



AUDIT COMMITTEE CHARTER

The Audit Committee Charter (the "Charter") shall govern the activities of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Khiron Life Sciences Corp. (the "Company").

I. PURPOSE OF THE AUDIT COMMITTEE

The Committee is appointed by the Board to assist in fulfilling its oversight responsibility with respect to the integrity of the Company's financial reporting process, the performance and independence of the external auditors, the design and implementation and performance of internal controls over financial reporting and disclosure controls, and the monitoring of the Company's compliance with relevant legal and regulatory requirements applicable to financial reporting and public disclosure of financial information. The Committee is also responsible for other matters as set out in this Charter and/or as may be directed by the Board from time to time. The Committee should exercise continuous oversight of developments in these areas.

II. MEMBERSHIP

1. The Committee will consist of at least three members.
2. The members of the Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Committee) by the Board. A Committee member may be removed or replaced at any time at the discretion of the Board.
3. If a Committee member simultaneously serves on the audit committee of more than three public companies, the Board shall consider and make a determination as to whether such simultaneous service would impair the ability of such member to effectively serve on the Company's Committee and may, if appropriate replace such member with another appropriate director.
4. If the Company ceases to be "venture issuer" (that term as defined in National Instrument 52-110), then all of its members shall be 'independent' as determined under the Board's annual assessment of the independence of its members and 'financially literate' one of which should be considered the 'financial expert', in each case as defined under any requirements of the Canadian Securities Administrators or other securities regulatory authorities to which the Corporation is subject.

III. AUTHORITY

In addition to all authority required to carry out the duties and responsibilities included in this Charter, the Committee has specific authority to:

1. engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities and any such consultants or professional advisors retained by the Committee will report directly to the Committee;
2. communicate directly with management and the external auditor without management involvement.



IV. DUTIES AND RESPONSIBILITIES

1. The duties and responsibilities of the Committee include:

Financial Reporting

- (a) reviewing, monitoring, discussing and assessing the processes in place to identify and manage the principal risks that could impact the financial reporting of the Company and discussing policies with respect to risk assessment and risk management, which discussions will include (i) the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, and (ii) guidelines and policies to govern the process by which risk assessment and management is undertaken;
- (b) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("MD&A") and press releases for such financial statements, before the dissemination of these documents to shareholders, regulators, analysts and the public and make recommendations to the Board for approval of same. The review shall address the appropriateness of the Company's accounting policies, key estimates and judgements (including changes or variations thereto), clarity, accuracy and completeness of disclosure and obtaining reasonable assurance that the financial statements are presented fairly in accordance with GAAP and the MD&A is in compliance with appropriate regulatory requirements;
- (c) periodically review and discuss with management and the independent auditors the significance of emerging regulatory and accounting standards and initiatives for the financial reporting of the Company;
- (d) review treasury operations, including liquidity, financial derivatives and hedging activities;
- (e) review all material off-balance sheet transactions, contingent liabilities and transactions with related parties;

External Auditors

- (f) recommending to the Board for approval by the shareholders the external auditor to be nominated by the Board or approving any discharge of auditors where circumstances warrant, taking into consideration the Committee's assessment of the incumbent external auditor's performance pursuant to subsection (h) below among other things;
- (g) approve the remuneration of the external auditor, to be paid by the Company, in connection with:
 - (i) performing the annual audit on the Company's financial statements; and
 - (ii) performing other audit, review or attestation services as approved by the Committee;
- (h) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Committee);
- (i) overseeing the work of the external auditor, including the resolution of any disagreements between management and the external auditor regarding financial reporting. The Committee will also perform an annual assessment of the external auditor subsequent to the conclusion of each annual audit of the Company's financial statements, as well as a comprehensive assessment of performance every 5 years, or sooner as may be appropriate or required for any reason;
- (j) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services provided to Company;



- (k) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board, by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures;
- (l) ensuring that the external auditor meets the rotation requirements for partners assigned to the Company's annual audit by receiving a report annually from the external auditors setting out the status of each partner with respect to the appropriate regulatory rotation requirements and plans to transition new partners onto the audit engagement as various audit team members' rotation periods expire;
- (m) reviewing and discussing with management and the external auditor the external auditor's material written communications to the Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements (if applicable);
- (n) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
- (o) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor (The Chair of the Committee has the authority to pre-approve in between regularly scheduled Committee meetings any non-audit service of less than \$50,000, however such approval will be presented to the Committee at the next scheduled meeting for formal approval);

Internal Controls and Compliance

- (p) receive and review the interim and annual CEO and CFO certifications filed with securities regulatory authorities;
- (q) review and assess reports prepared or caused to be prepared by management regarding internal controls, financial risk management and insurance programs;
- (r) review annually the framework of internal controls, how these align with the objective of preventing and detecting fraud as well as management's assessment of the continued effectiveness and application of those internal controls;
- (s) establishing procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practises relating thereto; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- (t) review with the Company's counsel any legal matters, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies that could have a significant impact on the Company's financial statements;
- (u) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Committee activities;
- (v) review the findings of any examinations by regulatory agencies, and any external auditors observations made regarding those findings;
- (w) review at least annually management's report on the Company's source deductions and other remittances required under applicable tax legislation.



Other Responsibilities

- (x) establishing procedures for:
 - (i) reviewing the expenses of the Chair of the Board, and the Chief Executive Officer (the “CEO”) on a quarterly basis;
 - (ii) reviewing the adequacy of the Company’s insurance coverage;
 - (iii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer (“CFO”) and the staff in the financial reporting area and ensuring that matters related to succession planning within the Company are raised for consideration at the Board;
- (y) A regular part of Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Committee will regularly canvass the Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Committee on a timely basis.
- (z) On an annual basis the Committee shall review and assess the adequacy of this Charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by the applicable regulatory bodies with whom the Company has a reporting relationship and, if appropriate, recommend changes to the Charter to the Board for its approval.

V. MEETINGS

1. The quorum for a meeting of the Committee is a majority of the members of the Committee.
2. The Board of Directors will appoint the Chair of the Committee. The Chair of the Committee shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, facilitating the timely, accurate and proper flow of information to and from the Committee members, and making regular reports to the Board. The Chair of the Committee will also maintain regular liaison with the CEO, CFO, and the lead engagement partner of the external auditor.
3. The Committee’s schedule of meetings and agendas will be set annually by the Committee. Dates and locations will be provided to the Board, the Committee members, the external auditors and management in advance.
4. The Committee will meet in camera separately with the CEO and separately with the CFO of the Company at least annually to review the financial affairs of the Company.
5. The Committee will meet with the external auditor of the Company in camera at least at each meeting at which the external auditor is in attendance, to review the external auditor’s examination and report.
6. Each of the chair of the Committee, members of the Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.



VI. REPORTS

1. The Committee will report, at least quarterly, to the Board regarding the Committee's examinations and recommendations, and annually to the Board regarding the Committee's compliance with this Charter.
2. The Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

VII. MINUTES

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

VIII. ANNUAL PERFORMANCE EVALUATION

1. The Board will conduct an annual performance evaluation of the Committee, taking into account the Charter, to determine the effectiveness of the Committee.