

**OncoGenex Pharmaceuticals, Inc.**  
(the “Corporation”)

**AUDIT COMMITTEE CHARTER**

(Approved by the Board of Directors on June 8, 2010)

**1. General**

The Board of Directors of the Corporation (the “Board”) has established an Audit Committee (the “Committee”) to take steps on its behalf as are necessary to assist the Board in fulfilling its oversight responsibilities regarding:

- (a) the integrity of the Corporation’s financial statements;
- (b) the internal control systems of the Corporation;
- (c) the external audit process;
- (d) the internal audit and assurance process;
- (e) management of financial risks;
- (f) investment opportunities and the raising of funds by the Corporation;
- (g) the Corporation’s compliance with legal and regulatory requirements, and
- (h) any additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

**2. Members**

The Board will in each year appoint a minimum of three (3) directors as members of the Committee. All members of the Committee shall be non-management directors and shall be independent within the meaning of all applicable U.S. and Canadian securities laws and the rules of the Nasdaq Capital Market and such other securities exchanges and quotation systems on which the Corporation’s securities are then listed (the “listing standards”); provided, however, that one or more members of the Committee may be non-independent if permitted by all applicable regulations.

Each member of the Committee shall, upon appointment to the Committee, (i) be able to read and understand fundamental financial statements, including balance sheets, income statements and cash flow statements, and (ii) be financially literate within the meaning of all applicable listing standards. At least one member of the Committee shall be an “audit committee financial expert” as defined in applicable rules and regulations of the Securities and Exchange Commission (the “SEC”), or otherwise meet the “financial sophistication” requirements set forth in the listing standards.

### 3. **Duties**

The Committee shall have the following duties:

#### (a) **Financial Reporting and Disclosure**

(i) **Audited Annual Financial Statements**: Review the audited annual financial statements, the related management discussion and analysis (“MD&A”), and earnings press releases for submission to the Board for approval. Discuss any significant financial judgments made in connection with the preparation of such financial statements. Receive assurances from the Corporation’s financial management that the financial statements proposed to be included in the Corporation’s Annual Report on Form 10-K contain no material misstatements and receive assurances from the independent auditors that, in the course of their audit, they learned of no material misstatements. If deemed appropriate, after consideration of the reviews and assurances, recommend to the Board that the financial statements be included in the Annual Report on Form 10-K.

(ii) **Quarterly Review**: Following review by the external auditor, review and approve the Corporation’s quarterly financial statements, Quarterly Reports on Form 10-Q and earnings press releases. Receive assurances from the Corporation’s financial management that the financial statements included in the Corporation’s reports do not contain any material misstatements and receive assurances that the auditors learned of no material misstatements in the course of their review of such financial statements.

(iii) **Significant Accounting Principles and Disclosure Issues**: Review with management and the external auditor, significant accounting principles and disclosure issues, including complex or unusual transactions, highly judgmental areas such as reserves or estimates, significant changes to accounting principles, the effect of regulatory and accounting developments, and alternative treatments under the applicable generally accepted accounting principles (“GAAP”) for material transactions. This shall be undertaken with a view to understanding their impact on the financial statements, and to gaining reasonable assurance that the statements are accurate, complete, do not contain any misrepresentations, and present fairly the Corporation’s financial position and the results of its operations in accordance with GAAP.

(iv) **Compliance**: Confirm, at least quarterly, through discussions with management that GAAP and all applicable laws or regulations related to financial reporting and disclosure have been complied with.

(v) **Legal Compliance**: Discuss at least annually with the Corporation’s outside legal counsel or any general counsel the effectiveness of the Company’s legal compliance programs, any legal or regulatory matters (including any actual or anticipated litigation or other events, including tax assessments) that may have a material impact on the Corporation’s financial statements, the manner in which these matters have been disclosed in the financial statements, and any material reports or inquiries received from regulators or government agencies.

(vi) **Off-Balance-Sheet Transactions**: Discuss with management the effect of any off-balance-sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Corporation’s financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components or revenues and expenses.

(vii) Other Disclosures: Satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information and periodically assess the adequacy of those procedures.

(b) **Oversight of Internal Controls**

(i) Review and Assessment: Review and assess, at least annually, the adequacy and effectiveness of the Corporation's system of internal control over financial reporting and management information systems through discussions with management, the Chief Internal Auditor ("CIA"), if any, and the external auditor.

(ii) Oversight: Oversee the system of internal control over financial reporting, by:

- Monitoring and reviewing policies and procedures for internal accounting, internal audit, financial control and management information;
- Consulting with the external auditor regarding the adequacy of the Corporation's internal controls;
- Reviewing any management letters issued by the external auditor and management's response thereto;
- Periodically assessing any action management has taken or progress it has made in addressing issues raised by the external auditor;
- Reviewing with management its philosophy with respect to internal controls and, on a regular basis, all significant control-related findings together with management's response; and
- Obtaining from management adequate assurances that all statutory payments and withholdings have been made.

(iii) Fraud: Oversee investigations of alleged fraud and illegality relating to the Corporation's finances.

(iv) Complaints: Establish appropriate procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and for the protection from retaliation of those who report such complaints in good faith. Review these procedures periodically with management.

(c) **External Audit**

(i) Appointment or Replacement: Be directly responsible for the appointment, retention and oversight of the work of the registered public accounting firm engaged as the Corporation's external auditor for the purposes of preparing or issuing an audit report or performing other audit, review or attest services.

(ii) Compensation: Approve the compensation of the external auditor. In making its determinations with respect to the compensation of the external auditor, the Committee shall consult with the management and consider the number and nature of reports issued by the external auditor, the quality of internal controls, the size, complexity and financial condition of the Corporation, and the extent of internal audit and other support provided by the Corporation to the external auditor.

(iii) Reporting Relationships: The external auditor will report directly to the Committee.

(iv) Performance: Review with management, on a regular basis, the terms of the external auditor's engagement, accountability, experience, qualifications and performance. Evaluate the performance of the external auditor.

(v) Transition: Develop with management plans for an orderly transition to a new external auditor, if required.

(vi) Audit Plan: Review the audit plan and scope of the external audit with the external auditor and management, and consider whether the nature and scope of the planned audit procedures can be relied upon to detect weaknesses in internal controls, frauds or other illegal acts.

(vii) Audit Plan Changes: Discuss with the external auditor any significant changes required in the approach or scope of their audit plan, management's handling of any proposed adjustments identified by the external auditor, and any actions or inactions by management that limited or restricted the scope of their work.

(viii) Review of Results: Review the results of the annual external audit, the audit report thereon and the auditor's review of the related MD&A, and discuss with the external auditor the quality (not just the acceptability) of accounting principles used, any alternative treatments of financial information that have been discussed with management, the ramifications of their use and the auditor's preferred treatment, any audit problems or difficulties the accountants may have encountered during the audit, and any other material communications with management.

(ix) Disagreements with Management: Resolve any disagreements between management and the external auditor regarding financial reporting.

(x) Material Written Communications: Review all other material written communications between the external auditor and management, including the post-audit management letter containing the recommendations of the external auditor, management's response and, subsequently, follow up with respect to any identified weaknesses.

(xi) Interim Financial Statements: Engage the external auditor to review all interim financial statements and review the results of the auditor's review of the interim financial statements and the auditor's review of the related MD&A.

(xii) Other Audit Matters: Review any other matters related to the external audit that are to be communicated to the Committee under generally accepted auditing standards.

(xiii) Meeting with External Auditor: Meet with the external auditor in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the auditor may wish to bring to the Committee for its consideration.

(xiv) Correspondence: Review with management and the external auditor any correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Corporation's financial statements or accounting policies.

(xv) Independence: At least annually, and before the external auditor issues its report on the annual financial statements, obtain from the external auditor a formal written statement delineating all relationships between the auditor and the Corporation, consistent with applicable legal and regulatory requirements. Review and confirm the independence of the external auditor through review of such written statement and discussions with the auditor on its relationship with the Corporation. Consider the safeguards implemented by the external auditor to minimize any threats to their independence, and take action to eliminate all factors that might impair, or be perceived to impair, the independence of the external auditor. Consider the number of years the lead audit partner has been assigned to the Corporation, and consider whether it is appropriate to recommend to the Board a policy of rotating the lead audit partner more frequently than every five years, as is required under the rules of the Canadian Public Accountability Board and the U.S. Public Company Accounting Oversight Board. Confirm that the Corporation's external auditor neither employs, nor allows to participate in the Corporation's audit in any capacity, the Corporation's Chief Executive Officer ("CEO"), Controller, Principal Financial Officer or any person serving in an equivalent position for the Corporation for the one-year period preceding the date of the initiation of the audit. If needed, recommend to the full Board that they take appropriate action to oversee the independence of the external auditor.

(xvi) Non-Audit/Audit Services: Pre-approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditor, with reference to compatibility of the service with the external auditor's independence.

(xvii) Hiring of Auditor Employees: Set clear policies for the Corporation's hiring of employees or former employees of the external auditor.

**(d) Internal Audit and the Provision of Assurance**

(i) Chief Internal Auditor: Review (i) and approve the appointment, replacement or dismissal of the CIA, if one is desired or required. The CIA, if any, reports to the CEO administratively and to the Committee functionally.

(ii) Assurance Activities: Review with management and the CIA, if any, the mandate, staffing, plans, activities, and results of the Corporation's assurance providers to gain reasonable assurance that their activities are appropriately comprehensive, effective and coordinated with the external auditor.

(iii) Assurance Findings: Discuss the impact of any significant assurance findings, together with the appropriateness of management's response, on the adequacy and effectiveness of the Corporation's system of internal control.

(iv) Meeting: Meet with the CIA in the absence of management at least annually to discuss and review specific issues as appropriate as well as any significant matters that the CIA, if any, may wish to bring to the Committee for its consideration, including a discussion of any restrictions or limitations placed on the CIA, if any, with respect to scope of work or access to required information.

**(e) Management of Financial Risks**

(i) Adequacy of Policies and Procedures: Review and assess the adequacy of the Corporation's risk management policies and procedures with regard to identification of the Corporation's principal financial risks annually, and review updates on these risks from the Chief Executive Officer. Review and assess the adequacy of the implementation of appropriate systems to mitigate and manage financial risks, and report periodically to the Board.

(f) **Investments**

(i) Guidelines and Policies: Review and approve guidelines and policies for the investing of cash and marketable securities and review reports from management on the results of such investments against established benchmarks.

(g) **Compliance**

(i) Filings with Regulatory Authorities: Review with management the Corporation's relationship with regulators, and the timeliness and accuracy of the Corporation's filings with regulatory authorities.

(ii) Other: Perform any other functions required by applicable law, rules or regulations, including the rules of the SEC and the rules of any exchange or market on which the Corporation's securities are traded, including, but not limited to, overseeing the Corporation's compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

(h) **Communication**

(i) Communication Channels: Establish and maintain direct communication channels with management, the CIA, if any, the external auditor and the Board to discuss and review specific issues as appropriate.

(ii) Coordination with Management: The Committee will coordinate with management on audit and financial matters, and will:

- Meet privately with management to discuss any areas of concern to the Committee or management; and
- Review expenses incurred by the Chair of the Board and CEO of the Corporation. Ensure that the CEO reviews all expenses incurred by direct executive reports of the CEO.

(i) **Related Party Transactions, Conflicts of Interest**

(i) Related Party Transactions: Conduct an appropriate review of and approve all related party transactions and potential conflict of interest situations involving a principal stockholder, a member of the Board or senior management.

(j) **Board Relationship and Reporting**

(i) Adequacy of Charter: At least annually, review and assess the adequacy of the Committee's Charter and submit such amendments as the Committee proposes to the Nominating and Governance Committee or the Board.

(ii) Disclosure: Oversee appropriate disclosure of the Committee's Charter, and other information required to be disclosed by applicable legislation, in the Corporation's Annual Information Form and all other applicable disclosure documents.

(iii) Reporting: Report regularly to the Board on Committee activities, issues and related recommendations. The Committee shall make regular reports to the Board regarding, among other things, any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's external auditor, and the performance of the Corporation's internal audit function (if applicable). The Committee shall provide to the Board at an appropriate time prior to preparation of the Corporation's proxy

statement for its Annual Meeting of Stockholders, a report of the Committee, which report shall be included in such proxy statement. The report shall include such information as may be required under the SEC's rules and regulations.

(k) **Miscellaneous**

(i) Committee Review: At least annually, review and evaluate the Committee's own performance.

(ii) Delegated Functions: The Committee shall perform such other functions as are delegated to it by the Board from time to time.

(iii) Review of Corporation's Financial Management: Review the responsibilities, budget and staffing of the Corporation's financial management and the quality of the Corporation's financial and accounting personnel.

(iv) Investigation: Authorize and oversee investigations deemed appropriate into any matters within the Committee's scope of responsibility.

**4. Chair**

The Board will in each year appoint the Chair of the Committee. The Chair shall have accounting or related financial expertise. In the Chair's absence, or if the position is vacant, the Committee may select another member as Chair by a majority vote of the authorized number of the Committee members.

**5. Meetings**

The Chair of the Committee, the external auditor, or a majority of the Committee members may call meetings of the Committee, but in any event it will meet at least four times a year. Notices calling meetings shall be sent to all Committee members, to the CEO of the Corporation, to the Chair of the Board and to all other directors. The Committee may meet in person or by telephone. The Committee also may hold special meetings or act by unanimous consent in writing or by electronic transmission. The Committee may request any officer or employee of the Corporation, the Corporation's legal counsel, the Corporation's independent counsel or the Corporation's external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The CEO of the Corporation and, to the extent the Chair of the Board is not otherwise a member of the Committee, the Chair, and all other directors who are not members of the Committee may be invited to attend all meetings of the Committee in an ex-officio capacity and shall not vote. The CEO shall not attend in-camera sessions. The foregoing notwithstanding, the Committee also may exclude from its meetings any persons it deems appropriate including, but not limited to, any director who is not a member of the Committee.

**6. Quorum; Action**

A majority of members of the Committee, present in person, by teleconferencing, or by videoconferencing, will constitute a quorum for the transaction of Committee business, and the vote of a majority of the Committee members present at the meeting at which a quorum is present shall be the act of the Committee, unless in either case a greater number is required by this Charter, the Corporation's bylaws, applicable laws or regulations, or the listing standards.

**7. Removal and Vacancy**

A member may resign from the Committee, and may be removed, with or without cause, by the approval of a majority of the independent directors then serving on the full Board, and replaced at any time by the Board, and will automatically cease to be a member as soon as the member ceases to be a director. The Board will fill vacancies in the Committee by appointment from among the directors of the Board in accordance with Section 2 of this Charter. Subject to quorum requirements, if a vacancy exists on the Committee, the remaining members will exercise all its powers.

**8. Experts and Advisors**

The Committee may retain or appoint, at the Corporation's expense, such experts and advisors as it deems necessary to carry out its duties, and to set and pay their compensation. The Committee shall provide notice to the Nominating and Governance Committee or the Board of its actions in this regard.

**9. Secretary and Minutes**

The Chair of the Committee will appoint a member of the Committee or other person to act as Secretary of the Committee for the purposes of a meeting of the Committee. The minutes of the Committee will be in writing and duly entered into the books of the Corporation. The minutes of the Committee will be circulated to all members of the Board.

**10. Funding**

The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (b) compensation to any advisors employed by the Committee; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**11. Committee Access**

The Committee is at all times authorized to have direct, independent and confidential access to the Corporation's other directors, management and personnel, as well as to the Corporation's books, records and facilities, to carry out the Committee's purposes.