

INNOVATION PHARMACEUTICALS INC.

NOMINATING AND GOVERNANCE COMMITTEE CHARTER

Adopted October 2015

PURPOSE

The purpose of the Nominating and Governance Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Innovation Pharmaceuticals Inc. (the “*Company*”) shall be to (i) oversee all aspects of the Company’s corporate governance functions on behalf of the Board; (ii) make recommendations to the Board regarding corporate governance issues; (iii) identify, review and evaluate candidates to serve as directors of the Company and review and evaluate incumbent directors; (iv) serve as a focal point for communication between such candidates, non-committee directors and the Company’s management; (v) recommend to the Board for selection candidates to the Board; and (vi) make other recommendations to the Board regarding affairs relating to the directors of the Company.

COMPOSITION

The Committee shall consist of at least two (2) members of the Board. No Committee member shall be an employee of the Company and each member shall be free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the Board, in accordance with the applicable independence requirements of The NASDAQ Stock Market (“*NASDAQ*”), when and as required by NASDAQ. The members of the Committee shall be appointed by and serve at the discretion of the Board. Vacancies occurring on the Committee shall be filled by the Board. The Committee’s chairperson shall be designated by the Board.

OPERATING PRINCIPLES AND PROCESSES

In fulfilling its function and responsibilities, the Committee should give due consideration to the following operating principles and processes:

- ***Communication*** – Regular and meaningful contact throughout the year with the Board, committee chairpersons, members of senior management and independent professional advisors to the Board and its committees, as applicable, is viewed as important for strengthening the Committee’s knowledge of relevant current and prospective corporate governance issues.
- ***Committee Education/Orientation*** – Developing with management and participating in a process for systematic review of important corporate governance issues and trends in corporate governance practices that could potentially impact the Company will enhance the effectiveness of the Committee.
- ***Resources*** – The Committee shall be authorized to access such internal and external resources as the Committee deems necessary or appropriate to fulfill its defined responsibilities, including engagement of independent counsel, consultants and other professional advisors, as well as executive search firms to help identify director candidates. The Committee shall have sole authority to approve fees, costs and other terms of engagement of such outside resources. The Committee shall have the authority to perform such other functions, and shall have such powers, as may be necessary or appropriate in the efficient and lawful discharge of its responsibilities hereunder.

- **Reporting to the Board** – The Committee, through the Committee chairperson, shall report all material activities of the Committee to the Board from time to time, or whenever so requested by the Board.

AUTHORITY

The operation of the Committee shall be subject to the Bylaws of the Company and Title 7, Chapter 78 of the Nevada Revised Statutes, each as in effect from time to time. The approval of this Charter by the Board shall be construed as a delegation of authority to the Committee with respect to the responsibilities set forth herein and all of the ancillary powers necessary to assume such responsibilities and duties.

RESPONSIBILITIES

The Committee will have the full power and authority to carry out the following responsibilities or to delegate such power and authority to one or more subcommittees of the Committee:

- **Director Nominations** – The Committee shall (i) identify, review and evaluate candidates to serve on the Board and (ii) consider any potential conflicts of interest, as well as applicable independence and experience requirements. The Committee shall also have the primary responsibility for reviewing, evaluating and considering the recommendation for nomination of incumbent directors for reelection to the Board. The Committee shall also recommend to the Board for selection candidates to the Board. The Committee shall also have the power and authority to consider recommendations for Board nominees and proposals submitted by the Company's stockholders and to establish any policies, requirements, criteria and procedures, including policies and procedures to facilitate stockholder communications with the Board, to recommend to the Board appropriate action on any such proposal or recommendation and to make any disclosures required by applicable law in the course of exercising its authority.
- **Board Assessment** – The Committee shall periodically review, discuss and assess the performance of the Board, including Board committees, seeking input from senior management, the full Board and others. The assessment shall include evaluation of the Board's contribution as a whole and effectiveness in serving the best interests of the Company and its stockholders, specific areas in which the Board and/or management believe contributions could be improved, and overall Board composition and makeup, including the reelection of current Board members. The factors to be considered shall include whether the directors, both individually and collectively, can and do provide the integrity, experience, judgment, commitment, skills and expertise appropriate for the Company. The Committee shall also consider and assess the independence of directors, including whether a majority of the Board continues to be independent from management in both fact and appearance, as well as within the meaning prescribed by NASDAQ. The results of these reviews shall be provided to the Board for further discussion as appropriate.
- **Board Committees** – The Committee, after due consideration of the interests, independence and experience of the individual directors and the independence and experience requirements of NASDAQ, the rules and regulations of the Securities and Exchange Commission and applicable law, shall evaluate the performance of the members of the committees of the Board, review the composition of such committees and recommend to the entire Board annually the chairmanship and membership of each such committee.

- ***Continuing Education*** – The Committee shall consider and, if deemed necessary or appropriate, develop and implement a plan or program for the continuing education of directors.
- ***Corporate Governance Guidelines*** – The Committee shall periodically review and assess the corporate governance guidelines applicable to the Company and shall recommend any changes deemed appropriate to the Board for its consideration. Further, the Committee shall periodically review Company policy statements to determine their adherence to the Company’s Code of Ethics and consider any request made by a director or officer of the Company for a waiver of any provision of the Code of Ethics.
- ***Procedures for Information Dissemination*** – The Committee shall oversee and review the processes and procedures used by the Company to provide information to the Board and its committees. The Committee should consider, among other factors, the reporting channels through which the Board and its committees receive information and the level of access to outside advisors where necessary or appropriate, as well as the procedures for providing accurate, relevant and appropriately detailed information to the Board and its committees on a timely basis.
- ***Management Succession*** – The Committee shall periodically review with the Chief Executive Officer of the Company the plans for succession to the offices of the Company’s executive officers and, when necessary, make recommendations to the Board with respect to the selection of appropriate individuals to succeed to these positions.
- ***Annual Charter Review*** – The Committee shall annually review and assess the adequacy of this Charter and recommend any proposed changes to the full Board for approval.
- ***Annual Committee Evaluation*** – The Committee shall annually conduct an evaluation of the performance of the Committee.

MEETINGS AND MINUTES

The Committee will hold at least one regular meeting per year, as well as such additional meetings as the Committee deems appropriate. Members of the Committee should endeavor to be present, in person or by telephone, at all meetings; however, a majority of Committee members shall constitute a quorum. Any action required or permitted to be taken at a Committee meeting may be taken without a meeting if a consent in writing setting forth the action is signed by all of the Committee members, and such consent shall have the same force and effect as a unanimous vote. Minutes of each meeting of the Committee and any written consents of the Committee shall be prepared and distributed to each director of the Company and the Secretary of the Company promptly after each meeting or execution of a written consent. The Chairman of the Committee will report to the Board from time to time, or whenever so requested by the Board.