

**ANI PHARMACEUTICALS, INC.  
AUDIT AND FINANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
CHARTER**

**Organization**

There shall be a standing committee of the board of directors (the “Board”) of ANI Pharmaceuticals, Inc. (“ANI” or the “Company”) known as the Audit and Finance Committee (the “Committee”). This charter shall govern the operations of the Committee.

**Membership and Qualifications**

The membership of the Committee shall be appointed by the Board and shall consist of at least three directors. All Committee members shall meet the independence and other qualification requirements for serving on audit committees set forth in the federal securities laws and under the rules and regulations established by the Securities Exchange Commission (the “SEC”) and the NASDAQ Global Market, as may be amended from time to time.

No member of the Committee shall have participated in the preparation or audit of the financial statements of the Company or any current subsidiary of the Company at any time during the preceding three years.

Each member of the Committee shall, at the time of his or her appointment and at all times while remaining a member of the Committee, be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement. In addition, 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 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 and otherwise qualifies as an “audit committee financial expert,” as defined and required under the federal securities laws and rules and regulations of the SEC, as amended from time to time.

The Board shall be responsible for determining “independence” of Committee members and other qualifications, including without limitation qualification of a member as an “audit committee financial expert.”

Notwithstanding the foregoing, one director who does not meet the NASDAQ definition of “independent director”, but who meets the other criteria set forth in Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations thereunder, and who is not a current officer or employee of the Company or an immediate family member of such officer or employee, may serve for no more than two years on the Committee if the Board, under exceptional and limited circumstances, determines that such individual’s membership on the Committee is required by the best interests of the Company and its stockholders. Such person must satisfy the independence requirements set forth in Section 10A(m)(3) of the Exchange Act, and may not chair the Committee. The use of this

“exceptional and limited circumstances” exception, as well as the nature of the individual’s relationship to the Company and the basis for the Board’s determination, must be disclosed in the Company’s annual proxy statement.

In addition, if a Committee member ceases to qualify as an “independent director” under NASDAQ’s rules for reasons outside the member’s reasonable control, his or her membership on the Committee may continue until the earlier of the Company’s next annual shareholders’ meeting or one year from the occurrence of the event that caused the failure to qualify as independent. If the Company is not already relying on this provision, and falls out of compliance with NASDAQ’s requirements regarding Audit Committee composition due to a single vacancy on the Committee, then the Company will have until the earlier of the next annual shareholders’ meeting or one year from the occurrence of the event that caused the failure to comply with this requirement. The Company shall provide notice to NASDAQ immediately upon learning of the event or circumstance that caused the non-compliance, if it expects to rely on either of these provisions for a cure period.

The Board shall appoint one member of the Committee as chair. The chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments, preparing minutes and reporting to the Board. The chair will also maintain regular liaison with ANI’s Chief Executive Officer, Chief Financial Officer and the lead independent audit partner of ANI’s independent auditor.

### **Role**

The Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of ANI’s financial statements, the quarterly reviews and the annual independent audit of ANI’s financial statements, ANI’s accounting, auditing and financial reporting practices, systems of internal control over financial reporting, disclosure controls and procedures, compliance with legal and regulatory requirements and ethical standards adopted by ANI. In fulfilling this role, the Committee is expected to maintain free and open communications with the independent auditor and the management of ANI and shall meet at least once each quarter.

While the Committee has the responsibilities and powers set forth below in this charter under the headings “Authority” and “Responsibilities and Processes”, it is not the duty of the Committee to conduct audits, to prepare the financial statements, or to determine that ANI’s financial statements are fairly presented and are in accordance with generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with generally accepted accounting principles. It is the role of the independent auditor to review the quarterly financial statements and audit the annual financial statements.

### **Authority**

The Committee is granted the authority to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of ANI. The Committee has the power and authority to engage and determine funding for outside counsel or other experts or advisors as the Committee deems necessary for these purposes and as otherwise necessary or appropriate to carry out its duties and

responsibilities. ANI shall provide appropriate funding, as determined by the Committee, for payment of compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for ANI and for any advisors employed by the Committee as well as for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

### **Responsibilities and Processes**

The Committee's primary responsibilities include:

- Overseeing ANI's accounting and financial reporting processes, systems of internal control over financial reporting and disclosure controls and procedures on behalf of the Board and reporting the results or findings of its oversight activities to the Board.
- Having sole authority to appoint, retain and oversee the work of ANI's independent auditor and establishing the compensation to be paid to the independent auditor. ANI's independent auditor shall report directly to the Committee.
- Establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls and/or or auditing matters and for the confidential, anonymous submission by ANI's employees of concerns regarding questionable accounting or auditing matters.
- Reviewing and pre-approving (which may be pursuant to pre-approval policies and procedures) all audit services and permissible non-audit services to be performed for ANI by ANI's independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act, as provided under the federal securities laws and rules and regulations of the SEC, as may be amended from time to time.
- Overseeing ANI's system to monitor and manage risk, and legal and ethical compliance programs, including the establishment and administration (including the grant of any waiver from) a written code of ethics applicable to each of ANI's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to react more effectively to changing conditions and circumstances. The Committee shall take the appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior.

The following shall be the principal recurring processes of the Committee relating to its oversight responsibilities. These processes are set forth as a guide, with the understanding that the Committee may supplement them as appropriate and is not intended be a comprehensive list of all of the actions that the Committee will take in discharging its duties. These processes are:

- Discussing with the independent auditor the objectivity and independence of the auditor and any relationships the auditor has with ANI and services the auditor provides to ANI that may impact the auditor's objectivity or independence and receiving from the independent auditor disclosures regarding its independence required by Independence Standards Board Standard No. 1 or any successor standard, as either may be amended from time to time, and written affirmation that the independent auditor is in fact independent, and taking any action, or recommending that the Board take, appropriate action to oversee the independence of the independent auditor.
- Overseeing the independent auditor relationship by discussing with the auditor the nature and scope of the audit process, receiving and reviewing audit reports, and providing the auditor full access to the Committee to report on any and all appropriate matters. The Committee has the sole authority to resolve disagreements, if any, between management and the independent auditor.
- Reviewing and discussing with management and the independent auditor, together and in separate sessions, the adequacy and effectiveness of ANI's internal control over financial reporting (including any significant deficiencies or material weaknesses and any significant changes in ANI's internal control over financial reporting reported to the Committee by the independent registered public accounting firm or management); any special steps adopted in light of any control deficiencies; the adequacy of disclosures about the effectiveness of and any significant changes in ANI's internal control over financial reporting; and any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures may be desirable.
- Reviewing any disclosures made to the Committee by ANI's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies and material weaknesses in the design or operation of ANI's internal control over financial reporting and any fraud involving management or other employees who have a significant role in ANI's internal control over financial reporting.
- Providing sufficient opportunity for the independent auditor to meet with the members of the Committee without members of management present. Among the items to be discussed in these meetings are the independent auditor's evaluation of ANI's financial and accounting personnel and the cooperation that the independent auditor received during the course of the audit and quarterly reviews.
- Discussing with management their review of the adequacy of ANI's disclosure controls and procedures, the effectiveness of such controls and procedures and any findings following such review.
- Reviewing ANI's system to monitor, assess and manage risk and legal and ethical compliance program.
- Discussing with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 114 (as codified by AU Section 380) or any successor standard, as either may be amended from time to time.

- Reviewing and discussing with management and the independent auditor prior to the filing of ANI’s Annual Report on Form 10-K:
  1. ANI’s annual financial statements and related footnotes and other financial information, including the information in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of such report.
  2. The selection, application and effects of ANI’s critical accounting policies practices and the reasonableness of significant judgments and estimates made by management.
  3. Alternative and preferred treatment of financial information under generally accepted accounting principles.
  4. All material arrangements, off-balance sheet transactions and relationship with any unconsolidated entities or any other persons which may have a material current or future effect on the financial condition of ANI and are required to be reported under the rules and regulations of the Securities and Exchange Commission.
  5. Any material written communications between the independent auditor and management, including the management representation letter and schedule of unadjusted differences.
  6. The independent auditor’s audit of the financial statements and its report thereon.
  7. The independent auditor’s attestation of the effectiveness of ANI’s internal control over financial reporting.
  8. Any significant findings and recommendations of the independent auditor and management’s responses thereto.
  9. Any significant changes in the independent auditor’s audit plan.
  10. Any serious difficulties or disputes with management encountered during the course of the audit.
  11. Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
- If deemed appropriate after such discussion, recommending to the Board that the audited financial statements be included in ANI’s Annual Report on Form 10-K for the last fiscal year for filing with the Securities and Exchange Commission.
- Preparing any report required to be included in ANI’s annual report on Form 10-K and/or proxy statement in connection with its annual meeting of stockholders.
- Reviewing and discussing with management and the independent auditor prior to the filing of ANI’s Quarterly Report on Form 10-Q:

1. ANI's interim financial statements and related footnotes and other financial information, including the information in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of such report.
  2. The selection, application and effects of ANI's critical accounting policies practices and the reasonableness of significant judgments and estimates made by management.
  3. Alternative and preferred treatment of financial information under generally accepted accounting principles.
  4. All material arrangements, off-balance sheet transactions and relationship with any unconsolidated entities or any other persons which may have a material current or future effect on the financial condition of ANI and are required to be reported under the rules and regulations of the Securities and Exchange Commission.
  5. Any material written communications between the independent auditor and management, including the management representation letter and schedule of unadjusted differences.
- Reviewing and either approving or disapproving related party transactions in accordance with any policies and procedures adopted by the Board.
  - Reporting to the Board any material violations of ANI's code of ethics that have been brought to the attention of the Committee or any member thereof.
  - Reviewing and assessing the adequacy of this charter annually and recommend any proposed changes to the Board for its approval.
  - The Chairman of the Committee, or another Committee member designated by the Chairman, is authorized to act on behalf of the Committee with respect to required Committee responsibilities which arise between regularly scheduled Committee meetings, particularly those responsibilities related to pre-filing discussions (other than with respect to ANI's annual report on Form 10-K and quarterly reports on Form 10-Q) with the independent registered public accounting firm and management, as well as the pre-approval of non-audit services provided by the independent registered public accounting firm, as necessary, as contemplated by the Committee's policies and in accordance with the Securities and Exchange Commission's regulations related to non-audit services. Any such pre-filing discussions and pre-approvals shall be reported to the Committee at a subsequent meeting.

### **Meetings**

The Committee shall meet at least quarterly, either in person or telephonically, and at such times and places as the Committee shall determine. The Committee shall meet separately in executive session, at least periodically, with each of Chief Executive Officer, Chief Financial Officer, the principal internal auditor of the ANI, the independent registered public accounting firm engaged by ANI, and the general counsel. A majority of the members of the Committee constitutes a quorum. The Committee will report regularly to the full Board with respect to its activities.

Approved by the ANI Pharmaceuticals, Inc.  
Board of Directors  
July 17, 2013