

QUARTERHILL INC.
AUDIT COMMITTEE CHARTER

1. Policy Statement

Quarterhill Inc. (“Quarterhill”) has established and maintains an Audit Committee (the “Committee”) to assist Quarterhill’s directors (individually, each, a “Director” and collectively the “Board”) in carrying out the Board’s oversight responsibility for accounting, internal controls, financial reporting, audits of financial statements and enterprise risk management processes of Quarterhill and its subsidiaries.

The Committee shall be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including appropriate administrative support. Without limiting the generality of the foregoing, Quarterhill shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of: (a) compensation to 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 Corporation (the “Auditors”); (b) compensation to any advisers employed by the Committee under Section 4(c)(iii) below; and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

If determined appropriate by the Committee, it shall have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or other experts. The Committee shall have unrestricted access to the Auditors, is authorized to seek any information that it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

2. Composition of Committee

- (a) The Committee shall consist of a minimum of 3 Directors. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Nominating Committee and Governance Committee of the Board in identifying qualified candidates. The Board shall appoint one member of the Committee to be the chair of the Committee (the “Chair”).
- (b) All of the members of the Committee shall be Directors who are independent within the meaning of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, Rule 10A-3(b)(1) under the United States Securities Exchange Act of 1934 and the rules of any stock exchange or market on which Quarterhill’s shares are listed or posted for trading (collectively, “Applicable Governance Rules”). In this Charter, the term “independent” includes the meanings given to similar terms by Applicable Governance Rules, including the terms “non-executive”, “outside” and “unrelated” to the extent such terms are applicable under Applicable Governance Rules. No member of the Committee shall have participated in the preparation of the financial statements of Quarterhill or any current subsidiary of Quarterhill at any time during the past 3 years.
- (c) All members of the Committee must be “financially literate” as such term is used in National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators and subject to the provisions of the Applicable Governance Rules.
- (d) At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or any other comparable experience or background that results in the individual’s financial sophistication, including service as a chief

executive officer, chief financial officer, or other senior officer with financial oversight responsibilities or otherwise satisfy standards for financial expertise required for audit committees of companies listed on the Nasdaq Stock Market.

- (e) At least one member of the Committee must be an “audit committee financial expert” as defined by the applicable rules set out by the United States Securities and Exchange Commission or any other applicable regulatory authority.
- (f) Each Director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until their resignation.

3. Meetings of the Committee

- (a) The Committee shall convene a minimum of four times each year at such times and places as may be determined by the Chair, and whenever a meeting is requested by the Board, a member of the Committee, the Auditors or Quarterhill’s senior management. Scheduled meetings of the Committee shall correspond with the review of the quarterly and year-end financial statements, management discussion and analysis, and related press releases.
- (b) The provisions of Quarterhill’s applicable By-Laws shall govern the calling of and procedures for any meeting of the Committee.
- (c) In the absence of the Chair, the members of the Committee shall choose one of the members present to be chair of the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.
- (d) The Committee shall invite Quarterhill’s Chief Executive and Chief Financial Officers, and may invite such other persons to attend meetings of the Committee as the Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or by applicable laws.
- (e) Each Director who is not a member of the Committee may attend any meetings of the Committee.
- (f) The Committee may invite the Auditors to be present at any meeting of the Committee and to comment on any financial statements or on any of the financial aspects of Quarterhill.
- (g) The Committee shall meet with the Auditors separately from individuals other than the Committee and may meet separately with management of Quarterhill.
- (h) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting. The Chair shall circulate the minutes of the meetings of the Committee to all members of the Board.

4. Duties and Responsibilities of the Committee

- (a) The Committee, in its capacity as a committee of the Board, is directly responsible for the appointment (through nomination to the shareholders), compensation, retention and oversight of the work of the Auditors, and the Auditors must report directly to the Committee. Specifically, the Committee will select, evaluate and nominate the external auditors to be proposed for appointment or reappointment, as the case may be, by the shareholders, and will have responsibility for determining at any time whether the Board should recommend to Quarterhill’s

shareholders whether the incumbent Auditors should be removed from office.

- (b) The other primary duties and responsibilities of the Committee are to:
- (i) identify and monitor the management of the principal risks that could impact the financial reporting of Quarterhill;
 - (ii) monitor the integrity of Quarterhill's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (iii) monitor the independence, objectivity and performance of the Auditors, including, without limitation:
 1. ensuring the Committee's receipt from the Auditors at least annually of a formal written statement delineating all relationships between the Auditors and Quarterhill;
 2. actively engaging in dialogue with the Auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditors; and
 3. taking, or recommending that the Board take, appropriate action to oversee the independence of the Auditors;
 - (iv) deal directly with the Auditors to approve external audit plans, other services (if any) and fees;
 - (v) directly oversee the external audit process and results (in addition to items described in Section 4(e) below);
 - (vi) provide an avenue of communication between the Auditors, management and the Board; and
 - (vii) carry out a review designed to ensure that an effective "whistle blowing" procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual.
- (c) The Committee shall have the authority to:
- (i) inspect any and all of Quarterhill's and its subsidiaries' books and records;
 - (ii) discuss with the management of Quarterhill and its subsidiaries, any affected party and the Auditors, such accounts, records and other matters as any member of the Committee considers appropriate;
 - (iii) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
 - (iv) set and pay the compensation for any advisors engaged by the Committee.
- (d) The Committee shall, at the earliest opportunity after each meeting, report to the Board the results

of its activities and any reviews undertaken and make recommendations to the Board as considered appropriate.

(e) The Committee shall:

- (i) review the annual audit plan with the Auditors and with management;
- (ii) review with the Auditors the critical accounting policies and practices used by Quarterhill, all alternative treatments of financial information within generally accepted accounting principles that the Auditors have discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the Auditors;
- (iii) discuss with management and the Auditors any proposed changes in major accounting policies or principles, the presentation and impact of material risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;
- (iv) review with management and the Auditors material financial reporting issues arising during the most recent financial period and the resolution or proposed resolution of such issues;
- (v) review any problems experienced or concerns expressed by the Auditors in performing any audit, including any restrictions imposed by management or any material accounting issues on which there was a disagreement with management;
- (vi) review with the Auditors any accounting adjustments that were noted or proposed by the Auditors but that were “passed” (as immaterial or otherwise), any communications between the audit team and the Auditors’ national office respecting auditing or accounting issues presented by the engagement, any “management” or “internal control” letter or schedule of unadjusted differences issued, or proposed to be issued, by the Auditors to Quarterhill, or any other material written communication provided by the Auditors to Quarterhill’s management;
- (vii) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
- (viii) review and discuss with management and the Auditors any off-balance sheet transactions or structures and their effect on Quarterhill’s financial results and operations, as well as the disclosure regarding such transactions and structures in Quarterhill’s public filings;
- (ix) review the audited annual financial statements (including management discussion and analysis) and related documents in conjunction with the report of the Auditors and obtain an explanation from management of all material variances between comparative reporting periods;
- (x) consider and review with management, the internal control memorandum, if any, or management letter containing the recommendations of the Auditors and management’s response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls and procedures for financial reporting of Quarterhill and subsequent follow-up to any identified weaknesses;

- (xi) to the extent that it deems appropriate, review with management its evaluation of Quarterhill's procedures and controls designed to assure that information required to be disclosed in Quarterhill's periodic public reports is recorded, processed, summarized and reported in such reports within the time periods specified by the appropriate regulatory authority for the filing of such reports ("Disclosure Controls"), and consider whether any changes are appropriate in light of management's evaluation of the effectiveness of such Disclosure Controls;
 - (xii) review with management and the Auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public;
 - (xiii) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and press releases;
 - (xiv) review with management on a periodic basis the procedures surrounding the disclosure of financial information extracted or derived from Quarterhill's financial statements and assess the adequacy of these procedures;
 - (xv) periodically meet separately with management and the Auditors;
 - (xvi) discuss with management and the Auditors any correspondence with regulatory or governmental agencies that raise material issues regarding Quarterhill's financial statements or accounting policies;
 - (xvii) pre-approve all audit and non-audit services to be provided to Quarterhill or its subsidiaries by the Auditors, or the external auditors of subsidiaries of Quarterhill, subject to the overriding principle that the Auditors not be permitted to be retained by Quarterhill to perform internal audit outsourcing services or financial information systems services; provided that notwithstanding the foregoing provisions of this Section 4(e)(xvii), such pre-approval of non-audit services may be delegated to a member of the Committee, with any decisions of the member with the delegated authority reporting to the Committee at the next scheduled meeting;
 - (xviii) approve the engagement letter for non-audit services to be provided by the Auditors or affiliates thereof together with estimated fees and consider the potential impact of such services on the independence of the Auditors;
 - (xix) when there is to be a change of Auditors, review all issues and provide documentation related to the change, including the information to be included in the notice of change of auditors and documentation required pursuant to the then current legislation, rules, policies and instruments of applicable regulatory authorities and the planned steps for an orderly transition period; and
- (f) The Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Committee by any member of the Board, a shareholder of Quarterhill, the Auditors or senior management.
- (g) Review with Quarterhill's Chief Executive and Chief Financial Officers any report on significant deficiencies in the design or operation of the internal controls that could adversely affect

Quarterhill's ability to record, process, summarize or report financial data, any material weaknesses in internal controls identified to the Auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in Quarterhill's internal controls.

- (h) The Committee shall establish and maintain procedures for:
 - (i) the receipt, retention and treatment of complaints received by Quarterhill regarding accounting, internal accounting controls, or auditing matters;
 - (ii) the confidential, anonymous submission by employees of Quarterhill of concerns regarding questionable accounting or auditing matters; and
 - (iii) reviewing arrangements by which Quarterhill employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for proportionate and independent investigation and follow-up action.
- (i) The Committee shall review all related party transactions and discuss the business rationale for these transactions and determine whether appropriate disclosures have been made.
- (j) The Committee shall discuss with management Quarterhill's process for performing its quarterly certifications pursuant to Multilateral Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings.
- (k) The Committee shall discuss Quarterhill's major enterprise risk exposures and the steps management has taken to monitor and control such exposures.
- (l) The Committee shall review Quarterhill's compliance and ethics programs, including consideration of legal and regulatory requirements, and shall review with management its periodic evaluation of the effectiveness of such programs.
- (m) The Committee shall review Quarterhill's code of conduct and programs that management has established to monitor compliance with such code, and periodically, make recommendations to the Board regarding Quarterhill's code of conduct that the Committee shall deem appropriate.
- (n) The Committee shall review and approve Quarterhill's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors.
- (o) The Committee shall receive any reports from legal counsel of evidence of a material violation of securities laws or breaches of fiduciary duty by Quarterhill.
- (p) The Committee shall review with Quarterhill's legal counsel, on no less than an annual basis, any legal matter that could have a material impact on Quarterhill's financial statements and any enquiries received from regulators or government agencies.
- (q) The Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Committee.