

QSAM BIOSCIENCES, INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

(Approved and adopted by the board of directors effective as of January 13, 2022)

I. Statement of Purpose

The audit committee (the “**Audit Committee**”) of the board of directors of QSAM Biosciences, Inc. (the “**Company**”) has been established by the board of directors of the Company (the “**Board**”) for the purposes of overseeing the accounting and financial reporting processes of the Company, including the audit of the financial statements of the Company.

The Committee is responsible for assisting with the Board’s oversight of: (1) the quality and integrity of the Company’s financial statements and related disclosure; (2) the Company’s compliance with legal and regulatory requirements relating to financial and accounting matters; (3) the independent auditor’s (the “**Auditor**”) qualifications, performance and independence; (4) the integrity of the internal controls at the Company; and (5) the administration of the Company’s conflicts of interest and related party transactions policies and procedures. The Committee is also responsible for providing an avenue for effective communication among the Audit Committee, the Auditor, Management and the Board. For these purposes, “**Management**” shall include any or all of the Chief Executive Officer, President, Chief Financial Officer, General Counsel, Vice-President and Chief Operating Officer, as determined from time to time by the Committee.

II. Audit Committee Membership

- A. Composition and Independence – the Audit Committee shall be comprised of three or more directors as determined by the Board, each of whom shall be an “independent director” for purposes of Audit Committee membership in accordance with the rules of the NASDAQ Stock Market LLC or any successor national securities exchange on which the Company’s stock is listed, and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act), and any other applicable laws, rules and regulations. No member shall have participated in the preparation of the financial statements of the Company or any subsidiary during the prior three year period. Each member of the Audit Committee shall be free from any relationship (including disallowed compensatory arrangements) that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. Each member of the Audit Committee shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement and cash flow statement, and have a working familiarity with basic finance and accounting practices, and at

least one member of the Audit Committee shall be a “financial expert” in compliance with the criteria established by the Securities and Exchange Commission (“SEC”). The existence of such members, including his or her name and whether or not he or she is independent, shall be disclosed in periodic filings as required by the SEC.

- B. Appointment and Removal – the members of the Audit Committee shall be designated by the Board annually and shall serve until such member’s successor is duly designated or until such members earlier resignation or removal. Any member of the Audit Committee may be removed, with or without cause, by a majority vote of the Board. Unless a chairperson or vice-chairperson is elected by the full Board, the members of the Audit Committee may designate a chairperson and a vice-chairperson by majority vote of the full Audit Committee membership. The chairperson shall chair the meetings of the Audit Committee that he or she attends, and may set the agenda for the meetings of the Audit Committee.

III. Meetings

- A. Frequency – the Audit Committee shall ordinarily meet at least four times annually, or more frequently as circumstances dictate. Any member of the Audit Committee may call a meeting of the Audit Committee. The Audit Committee shall meet in executive session, absent members of management, on need basis, and on such terms and conditions as the Audit Committee may elect. Such executive sessions may be held in conjunction with regular meetings of the Audit Committee. As part of its job to foster open communication, the Audit Committee should meet periodically with management, the internal audit director and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.
- B. Reporting - The Audit Committee will report to the Board of Directors periodically regarding the performance of its duties.
- C. Notice and Conduct of Meetings - In accordance with the Company’s Bylaws, notice of regular meetings of the Audit Committee shall not be required. Notice of special meetings of the Audit Committee may be given to the members by telephone, telegram, letter, facsimile transmission, or by a form of electronic transmission. A majority of the members of the Audit Committee shall constitute a quorum for the transaction of the business of the Audit Committee. At all meetings of the Audit Committee, the action of a majority of the total number of members of the Audit Committee members present at any meeting at which there is a quorum shall be the act of the Audit Committee, except as may be otherwise specifically provided by statute or by the Company’s Certificate of Incorporation. Except as provided above, the Committee is governed by the same rules regarding meetings (including meetings in person or by telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

- D. Minutes – The Audit Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

IV. Responsibilities, Duties and Authority

The Audit Committee shall have the following responsibilities, duties and authority:

A. Documents, Reports, and Accounting Information Review

1. Review this Charter at least annually, and recommend to the Board any changes to this Charter that the Audit Committee considers necessary or appropriate.
2. Review and discuss with management and independent auditors the Company's audited annual and unaudited quarterly financial statements, the form of audit opinion to be issued by the auditors on the financial statements, and the disclosure under the "Management Discussion and Analysis of Financial Condition and Results of Operations" (the "MD&A") to be included in the Company's annual report on Form 10-K prior to its filing.
3. Recommend to the Board whether the financial statements should be included in the Annual Report on Form 10-K.
4. Review with management and the independent auditors each quarterly report on Form 10-Q prior to its filing.
5. Review, or have a member of the Audit Committee review, earnings press releases with management, including review of "pro-forma" or "adjusted" non-GAAP information.
6. Review the regular internal reports (or summaries of the reports) with management prepared by the internal auditing department and obtain management's response.

B. Independent Auditor

1. Select, evaluate, determine compensation of, and where appropriate, replace the independent auditor. The independent auditor shall report directly to the Audit Committee. The Audit Committee shall review the performance of the independent auditor at least annually, including compliance with Auditing Standard No. 16 *Communications with Audit Committees*, and make determinations regarding the appointment or termination of the independent auditor. The Audit Committee shall oversee the resolution of disagreements between management and the independent auditor in the event that they arise.
2. Review with the independent auditor any problems or difficulties that the independent auditor brings to the attention of the Audit Committee and discuss management's response.

3. Review with the independent auditor the results of the annual financial statement audit and the attestation and report on management's internal control report. Hold timely discussions with the independent auditor regarding:
 - a. all critical accounting policies and practices;
 - b. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - c. other material written communications between the independent auditor and management including, but not limited to, the management letter and schedule of unadjusted differences;
 - d. an analysis of the auditor's judgment as to the quality of the Company's accounting principles, setting forth significant reporting issues and judgments made in connection with the preparation of the financial statements and related disclosures;
 - e. any significant unusual transactions and the business rationale for such transactions;
 - f. all significant relationships the auditors have with the Company to determine the auditors' objectivity and independence, undertaking or recommending appropriate action to ensure and continue that independence; and
 - g. any other matters required to be discussed by applicable auditing standards.
4. At least annually, obtain and review a report by the independent auditor describing:
 - a. the firm's internal quality control procedures;
 - b. any material issues raised by the most recent internal quality-control review, peer review, or Public Company Accounting Oversight Board review, 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 firm, and any steps taken to deal with any such issues; and
 - c. all relationships between the independent auditor and the Company, in order to assess the auditor's independence.
5. Review and preapprove both audit and permissible nonaudit services to be provided by the independent auditor (other than with respect to *de minimis* exceptions permitted by the Sarbanes-Oxley Act of 2002). This duty may be delegated to one

or more designated members of the Audit Committee with any such preapproval reported to the Audit Committee at its next regularly scheduled meeting. To the extent required by the rules of the NASDAQ Stock Market LLC or any successor national securities exchange on which the Company's stock is listed, and any applicable laws, rules and regulations, approval of nonaudit services shall be disclosed to investors in periodic reports required by Section 13(a) of the Securities Exchange Act of 1934.

6. Review hiring policies, compliant with governing laws or regulations, for employees or former employees of the independent auditor, and consider the impact on the independent auditor's independence from the Company.

C. Financial Reporting Processes and Accounting Policies

1. In consultation with the independent auditor and the internal auditors or the management, review the effectiveness and adequacy of the Company's financial reporting processes (both internal and external), and the internal control structure (including disclosure controls), any significant deficiencies in their design and operation, any special audit steps taken by the management in light of the deficiencies, and discuss with management and the independent auditors the disclosure relating to Company's internal controls or financial reporting processes to be included in Company's annual report on 10-K or quarterly report on 10-Q. Meet with representatives of the disclosure committee or equivalent thereof on a periodic basis to discuss any matters of concern arising from the disclosure committee's quarterly process to assist the Chief Executive Officer and Chief Financial Officer in their Sarbanes-Oxley Act of 2002 Section 302 certifications.
2. Consider and approve, as appropriate, major changes to the Company's auditing and accounting principles and practices as suggested by the independent auditors, management or the internal auditor.
3. Review analyses prepared by management (and the independent auditor as noted in item B above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
4. Review with management the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
5. Review and approve all related party transactions (as defined in Regulation S-K) to the extent required by applicable rules of the NASDAQ Stock Market LLC or any successor national securities exchange on which the Company's stock is listed, and to keep the Company's independent auditors informed of the Committee's understanding of the Company's relationships and transactions with related parties that are significant to the Company.

6. Establish and maintain procedures for the receipt, retention, and treatment of complaints regarding accounting or auditing matters, including procedures necessary to receive and respond to confidential and anonymous submissions by Company employees regarding questionable accounting or auditing matters.

D. Internal Audit

1. Review and approve the appointment, replacement, reassignment, or dismissal of the internal audit director.
2. Review organizational structure and qualifications of the internal audit function.
3. At least annually, review and approve the internal audit plan, and periodically ensure adequate resources are available to execute the plan.
4. Periodically review with the internal audit director any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.
5. Review the results of completed internal audits and monitor corrective actions taken by management, as deemed appropriate.
6. Review with the independent auditor its assessment of the internal audit function's practices and objectivity.

E. Ethical and Legal Compliance

1. Establish, review and update as the Audit Committee deems necessary or appropriate a code of ethics for the principal executive officer and senior financial personnel of the Company in accordance with applicable law, rules and regulations.
2. Discuss the Company's major financial and accounting risk exposures and steps taken by management to control and mitigate those exposures.

F. Other Responsibilities

1. Prepare the report of the Audit Committee that the SEC requires be included in the Company's annual proxy statement.
2. Annually, perform a self-assessment relative to the Audit Committee's purpose, duties and responsibilities.
3. To the extent it deems appropriate, and with or without full Board approval, obtain advice and assistance from outside legal, accounting or other advisors to perform its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Audit committee, for compensation to any advisers that the Audit Committee chooses to engage.

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

V. Limitation of Audit Committee's Role

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

VI. Committee Evaluation

The performance of the Audit Committee will be evaluated by the Compensation Committee of the Board as part of its annual evaluation of the Board's committees.