
AURINIA PHARMACEUTICALS INC.
AUDIT COMMITTEE CHARTER

(Approved on June 21, 2018)

AURINIA PHARMACEUTICALS INC.

AUDIT COMMITTEE CHARTER

PURPOSE

The purpose of the Audit Committee of the Board of Directors of Aurinia Pharmaceuticals Inc. (the “*Company*”) shall be to assist the Board of Directors of the Company (the “*Board*”) in its oversight of (i) the quality and integrity of the financial statements of the Company, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the accounting and financial management processes of the Company, and the effectiveness of the Company’s internal controls over financial reporting, (iv) the quality and integrity of the annual audit of the Company’s financial statements, including the independence and qualifications of the Company’s independent auditor.

MEMBERSHIP

1. Composition

The Committee shall consist of no fewer than three (3) members. None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries, and each member of the Committee shall be an independent director (in accordance with the definition of “independent director” and “independent” established from time to time under the requirements or guidelines for audit committee service under applicable securities laws (“**Securities Laws**”) and the rules of any stock exchange (“**Exchange Rules**”) on which the Company’s shares are listed for trading).

2. Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by election from among its members. The Board shall fill any vacancy if the membership of the Committee is less than three directors. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its power so long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be elected by the Board annually and each member of the Committee shall hold office as such until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.

3. Financial literacy

All members of the Committee should be “financially literate” (as that term may be defined from time to time under the requirements or guidelines for audit committee service under applicable Securities Laws and the Exchange Rules) or must become financially literate within a reasonable period of time after his or her appointment to the Committee.

In addition, at least one member must have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background which results in the individual’s financial sophistication. Unless otherwise determined by the Board, at least one member of the Audit Committee shall be an “audit committee financial expert”.

RESPONSIBILITIES AND DUTIES

The principal responsibilities and duties of the Committee in serving the purposes outlined above in this charter are set forth below. These duties are set forth as a guide with the understanding that the Committee will carry them out in a manner that is appropriate given the Company's needs and circumstances. The Committee may supplement them as appropriate and may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its responsibilities.

A. INDEPENDENT AUDITOR

1. ***Appointment and Oversight of Independent Auditor.*** The Committee recommends to the Board for nomination the independent auditor to examine the Company's accounts, controls and financial statements. The Committee has sole responsibility for the compensation, retention, oversight and, if necessary, termination of any independent auditor (including resolution of disagreements between the Company's management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and the independent auditor and will report directly to the Committee.

2. *Auditor Independence and Qualifications*

(a) The Committee is responsible for assessing the independent auditor's qualifications, performance and independence annually, and for taking, or recommending that the full Board take, appropriate action to oversee the independence of the independent auditor. In connection therewith, the Committee will:

(i) make sure it reviews, on an annual basis, all relationships between the independent auditor and the Company, including those described in the formal written statement that the Committee obtains annually from the independent auditor under applicable requirements of the Canadian generally accepted auditing standards (CAS) and the Public Company Accounting Oversight Board (the "**PCAOB**") related to the independent auditor's communications with the Committee concerning independence; and

(ii) actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor.

(b) The Committee will obtain and review, at least annually, a report from the independent auditor describing:

(i) the independent auditor's internal quality-control procedures; and

(ii) any material issues raised by the most recent internal quality-control review, peer review Canadian Public Accountability Board (CPAB) or PCAOB review of the independent auditor, or by any governmental or professional authority in any inquiry or investigation, within the preceding five years, regarding any independent audit carried out by the independent auditor, and any steps taken to address any such issues.

(c) The Committee is responsible for reviewing and evaluating the lead audit partner of the independent auditor and overseeing the rotation of the lead audit partner as required by applicable law. In

making its evaluation, the Committee should take into account the opinions of management and the independent auditor.

(d) The Committee will set policies for the Company's hiring of employees or former employees of the present and former independent auditor.

3. *Approval of Audit and Non-Audit Services*

(a) The Committee will review the independent auditor's audit planning, scope and staffing.

(b) The Committee must pre-approve all audit and non-audit related services provided to the Company by the independent auditor. The Committee may establish pre-approval policies and procedures, as permitted by the Exchange Rules, Securities Laws and applicable law, for the engagement of the independent auditor to render services to the Company, including, without limitation, policies that would allow the delegation of pre-approval authority to one or more members of the Committee, provided that any pre-approval decision is reported to the Committee at its next scheduled meeting.

4. *Interaction with Independent Auditor*

(a) The Committee will, to the extent warranted, discuss with the independent auditor the reports referenced in section 2(b) and any other matters required to be reviewed under applicable legal and regulatory requirements.

(b) The Committee will periodically consult with the independent auditor, out of the presence of the Company's management, about the Company's internal controls, the fullness and accuracy of the Company's financial statements, the responsibilities, budget and staffing of the Company's finance function, and any other matters that the Committee or independent auditor believes should be discussed privately out of the presence of management.

B. FINANCIAL STATEMENTS AND DISCLOSURES

1. *Annual Financial Statements and Disclosures*

(a) Before public disclosure, the Committee will meet to review and discuss with the independent auditor and the Company's management the Company's audited consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements, the annual report, the annual information form, the financial information of the Company contained in any prospectus or information circular or other disclosure documents or regulatory filings of the Company, the recommendations for approval of each of the foregoing from each of the President and Chief Executive Officer, and Chief Financial Officer of the Company and based on such recommendations provide, where applicable, its own recommendations to the Board for their approval and release of each of the foregoing to the public.

(b) The Committee will discuss with the independent auditor and the Company's management any items appropriate or required to be discussed in accordance with applicable auditing and CPAB standards in connection with the preparation of the Company's annual financial statements, including any problems or difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and any significant disagreements with management and management's response to such difficulties.

2. ***Quarterly Financial Statements and Disclosures***

(a) The Committee will meet to review and discuss with the independent auditor and the Company's management the Company's interim consolidated financial statements and the notes and Managements' Discussion and Analysis relating to such consolidated financial statements before public disclosure, and either, in the discretion of the Audit Committee, (A) approve and release each of the foregoing to the public, or (B) provide, where applicable, its own recommendation to the Board for their approval and release of each of the foregoing to the public.

(b) The Committee will discuss with the independent auditor and the Company's management any items appropriate or required to be discussed in accordance with applicable auditing and CPAB standards in connection with the preparation of the Company's quarterly financial statements.

3. ***Earnings Announcements and Guidance.*** The Committee will discuss generally with the Company's management and the independent auditor, as appropriate, the type of information to be disclosed and type of presentation to be made regarding the Company's earnings press releases.

4. ***Ongoing Reviews.*** In connection with the foregoing, the Committee will review the Company's financial reporting and accounting standards and principles and financial statement presentations, significant changes in the selection of such standards or principles or in their application and the key accounting decisions affecting the Company's financial statements, including alternatives to, and the rationale for, the decisions made. As part of this review, the Committee will discuss with the Company's management and the independent auditor the reasonableness of judgments and estimates used in the preparation of financial statements, and alternative accounting treatments, principles or practices that were considered or may be preferred by the independent auditor, the Committee or the Company's management.

C. **CONTROLS AND PROCEDURES**

1. ***Review of Processes, Systems, Controls and Procedures.*** The Committee will periodically review and meet separately with the independent auditor, or other personnel primarily responsible for the internal control, and the Company's management to discuss their periodic reviews of the integrity, adequacy and effectiveness of the Company's accounting and financial reporting processes, systems of internal control (including any significant deficiencies and material weaknesses in their design or operation), and disclosure controls and procedures (and management's reports thereon), as well as any special audit steps adopted in light of material control deficiencies. The Committee shall receive and review the required applicable annual or quarterly CEO and CFO certification reports prior to these documents being filed as required by the regulators.

2. ***Legal Matters***

(a) The Committee will periodically review with the Company's management and the Company's legal counsel, the nature and status of significant legal matters.

(b) The Committee will review and monitor any significant pending or threatened litigation that could have a material impact on the Company's financial statements.

3. ***Risk Assessment and Risk Management.*** The Committee is responsible for overseeing the management of risks associated with the Company's financial reporting, accounting and auditing matters, reviewing as required the Company's processes around the management and monitoring of such risks, including but not limited to, review and assessment of the company investment policy and performance

and review and assessment of the company's insurance policies. The Committee will discuss with the Company's management the Company's major financial, accounting and reporting risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies and guidelines.

4. ***Whistleblower Procedures.*** The Committee is responsible for establishing and overseeing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, the prompt internal reporting of violations of the Code of Business Conduct and Ethics and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.

D. OTHER DUTIES AND RESPONSIBILITIES

1. ***Code of Conduct.*** The Committee will periodically review and recommend to the Board any changes to the Code of Conduct applicable to the Company, including all of its directors, officers and employees. The Committee will also consider waivers of the Code of Conduct requested for executive officers and directors and retain sole authority to grant any waivers for executive officers and directors (other than where the potential waiver involves a member of the Committee, in which event such waiver shall be subject to the review of the Board). The Committee will also periodically review and recommend to the Board any changes to the Company's Insider Trading Policy and Anti-Bribery Policy, which are referenced in the Company's Code of Conduct.

2. ***Related Party Transactions.*** The Committee will review and, where appropriate, approve any transaction between the Company and any related party (other than transactions that are subject to review by the Board as a whole or any other committee of the Board), as defined by applicable law, Securities Laws and the Exchange Rules, and will periodically review the business interests and activities of members of the Board and management.

3. ***Review of Composition and Performance.*** The Committee will evaluate the Committee's composition and performance on an annual basis and submit a report to the Board.

4. ***Review of this Charter.*** The Committee will review and reassess the adequacy of this charter annually and recommend to the Board any changes the Committee determines are appropriate.

5. ***Other Actions.*** The Committee will perform any other activities required by applicable law, rules or regulations, including Securities Laws and the Exchange Rules, and take such other actions and perform and carry out any other responsibilities and duties delegated to it by the Board or as the Committee deems necessary or appropriate consistent with its purpose.

E. STUDIES AND ADVISERS

In discharging its responsibilities, the Committee may conduct, direct, supervise or authorize studies of, or investigations into, any matter that the Committee deems appropriate, with full and unrestricted access to all books, records, documents, facilities and personnel of the Company. The Committee has the sole authority to retain and terminate independent legal counsel and other consultants, accountants, experts and advisers of its choice to assist the Committee in connection with its functions, including any studies or investigations. The Committee will have the sole authority to approve the fees and other retention terms of such advisers. The Company will also provide for appropriate funding, as determined by the Committee, for:

- payment of compensation to the independent auditor and any legal and other consultants, accountants, experts and advisers retained by the Committee; and
- ordinary administrative expenses of the Committee that are necessary and appropriate in carrying out its functions.

F. MEETINGS AND ACTIONS

Meetings of the Committee shall be held at least once each quarter or more frequently, as determined to be appropriate by the Committee. The Board may appoint a member of the Committee to serve as the chairperson of the Committee (the “*Chair*”); if the Board does not appoint a Chair, the Committee members may designate a Chair by their majority vote. The Chair, in consultation with the other members of the Committee, will set the dates, time, places and agenda for Committee meetings. The Chair or any other member of the Committee may call meetings of the Committee by notice and the Committee may act by unanimous written consent in lieu of a meeting in accordance with the Company’s Bylaws. A quorum of the Committee for the transaction of business will be a majority of its members. Meetings may be held in person or via telephone or video conference. The Committee also may act by unanimous written consent in lieu of a meeting in accordance with the Company’s Bylaws. Subject to the requirements of this charter, applicable law, Securities Laws and the Commission Rules, the Committee and the Chair may invite any director, executive or employee of the Company, or such other person, as it deems appropriate in order to carry out its responsibilities, to attend and participate (in a non-voting capacity) in all or a portion of any Committee meeting. The Committee may meet in executive session at its discretion and may exclude from all or a portion of its meetings any person it deems appropriate in order to carry out its responsibilities. The Chair will designate a secretary for each meeting, who need not be a member of the Committee. The Company shall provide the Committee such staff support as it may require.

G. MINUTES AND REPORTS

The Committee will maintain written minutes of its meetings and copies of its actions by written consent, and will cause such minutes and copies of written consents to be filed with the minutes of the meetings of the Board. The Committee will report regularly to the Board with respect to its activities, including on significant matters related to the Committee’s responsibilities and the Committee’s deliberations and actions. The minutes of the Committee and actions by the unanimous written consent of the Committee members will be made available to the other members of the Board.

H. DELEGATION OF AUTHORITY

The Committee may from time to time, as it deems appropriate and to the extent permitted under applicable law, Securities Laws and the Commission Rules, the Company’s articles of incorporation and Bylaws, form and delegate authority to subcommittees.

I. COMPENSATION

Members of the Committee will receive such fees, if any, for their service as Committee members as may be determined by the Board, which may include additional compensation for the Chair. Such fees may include retainers or per meeting fees and will be paid in such form of consideration as is determined by the Board in accordance with applicable law, Securities Laws and the Commission Rules.

J. PUBLICATION

The Company shall make this charter freely available to stockholders on request and shall publish it on the Company's web site.

K. OVERSIGHT FUNCTION

This charter sets forth the authority and responsibility of the Committee in fulfilling the purposes described herein.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's consolidated financial statements are complete and accurate or are in accordance with International Financial Reporting Standards ("IFRS") and applicable rules and regulations. These are the responsibilities of Management and the Company's external auditors. The Committee, its Chair and any Committee members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities. Although the designation of a Committee member as having accounting or related financial expertise for disclosure purposes or otherwise is based on that individual's education and experience which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Committee member who is identified as having accounting or related financial expertise, like the role of all Committee members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

In addition, the Company's management is responsible for managing its risk function and for reporting on its processes and assessments with respect to the Company's management of risk. Each member of the Committee shall be entitled to rely on (a) the integrity of those persons and organizations within and outside of the Company from which it receives information, (b) the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board) and (c) representations made by management as to any audit and non-audit services provided by the independent auditor.

The Board has formed the Committee to assist the Board in directing the Company's affairs and this charter has been adopted in furtherance of this purpose. While this charter should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's articles of incorporation and Bylaws, it is not intended to establish by its own force any legally binding obligations.