

NEOVASC INC.

AUDIT COMMITTEE MANDATE

Purpose

The audit committee (the “Audit Committee”) of Neovasc Inc. (the “Corporation”) is responsible for ensuring accounting integrity and solvency. The Audit Committee is also responsible for ensuring the appropriateness of insurance, investment of liquid funds, information security, contracts, and liability. The Audit Committee will assist the board of directors of the Corporation (the “Board”) in fulfilling its oversight responsibilities by:

- reviewing the integrity of the consolidated financial statements of the Corporation;
- appointing (subject to shareholder ratification if required), determine funding for, and oversee the independent auditor and reviewing the independent auditor’s qualifications and independence;
- reviewing the performance of the Corporation’s independent auditors;
- reviewing the timely compliance by the Corporation with all legal and regulatory requirements for audit and related financial functions of the Corporation;
- reviewing, and if applicable, approving, financial information contained in public filings of the Corporation prior to filing;
- reviewing earnings announcements of the Corporation prior to release to the public;
- reviewing the Corporation’s systems of and compliance with internal financial controls;
- reviewing the Corporation’s auditing, accounting and financial reporting processes;
- dealing with all complaints regarding accounting, internal accounting controls and auditing matters; and
- dealing with any issues that result from the reviews set forth above.

Membership

1. The Audit Committee will have a minimum of three members.
2. Each member of the Audit Committee must be independent. “Independent” shall have the meaning, given to it in National Instrument 52-110 - *Audit Committees*, as may be amended from time to time, and within the meaning of Section 301 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”), the rules promulgated thereunder by the Securities and Exchange Commission (the “SEC”) and the rules of the Nasdaq Stock Market, and, as such, shall be free from any relationship that may interfere with the exercise of his or her independent judgment as a member of the Audit Committee.
3. At the time of his or her appointment to the Audit Committee, each member of the Audit Committee shall be financially literate. “Financial literacy” shall be determined by the

Board in the exercise of its business judgment, and shall include the ability to read and understand a set of financial statements 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 Corporation's financial statements.

4. At least one member of the Audit Committee shall be an "audit committee financial expert" within the meaning of Section 407 of Sarbanes-Oxley and the rules promulgated thereunder by the SEC.
5. Appointments and replacements to the Audit Committee will be made by the Board and will be reviewed on an annual basis. The Board will provide for continuity of membership, while at the same time allowing fresh perspectives to be added. Each member of the Audit Committee will automatically cease to be a member if he or she ceases to be an independent director.
6. The chairman of the Audit Committee (the "Chairman") will be appointed by a vote of the Board on an annual basis.

Meetings

1. The Audit Committee may meet as many times per year as necessary to carry out its responsibilities. No business may be transacted at a meeting unless a quorum of the Audit Committee is present. Two members of the Audit Committee shall constitute a quorum.
2. The Audit Committee shall maintain minutes or other forms of records of the meetings and activities of the Audit Committee in sufficient detail to convey the substance of all discussions held, and shall report to the Board, within a reasonable time period, the proceedings of the Audit Committee and any recommendations made by the Audit Committee.
3. Meetings of the Audit Committee will be held at the request of any member of the Audit Committee or at the request of the Corporation's external auditors. The Corporation's external auditor is entitled to receive notice of every meeting of the Audit Committee and to attend and be heard at every meeting, at the expense of the Corporation and, if so requested by a member of the Audit Committee, shall attend every meeting of the committee held during the term of office of the auditor.
4. The Audit Committee may invite to a meeting any officers or employees of the Corporation, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. Provision will be made to meet privately with external auditors on a quarterly basis and to meet privately with management at least once per annum.

Financial Review

1. The Audit Committee will review the Corporation's financial statements, management discussion and analysis ("MD&A") and the related press releases before such documents are presented to the Board or disclosed publicly, as the case may be.
2. The Audit Committee will review the interim financial statements of the Corporation, the related MD&A, and the press release thereon. If advisable, the Audit Committee shall approve, on behalf of the Board, the interim financial statements and related MD&A for public disclosure.
3. The Audit Committee will review the annual audited financial statements of the Corporation, the auditor's report thereon, the related MD&A, and the press release thereon. If advisable, the Audit Committee shall approve and recommend for Board approval the annual financial statements and related MD&A.
4. The Audit Committee will review other financial information and documents that require the approval of the Board. These will include statements in prospectuses and other offering memoranda and statements required by regulatory authorities. After completing its review, if advisable, the Audit Committee shall approve and recommend for Board approval such financial information.
5. The Audit Committee will issue any necessary reports required of the Audit Committee to be included in the Corporation's annual proxy materials. The Audit Committee will review and, if advisable, recommend to the Board the approval of all documents filed with securities regulatory authorities.
6. The Audit Committee will review and discuss with management and the independent auditor any major issue as to the adequacy and effectiveness of internal controls over the accounting and financial reporting systems of the Corporation, either directly, or through the external auditors or other advisors and obtain and review a report from the independent auditor, at least annually, regarding same; and the Audit Committee will review and discuss with management and the independent auditor any special steps adopted in light of material internal control deficiencies and the adequacy of disclosures about changes in internal controls over financial reporting.
7. The Audit Committee will review, with the external auditors, the results of the external audit and any changes in accounting practices or policies and the financial statements impact thereof. In addition, the Audit Committee will review any accruals, provisions, or estimates that have a significant effect upon the financial statements as well as other sensitive matters such as disclosure of related party transactions.
8. The Audit Committee will discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's financial statements or accounting policies.

Auditors

1. The Audit Committee is responsible for overseeing the work of the external auditor and will communicate directly with the external auditors as required. The external auditor of the Corporation must report directly to the Audit Committee.
2. The Audit Committee shall review and, if advisable, select and recommend for Board approval the external auditors to be nominated and the compensation of such external auditor. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees.
3. At least on an annual basis, the Audit Committee will evaluate the qualifications, performance and independence of the external auditor and the senior audit partners having primary responsibility for the audit, including considering whether the auditor's quality controls are adequate.
4. The Audit Committee will receive from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Corporation and will actively engaging 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 auditors.
5. The Audit Committee must pre-approve all non-audit services to be provided to the Corporation by the external auditor. Notwithstanding the foregoing, the Audit Committee (a) may delegate to one or more members the authority to pre-approve any non-audit service to be provided by the external auditor, the extent permitted by applicable law, provided that any pre-approvals granted pursuant to such delegation will be reported to the full Audit Committee at its next scheduled meeting and (b) establish policies and procedures, from time to time, pre-approving certain non-audit services to be provided by the external auditor, provided (i) such pre-approval policies and procedures are detailed as to the particular service, (ii) the Audit Committee is informed of each non-audit service, and (iii) the procedures do not include delegation of the Audit Committee's responsibilities to management.
6. The Audit Committee will review and approve the Corporation's hiring of partners, employees, former partners and former employees of the present and former external auditor of the Corporation.
7. The Audit Committee has the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Corporation will provide appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

Miscellaneous

1. The Audit Committee will establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or

auditing matters and for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

2. The Audit Committee will review the policies and practices of the Corporation regarding the regular examination of officers' expenses and perquisites, including the use of the assets of the Corporation.
3. The Audit Committee will review and, if advisable, approve all related party transactions.
4. The Audit Committee will review and reassess the adequacy of this mandate either annually or from time to time, as applicable.

Approved by the Board: August 8, 2014