

MARCH NETWORKS CORPORATION

(the “Company”)

AUDIT COMMITTEE CHARTER

1. ESTABLISHMENT AND PURPOSE OF THE COMMITTEE

The Board of Directors of the Company (‘the “Board”’) has established an Audit Committee (the “Committee”) to assist the Board in fulfilling its financial oversight obligations, including responsibility:

- (a) to oversee the integrity of the financial information of the Company and the Company’s financial reporting processes, including the audit process, and to review and approve the financial information of the Company to be presented by the Company to its shareholders and the public;
- (b) to ensure the adequacy of the Company’s internal accounting controls and procedures and the appropriateness of the Company’s risk management procedures;
- (c) to nominate, retain and oversee the performance of the external auditor; and
- (d) to oversee the work of the Company’s financial management personnel and the external auditor and to provide an open avenue of communication between the Company’s external auditor, the Board and Management of the Company.

2. COMPOSITION AND QUALIFICATION OF MEMBERS

The Committee shall be composed of a minimum of three members. Each member of the Committee shall be both an “unrelated” director and “independent” director (as such terms are defined under the requirements or guidelines for audit committee service in applicable securities laws and the rules of any stock exchange on which the Company’s securities are listed for trading). None of the members of the Committee shall be an officer or employee of the Company or any of its subsidiaries.

All members of the Committee must be “financially literate” (as that term is defined from time to time in Multilateral Instrument 52-110 (Audit Committees) or any replacement or supplementary instrument or rule or, if it is not defined, as that term is interpreted by the Board) or must become financially literate within a reasonable period of time after their appointment to the Committee.

3. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

A. Oversight and Review of Accounting Principles and Practices

- (1) The Committee shall oversee, review and discuss with Management and the external auditor:

- (i) the quality, appropriateness and acceptability of the Company's accounting principles and practices used in its financial reporting, changes in the Company's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;
- (ii) all significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;
- (iii) disagreements between Management and the external auditor regarding the application of any accounting principles or practices;
- (iv) any material change to the Company's auditing and accounting principles and practices as recommended by Management and the external auditor or which may result from proposed changes to applicable generally accepted accounting principles;
- (v) the effect of regulatory and accounting standards initiatives on the Company's financial statements and other financial disclosures;
- (vi) any reserves, accruals, provisions, estimates or Management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Company;
- (vii) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of the Company and their impact on the reported financial results of the Company;
- (viii) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Company's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Company's financial statements;
- (ix) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Company's operations;
- (x) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles;
- (xi) Management's determination of goodwill impairment, if any, as required by applicable accounting standards;

- (xii) the Company's investment and foreign currency hedging policies to ensure the Company's risk exposure is minimized and the Company's investments are made in compliance with such policies;
 - (xiii) the Company's relationship with regulators and the timeliness and accuracy of the Company's filings with such regulators; and
 - (xiv) all transactions with related parties to ensure appropriate terms and conditions are included in such transactions, including the pre-approval of any new related party transactions.
- (2) The Committee shall review and resolve disagreements between Management and the external auditor regarding financial reporting and the application of any accounting principles or practices.

B. Oversight and Monitoring of the Company's Financial Disclosures

- (1) The Committee shall:
- (i) review with the external auditor and Management and recommend to the Board for approval the audited financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements, the Company's annual report and any financial information of the Company contained in any prospectus or information circular of the Company; and
 - (ii) review with the external auditor and Management each set of interim financial statements and the notes and Managements' Discussion and Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Company containing or accompanying financial information of the Company.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

- (2) Prior to their distribution, the Committee shall discuss with Management earnings press releases, as well as financial information and earnings guidance provided to analysts and ratings agencies. Such discussions may, in the discretion of the Committee, be general (e.g., discussing the types of information to be disclosed and the type of presentation to be made). The Committee shall review and monitor the Company's processes for review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.
- (3) As part of the process by which the Committee shall satisfy itself as to the reliability of public disclosure documents that contain audited and unaudited financial information, the Committee shall require each of the Chief Executive Officer and the Chief Financial Officer of the Company to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly

report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.

- (4) The Committee shall meet with Management to review and assess the effectiveness of the processes and systems in place for ensuring the reliability of public disclosure documents that contain audited and unaudited financial information.

C. *Oversight and Monitoring of Internal Controls*

- (1) The Committee shall exercise oversight of, review and discuss with Management and the external auditor:
 - (i) the adequacy and effectiveness of the Company's internal accounting and financial controls and the recommendations of Management and the external auditor for the improvement of accounting practices and internal controls;
 - (ii) any material weaknesses in the Company's internal controls, including with respect to computerized information system controls and security; and
 - (iii) Management's compliance with the Company's processes, procedures and internal controls.

D. *Selection and Oversight of the External Auditor*

- (1) The Committee shall recommend to the Board the external auditor to be nominated and the terms of engagement and the compensation to be paid by the Company to the external auditor.
- (2) The Committee must pre-approve all non-audit services to be provided to the Company or any of its affiliates by the external auditor. The Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditor, which policies and procedures shall include reasonable detail with respect to the services covered, provided that the Committee shall be informed of each non-audit service. All non-audit services to be provided to the Company or any of its affiliates by the external auditor or any of its affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee.
- (3) The external auditor shall report directly to the Committee and the Committee shall so instruct the external auditor. The Committee shall be directly responsible for overseeing the work of the external auditor and shall evaluate the performance of the external auditor and make recommendations to the Board on the reappointment or appointment of the external auditor of the Company to be proposed in the Company's proxy circular for shareholder approval and shall have authority to terminate the external auditor.

- (4) The Committee shall review the independence of the external auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditor. In connection with such review, the Committee shall:
 - (i) actively engage in a dialogue with the external auditor about all relationships or services that may impact the objectivity and independence of the external auditor;
 - (ii) require that the external auditor submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Company and its affiliates, on the one hand, and the external auditor and its affiliates on the other hand;
 - (iii) require that (i) both the lead audit partner and the partner responsible for performing a second review respecting the audit be rotated at least every five years and be subject to a five year time out and (ii) all other partners on the audit engagement team who provide more than 10 hours of audit, review or attest services with respect to the Company's consolidated financial statements or who serve as the lead partner in connection with any audit or review related to financial statements of a subsidiary whose assets or revenues constitute at least 20% of the consolidated assets or revenues of the Company be rotated at least every seven years and be subject to a two year time out; and
 - (iv) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.
- (5) The Committee shall prohibit the external auditor and its affiliates from providing certain non-audit services to the Company and its affiliates.
- (6) The Committee shall establish and monitor clear policies for the hiring by the Company of employees or former employees of the external auditor.
- (7) The Committee shall require the external auditor to provide to the Committee, and the Committee shall review and discuss with the external auditor, all reports which the external auditor is required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditor, and any other reports which the Committee may require. Such reports shall include:
 - (i) a description of the external auditor's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor, 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 external auditor, and any steps taken to deal with any such issues; and

- (ii) a report describing (i) all critical accounting policies and practices to be used in the annual audit, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor and (iii) other material written communication between the external auditor and Management, such as any management letter or schedule of unadjusted differences.

E. Oversight and Monitoring of Audits

- (1) The Committee shall review with the external auditor and Management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon Management and general audit approach and scope of proposed audits of the financial statements of the Company and its subsidiaries, the overall audit plans, the responsibilities of Management and the external auditor, the audit procedures to be used and the timing and estimated budgets of the audits.
- (2) The Committee shall discuss with the external auditor any issues, difficulties or disputes that arose with Management during the course of the audit and the adequacy of Management's responses in correcting audit-related deficiencies.

F. Communications with Others

- (1) The Committee shall establish and monitor procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Committee shall review periodically with Management and the internal auditor these procedures and any significant complaints received.
- (2) The Committee may communicate directly with the external auditor as well as members of Management and any advisors or consultants retained by the Committee.

G. Reporting and Disclosure Requirements

The Committee shall report regularly to the Board regarding its meetings and progress in carrying out the responsibilities of the Committee pursuant to this Charter.

The Committee shall annually report in accordance with all applicable rules and regulations as required in public disclosure documents.

H. General

The Committee may undertake on behalf of the Board such other initiatives as may be necessary or desirable to contribute to the success of the Company and enhance shareholder value.

I. The Charter

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated by the Board with reference to this Charter annually.

The Committee shall ensure that this Charter is disclosed on the Company's website and that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Company.

4. AUTHORITY OF THE COMMITTEE

- (1) ***Access*** - The Committee shall be entitled to full access to all books, records, facilities, and personnel of the Company and its subsidiaries. The Committee may require such officers, directors and employees of the Company and its subsidiaries and others as it may see fit from time to time to provide any information about the Company and its subsidiaries as it may deem appropriate and to attend and assist at meetings of the Committee.
- (2) ***Delegation*** - The Committee may delegate from time to time to any person, including any individual member of the Committee, or committee of persons any of the Committee's responsibilities that lawfully may be delegated.
- (3) ***Professional Assistance*** – The Committee may retain special legal, accounting, financial or other consultants to advise the Committee at the Company's expense.
- (4) ***Adoption of Policies and Procedures*** - The Committee may adopt policies and procedures for carrying out its responsibilities.

5. OPERATING GUIDELINES AND PRINCIPLES

(1) Appointment and Replacement of Committee Members

Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her election or until his or her successor shall be duly elected and qualified.

(2) ***Committee Chair***

Unless a Chair of the Committee is designated by the full Board, the members of the Committee may designate a Chair by majority vote of the full Committee. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.

(3) ***Conflicts of Interest***

If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, other than matters relating to the compensation of directors, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in the consideration of the matter and shall not vote on the matter.

(4) ***Compensation of Committee Members***

The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Company or any of its affiliates any compensation other than the fees to which he or she is entitled as a director or a member of a committee of the board of the Company or any of its affiliates.

(5) ***Meetings of the Committee***

(i) ***Procedures for Meetings*** - Subject to any applicable statutory or regulatory requirements, the articles and by-laws of the Company and the terms of the Committee's Charter, the time at which and place where the meetings of the Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.

(ii) ***Calling of Meetings*** - The Committee shall meet as often as it deems appropriate to discharge its responsibilities but in any event, no less than four times annually. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of the Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not

lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before the Committee meeting in sufficient time to provide adequate opportunity for their review.

- (iii) **Quorum** – A majority of the members constitute a quorum for the transaction of the Committee business.
- (iv) **Chair of Meetings** - If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.
- (v) **Secretary of Meeting** - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the secretary of the Company shall be secretary of the Committee. The agenda of the Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.
- (vi) **Separate Executive Meetings** – The Committee shall meet at least once every quarter, and more often as warranted, with the Chief Executive Officer and such other officers of the Company as the Committee may determine to discuss any matters that the Committee or such individuals believes should be discussed privately.
- (vii) **Reporting to the Board** - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.
- (viii) **Minutes** - Minutes of the proceedings of the Committee shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the relevant Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.