

**AMENDED AND RESTATED
CHARTER OF THE AUDIT COMMITTEE
of the
BOARD OF DIRECTORS
of
PERNIX THERAPEUTICS HOLDINGS, INC.
AS OF MARCH 10, 2010**

- 1. Purpose; Limitations on Duties.** The purpose of the Audit Committee (this “Committee”) is to assist the Board of Directors (the “Board”) of Pernix Therapeutics Holdings, Inc. (this “Corporation”) in overseeing the accounting and financial reporting processes of this Corporation and audits of the financial statements of this Corporation and to prepare the annual report of this Committee required by applicable Securities and Exchange Commission (“SEC”) disclosure rules. Among the matters this Committee will oversee are: (a) the integrity of this Corporation’s financial statements; (b) this Corporation’s compliance with legal and regulatory requirements; (c) the independent registered public accountants’ qualifications and independence; and (d) the performance of any of this Corporation’s internal audit functions and independent registered public accountants.

While this Committee has the responsibilities and powers set forth in this Charter, it is not the duty of this Committee to plan or conduct audits or to determine that this Corporation’s financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles (“GAAP”) and applicable rules and regulations. These are the responsibilities of management and the independent registered public accountants.

- 2. Membership; Appointment; Expertise and Independence.** This Committee will consist of three or more directors of this Corporation’s Board. All members of this Committee shall be directors who meet (or are advised by one of this Corporation’s professional advisors that they meet) the knowledge requirements and the independence requirements of applicable law, and the applicable rules of the SEC and the American Stock Exchange (“Amex”), as such law and rules may be in effect from time to time and applicable to this Corporation, including the items listed in Amex Company Guide Sections 121 and 803 and SEC Rule 10A-3(b), subject to any exceptions allowed by such rules and any permissible waivers granted by such authorities.

The members of this Committee will be appointed by and serve at the discretion of the Board, and, subject to any alternate nominating procedures set forth in this Corporation’s Bylaws, this Corporation’s Nominating Committee may make recommendations regarding Committee appointments to the Board. The Chair of this Committee (the “Chair”) shall be appointed by the Board and must meet the membership standards described above, including applicable knowledge and independence requirements. Members of this Committee will be compensated for their services on a basis established from time to time by the Board and will receive reimbursement of their expenses.

All Committee members must be able to read and understand fundamental financial statements, including balance sheets, income statements and cash flow statements. As required by Amex Company Guide Section 121B(2)(ii), this Committee must include at least one member who 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, such as being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. To the extent practicable, the Board shall appoint to this Committee at least one member who qualifies as an “audit committee financial expert,” as defined in Item 401 of SEC Regulation S-K. This Corporation is required to disclose in the periodic reports required by Section 13(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (or incorporate by reference to the annual meeting proxy statement, to the extent permitted by the SEC), whether or not this Committee has at least one member who is an audit committee financial expert. In addition, no member of this Committee may have participated in the preparation of financial statements for this Corporation or any current subsidiary of this Corporation during the past three years.

- 3. Specific Responsibilities and Duties.** The Board delegates to this Committee the express responsibility and authority to do the following:

3.1 Independent Registered Public Accounting Firm

- (a) **Selection; Fees.** Be solely and directly responsible for the appointment, compensation, retention, evaluation and oversight of the work of the independent registered public accounting firm (including, without limitation, resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for this Corporation and, where appropriate, the termination and replacement of such firm. Such independent registered public accountants shall report directly

to and be ultimately accountable to this Committee. This Committee has the ultimate authority to approve all audit engagement fees and terms, with the costs of all engagement to be borne by this Corporation.

- (b) **Audit Team.** Review the experience and qualifications of the senior members of the independent registered public accounting firm.
- (c) **Scope of Audit.** Review, evaluate and approve the annual engagement proposal of the independent registered public accounting firm (including the proposed scope and approach of the annual audit).
- (d) **Lead Audit Partner Review, Evaluation and Rotation.** Review and evaluate the lead partner of the independent registered public accounting firm. Ensure that the lead audit partner having primary responsibility for the audit and the reviewing audit partner of the independent registered public accounting firm are rotated at least every five years.
- (e) **Pre-Approval of Audit and Non-Audit Services.** Pre-approve all auditing services and all non-audit services permitted to be performed by the independent registered public accounting firm. Such pre-approval may be given as part of this Committee's approval of the scope of the engagement of the independent registered public accounting firm or on an engagement-by-engagement basis or pursuant to pre-established policies. In addition, the authority to pre-approve non-audit services may be delegated by this Committee to one or more of its members, but such member's or members' non-audit service approval decisions must be reported to this full Committee at its next regularly scheduled meeting.
- (f) **Determination of Independence.**
 - (i) **Obtain Written Statement.** At least annually, obtain and review a formal written statement from the independent registered public accounting firm delineating all relationships between the independent registered public accountants and this Corporation, consistent with Independence Standards Board Standard No. 1.
 - (ii) **Engage in Active Dialogue.** Actively engage in a dialogue with the independent registered public accountants with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accountants and take, or recommend that the Board take, appropriate action to oversee the independence of the outside independent registered public accountants.
- (g) **Review Problems.** Review with the independent registered public accountants any audit problems or difficulties the independent registered public accountants may have encountered in the course of its audit work, and management's responses, including: (i) any restrictions on the scope of activities or access to requested information; and (ii) any significant disagreements with management.
- (h) **Related-Party Transactions.** On an ongoing basis, review all proposed related-party transactions for potential conflict-of-interest situations and approve (or not approve) such proposals in this Committee's discretion ("related-party transactions" refers to transactions that would be required to be disclosed pursuant to Item 404 of SEC Regulation S-K).

3.2 Financial Reporting.

- (a) **Annual Financials.** Review and discuss with management and the independent registered public accountants this Corporation's annual audited financial statements (including, without limitation, this Corporation's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations"), any unusual or non-recurring items, the nature and substance of significant reserves, the adequacy of internal controls and other matters that this Committee deems material, prior to the public release of such information. Obtain from the independent registered public accountants assurance that the audit was conducted in a manner consistent with Section 10A of the Exchange Act. Recommend to the Board whether the annual audited financial statements should be included in this Corporation's Annual Report on Form 10-K.
- (b) **Quarterly Financials.** Review and discuss with management and the independent registered public accountants this Corporation's quarterly financial statements (including, without limitation, this Corporation's disclosure under "Management's Discussion and Analysis of Financial Condition and Results of Operations"), the results of the independent registered public accountants' reviews of the quarterly financial statements, and other matters that this Committee deems material prior to the public release of such information.

- (c) **Accounting Principles.** Review with management and the independent registered public accountants material accounting principles applied in financial reporting, including any material changes from principles followed in prior years and any items required to be communicated by the independent registered public accountants in accordance with American Institute of Certified Public Accountants Statement of Auditing Standards 61.
 - (d) **Judgments.** In this Committee's discretion, review reports prepared by management or by the independent registered public accountants relating to significant financial reporting issues and judgments made in connection with the preparation of this Corporation's financial statements.
 - (e) **Press Releases.** In this Committee's discretion, discuss earnings press releases with management (including the type and presentation of information to be included in earnings press releases), as well as financial information and earnings guidance provided to analysts and rating agencies.
- 3.3 Risk Management.** In this Committee's discretion, discuss policies with respect to risk assessment and risk management periodically with management, any internal auditors, and the independent registered public accountants, and this Corporation's plans or processes to monitor, control and minimize such risks and exposures.
- 3.4 Financial Reporting Processes; Chief Executive Officer and Chief Financial Officer Certifications.**
- (a) **Internal and External Controls.** In consultation with this Corporation's independent registered public accountants, any internal auditors, and financial and accounting personnel, review the integrity, adequacy and effectiveness of this Corporation's accounting and financial controls, both internal and external, and elicit any recommendations for the improvement of such internal control procedures or particular areas where new or more detailed controls or procedures are desirable.
 - (b) **Reports from independent registered public accountants.** Obtain and review timely reports from the independent registered public accountants regarding:
 - (i) all critical accounting policies and practices to be used by this Corporation;
 - (ii) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent registered public accountants; and
 - (iii) all other material written communications between the independent registered public accountants and management, including any management letter or schedule of unadjusted differences.
 - (c) **CEO and CFO Certifications.** Discuss with the chief executive officer and the chief financial officer of this Corporation the processes involved in and any material required as a result of the Form 10-K and Form 10-Q certification process concerning deficiencies in design or operation of internal controls or any fraud involving management or employees with a significant role in this Corporation's internal controls.
- 3.5 Legal and Regulatory Compliance.**
- (a) **SEC Report.** Prepare, or cause the preparation of, and approve the annual report of this Committee included in this Corporation's proxy statement as required by the proxy rules under the Exchange Act.
 - (b) **Reports from Others.** Obtain such reports from management, independent registered public accountants, counsel, tax advisors or any regulatory agency as this Committee deems necessary regarding regulatory compliance, transactions with affiliates, and other legal matters that may have a material effect on this Corporation's financial statements and the consideration of those matters in preparing the financial statements.
 - (c) **Code of Ethics; Waivers.** Approve and monitor this Corporation's compliance with a code of conduct or ethics required by applicable law or exchange listing standards and covering the conduct and ethical behavior of directors, officers and employees, and approve in advance any amendments to it or waivers of it for directors, executive officers and senior financial officers.
 - (d) **Complaints.** Establish procedures for:

- (i) the receipt, retention and treatment of complaints received by this Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (ii) the confidential, anonymous submission by this Corporation's employees of concerns regarding questionable accounting or auditing matters.

3.6 Annual Evaluation of Committees and Charter.

- (a) **Evaluation of this Committee.** Annually evaluate the performance of this Committee.
- (b) **Review and Publication of this Charter.** Review and reassess the adequacy of this Charter at least annually and recommend any proposed changes to the Board, as appropriate, and publish this Charter as required by applicable law.

4. Reports to Board; Meetings; Minutes.

- 4.1 Recommendations; Reports.** This Committee shall regularly report to the Board on this Committee's activities and make appropriate recommendations to the Board.
- 4.2 Executive Sessions.** This Committee may meet with the independent registered public accountants, any internal auditors (or other personnel responsible for this Corporation's internal audit function) and management in separate executive sessions regularly (with such frequency as it determines) to discuss any matters that this Committee or these groups believe should be discussed privately.
- 4.3 Other Meetings.** This Committee shall conduct other meetings with such frequency, and at such times, as the Chair, or a majority of this Committee, determines, but this Committee shall meet at least quarterly. Special meetings of this Committee may be called by the Chair and will be called promptly upon the request of any two members of this Committee. The agenda of each meeting will be prepared by the Chair and circulated, if practicable, to each member prior to the meeting date. Unless this Committee or the Board adopts other procedures, the provisions of this Corporation's Bylaws applicable to meetings of Board committees will govern meetings of this Committee.
- 4.4 Minutes.** Minutes of each meeting shall be kept.

5. Subcommittees. This Committee has the power to appoint and delegate matters to subcommittees, but no subcommittee will have any final decision-making authority on behalf of the Board or this Committee (except as permitted by Section 3.1(e) above).

6. Advisors and Counsel; Reliance; Investigations; Cooperation.

- 6.1 Retention of Advisors and Counsel.** This Committee has the power, in its sole discretion, to obtain advice and assistance from, and to retain at this Corporation's expense, such independent legal counsel, accounting or other advisors and experts as it determines necessary or appropriate to carry out its duties, and in connection therewith to receive appropriate funding, determined by this Committee, from this Corporation.
- 6.2 Administrative Expenses.** This Committee may determine the level and cost of ordinary administrative expenses necessary or appropriate in carrying out its duties, with such costs to be borne by this Corporation.
- 6.3 Reliance Permitted.** This Committee shall act in reliance on management, this Corporation's independent registered public accountants, internal auditors, and advisors and experts, as it deems necessary or appropriate.
- 6.4 Investigations.** This Committee has the power, in its discretion, to conduct any investigation it deems necessary or appropriate to enable it to carry out its duties.
- 6.5 Required Participation of Employees.** This Committee shall have unrestricted access to this Corporation's employees, independent registered public accountants, internal auditors and counsel, and may require any employee of this Corporation or a representative of this Corporation's outside counsel or independent registered public accountants to attend meetings of this Committee or to meet with any members of this Committee or any representative of this Committee's counsel, advisors or experts.

7. Rules and Procedures. Except as expressly set forth in this Charter or this Corporation's Bylaws, or as otherwise provided by law or the rules of Amex, this Committee shall establish its own rules and procedures.