

AUDIT COMMITTEE CHARTER OF D-BOX TECHNOLOGIES INC.

1. PURPOSE

Financial reporting and disclosure by D-BOX Technologies Inc. (the "Corporation") represents one of the most important aspects of the management of the Corporation's business and affairs. The Board of Directors supervises this financial reporting and disclosure process to gain reasonable assurance that the following objectives are being met:

- (a) that the Corporation complies with the laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- (b) that the accounting policies and practices, significant decisions and information which underlie or are incorporated in the Corporation's financial statements are the most appropriate in the circumstances;
- (c) that the Corporation's quarterly and annual financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with the International Financial Reporting Standards ("IFRS"); and
- (d) that pertinent information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

To assist the Board of Directors in its monitoring of the Corporation's financial reporting and disclosure process, the Board of Directors has established the Audit Committee.

Although the Audit Committee has the powers and responsibilities set forth in this Charter, its role is one of monitoring. The members of the Audit Committee are not full-time employees of the Corporation and may or may not be accountants or auditors by profession and, in any event, do not serve in such a capacity. Consequently, it is not the duty of the Audit Committee to audit the Corporation's financial statements and information or to assess whether same are complete and accurate and in compliance with IFRS and applicable rules and regulations. This is the responsibility of management, the independent auditors and other professionals retained by the Corporation.

2. COMPOSITION AND QUALIFICATION

The members of the Audit Committee are appointed each year by the Board of Directors. The Committee is composed of a minimum of three (3) independent directors chosen from among the members of the Board of Directors. The members are appointed at the first meeting following the annual meeting of shareholders or at any other meeting if a vacancy arises. Each year, the Board of Directors appoints as chair of the Committee one of the members of the Committee.

All the members of the Audit Committee shall be financially literate and, as such, be able to read and understand financial statements. At least one (1) member of the Audit Committee shall have "accounting or related financial expertise" acquired through previous employment experience in the area of finance or accounting, requisite professional certification in accounting or any other comparable experience or background which allowed him or her to gain such financial expertise, including having been a Chief Executive Officer, Chief Financial Officer or other senior officer with financial oversight responsibilities, and be able to analyze and interpret a complete set of financial statements along with the notes thereto in accordance with IFRS.

In connection with the execution of the obligations of the Audit Committee, each member of the Committee shall be entitled to rely in good faith upon the following documents:

- (a) the financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the independent auditors to present fairly the financial position of the Corporation in accordance with IFRS; and
- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

In connection with the execution of the obligations of the Audit Committee pursuant to this mandate, each member of the Audit Committee shall be held to the standard of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Audit Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which the other members of the Board of Directors are subject. The role of the Audit Committee is essentially to

monitor and review in order to gain reasonable assurance (but not absolute assurance) that the fundamental accounting and reporting activities are being conducted effectively, that the financial reporting and disclosure objectives are being met and to report thereon to the Board of Directors.

3. OPERATING PRINCIPLES AND GUIDELINES

The Audit Committee fulfills its responsibilities within the context of the following principles and guidelines:

- (a) The Committee chair and the other members of the Audit Committee have direct, open and frank communications throughout the year with management, other committee chairs (where applicable) and members of the Board of Directors, the independent auditors and other key committee advisors, as applicable.
- (b) The Committee, together with management and the independent auditors, shall develop annually an audit committee work plan in line with the responsibilities of the Audit Committee as set out in this Charter.
- (c) The Audit Committee, together with management and the independent auditors, shall participate in the examination and review of any important financial issues and emerging standards that have the potential to impact on the Corporation's financial presentation and disclosure.
- (d) The chair of the Committee shall establish the agenda for each meeting of the Audit Committee, with the other members of the Audit Committee, senior management and the independent auditors.
- (e) The Committee shall communicate to management and the independent auditors its expectations with respect to the nature and extent of the information it requires, and the delays to be respected in this regard. The Committee expects to receive from management and the independent auditors all pertinent documentation with respect to any topic on the agenda for a meeting at least one week in advance of such meeting.
- (f) The Committee may, at the expense of the Corporation and after consulting with management, retain the services of one or more persons with specialized knowledge in order to allow the Committee to properly discharge its responsibility.
- (g) At each meeting of the Committee, the members of the Audit Committee meet *in camera* amongst themselves only with (as needed) the independent auditors only and with management only.
- (h) After each meeting of the Audit Committee, the Committee shall report to the Board of Directors at its next regular meeting or earlier if required, through the chair of the Committee.
- (i) As representatives of the shareholders, the independent auditors are ultimately accountable to the Board of Directors and the Audit Committee in the execution of its mandate. The Committee expects that the independent auditors will point out any significant issues or any other issues which may become significant and which result from its relationship with the Corporation.

The Audit Committee meets at least once per quarter, and more frequently if required by the circumstances. It is the responsibility of the Committee to determine the time and place, at which the meeting will take place, convene the meeting and to establish the procedures in light of the following requirements:

- (a) at all meetings of the Audit Committee a majority of the members shall constitute a quorum; and
- (b) any actions on the part of the Audit Committee at a duly constituted meeting require no more than the vote of a majority of the members present and, in all cases, a resolution or other instrument in writing signed by all of the members of the Audit Committee shall be deemed to be an action taken by the Audit Committee.

The senior officer responsible for the finances of the Corporation and the independent auditors usually attends all of the meetings of the Audit Committee.

The minutes of meetings of the Audit Committee are approved by the Committee and made available to the Board of Directors for informational purposes.

Subject to the appointment of another person as secretary of the Audit Committee, the Secretary of the Corporation acts as the secretary of the Audit Committee.

4. RESPONSIBILITIES AND DUTIES

The Committee is responsible for the following:

4.1 Financial Reporting

- Review the annual financial statements and the independent auditor's report thereon before they are released and recommend same for the approval of the Board of Directors.
- Review the interim and year-end financial statements, management's discussion and analysis and related news releases before they are released and recommend same for the approval of the Board of Directors.
- Review public disclosure documents, such as a prospectus or the annual information form, containing financial statements of the Corporation before they are released, and recommend same for the approval of the Board of Directors.
- Discuss with management and the independent auditors the pertinence of and compliance with the Corporation's accounting policies.
- Discuss with management any significant variances between comparative reporting periods and across comparable units.

4.2 Accounting Policies

- Proactively discuss and review the impact of proposed changes in accounting standards or securities polices or regulations relating to accounting policies and the disclosure of financial information.
- Review with management and the independent auditors, any proposed changes in accounting policies, as well as key estimates and decisions that could have a material impact on the Corporation's financial reporting and determine whether the underlying accounting policies, disclosures and key estimates and decisions are considered to be the most appropriate in the circumstances.
- Discuss with management and the independent auditors the clarity and adequacy of the financial information disclosed by the Corporation.
- Review examples of accounting policies and financial reporting practices relied on by management of the Corporation in comparison with the accounting policies and disclosure practices adopted by other companies operating in the same industry.

4.3 Risk and Uncertainties

Recognizing that it is the Board of Directors' responsibility, in conjunction with management, to (1) identify the principal business risks facing the Corporation, (2) determine the Corporation's degree of tolerance to risk, and (3) approve risk management policies, the Audit Committee focuses on the significant financial risks and develops reasonable assurance that such risks are being effectively managed and controlled by management through the implementation of the following methods:

- Acquire reasonable assurance that these significant financial risks are effectively being mitigated and controlled by:
 - (i) Reviewing with management, at least once per quarter, an updated list of such financial risks as well as ongoing or special actions undertaken to manage each one of these identified risks;
 - (ii) Discussing with management its assessment of the residual financial exposure of the Corporation if any, resulting from its management of such financial risks; and
 - (iii) Ensuring with management, that the existing policies, processes and programs are adequate to identify, manage and control such financial risks.

- Review, at least once per year, the adequacy of the insurance policies maintained by the Corporation.
- Review quarterly the list of the Corporation's outstanding contingent liabilities, if any, including legal claims, tax assessments and other, which could have a material effect upon the financial results and condition of the Corporation and the manner in which these matters are disclosed in the financial statements.
- Review, at least once per year, the adequacy of measures taken by the Corporation to mitigate foreign currency, interest rate and other financial risks, such as the use of derivative financial instruments.
- Review, at least one per year, the policies that require significant existing or potential liabilities, contingent or otherwise, to be reported to the Board of Directors in a timely fashion and compliance with such policies.

4.4 Financial Controls and Deviations

- Review annually the plans of the independent auditors to gain reasonable assurance that the internal quality-controls procedures are adequate in light of the risks and are comprehensive, coordinated and cost effective.
- Review quarterly, with management, its program relating to the development and updating of internal controls which shows the progress of any planned initiatives as well as any measures taken to control deviations.
- Receive from management, the independent auditors, legal counsel or other persons, regular reports regarding any significant deviations observed, including any detection of fraud, and the methods taken to correct the situation.
- Discuss with management the information used by the Chief Financial Officer to prepare a report, at least once per year, on the effectiveness of the Corporation's internal controls.

4.5 Compliance with Laws and Regulations

- Review regular reports from management, the independent auditors and legal counsel concerning the Corporation's compliance with tax and financial reporting laws and regulations specifically those requiring the Corporation to make withholdings and which have a material impact on financial statements.
- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters.
- Establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

4.6 Relationship with Independent Auditors

- Recommend annually to the Board of Directors the nomination, the termination or replacement of the independent auditors.
- Approve the remuneration and terms and conditions of the independent auditor's mandate which are set out in its engagement letter.
- Receive annually from the independent auditors an acknowledgment in writing that the shareholders, who are represented by the Board of Directors and the Committee, are its primary client.
- Receive a report annually from the independent auditors with respect to its independence, which report shall include disclosure relating to all engagements (including the related fees and costs) for non-audit services rendered to the Corporation.
- Review with the independent auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the independent audit can be coordinated with internal audit activities and the materiality levels which the independent auditors propose to employ.

- Establish effective communication processes with management and the Corporation's independent auditors to allow the Committee to objectively monitor the quality and efficiency of the relationship between the independent auditors, management and the Corporation.
- Resolve disagreements that may occur between management of the Corporation and the independent auditors regarding financial reporting, if any.
- Oversee quality and efficiency of the work performed by the independent auditors for the preparation and delivery of the audit report of the Corporation or any other audit, review or attest services required by the Corporation.
- Receive reports from the independent auditors on the status of the approved audit plan, any important findings, the recommendation letter and the final audit report.
- Meet regularly with the independent auditors in the absence of management.
- Establish annually, a list of services that may not be provided by the independent auditors in order to safeguard its objectivity and independence. Ensure that the list of prescribed services is in compliance with the applicable regulatory requirements.
- Approve, before any mandate is conferred upon the independent auditors, of any non-audit-related services, or services other than audit services, to be provided by the independent auditors.
- Annually review the Corporation's hiring policy limiting the hiring of certain present or former employees of the independent auditors.
- Review reports of the independent auditors relating to the planned rotation of partners assigned to the Corporation's affairs.

4.7 Other Responsibilities and Issues

- Review and reassess annually the adequacy of this Charter.
- After consulting with the chair and the independent auditors, gain reasonable assurance, at least annually, that the Corporation's accounting and financial personnel is competent and adequately staffed and that any other related resources are sufficient.
- Be kept up to date of any nomination of financial officers with respect to the Corporation.
- Carry out any and all duties that the Board of Directors may delegate, from time to time, to the Committee.