

STEADYMED LTD.

**CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

APPROVED BY THE BOARD OF DIRECTORS

DECEMBER 15, 2014

PURPOSE AND POLICY

The primary purpose of the Audit Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of SteadyMed Ltd. (the “*Company*”) shall be to assist the Board in fulfilling the Board’s oversight responsibilities with respect to (i) the Company’s corporate accounting and financial reporting processes, systems of internal control over financial reporting and audits of financial statements, and systems of disclosure controls and procedures, as well as the quality and integrity of the Company’s financial statements and reports, (ii) the qualifications, independence and performance of the registered public accounting firm or firms engaged as the Company’s independent outside auditors for the purpose of preparing or issuing an audit report or performing audit services (the “*Auditors*”), (iii) review of any reports or other disclosure required by the applicable rules and regulations of the Securities and Exchange Commission (the “*SEC*”) to be included in the Company’s annual proxy statement and periodic reports within the scope of authority outlined herein and (iv) the performance of the Company’s internal audit function, if any. The Committee shall also discharge the duties designated in Section 117 of the Companies Law (as defined below), as may be amended from time to time.

The policy of the Committee, in discharging these obligations, shall be to maintain and foster an open avenue of communication between the Committee and the Auditors and the Company’s financial management and internal audit teams.

The “*Public Effective Date*” shall mean the date on which the Company has become a public reporting company subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), and applicable rules and regulations of the SEC.

COMPOSITION

Following the Public Effective Date, and in accordance any applicable phase in requirements provided in the Nasdaq listing rules, the Committee shall consist of at least three (3) non-employee independent members of the Board, including all of the External Directors (as defined in the Israeli Companies Law 5759-1999, the “*Companies Law*”), all of whom are financially literate and at least one of whom has accounting or related financial management expertise. Pursuant and subject to the Companies Law, the Committee shall not include (i) the chairman of the Board, (ii) a controlling shareholder of the Company or an entity controlled by a controlling shareholder, (iii) a relative of a controlling shareholder of the Company, (iv) a director of the Company who derives most of his or her income from a controlling shareholder of the Company, or (v) a director of the Company who is employed by the Company or who provides services on a regular basis to the Company, to a controlling shareholder or to an entity controlled by a controlling shareholder. One of the External Directors must serve as the chairman of the Committee. In addition, pursuant and subject to the Companies Law, the Committee shall consist of a majority of Unaffiliated Directors (as defined in the Companies Law).

Only members of the Audit Committee may be present at Committee meetings unless the Committee's chairperson determines that a non-member's presence is required; provided that Company employees may be present at Committee meetings, so long as they are not a controlling shareholder and Committee decisions are made without such employee(s) present. Notwithstanding the above, legal counsel to the Company and the Secretary of the Company may be present in the Committee meeting, if requested by the Committee.

Following the Public Effective Date, the members of the Committee shall satisfy (i) the independence and financial literacy requirements imposed by the SEC, the Companies Law and by any stock exchange on which any of the Company's capital stock is listed, including any exceptions permitted by such requirements, as applicable to Committee members as in effect from time to time, when and as required by the SEC, the Companies Law and such stock exchange, (ii) qualifications determined by the Board or the Nominating and Corporate Governance Committee of the Board from time to time, and (iii) any other requirements imposed by applicable law. In addition, following the Public Effective Date, each member of the Committee (i) shall not have participated in the preparation of the financial statements of the Company at any time during the past three years, and (ii) shall be free from any relationship that, in the opinion of the Board, would interfere with the member's independent judgment as a Committee member. Following the Public Effective Date, at least one member of the Committee shall satisfy the applicable financial sophistication requirements, as in effect from time to time, and any other requirement, as in effect from time to time, for accounting or related financial management expertise, as determined by the Board in its business judgment, when and as required by any stock exchange on which any of the Company's capital stock is listed. The members of the Committee shall be appointed by and serve at the discretion of the Board. Resignation or removal of a Committee member from the Board for any reason shall automatically constitute resignation or removal, as applicable, from the Committee. Vacancies occurring on the Committee shall be filled by the Board, pursuant to the provisions of the Company's Articles of Association. The Committee's chairperson, who shall be an External Director, shall be appointed by the Board.

OPERATING PRINCIPLES AND PROCESSES

In fulfilling its functions and responsibilities, the Committee should give due consideration to the following operating principles and processes:

- *Communication* – Regular and meaningful contact with the Board, members of senior management and independent professional advisors to the Board and its various committees, as applicable, shall be encouraged as a means of strengthening the Committee's knowledge of relevant current and prospective corporate accounting and financial reporting issues.
- *Committee Education/Orientation* – Developing with management and participating in a process for systematic review of important accounting and financial reporting issues and trends in accounting and financial reporting practices that could potentially impact the Company shall be encouraged to enhance the effectiveness of the Committee.
- *Information Needs* – The Committee members shall communicate to the Chief Executive Officer or his or her designees the Committee's expectations, and the nature, timing, and extent of any specific information or other supporting materials requested by the Committee for its meetings and deliberations.
- *Meeting Agendas* – Committee meeting agendas shall be the responsibility of the chairperson of the Committee with input from the Committee members and other members of the Board as well

as, to the extent deemed appropriate by the chairperson, from members of senior management and outside advisors.

MEETINGS AND MINUTES

The Committee shall hold such meetings as its members shall deem necessary or appropriate. Following the Public Effective Date, the Committee will meet at least quarterly and hold such special meetings as its members shall deem necessary or appropriate. Minutes of each meeting of the Committee shall be prepared and distributed to each director of the Company and the Secretary of the Company promptly after each meeting. The chairperson of the Committee shall report to the Board from time to time, or whenever so requested by the Board.

Unless otherwise directed by the Committee, each regularly scheduled meeting will conclude with an executive session of the Committee absent members of management. As part of its responsibility to foster open communication, the Committee will meet periodically with management, the director of the internal audit function and the Auditors in separate executive sessions.

The Internal Auditors (as defined below) shall receive notices of the holding of meetings of the Committee and shall be entitled to take part in them. The Internal Auditors may request that the Committee's chairperson convene the committee to discuss such matter as the Internal Auditors may specify in their request, and the Committee's chairperson shall convene the Committee within a reasonable time from the date of the request, if he finds reason to do so.

A notice of the holding of a meeting of the Committee at which a matter relating to the audit of financial reports is to be dealt with shall be sent to the Auditors who may participate in the meeting

AUTHORITY

The Committee shall have access to all books, records, facilities and personnel of the Company as deemed necessary or appropriate by any member of the Committee to discharge his or her responsibilities hereunder. The Committee shall have authority to recommend to the shareholders of the company or to the Board, as applicable, the appointment, and recommend to the shareholders or to the Board, as applicable, the compensation for the Auditors (at the expense of the Company), and to oversee the Auditors (as set forth in Section 10A(m)(2) of the Exchange Act, and the rules thereunder) and otherwise to fulfill its responsibilities under this charter. For the purpose of performing his functions, a director may, in special cases, receive professional advice at the Company's expense, if coverage of the expense is approved by the Board or by the court. The Committee shall have authority to require that any of the Company's personnel, counsel, accountants (including the Auditors) or investment bankers, or any other consultant or advisor to the Company attend any meeting of the Committee or meet with any member of the Committee or any of its special, outside legal, accounting or other, advisors or consultants.

The Committee, subject to the approval of the Board if and as required by the Companies Law, may form and delegate authority to one or more subcommittees as appropriate. Delegation by the Committee to any subcommittee shall not limit or restrict the Committee on any matter so delegated, and, unless the Committee alters or terminates such delegation, any action by the Committee on any matter so delegated shall not limit or restrict future action by such subcommittee on such matters. The operation of the Committee shall be subject to the Company's Articles of Association and the Companies Law. Any decision of a subcommittee to preapprove audit or nonaudit services shall be presented to the full Audit Committee at its next scheduled meeting. The approval of this charter by the Board shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein.

The Committee may not approve any actions requiring its approval, unless, at the time of the approval, a majority of the Committee's members are present, which majority consists of Unaffiliated Directors including at least one External Director.

RESPONSIBILITIES

The Committee's key responsibilities are oversight and approval of certain transactions. The members of the Audit Committee are not employees of the Company, and they do not perform, or represent that they perform, the functions of management or the Auditors. The Committee relies on the expertise and knowledge of management, the internal auditor and the Auditors in carrying out its oversight responsibilities. The management of the Company is responsible for preparing accurate and complete financial statements in accordance with generally accepted accounting principles ("**GAAP**"), preparing periodic reports, and establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. The Auditors are responsible for auditing the Company's annual consolidated financial statements and the effectiveness of the Company's internal control over financial reporting and reviewing the Company's quarterly financial statements. It is not the responsibility of the Committee to prepare or certify the Company's financial statements, guarantee the audits or reports of the Auditors, or ensure that the financial statements or periodic reports are complete and accurate, conform to GAAP or otherwise comply with applicable laws.

The Committee shall oversee the Company's financial reporting process on behalf of the Board, and shall have direct responsibility to recommend the appointment, and the compensation of the Auditors to the Board and the shareholders of the Company, as applicable, and for the retention and oversight of the work of the Auditors and any other registered public accounting firm engaged for the purpose of performing other review or attest services for the Company. The Auditors and each such other registered public accounting firm shall report directly and be accountable to the Committee. The Committee's functions and procedures should remain flexible to address changing circumstances most effectively. To implement the Committee's purpose and policy, following the Public Effective Date, the Committee shall be charged with the following functions and responsibilities, with the understanding, however, that the Committee may supplement or (except as otherwise required by applicable laws or requirements of any stock exchange on which any of the Company's capital stock may be listed) deviate from these activities as appropriate under the circumstances:

1. *Engagement of Registered Public Accounting Firms; Evaluation and Retention of Auditors.* To evaluate the performance of the Auditors, to assess their qualifications (including their internal quality control procedures and any material issues raised by the Auditors' most recent internal quality control review or any investigations by regulatory authorities) and to determine whether to recommend the retention, or the termination of the engagement of the existing Auditors, or to recommend the appointment and engagement of a different independent registered public accounting firm, which retention shall be subject only to the approval of the Company's shareholders.

2. *Communication Prior to Engagement.* Prior to engagement of any prospective Auditors, to review a written disclosure by the prospective Auditors of all relationships between the prospective Auditors, or their affiliates, and the Company, or persons in financial oversight roles at the Company, that may reasonably be thought to bear on independence, and to discuss with the prospective Auditors the potential effects of such relationships on the independence of the prospective Auditors, consistent with Ethics and Independence Rule 3526, *Communication with Audit Committees Concerning Independence ("Rule 3526")*, of the Public Company Accounting Oversight Board (United States) (the "**PCAOB**").

3. *Recommendation of Audit Engagements.* To recommend to the Board the engagements of the Auditors prior to commencement of such engagements, to perform all proposed audit, review and

attest services, including the scope of and plans for the audit, the adequacy of staffing, the compensation to be paid, at the Company's expense, to the Auditors, and the negotiation and execution on behalf of the Company of the Auditors' engagement letters, which approval may be pursuant to preapproval policies and procedures established by the Committee consistent with applicable laws and rules, including the delegation of preapproval authority to one or more Committee members so long as any such preapproval decisions are presented to the full Committee at the next scheduled meeting.

4. *Approval of Non-Audit Services.* To determine and approve engagements of the Auditors prior to commencement of such engagements (unless in compliance with exceptions available under applicable laws and rules related to immaterial aggregate amounts of services), to perform any proposed permissible non-audit services, including the scope of the service and the compensation to be paid therefor, at the Company's expense, which approval may be pursuant to preapproval policies and procedures established by the Committee consistent with applicable laws and rules, including the delegation of preapproval authority to one or more Committee members so long as any such preapproval decisions are presented to the full Committee at the next scheduled meeting.

5. *Audit Partner Rotation.* To monitor the rotation of the partners of the Auditors on the Company's audit engagement team as required by applicable laws and rules and to consider periodically and, if deemed appropriate, adopt a policy regarding rotation of auditing firms.

6. *Auditor Independence.* At least annually, consistent with PCAOB Rule 3526, to receive and review written disclosures from the Auditors delineating all relationships between the Auditors, or their affiliates, and the Company, or persons in financial oversight roles at the Company, that may reasonably be thought to bear on independence and a letter from the Auditors affirming their independence, to consider and discuss with the Auditors any potential effects of any such relationships on the independence of the Auditors as well as any compensation or services that could affect the Auditors' objectivity and independence, and to assess and otherwise take appropriate action to oversee the independence of the Auditors.

7. *Former Employees of Auditors.* To consider and, if deemed appropriate, adopt policies regarding Committee preapproval of employment by the Company of individuals employed or formerly employed by the Company's Auditors and engaged on the Company's account.

8. *Audited Financial Statement Review.* To review, upon completion of the audit, the financial statements proposed to be included in the Company's Annual Report on Form 10-K to be filed with the SEC and any disclosure from the Company's Chief Executive Officer and Chief Financial Officer to be made in connection with the certification thereof, and to recommend whether or not such financial statements should be so included.

9. *Annual Audit Results.* To review with management and the Auditors, the results of the annual audit, including the Auditors' assessment of the quality of the Company's accounting principles and practices, the Auditors' views about qualitative aspects of the Company's significant accounting practices, the reasonableness of significant judgments and estimates (including material changes in estimates and analyses of the effects of alternative GAAP methods on the financial statements), all known and likely misstatements identified during the audit (other than those the Auditors believe to be trivial), the adequacy of the disclosures in the financial statements, and any other matters required to be communicated to the Committee by the Auditors under the standards of the PCAOB.

10. *Auditor Communications.* At least annually, to discuss with the Auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional*

Standards, vol. 12. AU section 380), as adopted by the PCAOB in Rule 3200T (including any successor rule adopted by the PCAOB).

11. *Quarterly Results and Reports on Form 10-Q.* To review with management and the Auditors, as appropriate, the results of the Auditors' review of the Company's quarterly financial statements and any disclosure from the Company's Chief Executive Officer and Chief Financial Officer to be made in connection with the certification of the Company's quarterly reports filed with the SEC, prior to public disclosure of quarterly financial information, if practicable, or filing with the SEC of the Company's Quarterly Report on Form 10-Q and any other matters required to be communicated to the Committee by the Auditors under the standards of the PCAOB. To review with management and the Auditors, to the extent appropriate, other relevant reports or financial information submitted by the Company to any governmental body or the public, including management certifications as required in Item 601(b)(31) of Regulation S-K and relevant reports rendered by the Auditors (or summaries thereof).

12. *Management's Discussion and Analysis.* To review with management and the Auditors, as appropriate, the Company's disclosures contained under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its periodic reports to be filed with the SEC.

13. *Press Releases.* To review with management and the Auditors, to the extent appropriate, earnings press releases, as well as the substance of financial information and earnings guidance provided to analysts and ratings agencies (including, without limitation, reviewing any pro forma or non-GAAP information), which discussions may be general discussions of the type of information to be disclosed or the type of presentation to be made. The Chair of the Committee may represent the entire Committee for purposes of this discussion.

14. *Accounting Principles and Policies.* To review with management and the Auditors, as appropriate, significant issues that arise regarding accounting principles and financial statement presentation, including critical accounting policies and practices, alternative accounting policies available under GAAP related to material items discussed with management, the potential impact on the Company's financial statements of off-balance sheet structures, any other significant reporting issues and judgments, and any significant regulatory, legal and accounting initiatives or developments that may have a material impact on the Company's financial statements, compliance programs and policies, if, in the judgment of the Committee, such review is necessary or appropriate

15. *Risk Assessment and Management.* To review and discuss with management and the Auditors, as appropriate, the Company's guidelines and policies with respect to financial risk management and financial risk assessment, including the Company's major financial risk exposures and the steps taken by management to monitor and control these exposures.

16. *Management Cooperation with Audit.* To evaluate the cooperation received by the Auditors during their audit examination, including any significant difficulties encountered during the audit or any restrictions on the scope of their activities or access to required records, data and information and, whether or not resolved, significant disagreements with management and management's response, if any.

17. *Management Letters.* To review with the Auditors and, if appropriate, management, any "management" or "internal control" letter issued or, to the extent practicable, proposed to be issued by the Auditors, and management's response, if any, to such letter, as well as any additional material written communications between the Auditors and management.

18. *Internal Auditors.* To recommend to the Board the appointment of the Company's internal auditor (the "***Internal Auditors***"). To review the audit plan of the Internal Auditors, to discuss scope, staffing, compensation, locations, reliance upon management and general audit approach and any significant reports prepared by the Internal Auditors as well as management's responses. To periodically review the Internal Auditors' performance, responsibility, budget and staffing. To periodically evaluate whether the Internal Auditors' have sufficient resources and tools to perform its responsibilities.

19. *National Office Communications.* To review with the Auditors, as appropriate, communications between the audit team and the Auditors' national office with respect to accounting or auditing issues presented by the engagement.

20. *Disagreements between Auditors and Management.* To review with management and the Auditors, or any other registered public accounting firm engaged to perform review or attest services, any conflicts or disagreements between management and the Auditors, or such other accounting firm, whether or not resolved, regarding financial reporting, accounting practices or policies or other matters, that individually or in the aggregate could be significant to the Company's financial statements or the Auditors' report, and to resolve any conflicts or disagreements regarding financial reporting.

21. *Internal Control over Financial Reporting; Disclosure Controls.* To confer with management and the Auditors, as appropriate, regarding the scope, adequacy and effectiveness of internal control over the business management practices, financial reporting and the Company's disclosure controls and procedures, including any significant deficiencies and significant changes in business management practices and internal controls. To obtain reports on significant findings and recommendations with respect to internal controls over financial reporting, together with management responses and any special audit steps adopted in light of any material control deficiencies. In the event the Committee shall find a significant deficiency, the Committee shall hold at least one meeting with respect to such deficiency, in which the Auditor or the Internal Auditor, as applicable, shall be present, and without the presence of officers who are not members of the Committee. Notwithstanding the aforementioned, an officer may be present in order to present a standpoint within his responsibility.

22. *Separate Sessions.* Periodically, to meet in separate sessions with the Auditors, the Internal Auditors or other personnel responsible for the internal audit function, as applicable and appropriate, and management to discuss any matters that the Committee, the Auditors, the Internal Auditors or other personnel responsible for the internal audit function, or management believe should be discussed privately with the Committee.

23. *Correspondence with Regulators.* To consider and review with management, the Auditors, outside counsel, as appropriate, and any special counsel, separate accounting firm or other consultants and advisors as the Committee deems appropriate, any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.

24. *Engagement of Registered Public Accounting Firms.* To determine whether to recommend the engagements of any registered public accounting firm (other than and in addition to the Auditors) to perform any other review or attest service.

25. *Complaint Procedures.* To establish procedures, when and as required by applicable laws and rules, for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

26. *Ethical Compliance.* To review the results of management's efforts to monitor compliance with the Company's programs and policies designed to ensure adherence to applicable laws and rules, as well as to its Code of Business Conduct and Ethics, including review and oversight of related-party transactions as required by applicable laws or requirements of any stock exchange on which any of the Company's capital stock is listed.

27. *Investigations.* To investigate any matter brought to the attention of the Committee within the scope of its duties if, in the judgment of the Committee, such investigation is necessary or appropriate.

28. *Related Party and Controlling Shareholder Transactions.* To consider and approve or disapprove any related party transaction as defined under SEC Regulation S-K Item 404, to the extent required by SEC regulations. To consider and approve or disapprove any related party transaction to the extent required by the Companies Law, including whether such transaction is extraordinary or material under the Companies Law and whether such transaction constitutes a "distribution" under the Companies Law; and to the extent determined that the transaction constitutes a "distribution", consider and determine, whether the applicable rules and regulations regarding "distribution" were complied. To consider and approve transactions between the Company and a controlling shareholder in which a controlling shareholder has a personal interest.

To determine the approval process for transactions that are not negligible, as well as determine which types of transactions would require the approval of the Committee. Under the Companies Law, non-negligible transactions are defined as related party transactions with a controlling shareholder or in which the controlling shareholder has a personal interest, that are deemed by the Committee not to be extraordinary transactions, but which have also been classified by the Committee as a non-negligible transaction. Additionally, the Committee may decide on such classifications for these types of transactions, based on criteria set annually in advance.

To ensure that a competitive process is conducted for related party transactions with a controlling shareholder, even if they are deemed by the Committee not to be extraordinary transactions. This process is to be supervised by the Committee, or any person it authorized for such supervision, or via any other method approved by the Committee. The specific criteria for such process may be determined by the Committee annually in advance.

29. *Proxy Report.* To oversee the preparation of the Committee report required by the rules of the SEC to be included in the Company's annual proxy statement.

30. *Annual Charter Review.* To review and assess the adequacy of this charter annually and recommend any proposed changes to the Board for approval.

31. *Report to Board.* To report to the Board with respect to material issues that arise regarding the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors, the performance of the Company's internal audit function (as applicable) or such other matters as the Committee deems appropriate from time to time or whenever it shall be called upon to do so.

32. *Internal Control Report.* At least annually to obtain and review a report by the Auditors describing that firm's internal quality-control review or peer review or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, with respect to one or more independent audits performed by the firm, as well as any steps taken to address the issues raised.

33. *Annual Committee Evaluation.* To conduct an annual evaluation of the performance of the Committee.

34. *Committee Membership Review; Determination of Director Independence.* The Committee shall be responsible for determining that the majority of its directors are Unaffiliated (as defined by the Companies Law).

35. *Other Legal and Finance Matters.* To review, with the Company's counsel, legal compliance and legal matters that could have a significant impact on the Company's financial statements. To review, with management, the Company's finance function, including its budget, organization and quality of personnel.

36. *General Authority.* To perform such other functions and to have such powers as may be necessary or appropriate in the discharge of any of the foregoing.