

AUDIT COMMITTEE CHARTER

DeepShield Systems, Inc.

Effective as of January 15, 2024

I. PURPOSE AND SCOPE

The Audit Committee (the "Committee") is appointed by the Board of Directors (the "Board") of DeepShield Systems, Inc. (the "Company") to assist the Board in fulfilling its oversight responsibilities relating to:

The integrity of the Company's financial statements and financial reporting process;

The Company's systems of internal accounting and financial controls;

The annual independent audit of the Company's financial statements;

The Company's compliance with legal and regulatory requirements;

The independent auditor's qualifications and independence; and

The performance of the Company's internal audit function and independent auditors.

II. COMPOSITION

The Committee shall consist of at least three (3) directors, each of whom shall meet the independence requirements of:

- The Securities Exchange Act of 1934
- The rules of the Securities and Exchange Commission
- The listing standards of any exchange on which the Company's securities are listed

Each Committee member shall be financially literate, and at least one member shall qualify as an "audit committee financial expert" as defined by SEC regulations.

Committee members shall not simultaneously serve on the audit committees of more than two other public companies.

III. MEETINGS AND PROCEDURES

The Committee shall meet at least quarterly, with authority to convene additional meetings as circumstances require.

A majority of Committee members shall constitute a quorum.

The Committee shall maintain minutes of its meetings and regularly report to the Board regarding its actions and recommendations.

The Committee may request any officer or employee of the Company, the Company's outside counsel, or independent auditor to attend meetings or meet with Committee members.

The Committee shall meet periodically in separate executive sessions with management, internal auditors, and the independent auditor.

IV. RESPONSIBILITIES AND DUTIES

A. Financial Statements and Disclosure Matters

Review and discuss with management and the independent auditor:

- Annual audited financial statements
- Quarterly financial statements
- Earnings press releases
- Financial information and earnings guidance provided to analysts
- Major issues regarding accounting principles and financial statement presentations

Review and discuss with management and the independent auditor:

- Any significant changes in the Company's selection or application of accounting principles
- Any major issues as to the adequacy of internal controls
- Any special audit steps adopted in light of material control deficiencies
- Analyses of significant financial reporting issues and judgments

B. Oversight of Independent Auditor

Appoint, compensate, retain, and oversee the work of the independent auditor.

Pre-approve all auditing services and permitted non-audit services to be performed by the independent auditor.

Review and evaluate:

- The independent auditor's qualifications and performance
- The lead audit partner

- The firm's internal quality control procedures
- Any material issues raised by recent internal quality control reviews

Ensure rotation of the lead audit partner every five years.

C. Internal Audit Function

Review and approve:

- The appointment and replacement of the senior internal auditing executive
- The annual internal audit plan
- The internal audit budget and resource plan

Review with management:

- Significant findings and recommendations
- Management's responses to internal audit reports
- Any difficulties encountered in the course of internal audits

D. Compliance Oversight

Obtain regular updates from management and company legal counsel regarding:

- Compliance matters
- Regulatory requirements
- Legal issues

Establish procedures for:

- Receipt, retention, and treatment of complaints regarding accounting, internal controls, or auditing matters
- Confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters

Review and approve all related-party transactions.

V. CYBERSECURITY AND TECHNOLOGY OVERSIGHT

Given the Company's focus on industrial cybersecurity:

Review and assess the adequacy of the Company's cybersecurity policies and procedures.

Monitor compliance with cybersecurity frameworks and standards applicable to critical infrastructure protection.

Review significant cybersecurity risk exposures and steps management has taken to monitor and control such exposures.

Receive periodic updates on:

- Technology infrastructure security
- Data protection measures
- Incident response capabilities
- Security testing results

VI. RESOURCES AND AUTHORITY

The Committee shall have the authority to:

- Engage independent counsel
- Retain other advisors
- Approve related fees and retention terms

The Company shall provide appropriate funding for:

- Payment to the independent auditor
- Payment to any advisors employed by the Committee
- Ordinary administrative expenses necessary for the Committee to carry out its duties

VII. ANNUAL EVALUATION AND CHARTER REVIEW

The Committee shall annually:

- Review its own performance
- Review and reassess the adequacy of this Charter
- Submit any recommended Charter changes to the Board for approval

VIII. LIMITATIONS

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

Determine that the Company's financial statements are complete, accurate, and in accordance with GAAP

Ensure compliance with laws and regulations

These are the responsibilities of management and the independent auditor.

IX. ADOPTION

This Charter was adopted by the Board of Directors of DeepShield Systems, Inc. on January 15, 2024.

APPROVED:

Dr. Marcus Chen

Chief Executive Officer

Robert Kessler

Chief Financial Officer

[Name]

Chair, Audit Committee