

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
CHECK-CAP LTD.**

**Purpose**

The Audit Committee (the “**Committee**”) is a committee of the Board of Directors (the “**Board**”) of Check-Cap Ltd. (the “**Company**”) established to represent and assist the Board in the oversight and monitoring of:

- The Company’s accounting and financial reporting processes and the audits of the Company’s financial statements;
- The integrity of the Company’s financial statements;
- The Company’s internal accounting and financial controls; and
- The Company’s compliance with legal and regulatory requirements, and the independent auditors’ qualifications, independence and performance.

**Committee Membership**

The Committee will consist of at least three members of the Board. Subject to any available exemptions under Israeli law and to the extent that external directors, within the meaning of the Israeli Companies Law, 5759-1999 (the “**Israeli Companies Law**” and “**External Directors**”), serve on the Board, the Committee will include all of the External Directors. The members of the Committee shall be appointed by, serve at, and may be removed at the discretion of the Board. Members of the Committee must meet the following criteria:

- Subject to any available exemptions of the Securities and Exchange Commission (“**SEC**”) and The NASDAQ Stock Market LLC (“**NASDAQ**”), each member must be an independent director in accordance with the SEC rules and the NASDAQ rules for audit committees.
- Subject to any available exemptions under Israeli law, (i) at least a majority of the Committee’s members must be independent directors in accordance with the Israeli Companies Law and regulations thereunder; and (ii) each member must be eligible to serve as an audit committee member in accordance with the Israeli Companies Law.
- Each member must be financially literate and able to read and understand fundamental financial statements, including the Company’s balance sheet, statement of operations and statement of cash flows, as determined by the Board.
- At least one member of the Committee shall be an “audit committee financial expert” in accordance with the rules of the SEC and at least one member (who may also serve as the audit committee financial expert) must have accounting or related financial management expertise, as the Board interprets such qualification in its business judgment, by virtue of

such member's current or past employment experience in finance or accounting, requisite professional certification in finance or accounting, or any other comparable experience or background which results in such individual's financial sophistication.

- No Committee member shall have participated in the preparation of the Company's or any of its subsidiaries' financial statements at any time during the past three years.
- Each member shall also meet any other requirements of the NASDAQ and the SEC for audit committee members.

Subject to any available exemptions under Israeli law, the Board shall designate one of the External Directors (if any serve on the Board) as the Committee's chairperson.

### **Meetings and Procedures**

- The Committee will set its own schedule of meetings and will meet at least quarterly, with the option of holding additional meetings at such times as it deems necessary or appropriate. Periodically, the Committee shall meet separately with the Company's management, with the internal auditors and/or internal control director, and with the independent auditors. The Committee shall convene at least one meeting regarding any discovery of a material wrongdoing in the business management of the Company, at which the internal auditor or the independent auditor, as applicable, shall be present, and no director or other "office holder" (as such term is defined in the Israeli Companies Law) of the Company who is not a Committee member may be present at such meeting other than to present his/her position with respect to matters for which her/she is responsible.
- Notices of Committee meetings and the agenda shall be provided to its members a reasonable time prior to the meeting. Committee meetings may be held via any means of communication (conference telephone, video conference or similar communications equipment) so long as all members participating in such meeting can hear one another, and such participation shall constitute presence in person in such meeting. The quorum for a Committee meeting and the majority required for the approval of any resolution of the Committee shall be at least a majority of the Committee's members and subject to any available exemptions under Israeli law, (i) a majority of the members present at the meeting shall be independent directors within the meaning of the Israeli Companies Law and (ii) at least one of the members present at the meeting shall be an External Director (if any serve on the Board). The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board at the Company's offices (or such other address in Israel notified by the Company to the Israeli Registrar of Companies) for a period of at least seven years from the date of the meeting. Any action required or permitted to be taken by the Committee may be taken without a meeting, in any manner permitted by the Israeli Companies Law. Subject to the Israeli Companies Law, the consent of a Committee member to adopt a resolution or the position of a Committee member to approve or oppose any resolution may be obtained in writing or orally.
- Subject to any available exemptions under Israeli law, a person that is not eligible to serve as an audit committee member in accordance with the Israeli Companies Law may not be

present during deliberations or voting at Committee meetings, unless the Committee's chairperson has determined that such person's presence is necessary to present a certain matter to the Committee, except that (i) an employee of the Company (excluding a person set forth in paragraph (ii) below) who is not the controlling shareholder or the controlling shareholder's "relative" (as such term is defined in the Israeli Companies Law) may be present during Committee discussions, provided that the employee is not present during the voting; and (ii) the Company's legal counsel and secretary who are not the controlling shareholder or the controlling shareholder's "relative" (as such term is defined in the Israeli Companies Law) may be present during discussions and voting at Committee meetings, in each case if requested by the Committee.

- The Committee will provide the internal auditor prior advance notice of each Committee meeting and will be entitled to participate in Committee meetings. The internal auditor shall be entitled to request the Committee's chairperson to convene a Committee meeting for the purpose(s) set forth in the request, and the Committee's chairperson shall convene such Committee meeting within a reasonable time following the request, if he or she deems there is reason for the same.
- The Committee will provide the independent auditor prior advance notice of each Committee meeting at which a matter relating to the audit of the Company's financial statements is discussed, and the independent auditors shall be entitled to participate in any such Committee meeting.
- Subject to applicable law, the Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. The Committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the Committee as a whole.
- The Committee shall make regular reports to the Board, which reports shall include, to the extent that the Committee deems appropriate, any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors or the performance of the internal audit function.

### **Authority and Responsibilities**

To the extent required by applicable law or otherwise deemed necessary or appropriate, the Committee shall have the power and authority of the Board to perform the duties and to fulfill the responsibilities detailed below. The Committee's approval of any matter below shall not derogate from the requirements of the Israeli Companies Law and regulations thereunder pursuant to which approval of the Board and, in certain cases, the Company's shareholders is required for certain acts or transactions, and under such circumstances the Committee's approval shall constitute only a recommendation to any such body

- The Committee shall oversee the work of the independent auditors and shall recommend to the shareholders (i) the appointment and, if appropriate, the discharge, of the

independent auditors; and (ii) the compensation of the independent auditors (or, if the shareholders or the Company's articles of association, as in effect from time to time, authorize the Board to determine the compensation of the independent auditors, the Committee shall make such recommendation to the Board). In this regard, the independent auditors shall report directly to the Committee, and the Committee shall recommend to the Board or shareholders, as applicable, the hiring and discharging of the independent auditors, all audit engagement fees and terms and all permissible non-audit engagements with the independent auditors.

- The Committee shall pre-approve (or, where permitted under the rules of the SEC, subsequently approve) engagements of the independent auditors to render audit services and/or establish pre-approval policies and procedures for such engagements, provided that (i) such policies and procedures are detailed as to the particular services rendered, (ii) the Committee is informed of each such service and (iii) such policies and procedures do not include delegation to management of the Committee's responsibilities under the Securities Exchange Act of 1934 or SEC rules, in each case subject to any other corporate approvals required by applicable law. The Committee shall also pre-approve any non-audit services proposed to be provided to the Company by the independent auditors, subject to any other corporate approvals required by applicable law.
- The Committee shall review and reassess the adequacy and scope of this Charter annually and recommend any proposed changes to the Board for approval.
- The Committee shall evaluate its performance annually.
- To the extent deemed necessary or appropriate, the Committee shall:

*Oversight of the Company's Relationship with the Independent Auditor*

- Review the independence of the independent auditors, including (i) obtaining on a periodic basis a formal written statement from the independent auditors delineating all relationships between the independent auditors and the Company, (ii) maintaining an active dialogue with the independent auditors, covering any disclosed relationship or services that may impair their objectivity and independence, (iii) presenting this statement to the Board and (iv) to the extent there are any such relationships, monitoring and investigating them and, if necessary, taking, or recommending to the Board that the Board take, appropriate action to maintain the independence of the independent auditors.
- Evaluate, at least annually, the independent auditors' qualifications, performance and independence, which evaluation shall include a review and evaluation of the lead partner of the independent auditors, and take appropriate action to oversee the independence of the independent auditors.
- Review, in consultation with the independent auditors, the annual audit plan and scope of audit activities and monitor such plan's progress.

- Review and evaluate the lead audit partner of the independent auditor and assure the regular rotation of the lead audit partner, the concurring partner and other audit partners engaged in the annual audit, to the extent required by law.
- Establish policies regarding the hiring of employees or former employees of the independent auditors.

*Oversight of the Company's Relationship with the Internal Auditor*

- Make recommendations to the Board with respect to the appointment of the internal auditor and shall review the internal auditor's performance, including whether the internal auditor has sufficient resources to dispose of its responsibilities.
- Review and approve the internal audit plan to be prepared by the internal auditor. Alternatively, if the Committee determines that the internal audit plan shall be approved by the Board, the Committee shall review such internal audit plan before its submission to the Board and shall propose amendments thereto as appropriate.

*Financial Statements and Disclosure Matters*

- Discuss and, as appropriate, review with management and the independent auditors the Company's financial statements and annual and quarterly reports on Forms 20-F and 6-K, including the Company's disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations, discuss with the independent auditors any other matters required to be discussed by accounting and auditing standards, and recommend to the Board whether the audited financial statements should be included in the Company's annual report on Form 20-F.
- Discuss with management, the internal auditor and the independent auditors significant financial reporting issues raised and judgments made in connection with the preparation of the Company's financial statements, including the review of (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles; (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues raised and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative U.S. GAAP methods on the financial statements; (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet arrangements, on the Company's financial statements; and (iv) the type and presentation of information to be included in earnings press releases, as well as any financial information and earnings guidance to be provided to analysts and rating agencies.
- At least annually, obtain and review a report by the independent auditor describing: (i) the audit firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or (iii) 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 audit firm, and any steps taken to deal with any such issues described in the report.

- Receive, review and discuss any reports from the independent auditors on (i) the Company's major critical accounting policies and practices; (ii) significant alternative treatments of financial information within U.S. GAAP that have been discussed with management; (iii) ramifications of the use of such alternative disclosures and treatments; (iv) any treatments preferred by the independent auditors; and (v) other material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- Review on a regular basis with the Company's independent auditors any problems or difficulties encountered by the independent auditors in the course of any audit work, including management's response with respect thereto, any restrictions on the scope of the independent auditors' activities or on access to requested information, and any significant disagreements with management; and ensure the resolution of any disagreements between management and the independent auditors regarding financial reporting.
- Review disclosures regarding the Company's internal controls that are required to be included in SEC reports.
- Discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
- Discuss with management earnings press releases and financial information and earnings guidance to be provided to analysts and rating agencies, including any proposed use of "pro forma" or "adjusted" non- GAAP information.

#### *Oversight of the Company's Internal Control Function*

- Review the adequacy and effectiveness of the Company's internal control policies and procedures on a regular basis, including the responsibilities, budget and staffing of the Company's internal audit and control function, as well as the need for any special audit procedures in response to material control deficiencies, through inquiry and discussions with the Company's independent auditors and management.
- Review the reports prepared by management, and, if required by applicable law, attested to by the Company's independent auditors, assessing the adequacy and effectiveness of the Company's internal controls and procedures, prior to the inclusion of such reports in the Company's periodic filings as required under SEC rules.

#### *Compliance Oversight Responsibilities; Oversight of Related Party Transactions*

- Discuss and review guidelines and policies with respect to risk assessment and risk management, including the Company's insurance coverage from time to time.
- Discuss with the Company's chief legal officer legal matters that may have a material impact on the financial statements or the Company's compliance procedures.

- Establish procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the management of the Company's business and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting, auditing or business management matters and the protection to be provided to such employees.
- Review, approve and monitor the Company's code of ethics applicable to its senior financial officers.
- Review any conflicts of interest and related party transactions to assess an impact on the Company's internal controls or financial reporting and disclosure.
- Determine whether there are deficiencies in the business management practices of the Company, including in consultation with the Company's internal auditor or the independent auditor, and shall make recommendations to the Board to improve such practices.
- Determine whether to approve certain related party transactions (including transactions in which a director or other "office holder" (as such term is defined in the Israeli Companies Law) of the Company has a personal interest, within the meaning of the Israeli Companies Law) required to be approved by the audit committee under the Israeli Companies Law and whether such transaction is "extraordinary" or "material" pursuant to the Israeli Companies Law. The Committee may make such determination with respect to a type of actions or transactions, in accordance with standards that it shall determine annually in advance
- Determine whether a competitive process must be implemented for the approval of certain transactions with controlling shareholders or its relative or in which a controlling shareholder has a personal interest (whether or not the transaction is an extraordinary transaction), under the supervision of the Committee or other party determined by the Committee and in accordance with standards determined by the Committee, or whether a different process determined by the Committee should be implemented for the approval of such transactions. For this purposes, the Committee may determine standards annually in advance.
- Determine the process for the approval of certain transactions with controlling shareholders or in which a controlling shareholder has a personal interest that the Committee has determined are not extraordinary transactions but has classified as not immaterial transactions. The Committee may make such classification with respect to a type of transactions, in accordance with standards that it shall determine annually in advance.

The Committee shall have the authority to engage independent counsel and other advisers, as it determines necessary, to carry out its duties. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (i) compensation to the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit review

or attest services for the Company, (ii) compensation to any advisers employed by the Committee and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate for carrying out its duties.

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As Adopted: \_\_, 2019