

AUDIT COMMITTEE CHARTER

AUXLY CANNABIS GROUP INC.

Purpose and Objectives

The Audit Committee is a committee of the Board. Its primary functions are to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the Company's financial statements, its management's discussion and analysis, material press releases, the engagement and recommendation of compensation of independent auditors, the evaluation of the independent auditors' qualifications, independence and performance, and the performance of the Company's internal accounting procedures. The Audit Committee also prepares reports, if and when required, for inclusion by the Audit Committee in the Company's disclosure documents and enhances communication between management, independent auditors and the Board.

Composition and Process

- The Board shall appoint members of the Audit Committee annually. The Audit Committee shall be composed of not less than three members of the Board, a majority of whom shall be, in the determination of the Board, “independent” as that term is defined by National Instrument 52-110 – *Audit Committees*, as amended from time to time. Members shall be appointed by the Board on an annual basis, shall serve a one-year term and may serve consecutive terms, which are encouraged to ensure continuity of experience. The Board shall fill any vacancy in the event the Audit Committee has less than three members and may remove members by resolution.
- Each member of the Audit Committee shall, by virtue of education or experience, be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- A quorum for a meeting of the Audit Committee shall be a majority of the members present in person or, by telecommunications device. The Audit Committee shall meet quarterly or more frequently at the discretion of the members of the Audit Committee as circumstances require.
- The Audit Committee shall select a Chairman from amongst their members. The Chair of the Committee shall be appointed by the Board for a one-year term, and may serve any number of consecutive terms. If the Chairman is not present at a meeting of the Audit Committee, a Chairman shall be selected from amongst the members present.
- The Audit Committee shall, as it determines necessary, have the authority to select, engage and remunerate independent counsel and other advisers to assist in carrying out the Audit Committee's duties at the expense of the Company.
- In discharging its duties under this Charter, the Audit Committee may investigate any matter brought to its attention and shall have access to all books, records, facilities and personnel of the Company, may conduct meetings or interview any officer or employee of the Company, the Company's legal counsel, independent auditors and consultants and may invite any such persons to attend any part of any meeting of the Audit Committee.

- The Audit Committee may designate one or more subcommittees consisting of at least one member to address specific issues on behalf of the Audit Committee.
- The Audit Committee shall regularly report to the Board on its activities.
- The Audit Committee shall review and reassess the adequacy of the Charter annually and submit any proposed changes to the Board for approval.
- The Audit Committee shall perform such other functions as are assigned by law and the, and on the instructions of the Board.
- The Audit Committee has neither the duty nor the responsibility to conduct audit, accounting or legal reviews. The Company's independent auditors are responsible for auditing those financial statements.

Functions

- Independent Auditor
 - The Audit Committee shall be directly responsible for the appointment, termination, compensation, retention and oversight of the work of the independent auditing firm employed by the Company (including resolution of disputes between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The Audit Committee's independent auditor is subject to shareholder approval as required by law.
 - The independent auditor shall report directly to the Audit Committee.
 - All auditing services and permitted non-audit services provided to the Company by the independent auditor shall be pre-approved by the Audit Committee and the Audit Committee shall consider whether the provision of any non-audit services is compatible with the auditor's independence.
 - The Audit Committee shall evaluate, at least annually, the auditor's qualifications, performance and independence. The Audit Committee shall present its conclusions with respect to the independent auditor to the Board.
 - Employees or former employees of the independent auditor shall not be hired by the Company without the prior approval of the Audit Committee.
- Authority
 - Primary responsibility for the Company's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Audit Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is also the responsibility of the Committee to ensure that management has done so.

- The Audit Committee shall have unrestricted access to the Company's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
- The Audit Committee shall have direct communication channels with the internal auditors (if any) and the external auditors to discuss and review specific issues as appropriate.
- The Audit Committee shall have the sole authority to retain (or terminate) advisors or consultants as it determines necessary to assist the Committee in discharging its functions hereunder. The Committee shall be provided with the necessary funding to compensate the advisors or consultants retained by the Committee.
- Accounting Systems, Internal Controls and Procedures
 - The Audit Committee shall obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Company and its subsidiaries and affiliates.
 - The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements and will periodically assess the adequacy of those procedures.
 - The Audit Committee shall review with the external auditor the quality and not just the acceptability of the Company's accounting principles and direct the external auditor's examinations to particular areas.
 - The Audit Committee will review control weaknesses identified by the external auditors, together with management's response and review with external auditors their view of the qualifications and performance of the key financial and accounting executives.
 - The Audit Committee will review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
 - The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
 - The Audit Committee shall review and approve the Company's hiring policies regarding employees and employees of the present and former external auditor of the Company.