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## **1. Purpose**

The Board of Directors (the “Board”) of Vecima Networks Inc. (the “Corporation”) have established the Audit Committee (the “Committee”) for the purpose of assisting the Board in meeting its oversight responsibilities in relation to: (a) the integrity and reliability of the Corporation’s accounting and financial reporting processes; (b) the establishment by management of an adequate system of internal controls and procedures; (c) disclosure controls and procedures; (d) the qualifications, independence and performance of the Corporation’s external auditors; (e) identification and monitoring of financial risks; (f) the compliance by the Corporation with legal and regulatory requirements relating to accounting, internal controls and auditing matters; and, (g) monitoring of the Corporation’s code of ethical conduct.

The primary function of the Committee is oversight, as such, the Committee shall be entitled to rely on the expertise, skills and knowledge of management and the Corporation’s external auditors and the integrity and accuracy of information provided to the Committee by such persons in carrying out its oversight responsibilities.

## **2. Chair**

The Board will appoint one member, from among its independent members, to be Chair of the Committee until the time when a successor is needed. If the Board does not appoint a Chair of the Committee, the incumbent Chair of the Committee will continue in office until a successor is appointed.

## **3. Composition**

- a) The Committee shall be composed of at least three directors, each of whom the Board has determined has no material relationship with the Corporation which could, in the view of the Board, be reasonably expected to interfere with the exercise of such director’s independent judgment, and who otherwise satisfies the definition of “independent” as that term is defined under the requirements of applicable securities laws (including National Instrument 52-110 – Audit Committees) and any other applicable securities laws, rules or requirements of any stock exchange upon which the Corporation’s securities are listed.
- b) Each member of the Committee must be “financially literate”. “Financially literate” means 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.
- c) The Board may fill vacancies on the Committee by appointment from among its independent members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains in office and there are at least three remaining members. Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing

to be a director. Subject to the foregoing, each member of the Committee shall remain as such until the next annual meeting of shareholders after that member's election.

#### **4. Authority**

The Committee has the authority to:

- a) retain, at the Corporation's expense, its own legal counsel, accountants and other advisors that the Committee believes are needed to carry out its duties and responsibilities;
- b) conduct or authorize investigations into any matter within its scope of responsibility;
- c) pre-approve permitted non-audit services performed by the Corporation's external auditor;
- d) mediate any disagreements between management and the Corporation's external auditors regarding financial reporting;
- e) seek any information it requires from employees of the Corporation, all of whom will be directed by management to co-operate with the Committee's requests;
- f) meet and communicate directly with the Corporation's officers, external auditors, outside counsel and consultants, all as the Committee may deem necessary;
- g) undertake any other activity that may be reasonably necessary in order for the Committee to carry out its responsibilities as set out in this Mandate.

#### **5. Meetings**

- a) The Committee will meet at least once every fiscal quarter, with authority to convene additional meetings, as circumstances require. The Chair will determine the time, place and procedures for calling and conducting Committee meetings, subject to the requirements of this Mandate, of the bylaws of the Corporation, and of the Canada Business Corporations Act (CBCA).
- b) A majority of the members of the Committee will constitute a quorum. Members of the Committee may participate in a meeting through any means which permits all parties to communicate adequately with each other. Any members not physically present but participating in the meeting through such means is deemed to be present at the meeting.
- c) The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings and provide information pertinent to any matter being discussed. Any director of the Corporation is entitled to attend Committee meetings, however, only members of the Committee are eligible to vote or establish a quorum. The Committee will periodically meet in camera alone and separately with each of the external auditors and management.

- d) The Chair will ensure that meeting agendas are prepared and provided in advance to members of the Committee, along with appropriate briefing materials. The Committee will keep and approve minutes of each meeting which record the decisions reached by the Committee. Once approved, the minutes will be distributed to Committee members with copies provided to the Board, the Chief Executive Officer, Chief Financial Officer, Corporate Secretary and the external auditors.

## **6. Duties and Responsibilities**

The operation of the Committee will be subject to the provisions of the articles of the Corporation, the CBCA and National Instrument 52-110, each as in effect from time to time.

To implement the Committee's purpose, the Committee shall, to the extent the Committee deems necessary or appropriate, be charged with the following functions and processes with the understanding, however, that the Committee may supplement or (except as otherwise required by applicable laws or rules) deviate from these activities as appropriate under the circumstances:

### **6.1 Financial Reporting**

- a) Review with management and the external auditors any items of concern, any proposed changes in the selection or application of major accounting policies and the reasons for the change, any complex or unusual transactions, any issues requiring management judgment, proposed changes to or adoption of disclosure practices, and the effects of any recent or proposed regulatory or accounting initiatives or pronouncements, all to the extent that the foregoing may be material to financial reporting.
- b) In reviewing with management and the external auditors the results for the year-end audit, and management's responses, review any problems or difficulties experienced by the external auditors in performing the audit, including any restrictions or limitations imposed by management and resolve any disagreements between management and the external auditors regarding these matters.
- c) Review with management and the external auditors and legal counsel, if necessary, any litigation, claim or other contingency that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed or reflected in the financial statements.
- d) Review the results of the external auditors' audit work including findings and recommendations, management's response, and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.
- e) Review and discuss with management and the external auditors the annual audited financial statements and related MD&A, and press release; make recommendations to the Board with respect to approval thereof, before being released to the public.

- f) Review and recommend the approval of the quarterly unaudited financial statements and the related MD&A and press release prior to their release to the public.
- g) Review with management the Corporation's tax status, significant tax issues and reviews by tax authorities.

## **6.2 Disclosure Controls**

- a) Review and consider the adequacy and effectiveness of the Corporation's disclosure controls and procedures, including any material non-compliance with such controls and procedures.
- b) Review and approve the disclosure policy of the Corporation and periodically assess the adequacy of such policy for completeness and accuracy.
- c) Ensure that adequate procedures are in place for the review of all audited or unaudited financial information extracted or derived from the Corporation's financial statements which is to be contained in public disclosure documents.
- d) Monitor the activities of the Corporation's Disclosure Committee quarterly and review the composition of the committee at least annually.
- e) Review, and in some instances recommend approval to the Board, material financial disclosures prior to their public release or filing with securities regulators that are contained within the following documents:
  - i) any prospectus or offering document;
  - ii) annual information forms (AIF);
  - iii) all material financial information required by securities regulations; and
  - iv) news or press releases containing audited or unaudited financial information, including the type and presentation of information and in particular any pro-forma or non-GAAP information.

## **6.3 Internal Controls**

- a) Review and consider the adequacy of the internal controls over financial reporting that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records and any special audit steps adopted in light of material control deficiencies.
- b) Understand the scope of any internal audits and the external auditors' review of internal control over financial reporting and obtain reports on significant finding and recommendations, together with management's responses.
- c) Obtain from the Chief Executive Officer and Chief Financial Officer confirmation that each is prepared to sign all required annual and quarterly certificates under applicable securities law in relation to internal controls over accounting and financial reporting. Review any disclosures made regarding significant deficiencies or material weaknesses in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Corporation's internal controls.

#### **6.4 External Audit**

- a) Recommend to the Board the selection, appointment, retention, compensation and replacement of the external auditors for the Corporation.
- b) Oversee the work and evaluate the qualifications and performance of the external auditors and report its finding to the Board.
- c) Ensure that the external auditors report directly to the Committee and that they are ultimately accountable to the Committee and to the Board, as representatives of shareholders of the Corporation.
- d) Confirm that the external auditors have direct and open communication with the Committee and that the external auditors meet regularly with the Committee without management present to discuss any matters that the Committee or the external auditors believe should be discussed privately.
- e) On an annual basis, review and discuss with the external auditor all significant relationships they have with the Company to determine their independence.
- f) Review and pre-approve all non-audit services to be provided to the Corporation by the external auditors and the engagement fees in respect of such services, provided that the Chair of the Committee, on behalf of the Committee, is authorized to pre-approve an amount of \$20,000 per engagement. At the next Committee meeting, the Chair will report to the Committee any such pre-approval given;
- g) Monitor the rotation of the partners of the external auditors on the Corporation's audit engagement team;
- h) Review and approve the Corporation's hiring policies regarding the hiring of partners, employees and former partners and employees of the Corporation's present and former external auditors;
- i) Determine and approve the engagement of the external auditors, prior to the commencement of such engagement, to perform the annual audit (including review of the proposed scope of and plans for the audit and compensation to be paid to the external auditors).

#### **6.5 Financial Risk Management**

- a) Review the Corporation's major financial risk exposures and approve the Corporation's policies to manage such financial risk;
- b) Monitor management of hedging, insurance, debt and credit, and make recommendations to the Board respecting policies for management of such risks, and review the Corporation's compliance with the same;
- c) Obtain regular updates from management regarding any investigations of fraudulent activities.

#### **6.6 Legal and Regulatory Compliance**

- a) Obtain regular updates from management regarding financial, tax and securities law regulations and the process

in place to monitor such compliance;

- b) Review, with corporate counsel where required, any litigation, claims, tax assessments, that could have a material impact on financial statements;
- c) Monitor compliance by the Corporation with all payments and remittances required to be made in accordance with applicable law.

## **6.7 Other Responsibilities**

- a) Review on an annual basis the expenses submitted for reimbursement by the Chief Executive Officer.
- b) Review the appointment and replacement of the Chief Financial Officer and review with the Chief Financial Officer the appointment and replacement of other members of senior management who will be involved in financial reporting.
- c) In conjunction with the Corporate Governance and Compensation Committee, review succession plans for the Chief Financial Officer and the VP Finance.
- d) Review and evaluate, at least annually, the adequacy of its mandate and recommend any proposed changes to the Corporate Governance and Compensation Committee.
- e) Participate in an annual performance evaluation by the Corporate Governance and Compensation Committee, the results of which will be reviewed by the Board.
- f) Review, on an annual basis, any remuneration received by directors from the Corporation for activities in other than their capacity on the Board.

## **7. Code of Business Conduct and Ethics**

- a) Establish procedures for:
  - i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- b) In conjunction with the Corporate Secretary, investigate possible violations of the Code of Business Conduct and Ethics.
- c) Review the Code of Business Conduct and Ethics Policy, Corporate Disclosure Policy, Insider Trading Policy as well as the Whistleblower Policy and make recommendations of changes to the Board, if any. The Chair and members of the Committee are responsible to fulfill their requirements and compliance with these policies.

## **8. Definitions**

Terms not otherwise defined herein have the meanings attributed to them in National Instrument 52-110.