



AUDIT COMMITTEE CHARTER

I. General Statement of Purpose

The purposes of the Audit Committee of the Board of Directors (the "Audit Committee") of Novelion Therapeutics Inc. (the "Company") are to:

- oversee the accounting and financial reporting processes of the Company and the audits of the Company's financial statements;
- take, or recommend that the Board of Directors of the Company (the "Board") take, appropriate action to oversee the qualifications, independence and performance of the Company's independent registered public accounting firm;
- prepare the report required by the rules of the Securities and Exchange Commission (the "SEC") and by Canadian securities laws to be included in the Company's annual proxy statement;
- serve as the Qualified Legal Compliance Committee ("QLCC") in accordance with Section 307 of the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the SEC thereunder;
- oversee the procedures for addressing complaints and concerns regarding accounting, internal accounting controls, or auditing matters;
- oversee disclosure controls and procedures designed and monitored by the disclosure committee; and
- conduct an appropriate review of all related person transactions.

II. Composition

The Audit Committee shall consist of at least three (3) members of the Board. Each member of the Audit Committee must (1) be "independent" as defined in NASDAQ Listing Rule 5605(a)(2) and National Instrument 52-110 of the Canadian Securities Administrators; (2) meet the criteria for independence set forth in Rule 10A-3(b)(1) promulgated under Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subject to the exemptions provided in Rule 10A-3(c) under the Exchange Act; and (3) not have participated in the preparation of the financial statements of the Company or a current subsidiary of the Company at any time during the past three years.

Notwithstanding the foregoing, one director who (1) is not "independent" as defined in the listing rules of applicable stock exchange; (2) satisfies the criteria for independence set forth in the applicable U.S. and Canadian securities laws and regulations; and (3) is not a current officer or employee or a Family Member (as defined in the listing rules of applicable stock exchange) of such officer or employee, may be

appointed to the Audit Committee, if the Board, under exceptional and limited circumstances, determines that membership on the Audit Committee by the individual is required by the best interests of the Company and its stockholders, and the Board discloses, in the next annual proxy statement subsequent to such determination (or, if the Company does not file a proxy statement, in its Form 10-K), the nature of the relationship and the reasons for that determination. A member appointed under this exception may not serve on the Audit Committee for more than two years and may not chair the Audit Committee.

Each member of the Audit Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement. One or more members of the Audit Committee shall qualify as an "audit committee financial expert" under the rules promulgated by the SEC or, if not, the Company shall disclose its lack of an "audit committee financial expert" and the reasons why in its Annual Report on Form 10-K.

The members of the Audit Committee shall be appointed annually by the Board and may be replaced or removed by the Board with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically and without any further action constitute resignation or removal, as applicable, from the Audit Committee. Any vacancy on the Audit Committee, occurring for whatever reason, may be filled only by the Board. The Board shall designate one member of the Audit Committee to be Chair of the Audit Committee. All indemnification, exculpation, expense reimbursement and advancement provisions and rights available to members of the Audit Committee in their capacities as directors of the Company shall be fully applicable with respect to their service on the Audit Committee or any subcommittee thereof.

III. Compensation

A member of the Audit Committee may not, other than in his or her capacity as a member of the Board, the Audit Committee or any other committee established by the Board, receive directly or indirectly from the Company any consulting, advisory or other compensatory fee from the Company. A member of the Audit Committee may receive additional directors' fees to compensate such member for the significant time and effort expended by such member to fulfill his or her duties as an Audit Committee member.

IV. Meetings

The Audit Committee generally will meet in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, as deemed necessary by the Audit Committee. At least once per calendar year, the Audit Committee will have a joint meeting with the Compliance Committee. In addition, the Compliance Committee will report the results of its meetings and other key activities to the Audit Committee on a regular basis. A majority of the members of the Audit Committee shall constitute a quorum for purposes of holding a meeting and the Audit Committee may act by a vote of a majority of the members present at such meeting. In lieu of a meeting, the Audit Committee may act by unanimous written consent (including by way of electronic transmission) in accordance with the Company's Articles. The Chair of the Audit Committee, in consultation with the other committee members and the Company's principal financial officer, as he or she deems necessary, may determine the frequency and length of the Audit Committee meetings and may set meeting agendas consistent with this Charter. The Audit Committee shall meet periodically in separate executive sessions with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent registered accounting firm,

and have such other direct and independent interaction with such persons from time to time as the members of the Audit Committee deem appropriate.

Written materials shall be received from management, auditors, and others sufficiently in advance of meeting dates to give members of the Audit Committee adequate time to review such materials. Meeting conduct will assume Audit Committee members have reviewed any such written materials in sufficient depth to participate in dialogue with other members of the Audit Committee and the Board regarding the subject matter of such written materials.

V. Responsibilities and Authority

The following responsibilities are set forth as a guide to fulfilling the Audit Committee's purposes, with the understanding that the Audit Committee's activities may diverge as appropriate given the circumstances. The Audit Committee may undertake additional responsibilities and establish additional policies and procedures as may be appropriate from time to time in fulfilling its purpose to respond to changing business, legislative, regulatory, legal or other conditions. The Audit Committee also shall carry out any other responsibilities and duties delegated by the Board to the Audit Committee related to the purposes of the Audit Committee set forth in Section I of this Charter.

A. Review of Charter and Self-Assessment

- The Audit Committee shall review and assess the adequacy of this Charter annually and recommend to the Board any amendments or modifications to the Charter that the Audit Committee deems appropriate.
- The Audit Committee shall review, discuss, and assess its performance as well as its role and responsibilities at least annually, seeking input from senior management, the full Board, and others as the members of the Audit Committee deem appropriate. Changes in role and/or responsibilities, if any, shall be recommended to the full Board for approval.

B. Matters Relating to Selection, Performance and Independence of the Independent Registered Public Accounting Firm

- The Audit Committee shall be directly responsible for the appointment, retention and termination, and for determining the compensation, of the Company's independent registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Audit Committee may consult with management in fulfilling these duties.
- The Audit Committee shall be directly responsible for oversight of the work of the independent registered public accounting firm (including resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.
- The Audit Committee shall instruct the independent registered public accounting firm that the independent registered public accounting firm shall report directly to the Audit Committee.

- The Audit Committee shall pre-approve all auditing services and the terms thereof (which may include providing comfort letters in connection with securities underwritings) and non-audit services (other than non-audit services that are prohibited under applicable laws, regulations, listing standards or the applicable rules of the Public Company Accounting Oversight Board (the “PCAOB”)) to be provided to the Company by the independent registered public accounting firm; provided, however, the pre-approval requirement is waived with respect to services that fit within exceptions under applicable laws, regulations, listing standards or the applicable rules of the PCAOB. This authority to pre-approve non-audit services may only be delegated to the Chair of the Audit Committee, who shall present all decisions to pre-approve an activity to the full Audit Committee at its first meeting following such decision.
- The Audit Committee may review and approve the scope and staffing of the independent registered public accounting firm’s annual audit plan(s).
- The Audit Committee shall (1) request that the independent registered public accounting firm provides the Audit Committee with the written disclosures and the letter required by PCAOB Rule 3526 (“Rule 3526”), (2) require that the independent registered public accounting firm submit to the Audit Committee at least annually a formal written statement describing all relationships between the independent registered public accounting firm or any of its affiliates and the Company or persons in financial reporting oversight roles at the Company that might reasonably be thought to bear on the independence of the independent registered public accounting firm, (3) discuss with the independent registered public accounting firm the potential effects of any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm, (4) require that the independent registered public accounting firm provide to the Audit Committee written affirmation that the independent registered public accounting firm is, as of the date of the affirmation, independent in compliance with PCAOB Rule 3520, and (5) based on such disclosures, statement and discussion (and such other matters as the Audit Committee deems relevant), take or recommend that the Board take appropriate action in response to the independent registered public accounting firm’s report to satisfy itself of the independent registered public accounting firm’s independence. In addition, before approving the initial engagement of any independent auditor, the Audit Committee shall receive, review and discuss with the audit firm all information required by, and otherwise take all actions necessary for compliance with the requirements of, Rule 3526. References to rules of the PCAOB shall be deemed to refer to such rules and to any substantially equivalent rules adopted to replace such rules, in each case as subsequently amended, modified or supplemented.
- The Audit Committee may consider whether the provision of the services covered in items 9(e)(2) and 9(e)(3) of Regulation 14A of the Exchange Act (or any successor provision) is compatible with maintaining the independent registered public accounting firm’s independence.

- The Audit Committee shall evaluate the independent registered public accounting firm’s qualifications, performance and independence, and shall present its conclusions with respect to the independent registered public accounting firm to the full Board. As part of such evaluation, at least annually, the Audit Committee shall obtain and review a report or reports from the independent registered public accounting firm describing (1) the auditor’s internal quality-control procedures, (2) any material issues raised by the most recent internal quality-control review or peer review of the auditors or by any inquiry or investigation by government or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the auditors, and any steps taken to address any such issues, and, (3) in order to assess the auditor’s independence, all relationships between the independent registered public accounting firm and the Company.

In this regard, the Audit Committee shall also seek the opinion of management and the internal auditors of the independent registered public accounting firm’s performance.

- The Audit Committee may establish, or recommend to the Board, policies with respect to the potential hiring of current or former partners or employees of the independent registered public accounting firm.

C. Audited Financial Statements and Annual Audit

- The Audit Committee shall review the overall audit plan with the independent registered public accounting firm and the members of management who are responsible for preparing the Company’s financial statements, including the Company’s Principal Financial Officer and/or principal accounting officer (the principal accounting officer and such other officer or officers are referred to herein collectively as the “Senior Accounting Executive”).
- The Audit Committee shall review and discuss with management (including the Company’s Senior Accounting Executive) and with the independent registered public accounting firm the Company’s annual audited financial statements, including, without limitation, (1) all critical accounting policies and practices used or to be used by the Company, (2) the Company’s disclosures under “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” prior to the filing of the Company’s Annual Report on Form 10-K, and (3) any significant financial reporting issues that have arisen in connection with the preparation of such audited financial statements.
- The Audit Committee generally should review:
 - (i) any analyses prepared by management and/or the independent registered public accounting firm setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles (“GAAP”) methods on the financial statements. The Audit Committee may consider the ramifications of the use of such alternative disclosures and treatments on the financial statements, and the treatment preferred by the independent registered public accounting firm. The Audit Committee may also consider other material written communications between the registered public accounting firm and management, such as any management letter or schedule of unadjusted differences;

- (ii) material issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of any material control deficiencies;
 - (iii) material issues regarding accounting principles and procedures and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles;
 - (iv) the effects of regulatory and accounting initiatives, as well as off-balance sheet transactions and structures, on the financial statements of the Company; and
 - (v) the certifications made by the Company's Principal Executive Officer and Principal Financial Officer.
- The Audit Committee shall discuss with management and the independent registered public accounting firm any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding, or call into question the integrity of, the Company's financial statements or accounting policies.
 - The Audit Committee shall review and discuss with the independent registered public accounting firm (outside the presence of management) how the independent registered public accounting firm plans to handle their responsibilities under the Private Securities Litigation Reform Act of 1995, and request assurance from the independent registered public accounting firm that Section 10A(b) of the Exchange Act has not been implicated.
 - The Audit Committee shall review and discuss with the independent registered public accounting firm any audit problems or difficulties and management's response thereto. This review shall include (1) any difficulties encountered by the auditor in the course of performing its audit work, including any restrictions on the scope of its activities or its access to information, and (2) any significant disagreements with management.
 - The Audit Committee shall, to the extent applicable, discuss with the independent registered public accounting firm those matters brought to the attention of the Audit Committee by the auditors pursuant to Statement on Auditing Standards No. 61, as amended ("SAS 61") or AU 380 – The Auditor's Communication With Those Charged With Governance ("AU 380").
 - The Audit Committee shall, to the extent that the Company is a public reporting company, ensure that a public announcement of the Company's receipt of an audit opinion that contains a going concern qualification is made promptly.
 - The Audit Committee shall also review and discuss with the independent registered public accounting firm the report required to be delivered by such auditors pursuant to Section 10A(k) of the Exchange Act.
 - If brought to the attention of the Audit Committee, the Audit Committee shall discuss with the Chief Executive Officer and Senior Accounting Executive of the Company (1) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act or Canadian securities laws, within the time periods specified in the SEC's rules and forms or Canadian securities

laws, and (2) any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting.

- The Audit Committee shall make a recommendation to the Board as to whether the Company's audited financial statements should be included in the Company's Annual Report on Form 10-K for the most recently completed fiscal year. The Audit Committee's recommendation shall be based on its review of the audited financial statements and its discussions with management and the independent registered public accounting firm, including the Audit Committee's review and discussions (1) with management of the audited financial statements, (2) with the independent registered public accounting firm of the matters required to be discussed by SAS 61 or AU 380, (3) with the independent registered public accounting firm concerning the independent registered public accounting firm's independence, and (4) with management and the independent registered public accounting firm of any correspondence with regulators that raise material issues regarding, or call into question the integrity of, the Company's financial statements or accounting policies.
- The Audit Committee shall prepare the Audit Committee reports required by Item 407(d) of Regulation S-K of the Exchange Act (or any successor provision). and Canadian securities laws to be included in the Company's annual proxy statement.
- The Audit Committee shall review annual earnings press releases (paying particular attention to the use of "pro forma" or "adjusted non-GAAP information") and earnings guidance provided to analysts and rating agencies in advance of any public disclosure of such information.

D. Unaudited Quarterly Financial Statements

- The Audit Committee shall discuss and review with management and the independent registered public accounting firm, prior to the filing of the Company's Quarterly Reports on Form 10-Q, (1) the Company's quarterly financial statements and the Company's related disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," (2) such issues as may be brought to the Audit Committee's attention by the independent registered public accounting firm pursuant to Statement on Auditing Standards No. 100 or AU 722 – Interim Financial Information, and (3) any significant financial reporting issues that have arisen in connection with the preparation of such financial statements. The Audit Committee shall review quarterly earnings press releases (paying particular attention to the use of "pro forma" or "adjusted non-GAAP information") and earnings guidance provided to analysts and rating agencies in advance of any public disclosure of such information.

E. QLCC Responsibilities

- Document Retention. The Audit Committee shall establish written procedures for the confidential receipt, retention and consideration of evidence of a material violation of an applicable United States or Canadian federal, state or provincial securities law, a material breach of fiduciary duty arising under such laws, or a similar material violation of any such laws by the Company or by any officer, director, employee or agent of the Company (each, a "Material Violation") that is reported to the Audit Committee.
- Reporting. The Audit Committee shall inform the Senior Accounting Executive, Chief Executive

Officer and the Chair of the Compliance Committee (or the equivalents thereof) of any report of evidence of a Material Violation that is reported to the Audit Committee, except, in the case of the Senior Accounting Executive or Chief Executive Officer, in situations when the Audit Committee reasonably believes it would be futile to report evidence of a Material Violation to such individuals.

- Investigations. The Audit Committee shall determine whether an investigation is necessary regarding any report of evidence of a Material Violation to the Audit Committee. If the Audit Committee determines an investigation is necessary or appropriate, the Audit Committee will: (i) notify the full Board; (ii) initiate an investigation, which may be conducted either by the Senior Accounting Executive (or the equivalent thereof) or by outside attorneys; and (iii) retain such additional expert personnel as the Audit Committee deems necessary. At the conclusion of any such investigation, the Audit Committee will: (i) recommend, by majority vote, that the Company implement an appropriate response to evidence of a Material Violation; and (ii) inform the Senior Accounting Executive (or the equivalent thereof) and the Chief Executive Officer (or the equivalent thereof) and the Board of the results of any such investigation and the appropriate remedial measures to be adopted.
- Take Appropriate Actions. The Audit Committee shall act by majority vote and take all other appropriate actions to respond to evidence of a Material Violation that is reported to the Audit Committee, including the authority to notify the SEC and Canadian securities regulators in the event that the Company fails in any material respect to implement an appropriate response that the Audit Committee has voted to cause the Company to take.

F. Procedures for Addressing Complaints and Concerns

- The Audit Committee shall establish and oversee procedures for (1) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (2) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The Audit Committee may review and reassess the adequacy of these procedures periodically and adopt any changes to such procedures that the Audit Committee deems necessary or appropriate.
- Review at least annually with management, including the Senior Accounting Executive, (1) compliance with the Company's code(s) of business conduct and ethics (including codes that apply to all employees as well as those applicable to directors, senior officers and financial officers and the Company's policies and procedures concerning trading in Company securities and use in trading of proprietary or confidential information), (2) , the adequacy of and any requests for waivers under such codes, policies and procedures, and (3) make a recommendation to the full Board with regard to any waiver sought with respect to any executive officer or director.

G. Regular Reports to the Board

- The Audit Committee shall regularly report to and review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the

independent registered public accounting firm, the performance of the internal audit function and any other matters that the Audit Committee deems appropriate or is requested to review for the benefit of the Board.

H. Disclosure Committee.

- The Audit Committee shall ensure its satisfaction with the disclosure controls and procedures designed and monitored by the Disclosure Committee and will periodically assess the adequacy of those procedures.

I. Legal and Regulatory Matters.

- The Audit Committee shall confer with the Company's General Counsel and the Compliance Committee of the Board about legal matters that may have a material impact on the financial statements or the Company's compliance policies. The Audit Committee also shall:
 - at least annually, receive a presentation by management summarizing the Company's programs and controls for compliance with legal and regulatory requirements; this presentation shall generally happen at the annual joint meeting of the Audit Committee and Compliance Committee required by the charters of each such committee; and
 - review and discuss with management and the internal auditor (or other personnel responsible for the internal audit function) the Company's procedures and practices designed to provide reasonable assurance that: (i) the Company's books, records, accounts and internal accounting controls are established and maintained in compliance with the all corrupt practices laws and regulations to which the Company is subject, and (ii) there are adequate Company-level controls in place to prevent or detect (A) any improper or illegal disbursement of corporate funds or property of value or (B) the making of any arrangement on behalf of the Company which may provide for or result in the improper or illegal disbursement of funds or property of value, in order that the Company be in compliance with such laws and regulations.

J. Information Technology Systems, Processes and Data.

- The Audit Committee shall oversee the integrity of the Company's information technology systems, processes and data and periodically, at its discretion (but no less than annually), review and assess with management and the internal auditor (or other personnel responsible for the internal audit function), the adequacy of security for the Company's information technology systems, processes and data and the Company's contingency plans in the event of a breakdown or security breach affecting the Company's information technology systems or data.

K. Insurance/Treasury Policy/Other Financial-Audit Risks.

- The Audit Committee shall make inquiries of management and the independent auditor regarding significant financial risks or exposures, and review and discuss with management steps management has taken to monitor and mitigate such risks or exposures.
- The Audit Committee shall review and discuss with management the level and type of insurance coverage that the Company has to cover key risks and exposures, and review and

approve directors' and officers' insurance ("D&O insurance") after receiving guidance from the Board on the type and level of D&O insurance that the Board believes is necessary.

- The Audit Committee shall review and approve the Company's Treasury Policy and any proposed changes to such policy.

VI. Conflicts of Interest

- The Audit Committee shall conduct an appropriate review of all related person transactions for potential conflict of interest situations on an ongoing basis, and the approval of the Audit Committee shall be required for all such transactions, in accordance with the Company's "Related Party Transaction Policy."

VII. General

- The Audit Committee may form and delegate authority to subcommittees consisting of one or more of its members as the Audit Committee deems appropriate to carry out its responsibilities and exercise its powers.
- The Audit Committee may perform such other oversight functions outside of its stated purpose as may be requested by the Board from time to time.
- The Audit Committee shall maintain minutes or other records of Audit Committee meetings and activities.
- In performing its oversight function, the Audit Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management, the independent registered public accounting firm and such experts, advisors and professionals as may be consulted with by the Audit Committee.
- The Audit Committee shall have the sole authority to engage independent counsel and such other advisors as it deems necessary or advisable to carry out its responsibilities and powers, and, if such counsel or other advisors are engaged, shall determine the amount of, and cause the Company to pay, the compensation or fees payable to such counsel or other advisors.
- In discharging its role, the Audit Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company. The Audit Committee is authorized to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent registered public accounting firm or any other professional retained by the Company to render advice to the Company attend a meeting of the Audit Committee or meet with any members of or advisors to the Audit Committee.
- The Audit Committee is authorized to incur such expenses as are necessary or appropriate in carrying out its duties.

Notwithstanding the responsibilities and powers of the Audit Committee set forth in this Charter, the Audit Committee does not have the responsibility of planning or conducting audits of the Company's financial statements or determining whether the Company's financial statements are complete, accurate and in accordance with GAAP. Such responsibilities are the duty of management and, to the extent of the independent registered public accounting firm's audit responsibilities, the independent registered public accounting firm. In addition, it is not the duty of the Audit Committee to conduct investigations or to ensure compliance with laws and regulations.

ADOPTED BY THE BOARD OF DIRECTORS: December 1, 2016