

AUDIT COMMITTEE CHARTER

The board of directors (the “**Board**”) of the Intec Pharma Ltd. (the “**Company**”) has constituted and established an Audit committee (the “**Committee**”) with the authority, responsibility and specific duties as described in this Audit Committee Charter (this “**Charter**”).

I. PURPOSE

The primary purposes of the Committee are to:

- a. Oversee, on behalf of the Board, the accounting and financial reporting processes of the Company and the integrity of the Company’s financial statements;
- b. oversee, on behalf of the Board, the audits of the Company’s financial statements and the appointment, compensation, qualifications, independence and performance of any registered public accounting firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (each, an “**Independent Auditor**”);
- c. oversee, on behalf of the Board, the Company’s compliance with legal and regulatory requirements;
- d. identify irregularities in the management of the Company’s business (including without limitation, in conjunction with the internal auditor (the “**Internal Auditor**”) appointed pursuant to the Israel Companies Law, 5759-1999, as amended from time to time (the “**Companies Law**”), the Independent Auditor), and make recommendations to the Board to improve such practices;
- e. assist the Board in its oversight of (i) the integrity of the Company’s financial statements and other published financial information; (ii) the Company’s compliance with applicable financial and accounting related standards, rules and regulations; (iii) the selection, retention, or termination, subject to shareholder approval, of the Independent Auditor; (iv) the pre-approval of all audit, audit- related and all permitted non-audit services, if any, by the Independent Auditor, and the compensation therefor; and (v) the Company’s internal controls over financial reporting;
- f. determine whether to approve certain related party transactions or transactions in which a Board member or other Office Holder (as defined in the Companies Law) or a Controlling Shareholder (as defined in the Companies Law) has a personal interest and whether such transaction is material to the Company;
- g. if required, prepare any report that the rules of the U.S. Securities and Exchange Commission (“**SEC**”) require to be included, or that the Company otherwise elects to include, in the Company’s proxy statement for the annual meeting of the Company’s shareholders;
- h. perform any other responsibilities of the audit committee as shall be required under the Companies Law or other applicable law; and
- i. subject to applicable law, provide the Board with the results of its monitoring and recommendations derived from the foregoing.

In addition to the powers and responsibilities expressly delegated to the Committee in this Charter, the Committee may exercise any other powers and carry out any other responsibilities delegated to it by the Board from time to time consistent with the Company’s amended and restated Articles of Association. The powers and responsibilities delegated by the Board to the Committee in this Charter or otherwise shall be exercised and carried out by the Committee as it deems appropriate without requirement of Board approval, and any decision made by the Committee (including any decision to exercise or refrain from exercising any of the powers delegated to the Committee hereunder) shall be at the Committee’s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the Committee shall have and may exercise all the powers and authority of the Board. To the fullest extent permitted by applicable laws, the Committee shall have the power to determine which matters are within the scope of the powers and responsibilities delegated to it.

Notwithstanding the foregoing, the Committee’s responsibilities are limited to oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company’s financial statements as well as the Company’s financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The Independent Auditor is responsible for

performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and reviewing the Company's quarterly financial statements. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including those responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services and the Company's Independent Auditor) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

Further, auditing literature, particularly Statement of Accounting Standards No. 71, defines the term "review" to include a particular set of required procedures to be undertaken by Independent Auditors. The members of the Committee are not Independent Auditors, and the term "review" as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

Unless otherwise prescribed in this Charter, the rules and procedures applicable to the operation of the Board shall apply to the operation of the Committee with any necessary changes. Nothing herein is intended to expand applicable standards of liability under Israeli or U.S. federal law for directors of a corporation.

II. MEMBERSHIP

- a. The Committee shall consist of at least three members of the Board.
- b. Each Committee member shall be "independent" (or be subject to an applicable exception) as determined in accordance with applicable law, and specifically, satisfy the independence and other requirements to qualify as an "independent director" under Nasdaq Stock Market rules ("**Nasdaq Rules**"), the Sarbanes-Oxley Act of 2002 and the rules and regulations of SEC promulgated thereunder, and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended ("**Exchange Act**");
- c. Each Committee member shall be financially literate, as determined by the Board in its business judgment, and shall have the ability to read and understand fundamental financial statements (including a balance sheet, income statement and cash flow statement).
- d. Members of the Committee are not required to be engaged in the accounting and auditing profession and, consequently, some members may not be expert in financial matters, or in matters involving auditing or accounting. However, at least one member of the Committee shall have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background, consistent with Nasdaq Rules, which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities.
- e. At all times, at least one member of the Committee shall be an "audit committee financial expert," within the definition adopted by the SEC (as the same may be amended from time to time), who otherwise satisfies the applicable membership qualifications set forth in this Charter. If applicable and to the extent required by applicable law, rules or exchange requirements, the Company shall disclose in its periodic reports pursuant to the Exchange Act the reasons why at least one member of the Committee is not an "audit committee financial expert."
- f. No member of the Committee may have participated in the preparation of the financial statements of the Company or any of the Company's current subsidiaries during the preceding three years.
- g. Subject to applicable law, the members of the Committee, including the Chair of the Committee, shall be appointed by a resolution of the Board and shall serve until their successors are duly designated and qualified. Committee members may be removed from the Committee, with or without cause, by the Board and any vacancy on the Committee occurring for any cause whatsoever may be filled by a resolution of the Board. The Chair of the Committee shall be designated by the Board.

III. MEETINGS AND PROCEDURES

- a. The Chair of the Committee (or in his or her absence, a member designated by the Chair or approved by a majority of the members then meeting) shall preside at each meeting of the Committee and set the agendas for Committee meetings. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's Articles of Association that are applicable to the Committee.
- b. The Chair of the Committee shall be designated by the Board. A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee, unless a greater number is required by applicable law or the Company's Articles of Association.
- c. The Committee shall meet at least once during each fiscal quarter and more frequently as the Committee deems desirable or appropriate. The Committee may ask members of management or others to attend meetings and provide pertinent information, as necessary. In addition, the Committee shall at such times as it deems appropriate, meet separately, periodically, with management, the Internal Auditor and the Independent Auditor to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately. It is the responsibility of the Committee to maintain free and open communication among the Committee, the Independent Auditor, the Internal Auditor and management of the Company. The Committee may meet by telephone conference call or by any other means permitted by applicable law and the Company's amended and restated Articles of Association. In addition, any action permitted or required to be taken by the Committee at a meeting may be authorized without a meeting upon unanimous written consent of the members of the Committee.
- d. The Internal Auditor shall be notified of Committee meetings and may attend and participate in such meetings (but shall not be entitled to vote). The Internal Auditor may request the Chair of the Committee to call a Committee meeting to discuss any issue(s) raised by the Internal Auditor, and if the Chair sees reason to do so, such meeting shall be called within a reasonable time. The Independent Auditor shall be notified of Committee meetings dealing with the audit of financial statements and shall be entitled to attend such meetings. Notwithstanding the foregoing, the Committee may exclude from its meetings any persons it deems appropriate, including the Internal Auditor, to the extent permitted under applicable law.
- e. The Committee may retain any independent counsel, experts or advisors (accounting, financial or otherwise) that the Committee believes to be necessary or appropriate to assist the Committee in connection with its responsibilities, and shall have the sole authority to approve such experts or advisors fees and other retention terms. The Committee may also utilize the services of the Company's regular legal counsel or other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the Independent Auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services, for payment of compensation to any experts or advisors retained by the Committee and for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- f. Subject to applicable law, the Committee may delegate its authority to subcommittees established from time to time by the Committee. Such subcommittees shall consist of one or more members of the Committee and shall report to the Committee.

IV. POWERS AND RESPONSIBILITIES

Independent Auditor.

- a. The Committee shall be directly responsible for the appointment, compensation, retention and termination of the Independent Auditors (subject to shareholder ratification) and the Independent Auditors must report directly to the Committee. The Committee shall also be directly responsible for the oversight of the work of the Independent Auditors, including resolution of disagreements between management and the Independent Auditors regarding financial reporting.
- b. Before the Independent Auditor is engaged by the Company or its subsidiaries to render audit, review, attest or permissible non-audit services, the Committee shall pre-approve the engagement. The

Committee may delegate to one or more designated members of the Committee the authority to grant pre-approvals, provided such approvals are presented to the Committee at a subsequent meeting. If the Committee elects to establish pre-approval policies and procedures regarding non-audit services, the Committee must be informed of each non-audit service provided by the Independent Auditor. Committee pre-approval of non-audit services (other than review and attest services) also will not be required if such services fall within available exceptions established by the SEC.

- c. The Committee shall, at least annually, review the independence and quality control procedures of the Independent Auditor and the experience and qualifications of the Independent Auditor's senior personnel that are providing audit services to the Company. In conducting its review, the Committee shall:
 - (i) obtain and review a report prepared by the Independent Auditor describing (A) the auditing firm's internal quality control procedures; (B) any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and review the Independent Auditor's work throughout the year, including obtaining the opinions of management.
 - (ii) ensure that the Independent Auditor prepares and delivers, at least annually, a written statement delineating all relationships between the Independent Auditor and the Company;
 - (iii) actively engage in a dialogue with the Independent Auditor with respect to any disclosed relationships or services that, in the view of the Committee, may impact the objectivity and independence of the Independent Auditor and, if the Committee determines that further inquiry is advisable, the Committee shall take appropriate action in response to the Independent Auditor's report to satisfy itself of the auditor's independence; and
 - (iii) review the Independent Auditor's written submission to the Company of annual fees billed.
- d. The Committee shall confirm with the Independent Auditor that the Independent Auditor is in compliance with the partner rotation requirements under applicable laws and rules.
- e. The Committee shall establish policies for hiring employees or former employees of the Independent Auditor in accordance with applicable law and regulations.

Internal Control over Financial Reporting

- a. Review periodically with management, the Internal Auditor and the Independent Auditor, the adequacy and effectiveness of the Company's system of internal control over financial reporting.
- b. Evaluate whether management is effectively communicating to employees and other persons retained by the Company the importance of internal accounting and financial control effectiveness.
- c. Determine whether internal control over financial reporting improvement recommendations made by the Internal Auditor and the Independent Auditor have been appropriately implemented in a timely manner by management.
- d. Review with management, the Internal Auditor and the Independent Auditor the processes followed for assessment of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, the disclosure regarding such assessment and (if required) any attestation by the Independent Auditor thereon.

Internal Auditor

- a. The Committee shall propose the appointment, termination and replacement of the Internal Auditor to the Board, as required under the Companies Law. Notwithstanding the forgoing, the Internal Auditor shall not be removed from the position of Internal Auditor without the consent of the person filling the office of Internal Auditor at such time, except as provided for under the Companies Law.
- b. The Committee shall examine, propose amendments (to the extent necessary) and approve the yearly or periodic work plan proposed by the Internal Auditor before its submission to the Board.
- c. The Committee shall review and discuss the performance, of the Internal Auditor on a quarterly basis

and whether the Internal Auditor has sufficient resources and tools to dispose of its responsibilities.

- d. The Committee shall review whether the Company should implement an internal audit function consisting of employees of the Company and, if so, review the internal audit function, including its independence, effectiveness, proposed control review plans and resources for the coming year (determining whether the Internal Auditor has sufficient resources and tools to dispose of its responsibilities, taking into consideration the Company's special needs and size), and the coordination of such plans with the independent public accountant.

Financial Reporting and Audits.

- a. The Committee shall meet with management and the Independent Auditor in connection with each annual audit to discuss the scope of the audit, the procedures to be followed and the staffing of the audit.
- b. The Committee shall review with management and the Independent Auditor the annual and quarterly financial statements of the Company prior to filing (or submission, as the case may be) with the SEC (whether filed as part of a Form 20-F, 10-K, or 10-Q or filed or submitted under cover of Form 6-K), including the Company's disclosures under "Operating and Financial Review and Prospects" or "Management's Discussion and Analysis of Financial Condition and Results of Operations," and any material changes in accounting principles or practices used in preparing the financial statements, the items required by Statement of Auditing Standards 61, as in effect at that time in the case of the annual statements, and Statement of Auditing Standards 100, as in effect at that time in the case of the quarterly statements.
- c. The Committee shall discuss with management, and review prior to submission, any responses to SEC comments regarding the Company's financial statements or financial reporting.
- d. The Committee shall discuss with management generally the types of financial information (including earnings guidance) to be disclosed in earnings press releases and earnings calls, as well as to analysts and rating agencies.
- e. The Committee shall receive periodic reports from the Independent Auditor regarding:
 - i. critical accounting policies and practices;
 - ii. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of alternative disclosures and accounting treatments and the accounting treatment preferred by the Independent Auditor; and
 - iii. other material written communications between the Independent Auditor and management, including any management letter or schedule of adjusted differences
- f. The Committee shall review with the Company's counsel legal and regulatory matters that could have a material impact on the financial statements.
- g. The Committee shall review and discuss with the Independent Auditor:
 - i. the scope and results of the audit;
 - ii. any problems or difficulties the Independent Auditor may have encountered during the course of the audit work, including any restrictions on the scope of activities or access to required information or any significant disagreements with management and management's responses to such matters;
 - iii. any questions, comments or suggestions the auditor may have relating to the internal controls and accounting practices and procedures of the Company;
 - iv. the Independent Auditor's judgments as to the quality, not just the acceptability, of the Company's accounting principles; and
 - v. the matters required by Statement on Auditing Standards No. 61 relating to the conduct of the audit, including any difficulties encountered in the course of the audit effort, restrictions on the scope of procedures or access to requested information and any significant disagreements with management.

- h. The Committee shall periodically review and discuss with management and the Independent Auditor significant accounting and reporting issues, including financial reporting pronouncements and proposals, and assess their impact on the Company's financial statements.
- i. The Committee shall review with management and the Independent Auditor risks of material misstatements due to fraud, and the process and controls implemented by the Company to manage the risks.
- j. If at any time the Company shall be subject to proxy rules under U.S. law, the Audit Committee shall prepare a "Report of the Audit Committee" to be included in the Company's annual proxy statement.
- k. The Committee shall establish procedures for the receipt, retention and handling of complaints received by the Company regarding accounting, internal accounting controls or auditing matters. The Committee shall also establish procedures for the confidential and anonymous submission by employees regarding questionable accounting or auditing matters.
- l. The Committee shall meet in separate executive sessions with the Company's Chief Executive Officer and Chief Financial Officer, at least annually.

Legal Compliance

- a. The Committee shall review and monitor, as appropriate:
 - i. litigation or other legal matters that could have a significant impact on the Company's financial results;
 - ii. significant findings of any examination by regulatory authorities or agencies, in the areas of securities, accounting or tax; and
 - iii. the Company's disclosure controls and procedures.

The Committee shall be fully entitled to rely on reports that it receives and shall be under no obligation to conduct any independent investigation or verification.

- b. The Committee shall 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 employees of the Company of concerns regarding questionable accounting or auditing matters.
- c. The Committee shall receive reports of suspected business irregularities and legal compliance issues through periodic and, when appropriate, immediate reporting by members of the Company's management, legal counsel, the Independent or Internal Auditor (or pursuant to any "whistleblower policy" adopted by the Committee). In the event that the Committee is informed of any irregularities, it will suggest to the Board remedial courses of action in accordance with the "whistleblower policy" and applicable law.
- d. The Committee shall oversee the Company's policies and procedures regarding compliance with applicable financial and accounting related standards, rules and regulations.

Other Responsibilities and Powers

- a. The Committee shall review and consider the approval of related party transactions, including transactions between the Company and a Controlling Shareholder or a transaction with another person in which a Controlling Shareholder has a personal interest, and transactions involving an Office Holder that may present a conflict of interest between the duties of such Office Holder to the Company and his or her personal interests, in each case in accordance with Nasdaq Rules, the Companies Law or as referred by the Board (each, a "**Related Party Transaction**"). In order to assist it in carrying out such role, the Committee shall apply criteria for classification of transactions and actions as extraordinary transactions and material actions and/or as transactions that are not insignificant, and shall classify certain transactions or actions accordingly, and, if involving conflicts of interests or Related Party Transactions, shall review and consider their approval, in accordance with the Companies Law, including whether a competitive bidding process or other procedures are required with respect to certain Related Party Transactions (based on the type of transaction).
- b. The Committee shall determine standards and policies for determining whether a transaction with a

Controlling Shareholder or a transaction in which a Controlling Shareholder has a personal interest is deemed “insignificant” and the approval requirements (including, potentially, the approval of the Committee) for such transactions, including determining which types of transactions would be considered “insignificant” and require the approval of the audit committee, optionally based on criteria which may be determined annually in advance by the audit committee;

- c. The Committee shall review with management, the Internal Auditor and the Independent Auditor the Company’s major risk exposures and the steps management has taken to monitor and control such exposures.
- d. The Committee shall conduct or authorize investigations into any matters within the Committee’s scope of responsibilities.
- e. The Committee shall have any other applicable responsibility as shall be set forth in the Companies Law, as the same may be amended from time to time.
- f. The Committee shall perform such other duties consistent with this Charter, the Company’s governing documents and governing law that may be requested by the Board.
- g. The Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties.
- h. The Committee shall have the authority to provide for appropriate funding (without the requirement of approval by the Board, but subject to shareholder approval if required under applicable law) for payment of: (i) compensation to the Independent Auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisers employed by the Committee under paragraph (g) of this section; and (iii) ordinary administrative expenses of the audit committee that are necessary or appropriate in carrying out its duties.
- i. The Committee shall review any auditing or accounting issues concerning the Company’s employee benefit plans.
- j. The Committee will apprise the Board regularly of its decisions and recommendations and of significant developments in the course of performing the above responsibilities and duties. Without derogating from the aforesaid, the Committee shall submit any recommendation or resolution which is subject to Board approval a reasonable time prior to the contemplated Board meeting.
- k. The Committee shall at least annually perform an evaluation of the performance of the Committee and its members, including a review of the Committee’s compliance with this Charter, as well of the adequacy of this Charter and the Committee’s structure, processes and membership requirements.
- l. The Committee will maintain written minutes of its meetings.

Interpretation; Definition

To the extent any of the provisions included herein is a description or summary of any applicable law or is intended to recite the provisions of any applicable law, then in the event of any inconsistency, contradiction or any other conflict between the provisions herein and the provisions of such applicable law, then the provisions of such applicable law shall prevail and supersede and shall be deemed to constitute an integral part of this Charter. In the event that any such provision of applicable law is amended to include any relief or exclusion, then, such relief and exclusions shall be deemed to constitute an integral part of this Charter, whether or not such conflict, inconsistency or contradiction arises.

Any references to any law, statute or regulation are to it as amended, supplemented or restated, from time to time (and, in the case of any law, to any successor provisions or re-enactment or modification thereof being in force at the time); and any reference to “law” shall include any supranational, national, federal, state, local, or foreign statute or law and all rules and regulations promulgated thereunder (including, any rules, regulations or forms prescribed by any governmental authority or securities exchange commission or authority).