



AUDIT COMMITTEE CHARTER

SANGOMA TECHNOLOGIES CORPORATION.

(the “Corporation”)

(Implemented pursuant to National Instrument 52-110)

National Instrument 52-110 – *Audit Committees* (the “**Instrument**”) relating to the composition and function of audit committees, effective March 30, 2004, as amended, applies to the Corporation. The Instrument requires all affected issuers to have a written audit committee Charter which must be disclosed, as stipulated by Form 52-110F1 - *Audit Committee Information Required in an AIF*, in its annual information form.

This Charter has been adopted by the board of directors in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Corporation. Nothing in this Charter is intended to restrict the ability of the board of directors or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

PART 1

Purpose:

The purpose of the Committee is to:

- (a) improve the quality of the Corporation’s financial reporting;
- (b) assist the board of directors to properly and fully discharge its responsibilities;
- (c) provide an avenue of enhanced communication between the directors and external auditors;
- (d) enhance the external auditor’s independence;
- (e) increase the credibility and objectivity of financial reports;
- (f) strengthen the role of the directors by facilitating in depth discussions between directors, management and external auditors; and
- (g) overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation.

1. Definitions

“accounting principles” has the meaning ascribed to it in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*;

“Affiliate” means a corporation that is a subsidiary of another corporation or companies that are controlled by the same entity;

“audit services” means the professional services rendered by the Corporation’s external auditor for the audit and review of the Corporation’s financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements;

“Charter” means this audit committee charter;

“Committee” means the committee established by and among certain members of the board of directors for the purpose of overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation;



“Control Person” means any individual or company that holds or is one of a combination of individuals or companies that holds a sufficient number of any of the securities of the Corporation so as to affect materially the control of the Corporation, or that holds more than 20% of the outstanding voting shares of the Corporation except where there is evidence showing that the holder of those securities does not materially affect the control of the Corporation.

“financially literate” has the meaning set forth in Section 1.2;

“immediate family member” means a person’s spouse, parent, child, sibling, mother or father-in-law, son or daughter-in-law, brother or sister-in-law, and anyone (other than an employee of either the person or the person’s immediate family member) who shares the individual’s home;

“Instrument” means National Instrument 52-110 – *Audit Committees*;

“MD&A” has the meaning ascribed to it in National Instrument 51-102;

“Member” means a member of the Committee;

“National Instrument 51-102” means National Instrument 51-102 – *Continuous Disclosure Obligations*; and

“non-audit services” means services other than audit services.

2. Meaning of Financially Literate

For the purposes of this Charter, an individual is financially literate if he or she has 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.

PART 2

1. Audit Committee

The board of directors has hereby established the Committee for, among other purposes, compliance with the Instrument.

2. Relationship with External Auditors

The Corporation will require its external auditor to report directly to the Committee and the Members shall ensure that such is the case.

3. Committee Responsibilities

1. The Committee shall review and, if advisable, select and recommend for the board of directors and shareholder approval the appointment of the external auditors for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation.
2. The Committee shall recommend to the board of directors and have ultimate authority to approve all audit engagement terms and fees, including the auditors’ audit plan.
3. The Committee shall be directly responsible for overseeing 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 Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:



- (a) reviewing the audit plan with management and the external auditor;
 - (b) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgements of management that may be material to financial reporting;
 - (c) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - (e) reviewing audited annual financial statements, in conjunction with the report of the external auditor, and obtaining an explanation from management of all significant variances between comparative reporting periods;
 - (f) reviewing the post-audit or management letter, containing the recommendations of the external auditor, and management's response and subsequent follow up to any identified weakness;
 - (g) reviewing interim unaudited financial statements before release to the public;
 - (h) reviewing all public disclosure documents containing audited or unaudited financial information before release, including any prospectus, the annual report, and management's discussion and analysis;
 - (i) reviewing the evaluation of internal controls by the external auditor, together with management's response;
 - (j) reviewing the terms of reference of the internal auditor, if any;
 - (k) reviewing the reports issued by the internal auditor, if any, and management's response and subsequent follow up to any identified weaknesses;
 - (l) reviewing the appointments of the chief financial officer and any key financial executives involved in the financial reporting process, as applicable;
 - (m) reviewing and assessing the Committee's performance, effectiveness and contribution, including an evaluation of whether this Charter appropriately addresses the matters that are and should be within its scope. The Committee will conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the board of directors, including any recommended changes to this Charter and to the Corporation's policies and procedures; and
 - (n) ensuring the Committee's receipt from the external auditor of a formal written statement delineating all relationships between the auditor and the Corporation, actively engaging in a dialogue with the external auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor and taking, or recommending that the full board of directors take, appropriate action to oversee the independence of the outside auditor.
4. The Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the issuer's external auditor.
 5. The Committee shall review the Corporation's financial statements, MD&A, and annual and interim earnings press releases before the Corporation publicly discloses this information.
 6. The Committee shall ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, and shall periodically assess the adequacy of those procedures.
 7. When there is to be a change of auditor, the Committee shall review all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102, and the planned steps for an orderly transition.
 8. The Committee shall review all reportable events, including disagreements, unresolved issues and consultations, as defined in National Instrument 51-102, on a routine basis, whether or not there is to be a change of auditor.
 9. The Committee shall, as applicable, establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and



- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- 10. As applicable, the Committee shall establish, periodically review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the issuer, as applicable.
- 11. The responsibilities outlined in this Charter are not intended to be exhaustive. Members should consider any additional areas which may require oversight when discharging their responsibilities.

4. De Minimus Non-Audit Services

The Committee shall satisfy the pre-approval requirement in subsection 2.3(3) if:

- (a) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Corporation and its subsidiary entities to the corporation's external auditor during the financial year in which the services are provided;
 - (b) the Corporation or the subsidiary of the Corporation, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
 - (c) the services are promptly brought to the attention of the Committee and approved by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee, prior to the completion of the audit.
- #### **5. Delegation of Pre-Approval Function**
- 1. The Committee may delegate to one or more independent Members the authority to pre-approve non-audit services in satisfaction of the requirement in subsection 2.3(3).
 - 2. The pre-approval of non-audit services by any Member to whom authority has been delegated pursuant to subsection 2.5(1) must be presented to the Committee at its first scheduled meeting following such pre-approval.

PART 3

1. Composition

- 1. The Committee shall be appointed annually by the board of directors and consist of at least three (3) members from among the directors of the Corporation, each of whom shall be independent as required by applicable securities legislation and stock exchange regulations and free from any direct or indirect relationship that, in the opinion of the board of directors, could reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. Officers of the Corporation, including the Chairman of the board of directors, may not serve as members of the Audit Committee.
- 2. The board of directors, at its organizational meeting held in conjunction with each annual meeting of shareholders, shall appoint the Members for the ensuing year. The board of directors may at any time remove or replace any Member and may fill any vacancy in the Committee. Any Member ceasing to be a director shall cease to be a Member. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the board of directors on the recommendation of the Committee and will be filled by the board of directors if the membership of the Committee falls below three directors.
- 3. The board of directors shall appoint the Chairman of the Committee.
- 4. Unless an exemption is provided for under the Instrument and applicable securities laws and stock exchange requirements, each audit committee member shall be financially literate.

PART 4

4.1 Authority

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the Committee;



- (c) communicate directly with the internal and external auditors; and
 - (d) recommend the amendment or approval of audited and interim financial statements to the board of directors.
- 4.2** The Corporation shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the board of directors, for payment of (a) compensation to its external auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, (b) compensation to any advisors employed by the Committee pursuant to Section 4.1(a) and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

PART 5

5.1 Disclosure in Information Circular

If management of the Corporation solicits proxies from the security holders of the Corporation for the purpose of electing directors to the board of directors, the Corporation shall include in its management information circular a cross-reference to the sections in the Corporation's annual information form that contain the information required by Form 52-110F1 - *Audit Committee Information Required in an AIF*.

PART 6

6.1 Meetings

1. Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.
2. Opportunities shall be afforded periodically to the external auditor, the internal auditor and to members of senior management to meet separately with the Members.
3. Notice of the time and place of every Committee meeting will be given verbally or in writing to each Member and to the Chief Executive Officer and the Chief Financial Officer at least 24 hours prior to the time fixed for such meeting. The external auditor of the Corporation will be given notice of every Committee meeting and, at the expense of the Corporation, will be entitled to attend and be heard thereat.
4. If requested by a Committee member, the external auditor will attend every Committee meeting held during such external auditor's term of office.
5. A majority of the Committee constitutes a quorum. No business may be transacted by the Committee except by resolution in writing signed by all the Members or at a Committee meeting at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. At Committee meetings, Committee actions shall require approval of a majority of the Members.
6. Minutes shall be kept of all meetings of the Committee.