

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 “**Members**”). The Board shall appoint the Members 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 to be the chairperson of the Committee (the “**Chair**”).
- (b) All of the Members shall be Directors who are independent within the meaning of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators 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 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 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 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.
- (e) At least one Member must be an "audit committee financial expert" as defined by rules applicable to United States public companies.
- (f) Each Director appointed by the Board to the Committee shall be a Member until replaced by the Board or until their resignation.
- (g) Subject to applicable laws and the requirements of any applicable stock exchange or other regulatory body, each of the Chairperson of the Board and the Vice-Chairperson of the Board shall serve as an *ex officio* member of the Committee unless either such person serves as an official Member.

### 3. Meetings of the Committee

- (a) The Committee shall convene a minimum of 4 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, 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 shall choose one of the Members present to be chair of the meeting. In addition, the Members shall choose one of the persons present to be the secretary of the meeting.
- (d) Quarterhill's Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") are each expected to attend meetings of the Committee and the Committee may invite such other persons to attend meetings of the Committee as it 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 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 make the minutes of the meetings of the Committee available 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) 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 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 any Member, with any decisions of such Member to be reported

to the Committee at its 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; and
  - (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.
- (f) The Committee shall enquire into and recommend to the Board 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 the CEO and the CFO 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 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.
  - (j) 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.
  - (k) The Committee shall review and approve Quarterhill's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors.
  - (l) 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.

- (m) The Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Committee.

5. Chairperson

The Board shall also appoint annually a Chairperson of the Committee from among the Members. The Chairperson's primary role is to ensure that the Committee functions properly, meets its obligations and responsibilities, fulfills its purpose and that its organization and mechanisms are in place and are working effectively. Specifically, the Chairperson shall:

- (a) chair meetings of the Committee;
- (b) in consultation with the Chairperson of the Board, the Members, the CEO and such other Quarterhill executives as deemed necessary, set the agenda for the meetings of the Committee;
- (c) in collaboration with the Chairperson of the Board, the CEO and Quarterhill's Corporate Secretary, ensure that agenda items for all Committee meetings are ready for presentation and that adequate information is distributed to Members in advance of such meetings in order that Members may properly inform themselves on matters to be acted upon;
- (d) assign work to Members;
- (e) act as liaison and maintain communication with the Chairperson of the Board and the Board to optimize and co-ordinate input from directors and to optimize the effectiveness of the Committee; and
- (f) provide leadership to the Committee with respect to its functions as described in the Committee's Charter and as otherwise may be appropriate.