

OSI Geospatial Inc.

Audit Committee Charter

PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities including (1) reviewing financial information to be provided to shareholders and others, (2) reviewing accounting policies, (3) reviewing management's processes to identify principal financial risks to the Company and ensuring implementation of appropriate systems to monitor those risks, (4) reviewing certain systems of controls which management and the Board have established, (5) enhancing the independence of the external auditor by directly overseeing and being responsible for the relationship with the external audit firm and (6) reviewing compliance with certain legal and regulatory requirements.

This Charter comprises:

- Operating Principles;
- Operating Procedures;
- Specific Responsibilities and Duties.

A. OPERATING PRINCIPLES

The Committee shall fulfill its responsibilities within the context of the following principles:

1. **Composition** The Committee shall consist of not less than three Directors appointed by the Board at any regular or special meeting. Any member may be removed or replaced at any time by the Board. The Board shall appoint a Chair of the Committee. If the Chair is not able to participate in a meeting of the Committee, one of the other members of the Committee at the meeting shall be chosen to preside by a majority of the members of the Committee participating.
2. **Committee Values**. The Committee expects Company management to operate in full compliance with the Company's corporate policies, as well as all governing laws and regulations and to maintain strong financial reporting and control processes.
3. **Communications**. Audit Committee members expect to have direct, open and frank communications throughout the year with members of management, the external auditor, and other Board members as well as Committee advisors, when applicable.
4. **Financial Literacy**. All Audit Committee members should be financially literate and at least one of them should have "accounting or related financial experience." "Financially literate" means the ability to read and understand a set of consolidated financial statements that present a level of complexity of accounting issues that are generally comparable to those expected to arise in the Company's consolidated financial statements. "Accounting or related financial experience" refers to a person who, through education or experience as a financial officer, public accountant, or auditor has prepared or audited financial statements utilizing accounting principles that are generally comparable in complexity to the Company's and who has gained experience with internal accounting controls.
5. **Independence** Each member of the Committee shall, at all times, be independent of the Company as defined by applicable governing securities regulator requirements both in Canada and the United States.

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6. **Meetings** Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditor.
7. **Committee Expectations and Information Needs** The Committee shall communicate its expectations to management and the external auditor with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditor at least one week in advance of meeting dates.
8. **In Camera Meetings** During the course of at least four meetings of the Committee in a year, Committee members shall meet in private session with the external auditor; with management; and with Committee members only.
9. **Reporting to the Board** The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting or sooner, if thought appropriate.
10. **External Auditor** In discharging its responsibilities to the shareholders, the external auditor shall report directly to the Board, through the Audit Committee. The external auditor shall report all material issues or potentially material issues to the Committee.
11. **Committee Self-Assessment** The Committee shall annually review, discuss and assess its own performance. In addition, the Committee shall periodically review its role and responsibilities. The Committee shall report to the Board concerning its assessments and reviews promptly following each such assessment and review.

As part of the annual Committee self assessment, this Charter should be reviewed and changes recommended to the Board, if appropriate.

B. OPERATING PROCEDURES

1. The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two (2) members of the Committee or at the request of the external auditor.
2. A quorum shall be a majority of the members.
3. Unless the Committee specifies otherwise, a Committee member shall act as recording secretary of all meetings of the Committee.
4. A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Company in a timely fashion.
5. A resolution in writing, signed by all of the Audit Committee members entitled to vote on that resolution at a meeting of the Audit Committee, is as valid as if it had been passed at a meeting of the Committee.
6. The Committee has the authority, without reference to the Board, to engage independent counsel and other advisors as it determines necessary to carry out its duties, to set and

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pay the compensation for any advisors employed by the Committee and to communicate directly with the external auditor.

C. SPECIFIC RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee shall:

1. Financial Reporting

- (a) Review the Company's annual and quarterly consolidated financial statements with management and the external auditor to gain reasonable assurance that the statements are accurate, complete, and represent fairly the Company's financial position and performance in accordance with generally accepted accounting principles (GAAP) and report to the Board before such financial statements are approved by the Board;
- (b) Review and, if appropriate, recommend approval to the Board of news releases and reports to shareholders and others issued with respect to the Company's annual and quarterly consolidated financial statements, Management Discussion and Analysis, prospectuses, material change disclosures of a financial nature, annual information forms and similar disclosure documents to be issued by the Company;
- (c) Receive from the external auditor written reports stemming from their audit or review of the annual and quarterly consolidated financial statements as well as the external auditors written report on the Company's system of internal controls over financial reporting, if such an audit were undertaken;
- (d) Review with management and the external auditor any correspondence with regulators or governmental agencies and any published reports regarding the Company's financial statements or accounting policies.

2. Accounting Policies

- (a) Review with management and the external auditor the appropriateness of the Company's accounting policies, disclosures, allowances, key estimates and judgments, including any new accounting policies or changes in policies; obtain reasonable assurance that they are in compliance with GAAP.
- (c) Review with management and the external auditor the perceived degree of conservatism of the Company's underlying accounting policies, key estimates, judgments and allowances.

3. Financial Risk and Uncertainty

- (a) Acknowledging that it is the responsibility of the Board, in consultation with management, to identify the principal business risks facing the Company, determine the Company's tolerance for risk and approve risk management policies, the Committee shall focus on financial risk and gain reasonable assurance that financial risk is being effectively managed or controlled by:

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- (i) Review with management the Company's tolerance for financial risks;
 - (ii) Review with management its financial risk assessment process as well as the actual significant financial risks identified;
 - (iii) Review with management its plans, processes and programs to manage and control such risks;
- (b) Review foreign currency, interest rate and commodity price risk mitigation strategies, including the use of derivative financial instruments;
 - (c) Prior to renewals, review Director and Officer Liability and other corporate insurance coverage.
 - (c) Review regularly with management, the external auditor and the Company's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Company and the manner in which these matters have been disclosed in the consolidated financial statements.

4. **Controls**

- (a) The Committee is responsible to assess that management has designed and implemented an effective system of internal controls over financial reporting (ICFR or internal controls) on a timely basis as required by securities regulators. Management shall report to the Committee on their plans to design and document suitable internal controls, including which control framework will be used as a basis for their work as well as reporting to the Committee regularly during the design and implementation to help ensure that this work is completed in a timely manner.
- (b) As of the end of each fiscal year after internal controls are designed and implemented, management shall provide the Committee with a written report on ICFR, including the results of their evaluation and tests of the effectiveness of internal controls identifying material weaknesses and significant deficiencies, if any, noted during their work as well as plans to correct such weaknesses and deficiencies. The first year such a report on ICFR is required by the Committee will be the year securities regulators in Canada or the United States first require such an evaluation.
- (c) The Committee is responsible to assess that management has designed and implemented an effective system of Disclosure Controls and Procedures (DCP or disclosure controls) for the Company and its consolidated subsidiaries to facilitate the reliable and timely reporting of material changes of any kind. At the end of each fiscal year, and more often if required by securities regulators, management shall provide the Committee with a written report describing the results of their evaluation and testing of the effectiveness of DCP. Management's report will specify weaknesses, if any, identified and plans for improvements in its disclosure controls. At the end of each interim quarter, management will confirm in writing to the Committee that it had suitable

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disclosure controls designed and in place throughout the past three months to ensure timely disclosure of all material changes.

- (d) Should an independent audit of ICFR or DCP be initiated by the Committee or required by securities law in Canada or in the United States and carried out by the external auditor or others, such auditors will be retained by and report directly to the Committee.
- (e) The Committee shall review and follow up on any areas of internal control weaknesses identified in each report or letter received from the independent audit firm as a result of their annual audit or other work.
- (f) Receive regular reports from management, the external auditor and its legal department on all significant deviations in internal controls or indications/detection of fraud and the corrective actions planned or undertaken. Report these matters to the Board.
- (g) Establish procedures for receipt, retention and treatment of complaints and concerns regarding accounting matters, internal accounting controls and auditing matters or related questionable practices, including anonymous submissions by employees. This is accomplished through Board approved Whistle Blower policies for officers, employees and third parties.

5. **Relationship with External Auditor**

- (a) The Committee is directly responsible for overseeing the work of the external auditor engaged: (i) to perform an audit on the Company's annual consolidated financial statements, (ii) to review the quarterly consolidated financial statements, (iii) to perform other audit work, including audits of ICFR and (iv) to resolve any disagreements between management and the external auditor;
- (b) Recommend to the Board the nomination of an external auditor annually;
- (c) Each year, obtain a work plan and detailed budget for all audit work to be undertaken by the external auditor. Review and approve the budgeted remuneration and other terms of engagement of the external auditor as set out in an engagement letter(s). Review and approve invoices submitted prior to payment of audit and audit related services provided by the external auditor;
- (d) Review the performance of the external auditor annually or more frequently as required;
- (e) Receive annually from the external auditor an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (f) The Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor. These non-audit services cannot include those services prohibited by capital market regulators in Canada or the United States. In the event that a request is made for pre-approval of a non-audit service before the Committee can meet, the

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Chairman of the Audit Committee is authorized to pre-approve such a non-audit service, on condition that such pre-approval will be presented to the full Committee at its next meeting;

- (g) Receive a written report as required by professional auditing standards annually from the external auditor with respect to their independence, such report to include a brief description of all engagements and related fees for audit and non-audit services provided to the Company since the beginning the fiscal year for which they are currently retained as auditor;
- (h) Establish clear hiring policies for employees and former employees of the external auditor to ensure that the independence of the external auditor is not compromised, in appearance or in fact.
- (i) Review with the external auditor the scope of the annual audit and quarterly reviews, the areas of special emphasis to be addressed in this work and the materiality levels which the external auditor proposes to employ;
- (j) Meet regularly with the external auditor in the absence of management to determine that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Committee;
- (k) Establish effective communication processes with management and the Company's external auditor to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditor, management and the Committee.

6. Compliance with Certain Laws and Regulations

- (a) Review regular reports from management, the Company's legal counsel and others (e.g. external auditors) with respect to the Company's compliance with laws and regulations having a material impact on the consolidated financial statements including:
 - (i) Tax and financial reporting laws and regulations;
 - (ii) Legal withholding requirements;
- (b) Receive a written report from management, no less than annually, on the status of filing the Company's tax returns and those of its subsidiaries and any assessment and reassessment notices that may have been received, or can reasonably be expected, since the last such report.

Approved by the Board of Directors July 11, 2006