

APPROACH RESOURCES INC.
AUDIT COMMITTEE CHARTER
Revised as of August 1, 2011

Purpose

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Approach Resources Inc. (the “Company”) is appointed by the Board to oversee the accounting and financial reporting processes of the Company and the audits of the Company’s financial statements. In that regard, the Committee assists the Board in monitoring (1) the integrity of the financial statements of the Company, (2) the independent auditor’s qualifications and independence, (3) the performance of the Company’s independent auditor, (4) the Company’s enterprise risk management process, (5) the compliance by the Company with legal and regulatory requirements, (6) the Company’s systems of disclosure controls and procedures and (7) the Company’s Code of Conduct.

The Committee shall prepare the report required by the rules of the Securities and Exchange Commission (the “Commission”) to be included in the Company’s annual proxy statement.

Committee Membership

The Committee shall consist of no fewer than three members. Each member of the Committee shall meet the independence and experience requirements of The NASDAQ Stock Market Marketplace Rules and the Securities Exchange Act of 1934 (the “Exchange Act”) and the determination of independence will be made by the Board. All members of the Committee shall be able to read and understand fundamental financial statements. No member of the Committee shall have participated in the preparation of the financial statements of the Company in the past three years. At least one member of the Committee shall be an “audit committee financial expert” as defined by the Commission and determined by the Board.

If a Committee member ceases to be independent for reasons outside the member’s reasonable control, his or her membership on the Committee may continue until the earlier of the Company’s next annual stockholders’ meeting or one year from the occurrence of the event that caused the failure to qualify as independent. If the Company is not already relying on this provision, and falls out of compliance with the requirements regarding Committee composition due to a single vacancy on the Committee, then the Company will have until the earlier of the following dates to correct the noncompliance: (1) the date of the next annual stockholders’ meeting or (2) one year from the occurrence of the event that caused the noncompliance. The Company shall provide notice to The NASDAQ Stock Market immediately upon learning of the event or circumstance that caused the noncompliance, if it expects to rely on either of these provisions for a cure period.

The members of the Committee shall be elected by the Board to serve until their successors are duly elected and qualified. Unless the Board elects a Chair to the Committee, a Chair may be designated by a majority vote of the full Committee. Any vacancy on the

Committee may be filled by majority vote of the Board at the next meeting of the Board following the occurrence of the vacancy or by resolution of the Board. No member of the Committee shall be removed except by majority vote of the Board.

Meetings

The Committee shall meet as often as it determines necessary but not less frequently than quarterly. The Committee shall meet periodically in separate executive sessions with management, the independent auditor and, if applicable, the internal auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. A majority of the Committee members participating in a meeting shall constitute a quorum. Minutes shall be kept for each meeting of the Committee. 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 members of, or consultants to, the Committee.

Committee Authority and Responsibilities

The Committee shall have the sole authority to appoint, determine funding for and oversee the Company's independent auditor (subject, if applicable, to stockholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Committee.

The Committee shall pre-approve all auditing services, internal control-related services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the *de minimis* exception for non-audit services (as set forth in the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder) that are approved by the Committee prior to the completion of the audit. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

The Committee shall have the authority, to the extent it deems necessary or appropriate, to engage and determine funding for its own independent legal, accounting or other advisors. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Company and to any advisors employed by the Committee, as well as funding for the payment of ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee shall make regular reports to the Board. The Committee shall review and reassess the adequacy of this Audit Committee Charter (the “Charter”) annually and recommend any proposed changes to the Board for approval.

The Committee, to the extent it deems necessary or appropriate, shall:

Regarding Financial Statement and Disclosure Matters

- Review and discuss with management and the independent auditor the Company’s quarterly financial statements prior to the filing of its Form 10-Q, including the results of the independent auditor’s review of the quarterly financial statements.
- Review and discuss with management and the independent auditor any major issues as to the adequacy of the Company’s internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
- Review and discuss with management (including, if applicable, the internal auditor) and the independent auditor the Company’s annual financial statements and internal controls report and the independent auditor’s attestation of the report prior to the filing of the Company’s Form 10-K.
- Review and discuss quarterly reports from the independent auditors on:
 - all critical accounting policies and practices to be used;
 - all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor; and
 - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with management the Company’s earnings press releases, including the use of “pro forma” or “adjusted” non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be in general terms (consisting of discussing the types of information to be disclosed and the types of presentations to be made).
- Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company’s financial statements.
- Provide oversight for the Company’s enterprise risk management process, and discuss with management the Company’s major financial and other risk exposures and the steps management has taken to monitor and control such exposures.

- Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by AU Section 380, as adopted by the Public Company Accounting Oversight Board, relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.
- Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.
- Take appropriate action so that a public announcement of the Company's receipt of an audit opinion that contains a going concern qualification is made promptly.

Regarding Oversight of the Company's Relationship with the Independent Auditor

- Review and evaluate the lead partner of the independent auditor team.
- Obtain and review a report from the independent auditor at least annually regarding (1) the independent auditor's internal quality control procedures, (2) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, 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 firm and (3) any steps taken to deal with any such issues. Evaluate the qualifications, performance and independence of the independent auditor, including considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is lawful and compatible with maintaining the auditor's independence, and taking into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.
- Obtain from the independent auditor a formal written statement delineating all relationships between the independent auditor and the Company. It is the responsibility of the Committee to actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for purposes of taking, or recommending that the full Board take, appropriate action to oversee the independence of the outside auditor.
- Take appropriate action to accomplish 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. Consider whether, in order to assure continuing auditor independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.
- Recommend to the Board policies for the Company's hiring of employees or former employees of the independent auditor.

- Discuss with the independent auditor material issues on which the national office (or equivalent office) of the independent auditor was consulted by the Company's audit team.
- Meet with the independent auditor before the audit to discuss the planning and staffing of the audit.

Regarding Oversight of the Company's Internal Audit Function

- Noting that at the time of the adoption of this Charter and subsequent revisions, the Company has no internal audit department, consider from time to time the advisability of creating such a department, and, otherwise, consider the means by which the Company will address internal audit functions.
- Review the significant reports to management prepared by the internal auditor, as applicable, and management's responses.
- As applicable, discuss with the independent auditor and management the internal auditing responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.

Regarding Compliance Oversight Responsibilities

- Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
- Obtain reports from management, the Company's internal auditor, as applicable, and the independent auditor that the Company and its subsidiary/foreign affiliated entities are in conformity with applicable legal requirements and the Company's code of business conduct and ethics. Advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Conduct.
- Establish policies and procedures for the review, approval and ratification of any related party transactions that are required to be disclosed pursuant to Item 404 of Regulation S-K.
- Establish policies and 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 or alleged breaches of the Company's Code of Conduct.
- 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.

- Discuss with the Company's General Counsel or outside counsel any legal matters brought to the Committee's attention that could reasonably be expected to have a material impact on the financial statements or the Company's compliance policies.

Limitation of Committee's Role

Although 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 generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditor.