

CHARTER OF THE AUDIT COMMITTEE

A. Purpose

The Audit Committee (the “Committee”) is appointed by the Board of Directors of Kestrel Group Ltd (the “Board”) to assist the Board in monitoring:

1. the accounting and financial reporting processes of Kestrel Group Ltd (the “Company”) and the audits of its financial statements;
2. the independent auditor’s qualifications and independence;
3. the performance of the Company’s internal audit function and independent auditors; and
4. the compliance by the Company with legal and regulatory requirements.

The Committee shall prepare any reports required by applicable law and the rules of the Nasdaq Stock Market (“Nasdaq”).

B. Authority and Responsibilities

The Committee shall have the authority to select the independent auditor for the shareholders to appoint or reappoint. The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services under applicable SEC requirements, which are approved by the Committee prior to the completion of the audit.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report and other related services, to any advisors employed by the Committee, and for the ordinary administrative expenses of the Committee in carrying out its duties.

The Committee shall make regular reports to the Board. The Committee annually shall (1) review its own performance and (2) review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

The Committee, to the extent it deems necessary or appropriate, shall:

Financial Statement and Disclosure Matters

1. Review and discuss with management and the independent auditor the annual audited financial statements, including disclosures made in management's discussion and analysis.
2. 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 concerns regarding the Company's financial statements or accounting policies.
3. Discuss with management and the independent auditor the Company's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements.
4. Discuss with management and the independent auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including related accounting and auditing principles, practices and disclosures, any significant changes in the Company's selection or application of accounting principles, practices and disclosures, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
5. Review and discuss annually reports from the independent auditors on:
 - a. All critical accounting policies and practices to be used for the Company's financial statements.
 - b. Any critical audit matters arising from the current period audit.
 - c. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.
 - d. Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
6. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off- balance sheet structures on the Company's financial statements.
7. Discuss with the independent auditor the matters required to be discussed by applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, any significant disagreements with management and management's response.

8. If applicable, review disclosures made to the Audit Committee by the Company's Chief Executive Officer and Chief Financial Officer about any significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal control over financial reporting.

9. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

10. Periodically meet separately with management, with internal auditors and with the independent auditor.

Oversight of the Company's Relationship with the Independent Auditor

1. Be directly responsible for the appointment, compensation, retention and oversight of the work of any 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, and each such registered public accounting firm must report directly to the Committee.

2. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

3. Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit. Approve in advance all services whether or not related to the audit, ensuring that prohibited non-audit services are not performed.

4. Evaluate the Independent Auditor's independence by, among other things:

a. obtaining and reviewing from the Independent Auditor all written statements and communications relating to relationships between the Independent Auditor and the Company required by applicable auditing standards of the PCAOB and SEC rules;

b. relationships or services that may impact its objectivity and independence;

c. taking, or recommending that the Board take, appropriate actions to oversee the independence of the Independent Auditor.

5.

6. At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality control procedures; any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal

with any such issues; and (to assess the auditor's independence) all relationships between the auditor and the Company.

7. Set clear hiring policies for employees or former employee of the independent auditor.

Oversight of the Company's Internal Audit Function

1. Review the appointment and replacement of the internal auditor.
2. Review the significant reports to management prepared pursuant to the internal audit function together with management's responses and follow-up to these reports.
3. Discuss with the independent auditor and management internal audit responsibilities, budget, qualifications and staffing and any recommended changes in the planned scope of the internal audit.
4. Review for completion of annual regulatory requirements such as FDICIA, 12 CFR 9 (trust audits), corporate insurance coverage, and business continuity.
5. Discuss policies with respect to risk assessment and risk management.

Compliance Oversight Responsibilities

1. Obtain from the independent auditor assurance that Section 10A(b) of the Securities Exchange Act of 1934 (the "Exchange Act") (communication of illegal acts) has not been implicated.
2. Obtain reports from management, the Company's internal auditor and the independent auditor that the Company is in conformity with applicable legal requirements and the Company's Code of Business Conduct and Ethics, and advise the Board about these matters; review reports and disclosures of insider and affiliated party transactions; advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.
3. Consider questions of possible conflicts of interest, including related prior person transactions, of Board members and of senior executives, and to oversee the policies and procedures in the Company's Related Person Transactions Policy and review proposed transactions or courses of dealings requiring approval or ratification under such policy.
4. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports, which raise material issues regarding the Company's financial statements or accounting policies.
5. Discuss with the Company's Chief Legal Officer legal matters that may have a material impact on the financial statements or the Company's compliance policies.

6. Monitor the adequacy of the Company's operating and internal controls as reported by management and the independent or internal auditors.

C. Limitation of Audit Committee's Role

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 financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

D. Membership

The Committee shall be composed of at least three directors, appointed by the Board on the recommendation of the Nominating and Corporate Governance Committee and as may be consistent with the Company's bye-laws; *provided*, for the avoidance of doubt, that for so long as at least one (1) Holder Designee (as defined in the Company's bye-laws) serves on the Board, to the extent permitted by applicable laws (including any requirements under the Exchange Act or the rules of Nasdaq), members of the Committee shall include at least one Holder Designee. The Committee shall include a Committee Chairman. If a Chairperson is not designated or present, the members of the Committee may designate a Chairman by majority vote. The members of the Committee shall meet the independence and experience requirements of Nasdaq and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). Committee members must be able to read and understand financial statements at the time of their appointment. At least one member of the Committee shall be an "audit committee financial expert" as defined by the SEC and applicable listing standards. Committee members may be replaced by the Board.

E. Meetings

The Committee shall meet as often as it determines, but not less frequently than quarterly. A majority of the members of the Committee shall constitute a quorum for all purposes. The Committee shall meet periodically with management, the internal auditors and the independent auditor in separate executive sessions. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.