

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF AXOGEN INC.**

A. Name

There shall be a committee of the Board of Directors (the “Board”) of AxoGen Inc. (the “Company”) called the Audit Committee (the “Committee”).

B. Purpose of Committee

The purpose of the Committee is to provide oversight in relation to the financial reports, financial statements and other financial information communicated outside of the Company; the Company’s system of internal controls; and the Company’s auditing, accounting and financial reporting processes, including to:

1. Serve as an independent and objective party to oversee the Company’s financial reporting process and internal control systems;
2. Review and appraise the audit of the Company’s financial statements performed by the Company’s independent registered accounting firm, who shall report directly to the Committee; and
3. Provide an open avenue of communication among the Company’s independent registered accounting firm, internal audit, financial and senior management, and the Board.

C. Committee Membership

The Committee shall be composed of at least two directors as determined by the Board; *provided, however*, that if the Company’s securities are listed on the Nasdaq Capital Market, (the “Nasdaq”) as defined in Nasdaq Marketplace Rule 4200, then the Committee shall be composed of at least three directors as determined by the Board. Each member of the Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. Furthermore, if the Company’s securities are listed on the Nasdaq Capital Market, each Committee member shall: (i) be an “independent” director as defined by Nasdaq Marketplace Rule 4200 (subject to any then-current exceptions to such requirement; e.g., Nasdaq Marketplace Rule 4350(d)(2)(B)); (ii) meet the criteria for independence set forth in Rule 10A-3(b)(1) promulgated under the Securities Exchange Act of 1934, as amended; (iii) not have participated in the preparation of the Company’s financial statements (or any current subsidiary of the Company) at any time during the past three years; and (iv) have a working familiarity with basic finance and accounting practices, including the ability to read and understand financial statements. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant.

The Committee shall endeavor to have, as one of its members, an individual with past employment experience in finance or accounting, or any other comparable experience or background resulting 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). In addition, the Committee shall endeavor to have, as one of its members, an individual qualifying as an "audit committee financial expert" in compliance with the criteria established by the United States Securities and Exchange Commission (the "Commission") and other relevant regulations. The existence of such audit committee financial expert, including his or her name and whether or not he or she is independent, or the lack of an audit committee financial expert, shall be disclosed in the Company's periodic filings as required by Section 13(a) of the Securities Exchange Act of 1934, as amended, and the regulations thereunder.

The members of the Committee shall be elected by the Board and shall serve until the Board decides to replace Committee members and their successors have been duly elected and qualified. Unless a chairperson is elected by the Board, the members of the Committee may designate a Committee chairperson by majority vote of the full Committee membership.

D. Committee Structure and Operations

The Board shall designate one member of the Committee as its chairperson (the "Chair"). The Committee shall meet at least four times each year, with further meetings to occur when deemed necessary or desirable by the Committee or its Chair. The Committee may meet in person or by telephone or videoconference and may take action by written consent. The Committee may invite such members of management, its external audit firm, its internal audit firm, legal counsel, or consultants to the Company to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of the issues under discussion. A simple majority of members in attendance in person or by teleconference will constitute a quorum for each meeting.

E. Committee Duties and Responsibilities

To fulfill its responsibilities and duties, the Committee is expected to:

1. Review and reassess the adequacy of this Charter at least annually, and more frequently as conditions dictate, and propose any amendments to the Charter as the Committee deems necessary or appropriate;
2. Provide risk oversight in conjunction and consultation with the Governance and Nominating Committee;
3. Inquire of management, the Company's independent registered accounting firm, and the Company's internal audit firm about significant risks or exposures, and assess the steps management has taken to minimize such risk to the Company;
4. Provide an open avenue of communication between the Company, its independent registered accounting firm, its internal audit firm, and the Board;
5. Maintain sole authority and responsibility for the appointment and termination of the Company's independent registered accounting firm;

6. Resolve disagreements between management and the independent registered accounting firm regarding accounting treatment and financial disclosure for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
7. Oversee the assessment and effectiveness of the Company's internal control environment, oversee the internal audit function, and discuss any significant deficiencies in internal controls identified with management, including the potential impact to the Company's ability to accurately record, process, summarize or disclose accurate financial statements;
8. Review and pre-approve the performance of all audit and non-audit accounting services to be performed by the independent registered accounting firm, other than with respect to *de minimis* exceptions permitted under applicable rules and regulations;
9. Confirm and ensure the independence of the independent registered accounting firm, including that performance of permissible non-audit services and the compensation received for such services is compatible with the independence standards and obtain a formal written statement from the independent registered accounting firm delineating all relationships with the Company;
10. In consultation with the independent accountants, consider the audit scope and plan of the independent accountants;
11. Consider and review with the independent registered accounting firm:
 - a. the adequacy of the Company's internal controls, including corporate governance controls, computerized information system controls and security;
 - b. any control deficiencies identified in its report of the design and effectiveness of the Company's system of internal controls and management's remediation plan, and
 - c. any related significant findings and recommendations together with management's responses thereto.
12. Oversee the work of the Company's internal audit firm, including approval of the annual internal audit plan;
13. Review the following items with management and the independent registered accounting firm at the completion of the annual examination, and recommend to the Board whether the financial statements should be included in the annual report on Form 10-K:
 - a. the Company's annual financial statements and related footnotes;
 - b. the independent registered accounting firm's audit of the financial statements and report thereof;
 - c. any significant changes required in the audit plan;

- d. any serious difficulties or disputes with management encountered during the course of the audit; and
 - e. any other matters related to the conduct of the audit which are to be communicated to the Committee under applicable audit standards.
14. Review with management, and if appropriate, with the independent registered accounting firm, the interim financial results that are filed with the Commission or other regulators;
 15. Oversee the Company's compliance program and review legal, compliance and regulatory matters with management that may have a material impact on the financial statements, and review programs and reports received from regulators;
 16. Review the results of Company management's investigation and follow-up (including disciplinary action) of any instances of noncompliance with legal, compliance or regulatory matters;
 17. Review the Company's critical accounting policies and estimates, all alternative treatments of financial information within accounting principles generally accepted in the United States of America discussed between the independent accountants and management, and all other material written communications between the independent accountants and management;
 18. Ensure procedures are established for the confidential and anonymous receipt, retention, treatment and investigation of complaints received by the Company regarding accounting, auditing and internal accounting controls; and
 19. Review and approve (with the concurrence of a majority of the disinterested members of the Board) any related-party and affiliated-party transactions.

F. Reports and Records

The Committee Chair shall, as needed:

1. Prepare an agenda for each meeting and provide materials for review at the meetings.
2. Report to the Board on a regular basis with respect to the activities of the Committee; apprise the Board, through minutes, special presentations or otherwise as necessary, of any significant developments relating to the responsibilities of the Committee; and make such recommendations with respect to any of the above matters as the Committee deems necessary or appropriate.

G. Resources and Authority of the Committee

The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities, as outlined above. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to retain counsel and other experts or consultants upon unanimous vote by the members

of the Committee as to the selection of the advisors, including independent or outside counsel, and the specific duties and responsibilities requested of the advisors. The Committee shall have the sole authority to select and retain a consultant or investigative firm, including those used to investigate potential misstatement of the Company's financial statements or misappropriation of the Company's assets upon unanimous vote by members of the Committee as to the selection of such firm, and the specific duties and responsibilities requested of the firm, to terminate any consultant or firm retained by it, and to approve the consultant or firm's fees and other retention terms. All related fees and costs of such advisors shall be paid promptly by the Company in accordance with its normal business practices.

H. Amendment

The Board shall have the authority to amend or modify any provision of this Charter at any time; provided, however, that the Board may make no such amendment or modification that is inconsistent with the applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Commission and the Nasdaq.