

REDLINE COMMUNICATIONS GROUP INC.
AUDIT COMMITTEE CHARTER

Section 1 Role and Purpose

The Audit Committee (the “Committee”) is a committee of the board of directors (the “Board”) of Redline Communication Group Inc. (the “Company”). The function of the Committee is to assist the Board in fulfilling their responsibilities to the shareholders, securities regulatory authorities and stock exchanges, the investment community and others by:

- (a) reviewing the annual and interim (quarterly) financial statements, related management discussion and analysis (“MD&A”) and, potentially, other financial information disclosed by the Company to any governmental body or the public, prior to its approval by the Board;
- (b) overseeing the review of interim (quarterly) financial statements and/or MD&A by the Company’s external auditor;
- (c) recommending the appointment and compensation of the Company’s external auditor;
- (d) directly overseeing the work of the external auditor on the audit of annual financial statements; and
- (e) monitoring the Company’s financial reporting process and internal controls and compliance with legal and regulatory requirements related thereto.

The Committee should primarily fulfill these responsibilities by carrying out the activities enumerated in Section 4 of this Charter. However, it is not the duty of the Committee to prepare financial statements, to plan or conduct audits, to determine that the financial statements are complete and accurate and are in accordance with generally accepted accounting principles (“GAAP”), to conduct investigations, or to assure compliance with laws and regulations or the Company’s internal policies, procedures and controls, as these are the responsibility of management and in certain cases the external auditor.

Section 2 Composition of Committee

- (a) The Committee shall have a minimum of three members;
- (b) Every Committee member must be a director of the Company. The Committee shall be comprised of such directors as are determined by the Board, each of whom shall be independent within the meaning of MI 52-110 of the Canadian Securities Administrators (or exempt therefrom), and free of any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee;
- (c) All members of the Committee must have (or should gain within a reasonable period of time after appointment) a working familiarity with basic finance and accounting practices and otherwise be financially literate within the meaning of applicable securities laws. Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Company or an outside consultant;

- (d) The members of the Committee shall be elected by the Board on an annual basis or until their successors shall be duly appointed. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership; and
- (e) 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 on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains.

Section 3 Meeting Procedures

(a) Time

- The Committee shall meet at least four (4) times annually, or more frequently as circumstances require. The Committee should meet within forty-five (45) days following the end of the first three financial quarters to review and discuss the unaudited financial results for the preceding quarter and the related MD&A, and shall meet within ninety (90) days following the end of the financial year end to review and discuss the audited financial results for the preceding year and the related MD&A as well as any accompanying press release, or in both cases, by such earlier times as may be required in order to comply with applicable law or any stock exchange regulation.
- The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. For purposes of performing their duties, members of the Committee shall have full access to all corporate information and any other information deemed appropriate by them, and shall be permitted to discuss such information and any other matters relating to the financial position of the Company with senior employees, officers and the external auditor of the Company, and others as they consider appropriate.
- In order to foster open communication, the Committee or its Chair should meet at least annually with management and the external auditor in separate sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the Company's interim financial statements.

(b) Quorum

Quorum for the transaction of business at any meeting of the Committee shall be a majority of the number of members of the Committee or such greater number as the Committee shall by resolution determine.

(c) Notice

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon reasonable notice to each of its members which shall be not less than twenty-four (24) hours. The notice period may be waived by all members of the Committee. Each of the

Chair of the Board, the external auditor, the Chief Executive Officer or the Chief Financial Officer shall be entitled to request that any member of the Committee call a meeting.

(d) **Agenda**

Determine any desired agenda items for any meeting of the Committee.

Section 4 Responsibilities

In fulfilling its role and purpose, the Committee shall:

(a) **General**

- Review and recommend to the Board changes to this Charter, as considered appropriate from time to time.
- Summarize in the Company's annual report or annual information form the Committee's composition and activities.
- Provide the disclosure regarding the Committee required by MI 52-110.
- Submit the minutes of all meetings of the Committee to the Board.
- Perform any other activities that the Committee deems necessary or appropriate.

(b) **Financial Information**

- Review the Company's annual and interim financial statements, including any certification, report, opinion or review rendered by the external auditor, and review related MD&A.
- Review the Company's press releases with financial information.
- Review other financial information provided to any governmental body or the public as they see fit.
- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assess the adequacy of those procedures.

(c) **External Auditor – Hiring and Compensation**

- Recommend to the Board the selection of the external auditor, considering independence and effectiveness.
- Review the fees and other compensation to be paid to the external auditor.
- Pre-approve all non-audit services to be provided to the Company by the external auditor.

- Review and approve requests for any material management consulting or other engagement to be performed by the external auditor and be advised of any other material study undertaken by the external auditor at the request of management that is beyond the scope of the audit engagement letter and related fees.

(d) **External Auditor – Procedures**

- Oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
- Arrange for the external auditor to report directly to the Committee.
- Monitor the relationship between management and the external auditor including reviewing any management letters or other reports of the external auditor and discussing any material differences of opinion between management and the external auditor.
- Review and discuss, on an annual basis, with the external auditor all significant relationships they have with the Company to determine their independence.
- Review the performance of the external auditor and any proposed discharge of the external auditor when circumstances warrant.
- Periodically consult with the external auditor out of the presence of management about significant risks or exposures, internal controls and other steps that management has taken to control such risks, and the fullness and accuracy of the financial statements, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.
- Arrange for the external auditor to be available to the Committee and the full Board as needed.

(e) **Financial Reporting Processes**

- Communicate directly with the external auditor.
- Review the integrity of the financial reporting processes, both internal and external, in consultation with the external auditor as they see fit.
- Consider the external auditor's judgments about the quality, transparency and appropriateness, not just the acceptability, of the Company's accounting principles and policies as well as financial disclosure practices, as applied in its financial reporting, including the degree of aggressiveness or conservatism of its accounting principles and policies and underlying estimates, and whether those principles and policies are common practices or are minority practices.
- Review all material balance sheet issues, material contingent obligations (including those associated with material acquisitions or dispositions) and material related party transactions.

- Consider proposed major changes to the Company's accounting principles and practices.

(f) **Reporting Process**

- If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.
- Review the scope and plans of the external auditor's audit and reviews. The Committee may authorize the external auditor to perform supplemental reviews or audits as the Committee may deem desirable.
- Periodically consider the need for an internal audit function, if not present.
- Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.
- Where there are significant unsettled issues that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- Review with the external auditor and management significant findings during the year and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented. This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.
- Review activities, organizational structure and qualifications of the Chief Financial Officer and the staff in the financial reporting area and see to it that matters related to succession planning are raised for consideration by the Board.
- Review management's monitoring of the system in place to ensure that the financial statements, related MD&A and other financial information disseminated to governmental organizations and the public satisfy legal requirements.

(g) **Hiring Policies**

The Committee must review and approve the Company's hiring of partners, employees and former partners and employees of the present or any former external auditor of the Company.

(h) **Financial Risk Management**

- Review management's program of financial risk assessment and steps taken to address significant risks or exposures related thereto.

(i) **Authority of the Committee**

- If considered appropriate, conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee is empowered to retain independent counsel, accountants and other professionals to assist it in the conduct of any such investigation.

(j) **General**

- Notwithstanding the foregoing and subject to applicable law, the Committee shall not be responsible to prepare financial statements, to plan or conduct internal or external audits, or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP, as these are the responsibility of management and in certain cases the external auditor. Nothing contained in this Charter is intended to require the Committee to ensure the Company's compliance with applicable laws or regulations.
- The Committee is a committee of the Board and is not and shall not be deemed to be an agent of the Company's shareholders for any purpose whatsoever. The Board may, from time to time, permit departures from the terms hereof, either prospectively or retrospectively, and no provision contained herein is intended to give rise to civil liability to shareholders of the Company or other liability whatsoever.

Section 5 Committee Complaint Procedures

(a) **Submitting a Complaint**

- Anyone may submit a complaint regarding conduct by the Company or its employees or agents (including its independent auditors) reasonably believed to involve questionable accounting, internal accounting controls or auditing matters. The Chair of the Committee will oversee treatment of such complaints.

(b) **Procedure**

- The Chair of the Committee will be responsible for the receipt and administration of employee complaints.

(c) **Investigation**

- The Chair of the Committee shall review and investigate the complaint. Corrective action will be taken when and as warranted.

(d) **Confidentiality**

- The identity of the complainant and the details of the investigation will be kept confidential throughout the investigatory process.

(e) **Records and Report**

- The Chair of the Committee will maintain a log of complaints, tracking their receipt, investigation, findings and resolution and shall prepare a summary report for the Committee.

(f) **Whistleblower Policy**

- The Committee will review the Whistleblower Policy on an annual basis and update it as required.