

# CAN-FITE BIOPHARMA LTD.

## AUDIT COMMITTEE CHARTER

(As Adopted November 6, 2013)

**A. Purpose.** The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Can-fite Biopharma Ltd., a company incorporated under the laws of the State of Israel (the “**Company**”), is to assist the Board in its oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the qualifications and independence of the Company’s independent registered public accounting firm (the “**Independent Accounting Firm**”), and (iv) performance of the Company’s internal auditing department and the Independent Accounting Firm. The purpose of the Committee is also to review and oversee any and all related party transactions..

**B. Membership.** The Committee’s membership is determined by the Board and consists of at least three directors, or, if the Company is a “smaller reporting company” as defined by the U.S. Securities and Exchange Act (“**SEC**”), two directors. The members of the Committee shall meet the independence and experience requirements of Section 803(A) of the NYSE MKT Company Guide (“**Company Guide**”), as amended from time to time, and the requirements for audit committee service set forth in Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the “**Act**”), as promulgated by the SEC. Unless otherwise waived by the Board, at least one member of the Committee shall be an “audit committee financial expert” as determined by the Board in compliance with criteria established by the SEC. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years. Each member of the Committee shall be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement. Additionally, at least one member of the Committee who is financially sophisticated, in that he or she has 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 but not limited to being or having been a chief executive officer, chief financial officer, other senior officer with financial oversight responsibilities. A director who qualifies as an “audit committee financial expert” as determined by the Board in compliance with the criteria established by the SEC is presumed to qualify as financially sophisticated. Notwithstanding the foregoing, one director who is not independent as defined in Section 803(A) of the Company Guide, but who satisfies the requirements of Rule 10A-3 under the Act, and is not a current officer or employee or an immediate family member of such officer or employee, may be appointed to the audit committee, if he or she meets the exemption set forth in Section 803(B)(2)(b) of the Company Guide. Committee members shall not serve on the audit committees of more than two other public companies unless the Board determines that such service does not impair the member’s ability to serve effectively on the Committee. Notwithstanding the foregoing, until the securities of the Company are listed on a national exchange, the Board may waive any of the foregoing requirements.

**C. Roles and Responsibilities.** The Committee’s responsibility is one of oversight. The management of the Company is responsible for the preparation of complete and accurate annual and quarterly consolidated financial statements (“**financial statements**”) in accordance with generally accepted accounting principles in the United States and for maintaining appropriate accounting and financial reporting principles and policies and internal controls designed to assure compliance with accounting standards and laws and regulations. The Independent Accounting Firm is responsible for planning and conducting in accordance with the standards of the Public Company Accounting Oversight

Board (the “**PCAOB**”) an audit of the Company’s annual consolidated financial statements and a review of the Company’s quarterly financial statements. The Committee shall have the authority to take any and all acts that it deems necessary to carry out its oversight function, including but not limited to:

1. Financial Reporting and Disclosure. The Committee shall:

a. Review and discuss the annual audited financial statements and quarterly financial statements with management and the Independent Accounting Firm, including the disclosures in the Company’s filings with the SEC, including but not limited to, the Forms 20-F and unaudited quarterly financial statements (and including, but not limited to, the disclosures under the caption “Management Discussion and Analysis of Financial Condition and Results of Operations”). The Committee shall make a recommendation to the Board as to whether the audited financial statements should be included in the Company’s Annual Report on Form 20-F.

b. Review the Company’s financial reporting processes, disclosure and internal controls and procedures, and the process for the Chief Executive Officer and Chief Financial Officer quarterly certifications required by the SEC with respect to financial statements and the Company’s disclosure and internal controls and procedures. Such review shall include a consideration of major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company’s selection or application of accounting principles, and any reports by the Chief Executive Officer and Chief Financial Officer regarding major issues as to the adequacy of the Company’s disclosure and internal controls and procedures and any special audit steps adopted in light of identified deficiencies.

c. Review and discuss with management (including the senior internal audit executive, if applicable) and the Independent Accounting Firm the Company’s internal controls report, if any, and, when required, the Independent Accounting Firm’s attestation of the report prior to filing of the Company’s Form 20-F.

d. Obtain and periodically review a report from the Independent Accounting Firm, describing (i) all critical accounting policies and practices to be used in the financial statements; (ii) 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 Accounting Firm; and (iii) other material written communications between the Independent Accounting Firm and management, such as any management letter or schedule of unadjusted differences. Review any reports on such topics or similar topics prepared by management, including any significant financial reporting issues and judgments made in connection with the preparation of the financial statements. Discuss with the Independent Accounting Firm any material issues raised in such reports.

e. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, provided that such discussions may be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made). The management will review with the chair of the Committee (the “**Chair**”) earnings press releases prior to issuance.

f. Discuss with management and the Independent Accounting Firm the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, if any, on the Company’s financial statements.

2. Internal Audit. To the extent the Company has an internal auditor, internal audit department, senior auditing executive or conducts internal audits, the Committee shall, as applicable:

a. Review the charter, annual plan and scope of work of the internal auditing department, including its responsibilities and staffing.

b. Review, as appropriate, the results of internal audits and discuss related significant internal control matters with the Company's internal auditor and Company management.

c. Discuss the adequacy of the Company's internal controls with the internal auditing department.

d. Review the appointment and periodically evaluate the performance of the senior internal auditing executive, who shall have direct access to the Committee.

3. Independent Accounting Firm. The Committee shall:

a. Be directly responsible for the appointment, compensation, retention and oversight of the work of the Independent 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 such Independent Accounting Firm must report directly to the Committee.

b. Take, or recommend that the full Board takes, appropriate action to oversee the independence of the Independent Accounting Firm.

c. 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.

d. Obtain and review, at least annually, a report from the Independent Accounting Firm describing: (i) the Independent Accounting Firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the Independent Accounting 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 Independent Accounting Firm, and any steps taken to deal with any such issues; and (iii) all relationships between the Independent Accounting Firm and the Company (consistent with Independence Standards Board Standard 1), and the written independence disclosures required by applicable requirements of the PCAOB. Discuss with the Independent Accounting Firm any issues or relationships disclosed in such report that, in the judgment of the Committee, may have an impact on the competence, objectivity and independence of the Independent Accounting Firm.

e. Regularly review with the Independent Accounting Firm any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the Independent Accounting Firm's activities or access to requested information, management's response and disagreements with management. The Committee should review differences that were noted or proposed by the Independent Accounting Firm but

were “passed” (as immaterial or otherwise); and any “management” or “internal control” letter issued, or proposed to be issued, by the Independent Accounting Firm to the Company that is in addition to its audit report on the effectiveness of internal control over financial reporting.

f. Review the scope of the annual audit and services to be provided by the Independent Accounting Firm during the year. Pre-approve all audit, internal control-related and non-audit services provided by the Independent Accounting Firm, including specific pre-approval of internal control-related services based on the Public Company Accounting Oversight Board (“PCAOB”) Rule 3525, subject to any exceptions provided by the Act, and shall receive certain disclosure, documentation, and discussion of non-prohibited tax services by the Independent Accounting Firm based on PCAOB Rule 3524. The Committee shall not engage the Independent Accounting Firm to perform non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee according to procedures approved by the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

g. Obtain assurance from the Independent Accounting Firm that the audit was conducted in a manner consistent with Section 10A(b) of the Act.

h. Evaluate the Independent Accounting Firm’s qualifications, performance and independence. Review and periodically evaluate the performance of the lead audit partner of the Independent Accounting Firm and assure that the Independent Accounting Firm has a process in place to address the regular rotation of the lead audit partner and the audit partner responsible for reviewing the audit as required by law, including the SEC independence rules.

i. Establish policies for the Company’s hiring of employees or former employees of the Independent Accounting Firm who participated in any capacity in the audit of the Company that meet SEC regulations and applicable stock exchange listing standards.

4. Risk Management and Compliance. The Committee shall:

a. Discuss policies and procedures with respect to risk assessment and risk management, the Company’s major risk exposures and the steps management has taken to monitor and mitigate such exposures.

b. Review the effectiveness of the system for monitoring compliance with laws, regulations and the Company’s business conduct policies and the results of management’s investigation and follow-up on any fraudulent acts or accounting irregularities.

c. Obtain reports from management on compliance and on the implementation and effectiveness of the Company’s compliance and ethics program.

d. Review with the Company’s legal counsel legal matters that may have a material impact on the consolidated financial statements and any material reports or inquiries received from regulators or governmental agencies regarding compliance.

e. 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. Review periodically with

management and the internal auditing department these procedures and any significant complaints received.

5. Meetings, Reports, Charter Review, Performance Evaluation and Related Party Transactions. The Committee shall:

a. Meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, not less than on a quarterly basis. Meetings shall be called by the Chair or by a majority of the members of the Committee. Notice of each meeting shall be furnished to each member by the Chair (which task may be delegated by the Chair to the secretary of the Committee, if any) not less than one business day prior to the scheduled meeting, provided that attendance at the meeting shall constitute waiver of notice unless otherwise designated by the member. Notice may be given in the same manner as provided for meetings of the Board. The Committee shall meet separately, periodically, with management, with internal auditors, if any, and with the Independent Accounting Firm. Unless otherwise provided in the Company's Bylaws, a majority of the members shall constitute a quorum and a majority of the members present shall decide any matter brought before the Committee. The Chair may appoint a secretary to record and maintain minutes of any meeting of the Committee.

b. Report regularly to the Board.

c. Prepare the report of the Committee required to be included in the Company's annual proxy statement.

d. Review the adequacy of this Charter and recommend any proposed changes to the Board for approval.

e. Conduct performance evaluations of the Committee.

f. Review, oversee and evaluate any and all related party transactions.

**D. Independent Advisors and Counsel.**

1. The Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties.

2. The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the board of directors, for payment of:

a. 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 the listed issuer;

b. Compensation to any advisers employed by the audit committee under paragraph (D)(1) of this section; and

c. Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.