

**EQM TECHNOLOGIES & ENERGY, INC.**  
**AUDIT COMMITTEE CHARTER**

The purpose of the Audit Committee (the “Committee”) is to assist the Board of Directors (the “Board”) of EQM Technologies & Energy, Inc. (the “Corporation”) in its oversight of the Corporation’s accounting policies, internal controls, and financial reporting practices, the quality and integrity of the financial statements of the Corporation, the Corporation’s compliance with legal and regulatory requirements, the independence and qualifications of the Corporation’s independent auditor, and the performance of the Corporation’s internal audit function and independent auditors.

The Committee will be appointed by the Board and will be comprised of three or more directors (as determined from time to time by the Board), each of whom will meet the independence requirements of the Sarbanes-Oxley Act of 2002 (the “Act”) and all other applicable law. Each member of the Committee will be able to read and understand fundamental financial statements, including a company’s balance sheet, income statement, and cash flow statement. At least one member of the Committee will have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities, as each such qualification is interpreted by the Board in its business judgment. In addition, to the extent practicable at least one member of the Committee will be an “audit committee financial expert” as such term is defined by the Securities and Exchange Commission (the “SEC”).

In furtherance of its purpose, the Committee will have the following authority and responsibilities:

1. To discuss with Management and the Corporation’s independent auditor the annual audited financial statements and quarterly financial statements, including matters required to be reviewed under applicable legal or regulatory requirements.
2. To discuss with Management and the independent auditor, as appropriate, earnings press releases and financial information and earnings guidance provided to analysts and to rating agencies.
3. To select the independent auditor to examine the company’s accounts, controls and financial statements. The Committee will have the sole authority and responsibility to select, evaluate, compensate and oversee the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation (including determination and review of the scope and plans for any engagement and resolution of disagreements between the Corporation’s Management and the auditor regarding financial reporting). The independent auditor and each such registered public accounting firm will report directly to the Committee. The Committee will have the

sole authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must pre-approve any audit and non-audit service provided to the Corporation by the Corporation's independent auditor.

4. To discuss with Management and the independent auditor, as appropriate, any audit problems or difficulties and Management's response, and the Corporation's risk assessment and risk management policies, including the Corporation's major financial risk exposure and steps taken by Management to monitor and mitigate such exposure.
5. To review the Corporation's financial reporting and accounting standards and principles, significant changes in such standards or principles or in their application and the key accounting decisions affecting the Corporation's financial statements, including alternatives to, and the rationale for, the decisions made.
6. If and when applicable, to review and approve any internal corporate audit staff functions, including: (i) purpose, authority and organizational reporting lines; (ii) annual audit plan, budget and staffing; and (iii) concurrence in the appointment, compensation and rotation of a senior internal auditing executive and corporate audit staff, if any.
7. If and when applicable, to review, with the senior internal auditing executive, if any, and such others as the Committee deems appropriate, the Corporation's internal system of audit and financial controls and the results of internal audits.
8. To obtain and review at least annually a formal written report from the independent auditor delineating the auditing firm's internal quality-control procedures; any material issues raised within the preceding five years by the auditing firm's internal quality-control reviews, by peer reviews of the firm, or by any governmental or other inquiry or investigation relating to any audit conducted by the firm; and any steps taken by the auditing firm to address any findings in any of the foregoing reviews. In order to assess auditor independence, the Committee will also review at least annually all relationships between the independent auditor and the Corporation. The Committee will also assure regular rotation of the lead audit partner, as required by the Act, and consider whether rotation of the independent auditor is required to ensure independence.
9. To prepare and publish an annual Committee report in the Corporation's proxy statement.
10. To set policies for the Corporation's hiring of either employees or former employees of the Corporation's independent auditor.
11. To review and investigate any matters pertaining to the integrity of Management, including conflicts of interest, or adherence to standards of business conduct as required in the policies of the Corporation. This should include regular reviews of the compliance processes in general and the corporate ombudsman process in particular. In connection with these reviews, the Committee will meet, as deemed

appropriate, with the general counsel and other Corporation officers or employees. The Committee will meet separately with Management, the corporate audit staff, and the Corporation's independent auditors.

12. To establish procedures for the receipt, retention and treatment of complaints on accounting, internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

The Committee will have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate in its sole discretion. The Committee will have authority to retain such outside legal, accounting, and other advisors as the Committee may deem appropriate in its sole discretion. The Committee will have sole authority to approve related fees and retention terms.

The Committee will meet at such intervals as it may determine but not less frequently than quarterly. A majority of the members of the entire Committee will constitute a quorum. The Committee will act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. Without a meeting, the Committee may act by unanimous written consent of all members. However, the Committee may delegate to one or more of its members the authority to grant pre-approvals of audit and permitted non-audit services, provided the decision is reported to the full Committee at its next scheduled meeting.

The Corporation will provide for appropriate funding, as determined by the Committee, for payment of compensation: (a) to outside legal, accounting or other advisors employed by the Committee; and (b) for ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

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 Corporation's financial statements are complete and accurate and are in accordance with GAAP. This is the responsibility of Management and the Corporation's independent auditors.

The Committee will report its actions and any recommendations to the Board after each Committee meeting and will conduct and present to the Board an annual performance evaluation of the Committee. The Committee will review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.