

AUDIT COMMITTEE CHARTER

PURPOSE

The primary function of the Audit Committee is to assist the board of directors (the “ **Board** ”) of Eupraxia Pharmaceuticals Inc. (the “ **Company** ”) in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the accounting and financial reporting processes of the Company, the systems of internal controls and management information systems established by the senior officers of the Company (“**Management**”) including cybersecurity, and information security and disaster recovery plans, and the Company’s internal and external audit process and monitoring compliance with the Company’s legal and regulatory requirements with respect to its financial statements. The Audit Committee is a standing committee of the Board of the Company appointed as required by (i) National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) (ii) Rule 5605 of the NASDAQ Stock Market Rules (“**Rule 5605**”) and (iii) Rule 10A-3 under the United States Securities Exchange Act of 1934, as amended (“**Rule 10A-3**”).

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain an open communication between the Company’s external auditors and the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of the Company’s financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of Management.

RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Audit Committee the following powers and duties to be performed by the Audit Committee on behalf of and for the Board. Nothing in this Charter is intended to or does confer on any member a higher standard of care or diligence than that which applies to the directors as a whole.

External Auditors

The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. For this purpose, the Audit Committee may consult with Management.

The external auditors shall report directly to the Audit Committee.

In addition, the Audit Committee:

- a. shall determine (i) whether the current external auditors should be nominated for reappointment for the ensuing year and if applicable, select a suitable alternative for nomination; and (ii) the amount of compensation payable to the external auditors;
- b. resolves disagreements, if any, between Management and the external auditors regarding financial reporting;

- c. provides the Board with such recommendations and reports with respect to the financial statements of the Company as it deems advisable;
- d. evaluates and ensures the independence of the external auditors, including by (i) pre-approving any non-audit related services provided by the external auditors to the Company or the Company's subsidiaries, if any, (ii) obtaining from the external auditor a formal written statement delineating all relationships between the external auditor and the Company, (iii) actively engaging in a dialogue with the external auditor with respect to the written statement, including any disclosed relationships or services that may impact the objectivity and independence of the external auditor, any other matters required by regulatory bodies and any relationships or services that may impact the objectivity and independence of the external auditors and (iv) taking appropriate action to oversee the independence of the external auditor;
- e. confirms that the external auditors are a "participating audit" firm for the purpose of National Instrument 52-108 – *Auditor Oversight* and are in compliance with governing regulations;
- f. reviews and (i) approves in advance the scope and plans for the audits and the audit fees and (ii) approves in advance (or, where permitted by law and regulations, subsequently) all non-audit and tax services to be performed by the independent auditor that are not otherwise prohibited by law or regulations and any associated fees;
- g. reviews and evaluates the performance of the external auditors;
- h. assures the regular rotation of the lead audit partner of Company's external auditor and considers regular rotation of the accounting firm serving as the Company's external auditor;
- i. in accordance with applicable law, adopts policies and procedures for the Audit Committee's pre-approval, including delegation to one or more members of the Audit Committee, of the engagement of the Company's external auditors to perform permitted services on an ongoing basis; and
- j. reviews and approves the Company's hiring policy regarding partners, employees and former partners and employees of the Company's present and former external auditors.

Audit and Review Process and Results

The Audit Committee has a duty to receive, review and make any inquiry regarding the completeness, accuracy and presentation of the Company's financial statements to ensure that the financial statements fairly present the financial position and risks of the organization and that they are prepared in accordance with generally accepted accounting principles. To accomplish this, the Audit Committee:

- a. considers the scope and general extent of the external auditors' review, including their engagement letter and major changes to the Company's auditing and accounting principles and practices;
- b. reviews the results of the independent audit and the quarterly reviews, and the independent auditor's opinion on the audited financial statements;

- c. consults with management and the external auditors regarding the sufficiency of the Company's internal system of audit and financial controls, internal audit procedures and results of such audits;
- d. ensures the external auditors have full, unrestricted access to required information and have the cooperation of management;
- e. reviews with the external auditors the audit process and standards, as well as regulatory or Company-initiated changes in accounting practices and policies and the financial impact thereof, and selection or application of appropriate accounting principles;
- f. reviews with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements;
- g. reviews the appropriateness and disclosure of any off-balance sheet matters;
- h. reviews disclosure of related-party transactions;
- i. receives and reviews with the external auditors, the external auditors' audit report and the audited financial statements;
- j. makes recommendations to the Board respecting approval of the audited financial statements;
- k. meets with the external auditors separately from management to review the integrity of the Company's financial reporting, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates, any significant disagreements or difficulties in obtaining information, adequacy of internal controls over financial reporting, adequacy of disclosure controls and procedures, and the degree of compliance by the Company with prior recommendations of the external auditors;
- l. directs management to implement such changes as the Audit Committee considers appropriate, subject to any required approvals of the Board arising out of the review; and
- m. meets at least annually with the external auditors, independent of management, and reports to the Board on such meetings.

Interim Financial Statements

The Audit Committee:

- a. reviews and determines the Company's practice with respect to review of interim financial statements by the external auditors;
- b. conducts all such reviews and discussions with the external auditors and Management as it deems appropriate; and

- c. makes recommendations to the Board respecting approval of the interim financial statements.

Involvement with Management

The Audit Committee has primary responsibility for overseeing the actions of management in all aspects of financial management and reporting.

The Audit Committee:

- a. reviews the Company's annual and interim financial statements, Management's Discussion and Analysis and earnings press releases, if any, before the Company publicly discloses this information;
- b. reviews all of the Company's public disclosure of financial information extracted from the Company's financial statements, if such financial statements have not previously been reviewed by the Committee, prior to such information being made public by the Company and for such purpose, the CFO assumes responsibility for providing the information to the Audit Committee for its review; reviews material financial risks with Management, the plan that Management has implemented to monitor and deal with such risks and the success of Management in following the plan;
- c. consults annually and otherwise as required with the Company's CEO and CFO respecting the adequacy of the internal controls over financial reporting and disclosure controls and procedures and reviews any breaches or deficiencies;
- d. obtains such certifications of annual and interim filings by the CEO and CFO attesting to internal controls over financial reporting and disclosure controls and procedures as deemed advisable;
- e. reviews Management's response to significant written reports and recommendations issued by the external auditors and the extent to which such recommendations have been implemented by Management;
- f. reviews with Management the Company's compliance with applicable laws and regulations respecting financial reporting matters, and any proposed regulatory changes and their impact on the Company; and
- g. reviews as required with Management and approves disclosure of the Audit Committee Charter, and Audit Committee disclosure required in the Company's Annual Information Form, Information Circular and on the Company's website.

Complaint Procedures

The Audit Committee shall adopt and oversee procedures to address complaints received by the Company regarding accounting, internal accounting controls or auditing matters. The procedures shall allow for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Conflicts of Interest

The Audit Committee shall review the Company's policies relating to the avoidance of conflicts of interest and review and approve all payments to be made pursuant to any related party transactions involving executive officers and members of the Board or any significant shareholders of the Company, as may be necessary or desirable under the requirements of any exchange upon which the securities of the Company are listed, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time. The Audit Committee shall consider the results of any review of these policies and procedures by the Company's external auditors.

PROCEDURAL MATTERS

The Audit Committee:

- a. invites the Company's external auditors, the CFO, and such other persons as deemed appropriate by the Audit Committee to attend meetings of the Audit Committee;
- b. reports material decisions and actions of the Audit Committee to the Board, together with such recommendations as the Audit Committee may deem appropriate;
- c. has the power to conduct or authorize investigations into any matter within the scope of its responsibilities;
- d. has the right to engage independent counsel and other advisors as it determines necessary to carry out its duties and the right to set the compensation for any advisors employed by the Audit Committee;
- e. has the right to communicate directly with the CFO and other members of Management who have responsibility for the internal and external audit process, as well as to communicate directly with the internal and external auditors; and
- f. pre-approves non-audit services to be performed by the external auditors in accordance with the provisions of NI 52-110 and Rule 2-01(7) of Regulation S-X, taking into consideration whether the delivery of non-audit services will interfere with the independence of the auditors.

COMPOSITION

The Audit Committee is composed of a minimum of three directors, all of whom are independent pursuant to the requirements of NI 52-110, Rule 10A-3 and Rule 5605, subject to any exemptions or relief that may be granted from such requirements under NI 52-110, Rule 10A-3 and Rule 5605, and have relevant skills and/or experience in the Audit Committee's areas of responsibility as may be required by the securities laws applicable to the Company, including those of any stock exchange on which the Company's securities are traded. No member shall have served as the CEO of the Company, or an affiliate, within the past five years, as the CFO of the Company, or an affiliate, within the past three years, or shall have participated in the preparation of the financial statements of the Company or any of the Company's current subsidiaries within the past three years.

The members of the Audit Committee shall not be members of more than three public company audit committees (including the Company), except for a member with demonstrable financial expertise, such as a former CFO, who shall not be a member of more than four audit committees (including the Company).

Appointment of Committee Members and Vacancies

Members of the Audit Committee are appointed or confirmed by the Board annually and hold office at the pleasure of the Board. The Board fills any vacancy on, and may appoint any additional members to, the Audit Committee.

Committee Chair

The Board appoints a Chair for the Audit Committee.

STRUCTURE AND OPERATIONS

Meetings

The Chair of the Audit Committee or the Chair of the Board or any two of its members may call a meeting of the Audit Committee. The Audit Committee must meet at least four times each fiscal year, and at such other times during each year as it deems appropriate.

Quorum

A majority of the members appointed to the Audit Committee constitutes a quorum.

Notice of Meetings

The Chair of the Audit Committee arranges to provide notice of the time and place of every meeting in writing (including by electronic means) to each member of the Audit Committee at least two (2) business days prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. The Chair also ensures that an agenda for the meeting and all required materials for review by the members of the Audit Committee are delivered to the members with sufficient time for their review, or that such requirement is waived.

Absence of Committee Chair

If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the other members of the Audit Committee will choose a Chair to preside at the meeting.

Secretary of Committee

At each meeting the Audit Committee appoints a secretary who need not be a director of the Company.

Attendance of the Company's Officers at Meetings

The Chair of the Audit Committee or any two members of the Audit Committee may invite one or more officers of the Company to attend any meeting of the Audit Committee.

Delegation

The Audit Committee may, in its discretion and where permitted by NI 52-110, delegate all or a portion of its duties and responsibilities to a subcommittee, management or, to the extent otherwise permitted by applicable plans, laws or regulations, to any other body or individual.

Procedure and Records

Subject to any statute or constating documents of the Company, the Audit Committee determines its own procedures at meetings and may conduct meetings by telephone and keeps records of its proceedings.

Funding

The Company must provide appropriate funding, as determined by the Audit Committee, for the payment of:

- a. compensation to any external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- b. compensation to any advisers engaged by the Audit Committee; and
- c. ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

REPORTING AND ASSESSMENT

The Audit Committee reports to the Board of Directors, and on an annual basis, presents to the Board a Committee Annual Report consisting of the Audit Committee's review of its charter, the Committee's and its Chair's performance over the past year, and any recommendations the Audit Committee makes in respect thereto.

EFFECTIVE DATE

This Charter was approved by the Board on April 5, 2024.