

XēDAR Corporation

Board of Directors

AUDIT COMMITTEE CHARTER

I. Purpose

The Audit Committee (the “Committee”) of the Company is appointed by, and generally acts on behalf of, the Board of Directors (the “Board”) of XēDAR Corporation (the “Company”). The Board has established the governing principles of the Committee through the adoption of this Charter. The Committee’s principal purpose shall be:

- (i) to assist the Board in its oversight of (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements; (iii) the Company’s Internal Controls; and (iv) the performance of the Company’s Internal Audit function;
- (ii) to interact directly with and evaluate the performance of the Independent Auditors, including to determine whether to engage or dismiss the Independent Auditors, to approve their fees, and to monitor the Independent Auditors’ qualifications and independence; and
- (iii) if necessary, to prepare the report required by the rules of the Securities and Exchange Commission (the “SEC”) to be included in the Company’s proxy statement.

With respect to financial reporting, and compliance with laws and regulations, management is responsible for the Company’s reporting process and the system of Internal Controls. Management is responsible for the completeness and accuracy of the Company’s financial statements and the fair presentation of the financial condition, results of operations and cash flows of the Company. Management is also responsible for assuring compliance with applicable laws and regulations and with the Company’s Code of Business Ethics.

The Independent Auditors are responsible for performing an independent audit of the Company’s consolidated financial statements in accordance with generally accepted auditing standards and expressing an opinion on the conformity of those audited financial statements in accordance with generally accepted accounting principles (“GAAP”). The Independent Auditors shall provide an attestation report on management’s assessment of Internal Controls over financial reporting in accordance with Rule 2-02(f) of Regulation S-X promulgated by the SEC.

Consistent with the specific duties of the Committee listed below, it is the responsibility of the Committee, working in conjunction with management and the Independent Auditors, to oversee and monitor these policies and procedures in a manner that achieves its objectives.

II. Responsibilities and Duties

A. Financial Reporting

1. General

The Committee shall review and discuss with management and the Independent Auditors, as appropriate, the following:

- (i) the Company's policies and procedures regarding disclosures that may impact the financial statements;
- (ii) significant financial reporting issues and judgments;
- (iii) the adequacy of the Company's Internal Controls and any actions taken to address reportable or material control deficiencies;
- (iv) financial statement presentation;
- (v) regulatory and accounting initiatives;
- (vi) all alternative treatments of the Company's financial information, including the use of "pro forma" or "adjusted" non-GAAP information, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the Independent Auditors;
- (vii) any reports prepared by the Independent Auditors and provided to the Committee relating to significant financial reporting issues and judgments including, among other things, the Company's selection, application and disclosure of critical accounting principles and practices, all alternative assumptions, estimates or methods used by the Independent Auditors or that have been discussed with management and the effects, if any, such treatments have on the Company's financial statements and the treatment preferred by the Independent Auditors;
- (viii) all "special-purpose" entities, off-balance sheet structures and complex financing transactions;
- (ix) any disagreements that may have occurred between the Independent Auditors and management relating to the Company's financial statements or disclosures;
- (x) any correspondence with regulators or published reports that raise material issues with respect to, or that could have a significant effect on, the Company's financial statements; and
- (xi) any other matters required to be discussed by applicable auditing standards, laws or regulation.

2. Preparation and Release of Financial Information

- (i) The Committee shall review and obtain an understanding of the scope and timing of the annual audit as well as the results of the audit work performed by the Independent Auditors. For quarterly information, the Committee shall obtain an understanding of the extent to which the Independent Auditors review quarterly financial information.
- (ii) The Committee shall meet with the Company's general counsel, and outside counsel when appropriate, to discuss legal matters that may have a

significant impact on the Company's financial results and related disclosures.

(iii) The Committee shall review earnings press releases prior to their release, as well as the types of financial information and earnings guidance provided to analysts and rating agencies.

(iv) The Committee shall review and discuss with management and the Independent Auditors the annual audited financial statements to be included in the Company's annual report on Forms 10-K or 10-KSB, the quarterly financial statements to be included in the Company's Forms 10-Q or 10-QSB, and any other financial disclosures prior to their release to determine that the Independent Auditors are satisfied with the disclosure and content of the financial statements to be presented.

(v) The Committee shall recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

3. Audit Committee Report

If required by the rules of the SEC, the Committee shall prepare annually a report in accordance with the applicable rules and regulations of the SEC for inclusion in the Company's proxy statement.

B. Monitoring Compliance with Laws

The Committee shall meet periodically with the senior member of the Internal Audit department, the Company's general counsel, and where appropriate, the Independent Auditors to review the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Business Ethics. Specifically, the Committee shall among other actions it deems appropriate, perform the following:

(i) oversee the implementation of the Company's Code of Business Ethics;

(ii) review significant cases of conflict of interest, misconduct, or fraud under the Code of Business Ethics and the resolution of such cases in accordance with applicable SEC rules and American Stock Exchange LLC ("AMEX") listing standards;

(iii) review the Company's policies and processes for compliance with U.S. and foreign country export controls, laws and regulations; and

(iv) review the Company's policies and processes for compliance with the Foreign Corrupt Practices Act and the Federal Sentencing Guidelines.

C. Oversight of Disclosure Controls and Procedures and Internal Controls and Procedures

1. The Committee shall oversee the Company's (i) disclosure controls and procedures, (ii) Internal Controls over financial reporting (as defined by the SEC), as well as (iii) Internal Controls generally (collectively, "Internal Controls"). The Committee will review with the Independent Auditors, the Company's internal

auditors, and financial and accounting personnel, the adequacy and effectiveness of the Internal Controls of the Company. This review will include any recommendations for the improvement of such Internal Controls or areas where new or more detailed Internal Controls are desirable.

2. The Committee shall evaluate whether management is setting the appropriate tone at the top by communicating the importance of effective Internal Controls.
3. The Committee shall evaluate the adequacy of such Internal Controls to expose payments, transactions, or procedures that might be deemed illegal or otherwise improper.

D. Oversight of Internal Audit

1. The Committee shall oversee the activities, organizational structure and qualifications of the Internal Audit department. The Internal Audit department shall report functionally to the Committee and administratively to the Company's Chief Financial Officer.
2. A representative from the Internal Audit department shall attend Committee meetings and report, at least semi-annually, to the Committee on audit results for the period and the status of the audit schedule. Reports may be made at more frequent intervals if deemed necessary by the Committee or as may be requested by the Internal Audit department.
3. The Committee shall review and approve the annual internal audit plan, objectives, schedules and any special projects undertaken by the Internal Audit department.
4. The Committee shall discuss with the Internal Audit department any changes to, and the implementation of, the internal audit plan and any special projects and discuss with the Internal Audit department the results of the internal audits and special projects.
5. The Committee shall review any significant reports to management prepared by the Internal Audit department, management's responses and the status of any recommended corrective action. Particular emphasis will be given by the Committee to significant control deficiencies and actions taken by management to correct them.
6. The Committee shall discuss with the Internal Audit department any audit problems or difficulties, including any restrictions on the scope of the Internal Audit department's activities or on access to requested information, and management's response to same and any other matters required to be brought to its attention.
7. The Committee may request, either directly, or through the Chief Financial Officer, that the Internal Audit department perform special studies, investigations, or other services in matters of interest or concern to the Committee.
8. The Committee shall review the effectiveness of the Internal Audit function.
9. The Committee shall periodically review the charter of the Internal Audit department to ensure that it provides for the independence, objectivity and authority of the Internal Audit function, and make recommendations thereto. The Committee

shall ensure that the members of the Internal Audit department shall have unrestricted access to all of the Company's records, reports, personnel, and physical properties as may be determined by the members of the Internal Audit department to be relevant to the performance of their audits.

10. The Committee shall review and approve the appointment and replacement of the senior member of the Company's Internal Audit department.

E. Oversee Relationship with Independent Auditors

1. Appointment and Authorization of Services

- a. The Committee shall have the sole authority to retain, set fees and retention terms, terminate and oversee the activities of the Company's Independent Auditors.
- b. The Independent Auditors shall report directly to the Committee. The Company shall provide for appropriate funding, as determined by the Committee, for payment of fees to the Independent Auditors.
- c. The Committee shall review and approve in advance the retention of the Independent Auditors for the performance of all audit and lawfully permitted non-audit services and the fees for such services. The Committee may delegate to one or more of its members the authority to grant pre-approvals for the performance of non-audit service and shall report the pre-approval to the full Committee at its next scheduled meeting. The Committee shall periodically notify the Board of approvals.
- d. Prior to the audit, the Committee shall meet with the Independent Auditors to discuss the planning and staffing of the audit.

2. Oversight of Independence and Qualifications of Independent Auditors

- a. To assess the independence of the Independent Auditors, the Committee shall, at least annually, obtain and review a report by the Independent Auditors describing all relationships between the firm and the Company and all professional services provided to the Company. The Committee shall review with the Independent Auditors the nature and scope of all disclosed relationships or professional services and take, or recommend that the Board take, appropriate action to ensure the continuing independence of the auditors.
- b. The Committee shall, at least annually, obtain and review a report by the Independent Auditors describing: (a) the auditing firm's internal quality-control procedures; and (b) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities or a private sector regulatory board, within the preceding five years, and any steps taken to deal with any such issues.
- c. After reviewing the reports from the Independent Auditors and the Independent Auditors' work throughout the audit period, the

Committee will conduct an annual evaluation of the Independent Auditors' performance and independence, including whether the Independent Auditors' quality controls are adequate. In making its evaluation, the Committee shall take into account the opinions of management and the senior members of the Company's Internal Audit department. The Committee shall present its conclusions with respect to the evaluation of the Independent Auditors to the Board.

3. Other Oversight Responsibilities

- a. The Committee shall discuss with the Independent Auditors any audit problems or difficulties, including any restriction on the scope of the auditor's activities or on access to requested information, and management's response to same and any other matters required to be brought to its attention under auditing standards.
- b. The Committee shall set clear policies for the hiring by the Company of employees or former employees of the Independent Auditors so as to preserve the independence of the Independent Auditors.

4. Limitation of Audit Committee's Role

- a. The Independent Auditor, management and the Internal Audit department are or shall be ultimately accountable to the Audit Committee, in its capacity as a committee of the Board, and to the full Board. While the Audit Committee has the oversight, supervisory and other powers and responsibilities set forth in this Audit Committee Charter, it is not the responsibility of the Committee to plan or conduct audits, to implement internal controls, or to determine or certify that the Company's financial statements are complete and accurate or are in compliance with generally accepted accounting principles. These matters and tasks are the responsibility of the Company's management and/or the Independent Auditor to bring appropriate matters to the attention of the Committee, and to keep the Committee informed of matters which the Company's management or the Independent Auditor believe require attention, guidance, resolution or other actions. While it is not the duty of the Audit Committee to conduct investigations or to assure compliance with applicable laws, rules and regulations, the Committee may take such actions with respect to such matters, as it deems necessary or advisable in fulfilling its duties identified above.
- b. To the fullest extent permissible under applicable law, each member of the Committee is entitled to rely in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Committee by any of the Company's officers, employees, or committees, the Independent Auditor, the Internal Audit department or any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

III. Other Powers and Responsibilities

A. Evaluations

With the assistance of the Corporate Governance Committee, the Committee shall annually review and assess its own performance and the performance of each Committee member and report to the Board the results of its evaluation. In conducting this review, the Committee shall address matters that it considers relevant to its performance, including at a minimum, the adequacy, appropriateness and quality of the information and recommendations presented to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

B. Investigations; Retention of Professional Advisors

1. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. Management shall provide or arrange to provide such other information, data and services as the Committee may request. The Committee shall conduct such interviews or discussions as it deems appropriate with personnel of the Company, and/or others whose views would be considered helpful to the Committee.
2. The Committee shall have the authority to obtain advice, counsel and assistance from internal and external legal, accounting and other advisors for any reason, including but not limited to any special investigations deemed necessary by the Committee. The Company shall provide appropriate funding for the Committee to retain such advisors without requiring the Committee to seek Board approval.

C. Risk Management

The Committee shall discuss periodically with management the Company's policies and guidelines regarding risk assessment and risk management, as well as the Company's major financial risk exposures and steps management has taken to monitor and control such exposures. The Committee also shall review the Company's existing processes and policies with respect to risk assessment and risk management.

D. Related-party Transactions

The Committee shall review and approve or disapprove all transactions between the Company (and its subsidiaries) and its directors, executive officers, and greater than ten percent (10%) shareholders.

E. Grievance Procedures

The Committee shall establish procedures (i) for the receipt, retention, and treatment of complaints received by the Company regarding internal controls, or auditing matters, and (ii) for the confidential, anonymous submission by the Company employees of concerns regarding questionable accounting or auditing matters.

F. Disputes with Management

The Committee shall resolve any significant disagreements between the Independent Auditors and management, and between the Internal Audit department and management.

G. Revision of Charter

The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for its approval.

H. Reports

The Committee shall make regular reports to the Board on its activities, including reviewing any issues that arise respecting the quality and integrity of the Company's public reporting, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's Independent Auditors, the performance of the Company's Internal Audit department and the effectiveness of the Company's Internal Controls.

I. Miscellaneous

1. The Committee shall perform any other activities consistent with this Charter, the Company's Articles of Incorporation, Bylaws, and governing law, as the Committee or the Board deem necessary or appropriate.
2. The Company will provide appropriate funding for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

IV. Membership and Organization of Committee

A. Size of Committee

The Committee shall consist of at least two directors or three directors if the Company is no longer a "small business issuer" that is eligible to file reports on Form 10-KSB..

B. Member Qualifications

1. Each of the members of the Committee shall meet the independence and experience requirements of Rule 803A of the rules of the AMEX and applicable federal securities laws, including the additional audit committee independence requirements set forth in Section 10A(m)(3) of the Exchange Act of 1934, as amended, and the rules, particularly Rule 10A-3, promulgated thereunder.
2. Each of the members of the Committee must be able to read and understand financial statements, including the Company's statement of financial condition, income statement and cash flow statement at the time of his or her appointment to the Committee. At least one member shall be a financial expert with the education and past employment experience necessary for compliance with the audit committee composition requirements of Rule 803B(2)(a)(iii) of the AMEX. To the extent possible, at least one member shall be an "audit committee financial expert" as that term is defined by the SEC.
3. Generally, no member of the Committee may serve simultaneously on the audit committees of more than three public companies without a specific Board determination that such simultaneous service will not impair the ability of such Committee member to serve on the Committee.
3. No member of the Committee shall have participated in the preparation of the financial statements of the Company or any of its current subsidiaries at anytime during the previous three years.

C. Appointment

The members of the Committee shall be appointed by the Board upon the recommendation of the Corporate Governance Committee. The Corporate Governance Committee shall recommend, and the Board shall designate, one member of the Committee to serve as Chairperson.

D. Term

Members of the Committee will be appointed for one-year terms and shall serve until their resignation, retirement, or removal by the Board or until their successors shall be appointed. The Board may fill vacancies on the Committee and remove a member of the Committee at any time with or without cause. No member of the Committee shall be removed except by majority vote of the independent directors of the Board then in office.

V. Conduct of Meetings

A. Frequency

The Committee shall meet as often as it may deem necessary and appropriate in its judgment, but not less than quarterly, either in person or telephonically. Half of the members of the Committee shall constitute a quorum. The Chairman of the Board or any Committee member shall have the right to call a special meeting of the Committee.

B. Non-Committee Member Attendees

1. The Committee may request that any directors, officers or employees of the Company, or other persons whose advice and counsel are sought by the Committee, attend any meeting to provide such information as the Committee requests.
2. The Committee shall meet with the Independent Auditors, the senior member of the Company's Internal Audit department, and management in separate executive sessions as often as it deems necessary and appropriate.

C. Conduct of Meetings

The Committee shall fix its own rules of procedure, which shall be consistent with the Bylaws of the Company and this Charter.

D. Minutes

Written minutes of Committee meetings shall be maintained with the books and records of the Company.

E. Delegation of Authority

The Committee may delegate authority to one or more members of the Committee when appropriate, but no such delegation shall be permitted if the authority is required by law, regulation or listing standard to be exercised by the Committee as a whole.