

PERNIX THERAPEUTICS HOLDINGS, INC.

CHARTER OF THE AUDIT COMMITTEE

EFFECTIVE MARCH 3, 2017

1. **Purpose; Limitations on Duties.** The purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Pernix Therapeutics Holdings, Inc. (the “*Company*”) is to assist the Board with oversight of the Company’s accounting and financial reporting processes, including but not limited to: (a) its audit program; (b) the integrity of its financial statements; (c) the review and assessment of the qualifications and independence of the Company’s independent registered public accounting Firm (the “*Accounting Firm*”); and (d) the preparation of reports required of the Committee under the rules of the Securities and Exchange Commission (“*SEC*”). The Committee is also responsible for overseeing the establishment of effective internal controls and procedures intended to ensure the Company’s compliance with relevant accounting standards, financial reporting procedures and applicable laws and regulations.

While the Committee has the responsibilities and powers set forth in this Charter, its primary function is to serve as an oversight body; it is not the duty of the Committee to plan or conduct audits or to determine that the Company’s financial statements and disclosures are complete and accurate and prepared in accordance with U.S. generally accepted accounting principles (“*GAAP*”) and other applicable rules and regulations. These are the responsibilities of management and the Accounting Firm.

2. **Membership; Appointment; Expertise and Independence.** The Committee will consist of three or more directors, each of whom must satisfy the independence and experience requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), any rules and regulations promulgated thereunder by the SEC, and the listing rules of The NASDAQ Stock Market LLC (“*NASDAQ*”). Committee appointment is also subject to any phase-in or cure period rules that may be applicable, as well as the Company’s independence guidelines, if any.

The members of the Committee will be appointed by and serve at the discretion of the Board based on recommendations from the Nominating Committee of the Board. The Board may designate a Committee Chairperson. If the Board does not designate a Committee Chairperson, the members of the Committee may designate a Committee Chairperson by majority vote of the full Committee. The Board may remove a Committee member as Committee Chairperson at any time, from time to time, at its discretion.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that demonstrates financial sophistication. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of

audit committee financial expert will also be presumed to have financial sophistication. In addition, no member of the Committee may have participated in the preparation of financial statements for the Company or any current subsidiary of the Company during the past three years.

3. **Specific Responsibilities and Duties.** The Board delegates to the Committee the express responsibility and authority to do the following:

3.1 **Independent Registered Public Accounting Firm**

- (a) **Selection; Fees.** Be solely and directly responsible for appointment of the Accounting Firm, including but not limited to its retention, compensation, evaluation and oversight (including, without limitation, resolution of disagreements between management and the Accounting Firm regarding financial reporting). The Accounting Firm shall report directly to and be ultimately accountable to the Committee. The Accounting Firm shall prepare and issue audit reports and perform audit, review and attest services for the Company, as requested, under the oversight of the Committee. The Committee shall have the ultimate authority to approve the Accounting Firm's audit engagement fees and terms, with the costs of all engagement to be borne by the Company. When appropriate, the Committee has the authority to terminate and replace the Accounting Firm.
- (b) **Audit Team.** Review the experience and qualifications of the senior members of the Accounting Firm.
- (c) **Scope of Audit.** Review, evaluate and approve the annual engagement proposal of the Accounting Firm (including the proposed scope and approach of the annual audit).
- (d) **Lead Audit Partner Review, Evaluation and Rotation.** Review and evaluate the lead partner of the Accounting Firm. Ensure that the lead audit partner having primary responsibility for the audit and the reviewing audit partner of the Accounting Firm are rotated at least every five years.
- (e) **Pre-Approval of Audit and Non-Audit Services.** Pre-approve all auditing services and all non-audit services permitted to be performed by the Accounting Firm. Such pre-approval may be given as part of the Committee's approval of the scope of the engagement of the Accounting Firm or on an engagement-by-engagement basis or pursuant to pre-established policies. In addition, the authority to pre-approve non-audit services may be delegated by the Committee to one or more of its members, but such member's or members' non-audit service approval decisions must be reported to this full Committee at its next regularly scheduled meeting.

- (f) **Quality Control and Determination of Independence.**
- (i) **Performance and Independence Evaluation.** Evaluate annually the qualifications, performance and independence of the Accounting Firm.
 - (ii) **Annual Report.** On an annual basis, obtain and review a report by the Accounting Firm that describes: (1) Accounting Firm’s internal quality control procedures; (2) all relationships between the Accounting Firm and the Company or any of its subsidiaries; (3) any material issues raised by: (a) the Accounting Firm’s most recent internal quality control review; (b) peer review or Public Company Accounting Oversight Board review; (c) any inspection of the Accounting Firm or any other inquiry or investigation by governmental or professional authorities in the past five years regarding one or more audits carried out by the Accounting Firm, noting all steps taken to deal with any such issues.
 - (iii) **Engage in Active Dialogue.** Actively engage in a dialogue with the Accounting Firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the Accounting Firm and take, or recommend that the Board take, appropriate action to oversee the independence of the Accounting Firm.
- (g) **Review Issues.** Timely review with the Accounting Firm any audit problems or difficulties that the Accounting Firm may have encountered in the course of its audit work, as well as management’s responses to such problems and/or difficulties, including but not limited to: (i) any restrictions on the scope of activities or access to requested information; and (ii) any significant disagreements with Management. Review with the Accounting Firm: (i) any accounting adjustments that were noted or proposed by the Accounting Firm but that were “passed” (as immaterial or otherwise), (ii) any communications between the audit team and the Accounting Firm’s national office respecting auditing or accounting issues presented by the engagement, (iii) any “management” or “internal control” letter or schedule of unadjusted differences issued, or proposed to be issued, by the Accounting Firm to the Company, and (iv) any other material written communication provided by the Accounting Firm to the Company’s management.
- (h) **Related-Party Transactions.** On an ongoing basis, review all proposed related-party transactions for potential conflict-of-interest situations and approve (or not approve) such proposals in the Committee’s discretion in accordance with the standards set forth in the Company’s Related Party Transaction Policy.

- (i) **Related-Party Information and the Audit.** Keep the Accounting Firm informed of the Committee’s understanding of the Company’s relationships and transactions with related parties that are significant to the Company, and review and discuss the Accounting Firm’s evaluation of the Company’s identification of, accounting for, and disclosure of its relationships and transactions with related parties, including any significant matters arising from audits of the Company’s relationships and transactions with related parties.

3.2 **Financial Reporting.**

- (a) **Annual Financials.** Review and discuss the following with Management and the Accounting Firm: (i) the Company’s annual audited financial statements (including, without limitation, the Company’s disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”); (ii) the form of audit opinion to be issued by the Accounting Firm on the audited financial statements; (iii) any unusual or non-recurring items; (iv) the nature and substance of significant reserves; (v) the adequacy of internal controls; and (vi) other matters that the Committee deems material, prior to the public release of such information. Obtain from the Accounting Firm assurance that the annual financial audit was conducted in a manner consistent with Section 10A of the Exchange Act. Recommend to the Board whether the annual audited financial statements should be included in the Company’s Annual Report on Form 10-K.
- (b) **Quarterly Financials.** Prior to the public release of such information, review and discuss the following with Management and the Accounting Firm: (i) the Company’s quarterly financial statements (including, without limitation, the Company’s disclosure under “Management’s Discussion and Analysis of Financial Condition and Results of Operations”); (ii) the results of the Accounting Firm’s reviews of the quarterly financial statements; and (iii) other matters that the Committee deems material.
- (c) **Accounting Principles.** Review material accounting principles applied in financial reporting, including any material changes from principles followed in prior years and any items required to be communicated by the Accounting Firm with Management and the Accounting Firm.
- (d) **Judgments.** In the Committee’s discretion, review reports prepared by Management or by the Accounting Firm relating to significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements.
- (e) **Press Releases.** In the Committee’s discretion, discuss earnings press releases with Management (including the type and presentation of

information to be included in earnings press releases), as well as financial information and earnings guidance provided to analysts and rating agencies.

- 3.3 **Risk Management.** Oversee policies, if any, with respect to risk assessment and risk management. In the Committee's discretion, periodically discuss the Company's plans or processes to monitor, control and minimize corporate risks and exposures (including with respect to information technology and cybersecurity) with the Company's General Counsel and Chief Financial Officer, external legal counsel, insurance advisors and the Accounting Firm.
- 3.4 **Financial Reporting Processes; Chief Executive Officer and Chief Financial Officer Certifications.**
- (a) **Internal and External Controls.** In consultation with the Accounting Firm and the Company's financial and accounting personnel, review the integrity, adequacy and effectiveness of the Company's financial reporting processes, internal control over financial reporting and disclosure controls and procedures. Assess significant deficiencies or material weaknesses that have been identified in the design or operation of, and any material changes in, the Company's processes, controls and procedures and any special audit steps adopted in light of any material control deficiencies. Review and oversee responsive activities related to allegations of fraud involving Management or other employees with a significant role in such processes, controls and procedures.
- (b) **Reports from independent registered public accounting firm.** Obtain and review timely reports from the Accounting Firm regarding:
- (i) all critical accounting policies and practices to be used by the Company;
- (ii) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Accounting Firm; and
- (iii) all other material written communications between the Accounting Firm and management, including any management letter or schedule of unadjusted differences.
- (c) **Control Disclosure and CEO and CFO Certifications.** Review and discuss with Management and the Accounting Firm any disclosures that relate to: (i) the Company's financial reporting processes; (ii) internal control over financial reporting and disclosure controls and procedures; (iii) the Accounting Firm's report on the effectiveness of the Company's

internal control over financial reporting; and (iv) the required management certifications to be included in or attached as exhibits to the Company's annual report on Form 10-K or quarterly report on Form 10-Q, as applicable.

3.5 **Legal and Regulatory Compliance.**

- (a) **SEC Report.** Prepare, or cause the preparation of, and approve the annual report of the Committee included in the Company's proxy statement as required by the proxy rules under the Exchange Act.
- (b) **Reports from Others.** Obtain such reports from Management, the Accounting Firm, legal counsel, tax advisors and/or any regulatory agency as the Committee deems necessary regarding regulatory compliance, transactions with affiliates, and other legal matters that may have a material effect on the Company's financial statements as well as consideration of those matters in preparing the financial statements.
- (c) **Code of Ethics; Waivers.** Approve and monitor the Company's compliance with its Code of Business Conduct and Ethics, approving in advance any amendments to it or waivers of it for directors, executive officers and senior financial officers.
- (d) **Complaints.** Establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.
- (e) **General Compliance.** Review the Company's compliance with applicable laws and regulations, and review and oversee the Company's policies, procedures and programs designed to promote and monitor legal, ethical and regulatory compliance.

3.6 **Annual Evaluation of Committees and Charter.**

- (a) **Evaluation of the Committee.** Annually evaluate the performance of the Committee.
- (b) **Review and Publication of this Charter.** Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board, as appropriate, and publish this Charter as required by applicable law.

4. Reports to Board; Meetings; Minutes.

- 4.1 **Recommendations; Reports.** The Committee shall regularly report to the Board on the Committee's activities and make appropriate recommendations to the Board.
- 4.2 **Executive Sessions.** The Committee may meet with the Accounting Firm, internal auditors (or other personnel responsible for the Company's internal audit function) and Management in separate executive sessions with such frequency as it determines to discuss any matters that the Committee or these groups believe should be discussed privately.
- 4.3 **Meetings.**
- (a) In order to discharge its responsibilities, the Committee shall meet as often as it determines is necessary to carry out its responsibilities, but in no event, less than annually.
 - (b) The Committee Chairperson or a majority of the members of the Committee may call meetings of the Committee that are outside of the schedule of meetings established by the Committee.
 - (c) Any one or more of the members of the Committee may participate in a meeting of the Committee by means of conference call or similar communication device through which all persons participating in the meeting can hear each other.
- 4.4 **Agenda.** The Chairperson of the Committee will be responsible for establishing the agendas for meetings of the Committee. An agenda, together with materials relating to the subject matter of each meeting, will be sent to members of the Committee prior to each meeting.
- 4.5 **Action of the Committee.** Except as otherwise provided by statute, a majority of the members of the Committee shall represent a quorum of the Committee for the transaction of business at any meeting. Formal action to be taken by the Committee shall be by unanimous written consent or by the affirmative vote of at least a majority of the members of the Committee present (in person or by telephone conference call) at a meeting at which a quorum is present, unless the concurrence of a greater proportion is required for such action by the Company's bylaws or any other applicable policy or procedure approved by the Board.
- 4.6 **Minutes.** Minutes for all meetings of the Committee will be prepared to document the Committee's discharge of its responsibilities. The minutes will be circulated in draft form to all Committee members to ensure an accurate final record, will be approved at a subsequent meeting of the Committee and will be distributed periodically to the full Board.

5. **Subcommittees.** Subject to applicable law and NASDAQ rules, the Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion. Subject to applicable law and NASDAQ rules, the Chair may represent the entire Committee, as a subcommittee, with respect to functions of the Committee undertaken between meetings. Any actions of a subcommittee shall be presented to the full Committee at its next scheduled meeting.
6. **Advisors and Counsel; Reliance; Investigations; Cooperation.**
 - 6.1 **Retention of Advisors and Counsel.** The Committee has the power, in its sole discretion, to obtain advice and assistance from, and to retain at the Company's expense, such independent legal counsel, accounting or other advisors and experts as it determines necessary or appropriate to carry out its duties as determined by the Board.
 - 6.2 **Administrative Expenses.** The Committee may determine the level and cost of ordinary administrative expenses necessary or appropriate in carrying out its duties, with such costs to be borne by the Company.
 - 6.3 **Reliance Permitted.** The Committee shall act in reliance on Management, the Accounting Firm, internal auditors (or other personnel responsible for the Company's internal audit function), and advisors and experts, as it deems necessary or appropriate.
 - 6.4 **Investigations.** The Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.
 - 6.5 **Required Participation of Employees.** The Committee shall have unrestricted access to the Company's employees, the Accounting Firm, internal auditors (or other personnel responsible for the Company's internal audit function) and internal and external legal counsel, and may require any employee or representative of the Company to attend meetings of the Committee or to meet with any members of the Committee or any representative of the Committee's counsel, advisors or experts.
7. **Rules and Procedures.** Except as expressly set forth in this Charter or the Company's Bylaws, or as otherwise provided by law or the rules of NASDAQ, the Committee shall establish its own rules and procedures.