

# REPROS THERAPEUTICS INC.

## Audit Committee Charter

### I. STATEMENT OF PURPOSE AND AUTHORITY

The Audit Committee of Repros Therapeutics Inc. is designated by the Board of Directors (the “*Board*”) of Repros Therapeutics Inc. (the “*Company*”) for the purposes of:

1. Overseeing the accounting and financial reporting processes of the Company, audits of the financial statements of the Company and the integrity of the financial statements of the Company.
2. Monitoring the qualifications, independence and performance of the Company’s independent auditors and internal audit function.
3. Overseeing the Company’s compliance with legal and regulatory reporting requirements.
4. Preparing the Audit Committee report as required to be included in the Company’s annual proxy statement under the rules of the Securities and Exchange Commission (“SEC”).

The Audit Committee is authorized to perform each of the duties enumerated herein and any other duties it considers necessary or advisable in order to carry out its oversight responsibilities, and it shall have access to all records of the Company related thereto. The Audit Committee may perform other functions as requested or approved by the Board.

The Company shall provide for appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board, for payment of: (i) compensation to the independent auditors and any other 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; (ii) compensation of any advisors employed by the Audit Committee; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

### II. MEMBERSHIP

The Audit Committee shall be appointed by the Board and shall be comprised of three or more directors as determined by the Board. Each member of the Audit Committee shall satisfy the independence requirements of the Nasdaq Stock Market or such other national exchange on which the Company may list its securities, Section 10A(m) of the Securities Exchange Act of 1934, as amended by the Sarbanes-Oxley Act of 2002, and the rules promulgated thereunder. Each member of the Audit Committee must be able to read and understand fundamental financial statements including a company’s balance sheet, income statement and cash flow statement. The Audit Committee shall have at least one member who satisfies the requirements for an “audit committee financial expert” as provided under the rules promulgated by the SEC and at least one member who has past employment experience in finance or accounting (such as having been

chief executive officer, chief financial officer or other senior financial officer with financial oversight responsibilities), requisite professional certification in accounting, or other comparable experience or background which results in the member's financial sophistication.

No director may serve as a member of the Audit Committee if such director serves on the audit committees of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to effectively serve on the Audit Committee, and discloses this determination in the Company's annual proxy statement.

The Board shall appoint the members of the Audit Committee annually, on the recommendation of the majority of the independent directors of the Board. The members of the Audit Committee shall serve until their successors are appointed and qualified, and shall designate a Chair of the Audit Committee who will be responsible for the scheduling of regular and special meetings and the functioning of the Audit Committee. The Board shall have the power at any time to change the membership of the Audit Committee and to fill vacancies, subject to such new members satisfying the independence, experience and financial expertise requirements. Except as expressly provided in this Charter or the Bylaws of the Company, or as otherwise provided by law or the rules of the Nasdaq Stock Market, or such other national exchange on which the Company may list its securities, the Audit Committee shall fix its own rules and procedures.

### **III. MEETINGS**

The Audit Committee shall meet at least quarterly and at other times, as circumstances may require, as determined by the Chairman of the Audit Committee or at the request of the Company's Chief Executive Officer or Chief Financial Officer, or the independent public accounting firm engaged by the Company to perform audit services on behalf of the Company (referred to in this Charter as the "independent auditor"). During these meetings, the Audit Committee shall meet with management, internal auditing personnel and the independent auditor to discuss any matters that the Audit Committee or any of these persons or firms believe should be discussed privately. The Audit Committee shall meet in executive session at least twice a year, and such executive session may fulfill the Audit Committee's quarterly meeting requirement. The Audit 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 Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The Audit Committee shall keep regular minutes of its proceedings. For the transaction of any business at any meeting of the Audit Committee, a majority of the members shall constitute a quorum. The Audit Committee shall take action by the affirmative vote of a majority of the Audit Committee members present at a duly held meeting. Unless otherwise restricted by the Corporation's Certificate of Incorporation or Bylaws, any action that may be taken at any meeting of the Audit Committee may be taken without a meeting, if all members of the Audit Committee consent thereto in writing, and the writing is filed with the minutes of proceedings of such committee.

#### **IV. DELEGATION OF AUTHORITY OF THE BOARD OF DIRECTORS**

The Audit Committee shall have and may exercise all the powers and authority of the Board in the following matters:

- (i) the authority, without approval of the Board, to engage independent counsel and other advisers as it determines necessary to carry out its duties;
- (ii) the authority, without approval of the Board, to determine appropriate funding for the payment of compensation to the independent auditor employed by the Company for the purpose of rendering or issuing an audit report, to any independent counsel and other advisers engaged by the Audit Committee, and to various entities as a result of ordinary administrative expenses in carrying out the Audit Committee's duties;
- (iii) the direct responsibility for the appointment, compensation, retention and oversight of the work of the independent auditor employed by the Company (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work, and the independent auditor shall report directly to the Audit Committee;
- (iv) the sole authority to approve the scope of engagement of the auditor (such approval constituting approval of each audit service within such scope of engagement) and to approve all audit engagement fees and terms;
- (v) the responsibility to approve, in advance, all auditing services (which may include providing comfort letters in connection with securities underwritings), and non-audit services that are otherwise permitted by law (including tax services, if any) that are provided to the Company by the independent auditors; and
- (vi) the authority to delegate to one or more of its members the authority to preapprove auditing services and non-audit services that are otherwise permitted by law, *provided* that each such preapproval decision is presented to the full Audit Committee at a scheduled meeting.

#### **V. RESPONSIBILITIES**

The Audit Committee shall have the following responsibilities:

##### ***Charter***

1. Review and reassess the adequacy of this Charter annually and recommend any changes to the Board.
2. Approve the form of the Charter to be included in the Company's proxy statement in accordance with the applicable rules and regulations of the SEC and the Nasdaq Stock Market.

### ***Audit Committee Report and Proxy Disclosures***

The Audit Committee shall prepare any report or other disclosures, including any recommendation of the Audit Committee, required by the rules of the SEC to be included in the Company's annual proxy statement. In connection with the Audit Committee report, the Audit Committee shall:

3. Review with management and the independent auditor the annual audited financial statements, the accompanying auditor's opinion and other financial disclosures included in the Company's annual report on Form 10-K and its annual proxy statement, including the Management's Discussion and Analysis section contained in any such report, and the selection, application and disclosure of critical accounting policies and other financial reporting issues highlighted by management and the independent auditor.
4. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, relating to the conduct of the audit. Such discussions shall also include the independent auditor's judgment about the quality of the Company's accounting principles, including such matters as accounting for significant transactions, significant accounting policies, estimates and adjustments, and disagreements with management.
5. Discuss with the independent auditor the independence of the independent auditor, giving consideration to the range of audit and non-audit services performed. In this connection, the Audit Committee is responsible for reviewing, at least annually, a formal written statement from the independent auditor delineating all relationships with the Company, consistent with Independence Standards Board Standard No. 1.
6. Recommend to the Board whether the Company's annual audited financial statements and accompanying notes should be included in the Company's Annual Report on Form 10-K.
7. Determine whether fees paid to the independent auditor are compatible with maintaining the independence of the independent auditor.

### ***Additional Authorizations***

In its discretion, the Audit Committee shall also have the authority to:

8. Conduct an annual evaluation of the Audit Committee's performance, which shall include a comparison of the performance of the Audit Committee with the requirements of this Charter. The performance evaluation shall be conducted in such manner as the Audit Committee deems appropriate.
9. Make regular reports to the Board concerning the activities of the Audit Committee and to make such recommendations with respect to its activities and other matters as the Audit Committee may deem necessary or appropriate.

10. To obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing all critical accounting policies and practices used, all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and any material written communication between the independent auditors and management such as any "management" letter or schedule of unadjusted differences.
11. Review with management and the independent auditor the effect of regulatory and accounting initiatives, as well as contingent liabilities and off-balance sheet structures, if any, on the Company's financial statements.
12. Discuss periodically with Company management the Company's major financial risk exposure and the steps implemented to monitor and control same, including a discussion of the appropriateness of existing guidelines and procedures in place to govern the risk assessment and management process. To the extent the Audit Committee determines that changes to such guidelines or procedures appear appropriate, to recommend such changes.
13. Discuss with management the types of information proposed to be disclosed in the Company's earnings press releases, as well as the type of financial information and earnings guidance, if any, to be provided to analysts and ratings agencies. Review of any news release containing the summary quarterly financial information of the Company (paying particular attention to the use of "pro-forma" or "adjusted non-GAAP information") and approval of same prior to its release and furnishing to the SEC.
14. To assist the Audit Committee in performing its duties to evaluate the independent auditing firm's qualifications, performance and independence, at least annually, obtain and review a report by the independent auditor describing: (i) the firm's internal quality-control procedures; (ii) any material issues raised by the most recent quality-control review, or peer review, of such firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five (5) years regarding one or more independent audits carried out by the firm, and any steps taken by such firm in respect of those issues; and (iii) all relationships between the independent auditor and the Company.
15. Review with the senior-most internal auditor and independent auditors the results of their reviews with respect to officers' expense accounts and perquisites, and their use of corporate assets.
16. Review major issues regarding accounting principles and financial statement presentations, including any significant changes to the Company's selection or application of auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management, and major issues as to

the adequacy of the Company's internal controls and special audit steps adopted in light of material control deficiencies.

17. Meet with the independent auditor prior to the audit to review the planning procedures and staffing of the audit.
18. Review periodically (i) the experience, qualifications and performance of the senior members of the Company's internal auditing team and (ii) the internal audit activities, staffing and budget.
19. Discuss with management the timing and process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner.
20. Review the significant reports or communications (and management's and/or the internal audit department's responses thereto) prepared in connection with internal audits, including reports and communications related to the Company's internal controls over financial reporting and any deficiencies therein.
21. Review with the independent auditor any problems or difficulties the auditor may have encountered and any "management" or "internal control" letter provided by the auditor and the Company's response to that letter. Such review should include:
  - any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities, access to required information or significant disagreements with management;
  - any changes required in the planned scope of the internal and external audits; and
  - the internal audit responsibilities, budget and staffing.
22. Discuss, as appropriate, with the national office of the independent auditor any issues on which such office was consulted by the Company's audit team and matters of audit quality and consistency.

***Auditing, Accounting and Financial Reporting Responsibilities***

23. Prior to the filing of the Company's Form 10-Q, review with management and the independent auditor the Company's quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," the selection, application and disclosure of critical accounting policies, and the results of the independent auditor's review of same.
24. Ensure that the independent auditor attests to, and reports on, the assessment of the effectiveness of the Company's internal control structure and procedures of

the Company for financial reporting to be made as of the end of each of the Company's fiscal years included in each annual report of the Company as may be required in accordance with applicable law and the rules and regulations of the SEC.

25. Assure the regular rotation of the lead audit partner and the reviewing audit partner of the independent auditing firm engaged by the Company as required by law.
26. Establish policies and procedures regarding the hiring of independent auditors.

### ***Legal Matters***

27. Review with outside legal 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.
28. Meet with the Company's Chief Executive Officer and Chief Financial Officer from time to time at the request of either such officer, to permit such officers to provide the attestations or certifications required by the rules and regulations of the SEC or the Nasdaq Stock Market.
29. Advise the Board with respect to the Company's policies and procedures regarding conflicts of interest and compliance with material laws and regulations.
30. Approve all related-party transactions between the Company and management.
31. Establish policies regarding hiring employees or former employees of the independent auditors engaged by the Company.

## **VI. OVERSIGHT RESPONSIBILITY TO REVIEW REPORTS**

1. Establish procedures for legal counsel to report evidence of any material violation of securities laws or breach of fiduciary duties or similar violations by the Company or any of its agents.
2. Establish procedures to promote and protect whistleblowing, including procedures for:
  - Receiving, retaining and addressing complaints received by the Company relating to accounting, internal accounting controls or auditing matters, and
  - Enabling employees of the Company to submit to the Audit Committee, on a confidential and anonymous basis, any concerns regarding questionable accounting or auditing matters.

3. Consider the report of the Company's independent auditor regarding:
  - All critical accounting policies and practices to be used;
  - All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management officials of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
  - Other written communications between the independent auditor and management of the Company, such as any management letter or schedule of unadjusted differences.
4. To inquire of the Company's Chief Executive Officer and Chief Financial Officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.
5. Discuss with management and the independent auditors:
  - All significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize, and report financial data and have identified for the Company's auditors any material weaknesses in internal controls; and
  - Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
6. Review disclosures made by the Company's Chief Executive Officer and Chief Financial Officer regarding compliance with their certification obligations as required under the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder, including the Company's disclosure controls and procedures and internal controls for financial reporting and evaluations thereof.

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