

**AUDIT COMMITTEE CHARTER
P2 SOLAR, INC.**

March 15, 2025

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AUDIT COMMITTEE CHARTER

P2 SOLAR, INC.

ARTICLE I - PURPOSE AND AUTHORITY

Section 1.01 Primary Purpose. The primary purpose of the Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of P2 Solar, Inc. (the "**Company**") is to assist the Board in fulfilling its oversight responsibilities with respect to:

1. The integrity of the Company's financial statements and financial reporting process;
2. The Company's systems of internal accounting and financial controls;
3. The qualifications, independence, and performance of the Company's independent auditor;
4. The performance of the Company's internal audit function, if and when established;
5. Compliance with legal and regulatory requirements and the Company's ethics policies; and
6. Risk assessment and risk management.

Section 1.02 Authority. The Committee shall have the authority to retain independent legal, accounting, or other advisors as it determines necessary to carry out its duties. The Committee shall have the authority to approve the fees and other retention terms of such advisors. The Company shall provide appropriate funding, as determined by the Committee, for payment of compensation to any advisors employed by the Committee, as well as for ordinary administrative expenses of the Committee.

Section 1.03 Reports to the Board. The Committee shall report regularly to the Board on its activities, as appropriate. In fulfilling its responsibilities, the Committee shall maintain free and open communication between the Committee, independent auditor, internal auditors (if any), and management of the Company.

ARTICLE II - COMPOSITION

Section 2.01 Minimum Composition. The Committee shall be comprised of at least one member of the Board. Given the Company's status as an emerging growth issuer, the Committee is not required to be comprised solely of independent directors. However, as the Company grows and as regulations require, the composition of the Committee shall evolve to meet applicable independence requirements:

Section 2.02 Financial Literacy. All Committee members shall be financially literate as determined by the Board in its business judgment or shall become financially literate within a reasonable period of time after appointment to the Committee.

Section 2.03 Audit Committee Financial Expert. At such time as required, at least one member of the Committee shall be designated as an "**audit committee financial expert**," as defined by the Securities and Exchange Commission ("SEC") regulations.

Section 2.04 Independent Committee Status. As the Company grows and as regulations require, Committee members shall meet the independence requirements of the SEC, the OTC Markets, and applicable Canadian securities laws and regulations, including *Multilateral Instrument 51-105 Issuers Quoted in the U.S. Over-the-Counter Markets*.

Section 2.05 Term. The members of the Committee shall be appointed by the Board and shall serve until their successors are duly appointed and qualified, or until their earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote.

ARTICLE III - MEETINGS

Section 3.01 Frequency of Meetings. The Committee shall meet at least once per fiscal quarter, or more frequently as circumstances dictate. The Committee shall meet periodically in separate executive sessions with management, the internal auditors (if any), and the independent auditor. The Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee.

Section 3.02 Meeting Quorum. A majority of the members of the Committee shall constitute a quorum for the transaction of business. Minutes will be recorded by the secretary of the meeting designated by the Committee chairperson.

ARTICLE IV - RESPONSIBILITIES AND DUTIES

The Committee shall have the following responsibilities and duties:

Section 4.01 Independent Auditor Oversight.

- (a) **Appointment and Oversight:** The Committee shall be directly responsible for the appointment, compensation, retention, and oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company. The independent auditor shall report directly to the Committee.
- (b) **Pre-Approval of Services:** The Committee shall pre-approve all auditing services, internal control-related services, and permitted non-audit services to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services that are approved by the Committee prior to the completion of the audit.
- (c) **Auditor Independence:** The Committee shall evaluate the independent auditor's qualifications, performance, and independence, and shall present its conclusions to the Board. The Committee shall review at least annually a report from the independent auditor describing:
 - (i) The independent auditor's internal quality-control procedures;
 - (ii) Any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent auditor, and any steps taken to deal with any such issues; and
 - (iii) All relationships between the independent auditor and the Company.
- (d) **Audit Partner Rotation:** The Committee shall ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law.

- (e) **Audit Scope and Plan:** The Committee shall review with the independent auditor the planned scope of their examination and the results of their audit.

Section 4.02 Financial Statement and Disclosure Matters.

- (a) **Review of Financial Statements:** The Committee shall review and discuss with management and the independent auditor the Company's annual audited financial statements and quarterly financial statements prior to filing or distribution, including the Company's disclosures under "*Management's Discussion and Analysis of Financial Condition and Results of Operations.*"
- (b) **Critical Accounting Policies:** The Committee shall review and discuss with management and the independent auditor:
 - (i) Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles;
 - (ii) Any analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative methods under GAAP;
 - (iii) The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and
 - (iv) Critical accounting policies and practices to be used in the audit.
- (c) **Audit Issues:** The Committee shall review with the independent auditor any audit problems or difficulties and management's response, including:
 - (i) Any restrictions on the scope of the independent auditor's activities or on access to requested information;
 - (ii) Any significant disagreements with management;
 - (iii) Any accounting adjustments that were noted or proposed by the independent auditor but were "passed" (as immaterial or otherwise);
 - (iv) Any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and
 - (v) Any management or internal control letter issued, or proposed to be issued, by the independent auditor.
- (d) **Earnings Press Releases:** The Committee shall discuss with management the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

Section 4.03 Internal Controls and Risk Management.

- (a) **Internal Controls:** The Committee shall review with management, the internal auditors (if any), and the independent auditor the adequacy and effectiveness of the Company's internal control over financial reporting, disclosure controls and procedures, and compliance with legal and regulatory requirements.

- (b) **Risk Assessment:** The Committee shall discuss policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which risk assessment and management is undertaken.
- (c) **Complaints:** The Committee shall establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (d) **Related Party Transactions:** The Committee shall review and approve all related party transactions.

Section 4.04 Compliance Oversight Responsibilities.

- (a) **Legal Compliance:** The Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Company's financial statements or accounting policies.
- (b) **Code of Ethics:** The Committee shall review the Company's code of ethics and programs that management has established to monitor compliance with such code.
- (c) **Legal and Regulatory Requirements:** The Committee shall review with the Company's counsel legal and regulatory matters that may have a material impact on the financial statements or the Company's compliance policies.

Section 4.05 Reporting Responsibilities.

- (a) **Board Reports:** The Committee shall report regularly to the Board regarding the activities of the Committee.
- (b) **Annual Review of Charter:** The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- (c) **Annual Performance Evaluation:** The Committee shall annually review its own performance.

ARTICLE V - LIMITATIONS OF COMMITTEE'S ROLE

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 Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

ARTICLE VI - DUAL-JURISDICTION CONSIDERATIONS

The Committee shall ensure that the Company's audit processes and financial reporting comply with both U.S. securities laws and regulations and applicable Canadian securities laws and regulations, including the requirements under *Multilateral Instrument 51-105 for OTC Reporting Issuers in British Columbia*.

ARTICLE VI I - AMENDMENT

This Charter may be amended by the Board from time to time. The Committee shall review this Charter annually and recommend to the Board any amendments it deems necessary or appropriate.

ARTICLE VIII - DISCLOSURE OF CHARTER

This Charter shall be made available through the SEC's web site at www.sec.gov, and Canadian Securities Regulator's SEDAR web site at www.sedarplus.ca. Shareholders may also request a copy upon written request to P2 Solar, Inc., 13718 91st Ave, Surrey, British Columbia, V3V 7X1, Attention: Corporate Secretary

Adopted by the Board of Directors of P2 Solar, Inc. on March 15, 2025.

**BY ORDER OF THE BOARD OF DIRECTORS OF P2
SOLAR, INC.**

Date: March 15, 2025

/s/ Raj-Mohinder Gurm

Raj-Mohinder Gurm
Chief Executive Officer, and President