

AUDIT COMMITTEE CHARTER

A. Overview and Mandate

The Audit Committee (the “Audit Committee”) is a committee of the Board of Directors (the “Board”) of BSM Technologies Inc. (the “Company”). The purpose of the Audit Committee is to assist the Board in fulfilling its statutory responsibilities and the Audit Committee shall review the quarterly and annual consolidated financial statements of the Company and shall report thereon to the Board before such quarterly and annual consolidated financial statements are approved by the Board, and shall oversee the accounting and financial reporting processes of the Company and the reviews and audits of the financial statements of the Company. The Audit Committee also shall perform the duties as described under "Duties and Responsibilities" below.

The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including for the resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (the “auditor”), and each auditor must report directly to the Audit Committee.

It is recognized that the Audit Committee will be acting only within the terms of reference set out herein and it is not intended that the Audit Committee shall usurp any of the powers or responsibilities of the Board as set out in the *Business Corporations Act* (Ontario) and/or the By-laws of the Company.

The Audit Committee may engage independent counsel or other advisors as it determines necessary to carry out its duties.

The Company shall provide for appropriate funding, as determined by the Audit Committee in its capacity as a committee of the Board, for payment of:

- a. compensation to any auditor;
- b. compensation to any independent counsel or adviser employed by the Audit Committee pursuant to this charter; and
- c. ordinary administrative expenses of the Audit Committee that are necessary or appropriate in respect of the performance by the Audit Committee of its duties.

B. Membership and Attendance at Meetings

1. The members of the Audit Committee shall consist of not fewer than three (3) members each of whom shall be a director of the Company.
2. Each member of the Audit Committee shall have no direct or indirect relationship with the Company which, in the view of the Board, could reasonably interfere with the exercise of the member’s independent judgment. Each member shall otherwise satisfy the independence requirements applicable to members of audit committees under National Instrument 52-110 – *Audit Committees* of certain of the Canadian Securities Administrators and the requirements of any other applicable legislation or stock exchange rules, subject to any exemptions or relief that may be granted from such requirements.

3. Each member of the Audit Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
4. The Chair of the Audit Committee shall be appointed by the Board and shall be responsible for the overall operation of the Audit Committee.
5. Members shall serve one-year terms and may serve consecutive terms.
6. The auditor of the Company is entitled to receive notice of every meeting of the Audit Committee in which a matter related to the audit of the financial statements of the Company is to be discussed, and shall be entitled to attend such meetings, subject to a determination by the Audit Committee to exclude them from all or any part of the meeting to the extent permitted under applicable law.
7. In its discharge of its responsibilities and duties set out herein, the Audit Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the relevant accounting books, records and systems of the Company and shall discuss with the officers of the Company such books, records, systems and other matters considered appropriate.
8. No member of the Audit Committee may serve on the audit committees of more than three other public companies at the same time as being a member of the Company's Audit Committee, unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee.

C. Duties and Responsibilities

The Audit Committee shall fulfil the following duties arising from its mandate set out above:

1. Review and assess the adequacy of this charter on an annual basis, or more often if deemed appropriate.
2. Review and approve the annual consolidated financial statements of the Company and the notes thereto following the examination thereof by the auditor and prior to their approval by the Board and report to the Board thereon.
3. Review and approve the quarterly financial statements, notes thereto and quarterly management discussion and analysis (MD&A) and related press releases of the Company prior to their approval by the Board and report to the Board thereon.
4. Review and approve the annual MD&A, and other public disclosure documents and related press releases, including any prospectus prior to their approval by the Board and report to the Board thereon.
5. Review, and approve, the planned scope of the examination of the annual and quarterly consolidated financial statements and all related audit activities by the auditor of the Company, including expected related audit fees.
6. Review the disclosure in the annual information form.

7. Review the accounting principles and practices to be applied and followed by the Company during the fiscal year and any significant changes from those applied and followed during the previous year.
8. Review the adequacy of the systems of internal accounting and audit policies, practices and controls established by the Company, and discuss with the auditor the results of its reviews and reports.
9. Review all litigation and claims involving or against the Company which could materially adversely affect its financial position and which the auditor or any officer of the Company may refer to the Audit Committee.
10. Ensure the auditor's ultimate accountability to the Board and the Audit Committee as representatives of the shareholders and as such representatives, to evaluate the performance of the auditor and review and report to the directors regarding the nomination and the remuneration and other material terms of the engagement of the auditor, and the performance by the auditor thereunder, and to recommend to the shareholders the reappointment or replacement of the auditor.
11. Ensure that the auditor submits on a periodic basis to the Audit Committee, a formal written statement delineating all relationships between the auditor and the Company, consistent with Canadian auditor independence standards, and to review such statement and to actively engage in a dialogue with the auditor with respect to any disclosed or undisclosed relationships or services that may impact on the objectivity and independence of the auditor, and to review the statement and the dialogue with the Board of Directors and recommend to the Board of Directors appropriate action to ensure the independence of the auditor.
12. Provide a line of communication between the auditor and the Board, and communicate directly with the auditor and with any internal auditor of the Company.
13. Meet with the auditor at least once per year without management present to allow a candid discussion regarding any concerns the auditor may have and to resolve any disagreements between the auditor and management regarding the Company's financial reporting.
14. Review and pre-approve non-audit services provided by the auditor; provided that the pre-approval of non-audit services is satisfied if:
 - a) the aggregate amount of all of the non-audit services that were not pre-approved are reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiaries to the independent auditor during fiscal year in which the services are provided;
 - b) the Company or a subsidiary did not recognize services as non-audit services at the time of the engagement; and
 - c) the services are promptly brought to the attention of the Audit Committee and approved, prior to completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.
15. Review and approve hiring policies regarding partners, employees, and former partners and employees of the present and former external auditors of the Company.

16. Approve the Company's Disclosure Policy and review and assess the adequacy of the policy on an annual basis, or more often if deemed appropriate.
17. Review and approve all "related party" transactions, as defined by the rules of the applicable regulatory authorities.
18. Review the status of taxation matters of the Company and its major subsidiaries.
19. Review the short term investment strategies respecting the cash balance of the Company.
20. Review the hedging strategies of the Company.
21. Review the adequacy of all insurance policies maintained by the Company.
22. Establish procedures for:
 - a. the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
23. Review regular reports from management and others with respect to the Company's compliance with laws and regulations having a material impact on the financial statements of the Company.
24. Review annually the Company's reserves with respect to environmental, health and safety matters.
25. Conduct or undertake such other duties as may be required from time to time by any applicable regulatory authorities, including the Toronto Stock Exchange or any other stock exchange.
26. At least annually, undertake a self-assessment of the Audit Committee's performance of its duties.

D. Meetings

1. The Audit Committee shall meet at least four times annually, or more frequently as circumstances require. The Audit Committee shall meet: (i) within 45 days following the end of each of the first three fiscal quarters to review and discuss the unaudited financial results for the preceding quarter, earnings release, and the related MD&A; and (ii) within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the fiscal year, the earnings press release, and the related MD&A prior to their publishing.
2. Audit Committee meetings may be called by the Chair of the Audit Committee or by a majority of the Audit Committee members. Notwithstanding such procedures, a meeting of the Audit Committee may also be called by the external auditor.
3. The Chair of the Audit Committee (or his or her designate) will prepare an agenda in advance of each meeting, in consultation with management, other committee members, and where appropriate the external auditor and the internal audit function. The agenda and supporting materials will be circulated to the members in advance of the meeting to allow members an appropriate period of time to prepare for the meeting.

4. A quorum for the transaction of business at any meeting of the Audit Committee is a majority of appointed members.
5. At any meeting of the Audit Committee, questions will be decided by a majority of the votes cast by members present, except where only two members are present, in which case any question must be decided unanimously.
6. The Audit Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.
7. Meetings may be held in person, by teleconference, or through the use of any telecommunication device that permits all persons participating in the meeting to communicate with each other.
8. A written resolution signed by all Audit Committee members entitled to vote on that resolution at a meeting of the Audit Committee is as valid as one passed at an Audit Committee meeting.
9. The Corporate Secretary will ensure that minutes of the proceedings of all meetings of the Audit Committee are maintained and available to the Board when requested.

E. Reporting

The Audit Committee shall report on its review of the quarterly consolidated financial statements and annual audited consolidated financial statements of the Company to the Board prior to the approval of financial statements by the Board. In addition, the Chair of the Audit Committee shall, when deemed necessary or when requested by the Chair of the Board, report to the Board from time to time on the activities of the Audit Committee.