

BRIDGEWATER SYSTEMS CORPORATION

AUDIT COMMITTEE CHARTER

1. Policy Statement

It is the policy of Bridgewater Systems Corporation (the “Corporation”) to establish and maintain an audit committee (the “Audit Committee”) to assist the directors (individually a “Director” and collectively the “Board”) of the Corporation in carrying out the Board's oversight responsibility for the internal controls, financial reporting and risk management processes of the Corporation. The Audit Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including appropriate administrative support. If determined appropriate by the Audit Committee, it will 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.

2. Composition of Committee

- (a) The Audit Committee shall consist of a minimum of three Directors, at least half of whom shall be resident Canadians. The Board shall appoint the members of the Audit Committee and may seek the advice and assistance of the Nominating and Governance Committee in identifying qualified candidates. The Board may appoint one member of the Audit Committee to be the Chairman of the Audit Committee or delegate such authority to appoint the Chairman of the Audit Committee to the Audit Committee. The Chairman of the Audit Committee shall have such accounting or related financial management expertise as the Board may determine in their business judgement.
- (b) Each member of the Audit Committee must be a Director who is independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules and regulations, and stock exchange requirements (collectively “Applicable Laws”). In this Charter, the terms “independent” and “financially literate” have the meaning ascribed to such terms by Applicable Laws, and include the meanings given to similar terms by Applicable Laws.
- (c) A Director appointed by the Board to the Audit Committee shall be a member of the Audit Committee until replaced by the Board or until his or her resignation.

3. Limitation of the Oversight Role of the Committee

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all member of the Board are subject.

Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives information, and the accuracy of the information provided to the Corporation by such persons or organizations.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Corporations' financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Corporation's external auditors.

4. **Meetings of the Committee**

- (a) The Audit Committee shall convene a minimum of four times each year at such times and places as may be acceptable to the Chairman of the Audit Committee and whenever a meeting is requested by the Board, a member of the Audit Committee, the auditors or senior management of the Corporation. Scheduled meetings of the Audit Committee shall correspond with the review of the quarterly and year-end financial statements and management discussion and analysis.
- (b) Notice of each meeting of the Audit Committee shall be given to each member of the Audit Committee and to the auditors of the Corporation, who shall be entitled to attend each meeting of the Audit Committee and shall attend whenever requested to do so by a member of the Audit Committee.
- (c) Notice of a meeting of the Audit Committee shall:
 - (i) be in writing, which includes electronic communication facilities;
 - (ii) state the nature of the business to be transacted at the meeting in reasonable detail;
 - (iii) to the extent practicable, be accompanied by a copy of any documentation to be considered at the meeting; and
 - (iv) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Audit Committee may permit.
- (d) A quorum for the transaction of business at a meeting of the Audit Committee shall consist of a majority of the members of the Audit Committee. However, it shall be the practice of the Audit Committee to require review, and, if necessary, approval of important matters by all members of the Audit Committee.
- (e) A member or members of the Audit Committee may participate in a meeting of the Audit Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
- (f) In the absence of the Chairman of the Audit Committee, the members of the Audit Committee shall choose one of the members present to be chairman of the meeting. In addition, the members of the Audit Committee shall choose one of the persons present to be the secretary of the meeting.

- (g) The Audit Committee may invite such persons to attend meetings of the Audit Committee as the Audit Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this Charter or by Applicable Laws.
- (h) The Audit Committee may invite the external auditors to be present at any meeting of the Audit Committee and to comment on any financial statements, or on any of the financial aspects, of the Corporation.
- (i) The Audit Committee (i) shall meet with the external auditors separately from individuals other than the Audit Committee and (ii) may meet separately with management of the Corporation.
- (j) Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the chairman and the secretary of the meeting.

5. **Duties and Responsibilities of the Committee**

- (a) The primary duties and responsibilities of the Audit Committee are to:
 - (i) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
 - (ii) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
 - (iii) monitor the independence and performance of the external auditors;
 - (iv) deal directly with the external 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 subsection 4(d) below);
 - (vi) provide an avenue of communication between the external auditors, management and the Board; and
 - (vii) review annually with management of the Corporation the anti-fraud and risk assessment programs of the Corporation.
- (b) The Audit Committee shall have the authority to:
 - (i) inspect any and all of the books and records of the Corporation and its subsidiaries;
 - (ii) discuss with the management or other personnel as appropriate of the Corporation and its subsidiaries, any affected party and the external auditors, such accounts, records and other matters as any member of the Audit 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 (at the expense of the Corporation) for any advisors engaged by the Audit Committee.
- (c) The Audit 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.
- (d) The Audit Committee shall:
 - (i) review the audit plan with the external auditors and with management;
 - (ii) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of material risks and uncertainties and key estimates and judgements of management that may be material to financial reporting;
 - (iii) review with management and with the external auditors material financial reporting issues arising during the most recent financial period and the resolution or proposed resolution of such issues;
 - (iv) review any problems experienced or concerns expressed by the external auditors in performing any audit, including any restrictions imposed by management or any material accounting issues on which there was a disagreement with management;
 - (v) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
 - (vi) review the audited annual financial statements (including management discussion and analysis) and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all material variances between comparative reporting periods;
 - (vii) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses;
 - (viii) review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public;
 - (ix) 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; and
 - (x) oversee the financial affairs of the Corporation and its subsidiaries, and, if deemed appropriate, make recommendations to the Board, external auditors or management.

- (e) The Audit Committee shall:
 - (i) evaluate the independence and performance of the external auditors and annually recommend to the Board the appointment of the external auditors or the discharge of the external auditor when circumstances are warranted and the compensation of the external auditor;
 - (ii) consider the recommendations of management in respect of the appointment of the external auditors;
 - (iii) pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by its external auditors, or the external auditors of subsidiaries of the Corporation in accordance with the Audit Committee Policy on the Review and Pre-Approval of Auditors' Fees for Audit and Non-Audit Services, subject to the overriding principle that the external auditors not be permitted to be retained by the Corporation to perform internal audit outsourcing services or financial information systems services; provided that notwithstanding the above, the foregoing pre-approval of non-audit services may be delegated to a member of the Audit Committee, with any decisions of the member with the delegated authority reporting to the Audit Committee at the next scheduled meeting;
 - (iv) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates thereof together with estimated fees, and consider the potential impact of such services on the independence of the external auditors;
 - (v) when there is to be a change of external 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
 - (vi) review all reportable events, including disagreements, unresolved issues and consultations, as defined by Applicable Laws, on a routine basis, whether or not there is to be a change of the external auditors.
- (f) The Audit 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 Audit Committee by any member of the Board, a shareholder of the Corporation, the external auditors or senior management.
- (g) The Audit Committee shall periodically review with management the need for an internal audit function.
- (h) The Audit Committee shall review the accounting and reporting of costs, liabilities and contingencies of the Corporation.
- (i) The Audit Committee shall establish and maintain procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting controls or auditing matters; and

- (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or audit matters.
- (j) The Audit Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors.
- (k) The Audit Committee shall review with the Corporation's legal counsel, on no less than an annual basis, any legal matter that could have a material impact on the Corporation's financial statements and any enquiries received from regulators or government agencies.
- (l) The Audit Committee shall assess, on an annual basis, the adequacy of this Charter and the performance of the Audit Committee.

Approved by the Directors on
October 30, 2007.