

AVENUE THERAPEUTICS, INC. AUDIT COMMITTEE CHARTER

I. Purpose and Authority

The Audit Committee (the “Committee”) is a committee appointed by the Board of Directors of Avenue Therapeutics, Inc. (the “Company”). Its primary function is to assist the Board of Directors in overseeing (1) the accounting and financial reporting processes of the Company, and (2) the audits of the financial statements of the Company.

The Committee also prepares a written report to be included in the annual proxy statement of the Company pursuant to the applicable rules and regulations of the Securities and Exchange Commission (the “SEC”).

In furtherance of these purposes, the Committee shall maintain direct communication among the Company’s independent auditors and the Board of Directors. The independent auditors and any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit review or attest services for the Company shall report directly to the Committee and are ultimately accountable to the Committee and the Board of Directors.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company. The Committee shall have the sole authority to retain at the Company’s expense outside legal, accounting or other advisors to advise the Committee and to receive appropriate funding, as determined by the Committee, from the Company for the payment of the compensation of such advisors and for the payment of ordinary administrative expenses of the Committee that are necessary to carry out its duties. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditors to attend a meeting of the Committee or to meet with any member of, or advisors to, the Committee. The Committee may also meet with the Company’s investment bankers or financial analysts who follow the Company.

II. Composition of the Committee

The Board of Directors shall appoint the members of the Committee. The membership of the Committee shall be governed by the following requirements:

- It must consist of at least three members of the Board of Directors, all of whom shall meet the independence and experience requirements in accordance with applicable laws, including the rules and regulations of the Nasdaq Stock Market (“Nasdaq”) or such other exchange on which shares of the common stock of the Company are traded, Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”) and all other applicable rules and regulations of the SEC.
- No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.

- At least one member of the Committee shall be an “audit committee financial expert” within the meaning set forth by the rules of the SEC.
- Each member 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 any other comparable experience or background which results in such member’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.

The Chairman of the Committee shall be designated by the Board of Directors. In the absence of the Chairman, the members of the Committee may designate a chairman by majority vote. The Board of Directors may, at any time, remove one or more directors as members of the Committee. The Board of Directors may designate one or more members of the Board as alternative members of the Committee, who may replace any absent or disqualified member or members at any meetings of the Committee. In addition, no person may be made a member of the Committee if his or her service on the Committee would violate any restrictions imposed by any rules of the SEC, Nasdaq or any other exchange on which shares of the common stock of the Company are traded.

III. Meetings of the Committee

The Committee shall meet no less frequently than four times per year, with additional meetings as circumstances warrant. The Committee shall also meet periodically with management, the internal auditors, if any, and the independent auditors in separate executive sessions. The Committee shall record the minutes of all such meetings and shall submit the minutes of its meetings to, or discuss the matters deliberated at each meeting with, the Board of Directors. The Company’s chief financial or accounting officer shall function as the management liaison officer to the Committee.

IV. Responsibilities of the Committee

A. Document/Report Review

1. Review and reassess the adequacy of the Audit Committee Charter and the performance of the Committee at least annually, and update the Audit Committee Charter as conditions dictate.
2. Review and discuss with management and the independent auditors the Company’s annual and quarterly financial statements and related footnotes and any reports or other financial information submitted to the Company’s stockholders, any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditors.

3. Meet no less than quarterly with financial management and with the independent auditors to discuss:

a. The annual audited financial statements and the quarterly financial statements prior to any SEC filings, including, in each case, a review of the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

b. The type and presentation of information included in press releases of unaudited interim and annual financial results, including, without limitation, the use of "pro forma" or other "adjusted" financial information not prepared in accordance with generally accepted accounting principles.

c. The type and presentation of financial information and earnings guidance provided to analysts and ratings agencies.

4. Recommend to the Board of Directors whether or not the Company should include its financial statements in its annual report on Form 10-K, based on the Committee's review of the Company's financial statements, its discussions with the independent auditors of the Company's accounting practices and its discussions with the outside auditor concerning independence of the outside auditor.

5. Disclose, as required by the applicable securities laws, in the Company's proxy statement or annual report on Form 10-K, the formal written report of the Committee and all other required information concerning the Committee and its function.

6. Review, in consultation with management, the Company's policies with respect to risk assessment and risk management.

7. Discuss, prior to any public release or filing, the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

B. *Independent Auditors*

1. In the Committee's sole discretion, control the retention, compensation, evaluation and oversight of the independent auditors, considering their independence and effectiveness, and determine the fees and other compensation to be paid to the independent auditors.

2. Advise the independent auditors that they are ultimately accountable to the Board of Directors and the Committee, as representatives of the stockholders.

3. On an annual basis, receive from the independent auditors the formal written disclosure and letter required by Independence Standards Board Standard No. 1, and discuss with the independent auditors all significant relationships the auditors have with the Company that may impact the objectivity and independence of the independent auditor.

4. Review with the independent auditors at a time when the annual audit plan is being developed, the plan's timing, scope, staffing, locations, foreseeable issues, priorities and procedures and help to coordinate the execution of the plan.

5. Take appropriate action to oversee the independence of the independent auditors, including review and approval of any terms of any audit or non-audit engagements with the independent auditors.

6. Review the performance of the independent auditors and recommend discharge of the independent auditors when circumstances warrant.

7. Periodically consult with the independent auditors, out of the presence of management, about (a) the adequacy and effectiveness of the Company's internal controls, (b) the fullness and accuracy of the organization's financial statements, (c) the adequacy and effectiveness of the Company's disclosure controls and procedures, (d) the Company's internal audit procedures, and (e) any related significant findings and recommendations of the independent auditors together with management's responses thereto.

8. At least annually, obtain, review, and report to the full Board of Directors the results of the Committee's review of a report from the independent auditors describing (a) the independent auditors' internal quality control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditors or by any inquiry or investigation by governmental or professional authorities within the preceding five years concerning any of the independent audits carried out by the independent auditors, as well as the steps taken to deal with such issues, and (c) all relationships between the Company and the independent auditors.

9. Obtain from the independent auditors assurance that Section 10A(b) of the Exchange Act has not been implicated.

10. Establish clear hiring policies relating to the retention by the Company of current or former employees of the independent auditors.

C. Financial Reporting Processes

1. In consultation with the independent auditors, review the integrity of the Company's internal and external financial reporting processes.

2. Consult with the independent auditors and management about the independent auditors' judgments concerning not only the acceptability, but also the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.

3. Consider and approve, if appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors or management.

D. Process Improvement

1. Establish regular and separate systems of reporting to the Committee by each of management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgment.
2. Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and any other matters related to the conduct of the audit that are to be communicated to the Committee under generally accepted auditing standards.
3. Review any significant disagreement among management and the independent auditors in connection with the preparation of the financial statements.
4. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee).
5. Report annually to the Board of Directors, after the close of each fiscal year but prior to the Company's annual meeting of stockholders, as well as on any other appropriate occasion, any material issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the performance and independence of the independent auditors, the performance of the internal audit function, if any, and whatever else the Committee deems appropriate.

E. Ethical and Legal Compliance

1. Establish, review and update periodically a code of ethical conduct and ensure that management has established a system to enforce this code.
2. Review management's monitoring of the Company's compliance with the Company's code of ethical conduct, and ensure that management has the proper review system in place to ensure that the Company's financial statements, reports and other financial information disseminated to governmental organizations and the public satisfy legal requirements.
3. Establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, and auditing matters, and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
4. Conduct an appropriate review of all related party transactions for potential conflict of interest situations in accordance with the Company's Management Policy on Related Person Transactions, and approve all related party transactions. For purposes hereof, the term

“related party transaction” shall refer to the transactions required to be disclosed pursuant to the SEC’s Item 404 of Regulation S-K.

5. Conduct or authorize investigations into any matters within the Committee’s scope of responsibilities and retain special independent legal, accounting or other advisors to advise the Committee as necessary to carry out its duties.

6. Review, with Company outside counsel, any legal matter that could have a significant impact on the Company’s financial statements.

7. Perform any other activities consistent with the Audit Committee Charter, the Company’s Bylaws and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

V. Limitation of Audit Committee’s Role

While the Committee has the responsibilities and powers set forth in this Audit Committee Charter, 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, accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. The foregoing is the responsibility of management.