

**CHARTER OF THE
AUDIT COMMITTEE OF THE BOARD OF DIRECTORS
OF
Z TRIM HOLDINGS, INC.**

**ARTICLE I
PURPOSE**

The primary purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") of Z Trim Holdings, Inc. (the "Company") in undertaking and fulfilling its oversight responsibilities in connection with: (a) overseeing the accounting and financial reporting processes, which are designed to ensure the integrity and completeness of financial reports prepared by the Company for submission to any governmental or regulatory body or the public; (b) reviewing the Company's systems of internal controls established for finance, accounting, legal compliance and ethics, and overseeing changes to correct internal control weaknesses, if necessary; (c) assessing the processes relating to the determination and mitigation of financial risks; (d) monitoring compliance with legal regulatory requirements; (e) monitoring the independence of the Company's independent public accountants; (f) overseeing and reviewing the audits of the Company's financial statements, (g) providing effective communication between the Board, senior and financial management and the Company's independent public accountants.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full power and all necessary resources to retain special legal, accounting, or other consultants to advise the Committee.

ARTICLE 11

MEMBERSHIP AND TERM

A. **MEMBERSHIP.** The Committee shall be comprised of at least two members of the Board. Committee members shall meet the independence requirements of the American Stock Exchange and the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly,

1. Each member of the Committee must be an independent, non-executive director free from any relationship that, in the judgment of the Board, may interfere with the exercise of the member's independence;