of public company Audit Committees to be delivered to the Board of Directors.

6. Discuss with the registered independent public accounting firm and

management whether the Company's quarterly financial statements as well as significant events, transactions and changes in accounting estimates were considered by the registered independent public accounting firm (after performing their required quarterly review) to have affected the quality of the Company's financial reporting.

7. Review the Company's earnings press releases, if any, including the use of "pro-forma" or "adjusted" non-GAAP information (subject to compliance with law and applicable Commission rules, including Regulation G), as well as other publicly disclosed financial information and earnings guidance, and discuss any of the foregoing with management to the extent desired by any member of the Committee. Such discussion may be general in nature (consisting of discussing the types of information to be disclosed and the types of presentations to be made).

8. Meet periodically with management and the registered independent public accounting firm to review the Company's major financial risk exposures and the steps taken to monitor and control such exposures.

9. Discuss with management and the registered independent public accounting firm the effect of regulatory and accounting initiatives, including pronouncements by the Financial Accounting Standards Board, the Securities and Exchange Commission and other agencies or bodies, on the Company's financial statements.

10. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

11. Review any relevant financial reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the registered independent public accounting firm.

12. Review and discuss quarterly reports from the registered independent public accounting firm regarding:

(a) all critical accounting policies and practices to be used;

(b) all alternative disclosures and treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the registered independent public accounting firm; and

(c) other material written communications between the registered independent public accounting firm and management, such as any management letter or schedule of unadjusted differences.

13. Obtain from the registered independent public accounting firm its

recommendation regarding internal controls and other matters relating to the accounting procedures and the books and records of the Company and the correction of controls deemed to be deficient. After the completion of the audit, the Committee shall review with the registered independent public accounting firm any problems or difficulties the registered independent public accounting firm may have encountered.

14. Receive a formal written statement from the registered independent public accounting firm regarding relationships between the registered independent public accounting firm and the Company, consistent with Independence Standards Board Standard Number 1. The Committee shall also discuss with the registered independent public accounting firm any such disclosed relationships and their impact on the registered independent public accounting firm's objectivity and independence. The Committee shall take appropriate action to ensure the continuing objectivity and independence of the registered independent public accounting firm.

15. The Committee shall have the sole authority to appoint or replace the registered independent public accounting firm (subject, if applicable, to stockholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the registered independent public accounting firm (including resolution of disagreements between management and the registered independent public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The registered independent public accounting firm shall report directly to the Committee.

16. The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees for such services and terms thereof) to be performed for the Company by its registered independent public accounting firm in one of two methods. Under the first method, the engagement to render the services would be entered into pursuant to pre-approval policies and procedures established by the Committee, provided (i) the policies and procedures are detailed as to the services to be performed, (ii) the Committee is informed of each service, and (iii) such policies and procedures do not include delegation of the Committee's responsibilities under the Securities Exchange Act of 1934 to the Company's management. Under the second method, the engagement to render the services would be presented to and pre-approved by the Committee (subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the Committee prior to the completion of the audit). The Chairman of the Committee will have the authority to grant pre-approvals of audit and permissible non-audit services by the registered independent public accounting firm, provided that all pre-approvals by the Chairman must be presented to the full Committee at its next scheduled meeting. The Company will provide for appropriate funding as determined by the Committee, for payment of compensation to the registered independent public accounting firm, to any consultants, experts or advisors engaged by the Committee and ordinary administrative expenses that are necessary to carry out the duties of the Committee.

17. Adopt 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.

18. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law. Consider whether, in order to assure the continuing independence of the Company's registered independent public accounting firm, it is appropriate to adopt a policy of rotating the registered independent public accounting firm itself on a regular basis.

19. Recommend to the Board policies for the Company's hiring of employees or former employees of the registered independent public accounting firm who participated in any capacity in the audit of the Company.

20. Review with the Company's general counsel legal matters that may have a material impact on the financial statements, the Company's compliance policies and any material reports or inquiries received from regulators or governmental agencies.

21. Review and approve any transactions between the Company and related parties.

22. Conduct or authorize investigation into any matters within the Committee's scope of responsibilities with full access to all books, records, facilities and personnel of the company and direct access to the registered independent public accounting firm. The Committee has the ability to retain, at the Committee's request, special legal, accounting or other consultants, experts or advisors it deems necessary in the performance of its duties.

23. Consider such other matters in relation to the financial affairs of the Company and its accounts, and in relation to the audit of the Company, as the Committee may, in its discretion, determine to be advisable.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with the generally accepted accounting principles. This is the responsibility of management and the registered independent public accounting firm.

The Committee recognizes that the Company's management is responsible for preparing the Company's financial statements, and the registered independent public accounting firm are responsible for auditing or reviewing those financial statements in compliance with applicable law. The Committee also recognizes that management of the Company and the registered independent public accounting firm have more time, knowledge and more detailed information on the Company than do Committee members.

Consequently, in carrying out its oversight responsibility, the Committee will not provide any special assurances as to the Company's financial statements or any professional certification as to the registered independent public accounting firm's work. In addition, it is not the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management

and the registered independent public accounting firm, or to assure compliance with laws and regulations.