

CHARTER OF THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS OF
NOVADEL PHARMA INC.

Purpose

The Committee is appointed by the Board of Directors to assist the Board in its oversight function by monitoring the following:

- Integrity of the Company's financial statements;
- Independent registered public accounting firm's qualifications, independence and performance;
- Performance of the Company's corporate audit function; and
- Compliance by the Company with legal and regulatory requirements.

It is the responsibility of executive management of the Company to prepare financial statements in accordance with generally accepted accounting principles and of the independent registered public accounting firm to audit those financial statements. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in compliance with generally accepted accounting principles.

The Audit Committee and the other Committees of the Board will coordinate their compliance and risk oversight efforts to the extent necessary or appropriate to ensure the complete and proper exchange of information.

Membership

The Committee shall be comprised of at least three Directors. Members shall be appointed, and may be removed by the Board upon the recommendation of the Nominating and Corporate Governance Committee.

The Committee shall meet the independence, financial literacy and expertise requirements of the American Stock Exchange, the requirements of Section 10A(m)(d) of the Securities Exchange Act of 1934 and the rules and regulations of the Securities and Exchange Commission ("SEC").

Committee members shall not simultaneously serve on the audit committees of more than three other public companies. **(Listed on annual evaluation form).**

Meetings and Operation

The Committee shall meet at least quarterly and more frequently as it may determine in light of its responsibilities as set forth in this Charter. The Committee Chair sets the agenda for each meeting and determines the length and frequency of meetings.

The Committee shall meet periodically, and at a minimum four times per year, in separate executive sessions with management and the independent registered public accounting firm. The Committee may request any officer or employee of the Company, outside counsel or the independent registered public accounting firm to attend a meeting of the Committee or to meet with any members or, or consultants to, the Committee.

The Committee shall determine how to best operate, including whether to delegate any responsibilities to subcommittees.

The Committee shall operate in full compliance with the American Stock Exchange requirements for audit committees and other applicable laws and regulations.

Independent Registered Public Accounting Firm

The independent registered public accounting firm shall report directly to the Committee. The Committee has the sole authority and responsibility to select, appoint, evaluate and, where appropriate, replace the independent registered public accounting firm. The Committee shall be directly responsible for the compensation and oversight of the work of the independent registered public accounting firm (including 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 related work.

Responsibilities

In carrying out its purposes, the Committee's policies and procedures should remain flexible, so that it may be in a position to best react or respond to changing circumstances or conditions. The following should be considered within the responsibilities and authority of the Committee:

1. Select the Independent Registered Public Accounting Firm. Select the independent public accounting firm annually.

2. Matters Concerning the Independence of Independent Registered Public Accounting Firm. Review and discuss with the independent registered public accounting firm the written disclosures required by Independence Standards Board Standard No. 1 regarding their independence and, where appropriate, recommend that the Board take appropriate action in response to the disclosures to satisfy itself of the independence of the independent registered public accounting firm.

Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

Set policies for the Company's hiring of employees or former employees of the independent registered public accounting firm.

Preapprove all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent registered public accounting firm. The Committee may perform and delegate authority to subcommittees consisting of one or more members where appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.

3. Review Quality Control Process of Independent Registered Public Accounting Firm. Obtain and review a report from the independent registered public accounting firm at least annually regarding (a) the independent registered public accounting firm's internal quality-control procedures, (b) any material issues raised by the most recent internal quality-control review, or peer review, of the 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 firm, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent registered public accounting firm and the Company. Present the conclusions of its review with respect to the independent registered public accounting firm to the Board.

4. Review Audit Plan. Review with the independent registered public accounting firm their plans for, and the scope of, their annual audit.

5. Conduct of Audit. Discuss with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards Nos. 61, 89 and 90 relating to the conduct of the audit, including any difficulties encountered in the course of the audit work and management's response, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

6. Review Audit Results. Review with the independent registered public accounting firm the report of their annual audit, or proposed report of their annual audit, the accompanying management letter, if any, and the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 100.

7. Review Annual Financial Statements. Review and discuss with management and the independent registered public accounting firm the audited financial statements and the disclosures to be made in management's discussion and analysis. Recommend to the Board whether the audited financial statements should be included in the 10-K.

8. Review Quarterly Financial Results. Review and discuss with management the Company's earnings press release, including the use of "pro forma" or "adjusted" non-GAAP information. Review with management generally the types of financial information and presentation to be provided to analysts and rating agencies, including whether earnings guidance will be provided.

9. Review Quarterly Financial Statements. Review and discuss with management and the independent registered public accounting firm the quarterly financial statements and the disclosures to be made in the MD&A prior to filing the 10-Q. Discuss with the independent registered public accounting firm their review of the quarterly financial statements.

10. Financial Reporting Issues and Judgments; Related Matters. Discuss with management and the independent registered public accounting firm significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

Review and discuss quarterly reports from the independent registered public accounting firm on:

- All critical accounting policies and practices to be used;
- All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramification of the use of such alternative disclosures and treatments, and the treatment preferred by the independent registered public accounting firm;

- Other material written communications between the independent registered public accounting firm and management, such as any management letter or schedule of unadjusted differences; and
- Reports and disclosures of any insider or affiliated party transactions.

Discuss with management and the independent registered public accounting firm any correspondence or published report which raises material issues regarding the Company's financial statements or accounting policies that is issued by the U.S. Securities and Exchange Commission or the American Stock Exchange or other governmental agencies.

11. Review Corporate Audit Program. Review annually with management the budget, staffing and proposed scope of the corporate audit activities. Review annually the results of the corporate audit activities.

12. Complaints regarding Accounting and Auditing Matters. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

13. Review Systems of Internal Accounting Controls. Review with management and the independent registered public accounting firm the adequacy of the Company's internal controls over financial reporting that could significantly affect the Company's financial statements.

Review disclosures made to the Committee by the Company's CEO and CFO during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting. Review and discuss with the Chief Financial Officer, the Corporate Controller and the independent registered public accounting firm the Company's report on internal controls over financial reporting and the independent registered public accounting firm's attestation relating thereto, prior to such documents being included in the 10-K.

14. Securities Exchange Act of 1934. Obtain assurance from the independent registered public accounting firm that Section 10A(b) of the Securities Exchange Act of 1934 has not been implicated.

15. Legal, Compliance and Risk Management Matters.

- Review with the Company's Chief Financial Officer or Corporate Controller legal matters that may have a material impact on the financial statements and legal and compliance matters that involve financial reporting or SEC compliance.
- Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

16. Prepare Proxy Statement Report. Prepare the report of the Committee required by the rules of the SEC to be included in the Company's annual proxy statement. Review and discuss with management the proxy statement disclosures about the Committee and the independent

registered public accounting firm. Review and discuss with management internal controls over proxy statement disclosure that is incorporated by reference into the 10-K.

17. Review Other Matters. Review such other matters in relation to the accounting, auditing, financial reporting and related compliance practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.

18. Board Reports. Regularly report its activities to the Board in such manner and at such times as it deems appropriate. The Committee shall review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, compliance with legal or regulatory requirements, the performance and independence of the independent registered public accounting firm or the performance of the corporate financial managers.

19. Review Committee Performance. Annually review its own performance.

20. Review Charter. Review and reassess the adequacy of this Charter annually and submit it to the Board for approval.

Advisors

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

Funding for Independent Registered Public Accounting Firm and Advisors

The Company shall provide for appropriate funding, as determined by the Committee, for payment of:

- compensation to the independent registered public accounting firm for the purpose of rendering or issuing an audit report and for any other services approved by the Committee,
- compensation for any other advisors retained by the Committee, and
- ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.