

RETROPHIN, INC.

AUDIT COMMITTEE CHARTER

Adopted on January 9, 2014

PURPOSE

The purpose of the Audit Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Retrophin, Inc. (the “**Company**”), shall be to:

- Provide oversight of the Company’s accounting and financial reporting processes and the audit of the Company’s financial statements;
- Assist the Board in oversight of (i) the integrity of the Company’s financial statements presented to any governmental body or the public, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditor’s qualifications, independence and performance, and (iv) the Company’s internal accounting and financial controls; and
- Provide to the Board such information and materials as it may deem necessary to make the Board aware of significant financial matters that require the attention of the Board.

In furtherance of these purposes, the Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board may from time to time prescribe.

The Committee’s responsibility is one of oversight. The members of the Committee are not employees of the Company, and they do not perform, or represent that they perform, the functions of management or the independent auditors. The Committee relies on the expertise and knowledge of management and the independent registered accounting firm 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 and for establishing and maintaining appropriate accounting principles and financial reporting policies and satisfactory internal control over financial reporting. It is also management’s responsibility to develop, implement and monitor the Company’s programs and policies designed to promote compliance with applicable laws and regulations and company policies. The independent registered accounting firm is 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 or guarantee the audits or reports of the independent auditors, nor is it the duty of the Committee to certify that the independent auditor is “independent” under applicable rules. These are the fundamental responsibilities of management and the independent auditors.

MEMBERSHIP

The Committee members shall be appointed by, and shall serve at the discretion of, the Board. The Committee shall consist of at least three members of the Board. The Board may designate one member of the Committee as its chair. The Committee may form and delegate authority to subcommittees when appropriate. Members of the Committee must meet the following criteria (as well as any criteria required by the Securities and Exchange Commission (the “SEC”)); provided, however, that the Company may avail itself of any phase-in rules applicable to newly-listed companies in connection with an initial public offering:

- Each member will be an independent director in accordance with (i) the audit committee requirements of applicable rules of The NASDAQ Stock Market LLC (the “**Nasdaq Rules**”) and (ii) the rules of the SEC;
- Each member will be able to read and understand fundamental financial statements, in accordance with the Committee requirements of the Nasdaq Rules;
- At least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background that results in that individual’s financial sophistication, including a current or past position as a principal financial officer or other senior officer with financial oversight responsibilities; and
- At least one member will be an “audit committee financial expert” as defined in the rules of the SEC.

RESPONSIBILITIES AND DUTIES

The responsibilities and duties of the Committee shall include:

Review Procedures

- Reviewing the reports of management and the independent auditors concerning the design, implementation and maintenance of the Company’s internal controls and procedures for financial reporting, including meeting periodically with the Company’s management and the independent auditors to review their assessment of the adequacy of such controls and to review before release the disclosure regarding such system of internal controls required under SEC rules to be contained in the Company’s periodic filings and the attestations or reports by the independent auditors relating to such disclosure;
- Reviewing and providing oversight of the external audit by (i) reviewing the independent auditors’ proposed audit scope and approach; (ii) discussing with the Company’s independent auditors the financial statements and audit findings, including any significant adjustments, management judgments and accounting estimates, significant new accounting policies, disagreements with management and any other required communications described in applicable accounting

standards; (iii) reviewing with the independent auditors the Company's critical accounting policies and practices, alternative treatments of financial information within generally accepted accounting principles that have been discussed with management and the treatment recommended by the independent auditors, and other material written communications between the independent auditors and management; and (iv) reviewing reports submitted to the audit committee by the independent auditors in accordance with applicable SEC requirements;

- Reviewing and discussing with management and the independent auditors the annual audited financial statements and quarterly unaudited financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to filing the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, respectively, with the SEC;
- Recommending to the Board, if deemed appropriate, that the audited financial statements be included in the Company's Annual Report on Form 10-K, in accordance with the rules and regulations of the SEC;
- Directing the Company's independent auditors to review before filing with the SEC the Company's interim financial statements included in Quarterly Reports on Form 10-Q, using professional standards and procedures for conducting such reviews;
- Conducting a post-audit review of the financial statements and audit findings, including any suggestions for improvements provided to management by the independent auditors and management's response to such suggestions;
- Reviewing, prior to announcement, Company earnings press releases and discussing generally with management the nature of any additional financial information or earnings guidance to be provided publicly;
- Providing oversight and review at least annually of the Company's risk management policies, including its investment policies;
- Reviewing, in conjunction with counsel, any legal matters that could have a significant impact on the Company's financial statements; and
- Reviewing and assessing the adequacy of this charter on an annual basis and recommending any proposed changes to the Board.

Independent Auditors

- Having sole authority over appointing, removing, compensating and overseeing the work of the independent auditors (including resolving disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work;

- Reviewing the independence of the outside auditors, including (i) obtaining on a periodic basis a written statement from the independent auditors regarding relationships and services with the Company that may impact independence, as defined by applicable standards and SEC requirements, and discussing with the independent auditors their independence and (ii) to the extent there are relationships, monitoring and investigating them;
- Receive and review annually a report by the independent auditor describing the firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, peer review, or PCAOB review, of the independent auditing 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, and any steps taken to deal with any such issues; and any other required reports from the independent registered public accounting firm; and
- Pre-approving audit and permissible non-audit services provided to the Company by the independent auditors, except where pre-approval is not required because such non-audit services are de minimis under the rules of the SEC, in which case subsequent approval may be obtained. The Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Committee at its scheduled meetings.

Regulatory Compliance and Other Matters

- Overseeing compliance with the requirements of the SEC for disclosure of auditor's services and audit committee members, member qualifications and activities;
- Reviewing the results of management's efforts to monitor compliance with the Company's programs and policies designed to promote adherence to applicable laws and regulations (other than compliance with healthcare laws and regulations, responsibility for the oversight of which is vested in the Regulatory and Compliance Committee of the Board), as well as compliance by employees with the Company's Code of Business Conduct and Ethics and underlying policies;
- Providing a report for inclusion in the Company's proxy statement in accordance with the rules and regulations of the SEC; and
- Establishing procedures for receiving, retaining and treating complaints received by the Company regarding accounting, internal accounting controls or auditing matters and procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

MEETINGS

The Committee shall meet at least once each fiscal quarter. The Committee may meet either in person or telephonically, and at such times and places as the Committee determines. The Committee may establish its own meeting schedule, which it shall provide to the Board. The Committee may invite to its meetings other Board members, Company management and such other persons as the Committee deems appropriate in order to carry out its responsibilities.

The Committee shall meet separately with the Chief Executive Officer and separately with the Chief Financial Officer of the Company at such times as it deems appropriate to review the financial affairs of the Company. The Committee will meet separately with the independent auditors of the Company at such times as it deems appropriate, but not less than quarterly.

MINUTES

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

REPORTS

The Committee shall make regular reports to the full Board on the actions and recommendations of the Committee.

COMPENSATION

Members of the Committee shall receive such fees, if any, for their service as Committee members as may be determined by the Board in its sole discretion.

Members of the Committee may not receive any compensation from the Company except the fees that they receive for service as a member of the Board or any committee thereof.

The independent auditors shall report directly to the Committee. In addition, the Committee may retain, as it deems appropriate and at the Company's expense, outside legal, accounting or other advisors to advise or assist the Committee in the performance of any of the responsibilities and duties set forth above.