

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 accounting and financial reporting processes of the Corporation and the audit of its financial statements. 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, and the Audit Committee shall have the standing authority to retain special counsel or other experts as it deems necessary to carry out its duties. Furthermore, the Audit Committee has the authority to set and pay the compensation for any such advisors which are employed by the Audit Committee.

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 Compensation, 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 judgment.
- (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. Compensation of Committee Members

The Board will fix remuneration of the members of the Audit Committee and may provide additional remuneration to the Chair of the Committee. Other than as remuneration for acting in his or her capacity as a member of the Board or any Board committee, or as a part-time chair or vice-chair of the Board or any Board committee, or as otherwise permitted by applicable securities laws, no consulting, advisory or other compensatory fee will be paid to a member of the Audit Committee by the Corporation.

4. 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 members 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. Furthermore, each member of the Audit Committee will be entitled to reasonable reliance, or reliance in good faith, on:

- (a) financial statements of the Corporation represented to the member of the Committee by an officer of the Corporation or in a written report of the external auditor of the Corporation to reflect fairly the financial condition of the Corporation;
- (b) the Corporation's disclosure compliance system and on the Corporation's officers, employees and others whose duties would in the ordinary course have given them knowledge of the relevant facts; and
- (c) a report, statement or opinion of an expert, being a person or company whose profession gives authority to a statement made in a professional capacity by the person or company including, without limitation, an accountant, actuary, appraiser, auditor, engineer, financial analyst, or lawyer.

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 (which is the responsibility of the Corporation's external auditors) or to determine that the Corporation's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations (which is the responsibility of management).

In exercising their powers and discharging their duties under this charter and applicable law, each member of the Audit Committee must (i) act honestly and in good faith with a view to the best interests of the Corporation and (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

5. 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 an agenda and 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) A resolution in writing, signed by all the Audit Committee members entitled to vote on that resolution at a meeting of the Committee, is valid as if it had been passed at a meeting of the Committee.
- (g) 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.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) Minutes shall be kept of all meetings of the Audit Committee and shall be signed by the chairman and the secretary of the meeting. Minutes shall be approved as soon after the meeting as is practicable.

6. Duties and Responsibilities of the Committee

- (a) The external auditor will report directly to the Audit Committee, be responsible for planning with the Corporation and carrying out the audit of the annual financial statements (and any requested review of the quarterly financial statements) and ultimately

be accountable to the Audit Committee and the Board as the representative of the shareholders.

- (b) 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 elsewhere in this charter); and
 - (vi) provide an avenue of communication between the external auditors, management and the Board. The Audit Committee will be responsible for the resolution of any disagreements between management and the external auditors.
- (c) 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.
- (d) 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.
- (e) The Audit Committee shall:
 - (i) review the audit plan with the external auditors and with management and propose additional audit steps as deemed appropriate. Such review will include the audit plan and scope with respect to planned reliance and testing of controls, audit scope, focus areas and key decisions such as materiality;
 - (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 judgments of management that may be material to financial reporting;

- (iii) discuss with management and the external auditors any new or proposed accounting and/or securities legislation which may impact the Corporation;
 - (iv) 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;
 - (v) 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;
 - (vi) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;
 - (vii) 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;
 - (viii) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors (or from other advisors) 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;
 - (ix) review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public;
 - (x) review the process under which the chief executive officer and the chief financial officer certify the annual and quarterly filings, disclosure controls and procedures and internal controls over financial reporting;
 - (xi) 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
 - (xii) oversee the financial affairs of the Corporation and its subsidiaries, and, if deemed appropriate, make recommendations to the Board, external auditors or management.
- (f) 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, 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 estimated fees for non-audit services to be provided by the external auditors or affiliates thereof 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.
- (g) 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.
 - (h) The Audit Committee will review on a timely basis all discovered incidents of fraud within the Corporation, regardless of monetary value.
 - (i) The Audit Committee shall periodically review with management the need for an internal audit function.
 - (j) The Audit Committee Chair will review and approve expenses actually incurred by the Corporation's chief executive officer.
 - (k) The Audit Committee shall review the Compliance Certificate prepared by the Corporation's chief financial officer concerning the preparation of the financial statements, compliance with applicable laws and regulations, insurance coverage, legal issues, and other matters deemed appropriate.
 - (l) The Audit Committee shall review and approve all required updates to the Corporation's foreign exchange hedging policy, and banking, treasury and investment policies.
 - (m) The Audit Committee shall assess the adequacy and appropriateness of the Corporation's insurance coverage at least annually.

- (n) The Audit Committee shall assess the adequacy of resources of the Corporation's finance department.
- (o) The Audit Committee shall be responsible for addressing:
 - (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.
- (p) The Audit Committee shall approve the Corporation's hiring of any employees and former employees of the present and former external auditors.
- (q) 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.
- (r) The Audit Committee shall assess, on an annual basis (or otherwise as it deems appropriate), the adequacy of this Charter and to recommend to the Board any necessary changes.
- (s) The Audit Committee will maintain a work plan to be updated at least annually.
- (t) The Audit Committee will be assessed as directed by the Compensation, Nominating and Governance Committee.

Approved by the Directors on
November 4, 2009.