

## **APPENDIX B – CHARTER OF THE AUDIT COMMITTEE**

The Audit Committee (the “Committee”) of StageZero Life Sciences, Ltd. (the “Corporation”) is a committee of the Board of Directors which has responsibility to review the financial statements, accounting policies and reporting procedures of the Corporation.

This Charter of the Committee has been established and adopted by the Board of Directors in order to provide appropriate guidance to the Committee members as to their duties. The primary function of the Committee is to oversee the accounting and financial reporting and risk management processes of the Corporation and the audits of the financial statements of the Corporation, including the review and oversight of: the financial reports and other financial information provided by the Corporation to any governmental body or the public, the Corporation’s systems of internal controls regarding finance, accounting, and legal and regulatory compliance that management and the Board have established and the Corporation’s auditing, accounting and financial reporting processes generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels.

### **1. Purpose of the Committee**

The Committee’s primary duties and responsibilities are to:

- a) Serve as an independent and objective party to monitor the Corporation’s financial reporting process and the system of internal controls.
- b) Monitor the independence and performance of the Corporation’s external auditors and the internal auditing department (when established).
- c) Provide an open avenue of communication among the independent auditors, financial and senior management, the internal auditing department and the Board of Directors.

### **2. Composition of the Committee**

The Committee shall be comprised of at least three directors, each of whom shall meet the independence and audit committee composition requirements of the Ontario Securities Commission and any exchange upon which securities of the Corporation are traded and any governmental or regulatory body exercising authority over the Corporation (each a “Regulatory Body” and collectively, the “Regulatory Bodies”), as in effect from time to time.

### **3. Member qualifications**

All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise commensurate with the financial complexity of the Corporation. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant.

The Committee shall have the right:

- (i) to inspect all the books and records of the Corporation and its subsidiaries;
- (ii) to discuss such accounts and records and any matters relating to the financial position of the Corporation with the officers and auditors of the Corporation and its subsidiaries; and
- (iii) to engage advisors, including to commission reports or supplemental information relating thereto. Any member of the Committee may require the auditors to attend any or every meeting of the Committee.

#### **4. Member appointment and removal**

Committee members shall be appointed annually by the Corporate Governance Committee and from time to time thereafter to fill vacancies on the Committee. A Committee member may be removed or replaced at any time at the discretion of the Corporate Governance Committee.

#### **5. Responsibilities and duties**

To fulfil its responsibilities and duties the Committee shall;

##### Documents/ reports review

- a) Review with representatives of management and representatives of the independent auditors the Corporation's interim quarterly financial statements and the annual audited financial statements prior to their filing, as well as the related press release of the Corporation, and report thereon to the Board of Directors.
- b) Satisfy itself, on behalf of the Board of Directors, that the Corporation's quarterly and annual audited financial statements are fairly presented in accordance with generally accepted accounting principles and recommend to the Board of Directors whether the quarterly and annual financial statements should be approved and included in the filings required by the Regulatory Bodies.
- c) Satisfy itself, on behalf of the Board of Directors, that the information contained in the Corporation's quarterly financial statements, Annual Report to Shareholders and other financial publications, such as Management's Discussion and Analysis (MD&A), the Annual Information Form (AIF) (and similar documentation required by the Regulatory Bodies) and the information contained in a prospectus or registration statement does not contain any untrue statement of any material fact or omit to state a material fact that is required or necessary to make a statement not misleading, in light of the circumstances under which it was made.
- d) Review material financial reports or other financial information of the Corporation submitted to any Regulatory Body or disclosed to the public.
- e) Review such matters and questions relating to the financial position of the Corporation and its affiliates or the reporting related thereto as the Board of Directors may from time to time refer to the Committee.
- f) Comply with all public disclosure requirements applicable to the Corporation. Submit appropriate reports for annual public disclosure requirements, including annual Management Information Circular.

##### Independent auditors

- a) Recommend to the Board of Directors the appointment, compensation, retention (including the authority not to retain or to terminate) and oversight of any independent auditor engaged by the Corporation for the purpose of preparing or issuing an audit report or related work. The Board of Directors shall then put the selection of independent auditors to the vote of the Corporation's shareholders.
- b) Recommend to the Board of Directors the funding necessary for compensation of any independent auditor and advise the Board of Directors of anticipated funding needs of the Committee.
- c) Satisfy itself, on behalf of the Board of Directors, that the Corporation's auditors are "independent" of management and that they are ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders, within the meaning given to such term in the rules and pronouncements of the Regulatory Bodies. Obtain from the independent auditors, at least annually, a formal written statement delineating all relationships between the independent auditors and the Corporation.

d) Approve in advance any and all audit and non-audit assignments awarded to independent auditors and adopt and implement policies for such pre-approval and review all remuneration paid to independent auditors, including for such additional audit and non-audit services; to the extent necessary, any member of the Committee, acting independently, shall be authorized to approve in advance any and all audit and non-audit assignments awarded to independent auditors.

e) Review the performance and the remuneration of the independent auditors and recommend to the Board of Directors the discharge of the independent auditors when circumstances warrant.

f) Satisfy itself, on behalf of the Board of Directors, that the audit function has been effectively carried out and that any matter which the independent auditors wish to bring to the attention of the Board of Directors has been addressed and that there are no “unresolved differences” with the auditors. Be directly responsible for the resolution of any disagreements between management and the independent auditors regarding financial reporting matters.

#### Financial reporting processes and risk management

a) Review the audit plan of the independent auditors for the current year, review the integration of the external audit with the internal control program and review advice from the external auditors relating to management and internal controls and the Corporation’s responses to the suggestions made therein.

b) Monitor the Corporation’s internal accounting controls, informational gathering systems and management reporting on internal controls. In connection with fulfilling this responsibility, the Committee shall receive a report on at least an annual basis from the Corporation’s chief executive officer and chief financial officer in connection with the such officers’ evaluation of internal control over financial reporting as to (1) all significant deficiencies and material weaknesses in the design and operation of internal control over financial reporting which are reasonably likely to adversely affect the Corporation’s ability to record, process, summarize, and report financial information; and (2) any fraud of which they are aware, whether or not material, that involves a member of management or other employees who have a significant role in the Corporation’s internal control over financial reporting. The Committee shall direct the actions to be taken and/or make recommendations to the Board of Directors of actions to be taken to the extent such disclosure indicates the finding of any significant deficiencies in internal control over financial reporting or fraud.

c) Review with management and the auditors the relevance and appropriateness of the Corporation’s accounting principles and policies and the Corporation’s internal control over financial reporting and review and approve all significant changes to such policies.

d) Obtain annually from the independent auditors, in connection with an audit report and prior to the filing of such audit report, a report presenting the adequacy of the internal audit and financial controls, specifically including (1) critical accounting policies and practices to be used, (2) all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of these alternatives and the treatment preferred by the independent auditors, and (3) material communications between management and the independent auditor.

e) Satisfy itself, on behalf of the Board of Directors, that the Corporation has implemented appropriate systems of internal control over financial reporting and monitor the annual review and evaluation by management of internal control over financial reporting. The Committee shall also satisfy itself that the Corporation has implemented appropriate systems of internal control over the safeguarding of the Corporation’s assets and other “risk management” functions (including the identification of significant risks and the establishment of appropriate procedures to manage those risks and the monitoring of corporate performance in light of applicable risks) affecting the Corporation’s assets, management, financial and business operations and the health and safety of its employees and that these are operating effectively; make appropriate recommendations to the Board of Directors in connection with the foregoing.

- f) Review and approve the Corporation's Investment and Treasury policies and monitor compliance with such policies.
- g) Review and approve all related party transactions for potential conflict of interest situations on an ongoing basis. "Related party transactions" shall refer to transactions required to be disclosed pursuant to applicable securities regulations and stock exchange regulations or policies.

#### Legal and regulatory compliance

- a) The Committee has authority to engage outside advisors as it determines necessary to carry out its duties.
- b) Determine funding necessary for ordinary administrative expenses of the Committee and for compensation of any outside advisors to be engaged by the Committee and notify the Corporation of anticipated funding needs of the Committee.
- c) Satisfy itself, on behalf of the Board of Directors, that all material statutory deductions have been withheld by the Corporation and remitted to the appropriate authorities.
- d) Review, with the Corporation's principal external counsel, legal and regulatory matters that could have a material impact on the Corporation's financial statements.
- e) Satisfy itself on behalf of the Board of Directors that all regulatory compliance issues have been identified and addressed and identify those that require further work.
- f) Establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
  - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters (commonly referred to as the "Whistleblowing Policy"); and
  - (iii) any other material matter.
- g) Cause the CEO to investigate any allegations that any officer or director of the Corporation, or any other person acting under the direction of any such person, took any action to fraudulently influence, coerce, manipulate, or mislead any independent public or certified accountant engaged in the performance of an audit of the financial statements of the Corporation for the purpose of rendering such financial statements materially misleading and, if such allegations prove to be correct, take or recommend to the Board of Directors appropriate disciplinary action. Notwithstanding the foregoing, if the person in question is the CEO, the investigation shall be undertaken by the Committee.
- h) Review and recommend to the Board of Directors a Code of Ethics and Business Conduct, as well as a Trading Policy, as well as appropriate amendments to such policies from time to time; and implement and monitor compliance with such policies.

#### Code of Ethics and Business Conduct

- a) the Code of Ethics and Business Conduct (the "Code") at a minimum shall (a) comply with any requirements established by any Regulatory Body or any other applicable statute, rule or regulation that the Committee deems relevant, (b) address conflicts of interest and full and fair disclosure and compliance with laws, (c) encourage reporting of any illegal or unethical behaviour and expressly prohibit retaliation of any kind for any such reports or complaints, (d) provide clear and objective standards for compliance with the Code and a fair process by which to determine violations thereof, and (e) contain an enforcement mechanism.

- b) Review and assess the adequacy of the Code on a periodic basis. The Committee shall recommend any modifications to the Code to the Board of Directors for approval.
- c) Collaborate with the Corporation's officers and legal counsel to disclose publicly any amendments to the Code required to be disclosed by any Regulatory Body.
- d) Direct members of the Corporation's senior management to report any allegations of violations of or non-compliance with the Code to the Committee and to inform employees that such violations should be reported and to make themselves reasonably available to receive complaints of any such violations.
- e) Be available to the Board of Directors and members of the Corporation's senior management team to consult with and to resolve reported violations or instances of non-compliance with the Code.
- f) Instruct outside legal counsel to report to the Committee any evidence of a material violation of the Code by any officer or director of the Corporation or any other person acting under the direction of any such person or any agent thereof that are not appropriately addressed by the Corporation's CEO or, if the violation is made by the CEO, by the General Counsel.
- g) Determine an appropriate response to material violations of or non-compliance with the Code including, at the discretion of the Committee, reporting any material violations of or non-compliance with the Code to any appropriate Regulatory Body.

#### Budgets

Review and recommend to the Board approval of operational, capital and other budgets proposed by management.

#### General

Perform any other activities consistent with this Charter, the Corporation's Bylaws and governing law, as the Committee or the Board of Directors deems necessary or appropriate.

### **6. Operations**

- a) The Committee shall meet at least four times annually and as many additional times as required to carry out its duties effectively. Committee meetings shall be held at the call of the Committee Chair, or upon the request of two Committee members, and a majority of members shall constitute a quorum.
- b) The powers of the Committee may be exercised at a meeting at which a quorum is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution. Each Committee member (including the Chair) is entitled to one vote in Committee proceedings. The Chair does not have a second or casting vote.
- c) The Committee Chair shall develop the agenda for and conduct all meetings of the Committee at which he is present.
- d) Unless the Committee otherwise specifies, the Secretary of the Corporation shall act as secretary of the meetings of the Committee, and minutes shall be kept for each Committee meeting.
- e) In the absence of the Committee Chair, the Committee members shall appoint an Acting Chair.
- f) The Committee may at its discretion invite management to attend and participate in meetings of the Committee.
- g) Any Director is entitled to attend meetings of the Committee.
- h) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

### **7. Reporting to the Board**

- a) The deliberations, decisions and recommendations of the Committee shall be reported to the Board in a timely manner.
- b) The Committee shall oversee the preparation and shall approve annually the Committee's report for inclusion in the Corporation's management information circular.

**8. Annual evaluation of this Mandate, the Committee and its compliance with this Mandate**

Annually, or more frequently at the request of the Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:

- a) review and assess the adequacy of this Mandate taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Mandate to the Board for its approval, except for minor technical amendments to this Mandate, authority for which is delegated to the Secretary of the Corporation, who will report any such amendments to the Board at its next regular meeting;
- b) appraise the Committee's performance including its ability to meet the requirements of this Mandate, in accordance with the evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

**9. Miscellaneous**

To assist the Committee in discharging its responsibilities, the Committee may conduct any investigation and have access to any officer, employee or agent of the Corporation, including any such officer, employee or agent seconded by the Corporation.

The Committee may, at the expense of the Corporation, retain advisors having particular expertise, and shall be entitled to rely in good faith upon any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.