

**PETROSHARE CORP.
AUDIT COMMITTEE CHARTER**

Confirmed August 15, 2016

PURPOSE

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of PetroShare Corp., a Colorado corporation (the “Company”) shall be to make such examinations as are necessary to assist the Board in (i) fulfilling its responsibilities and overseeing management’s activities relating to accounting, record keeping, financial reporting, disclosure controls, and internal control over financial reporting; (ii) overseeing the integrity of the Company’s financial statements; (iii) evaluating the qualifications, independence and performance of the Company’s independent auditors and selecting independent auditors based on such evaluations; (iv) supervising the Company’s internal audit function and independent auditors; (v) ensuring the Company’s compliance with legal and regulatory requirements; and (vi) providing such additional information and materials as the Committee may deem necessary to make the Board aware of significant financial matters which require the Board’s attention.

The Committee shall have reasonable access to all records of the Company as determined by the Board. It shall have and may exercise such powers as are appropriate to fulfill these requirements or any special requests by the Board.

COMPOSITION

All members of the Committee shall be financially literate and shall have a working familiarity with basic finance and accounting practices. To effectively perform his or her role, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership as well as the Company’s business operations and risks.

The Committee shall be comprised of at least two members of the Board, each of whom (i) has been affirmatively determined in the judgment of the Board to qualify as an independent director under the rules of the NYSE MKT (“Independent Director”), and (ii) is able to read and understand fundamental financial statements. At least one member shall have past employment experience in finance or accounting or other comparable experience, including a current or past position as chief executive, financial officer or other senior officer with financial oversight responsibilities and shall be designated an audit committee financial expert in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”).

The members of the Committee will be appointed by the Board and shall serve for such term as the Board may determine, or until their earlier resignation, death or removal by the Board. An Independent Director shall promptly notify the Committee and the Board in the event the member is no longer an Independent Director and the Board, in its discretion, may remove such member and replace him or her with another member who qualifies as an Independent Director.

FUNCTIONS AND AUTHORITY

The operation of the Committee shall be subject to the Bylaws of the Company, as in effect from time to time, and Article 108 of the Colorado Business Corporation Act. The Committee shall be obligated, and shall have the full power and authority, to carry out the following responsibilities:

- To appoint the independent registered public accounting firm to be employed by the Company as its independent auditors for the ensuing year.
- To receive a formal written statement from the Company's independent auditors at least annually delineating all relationships between the auditors and the Company, discuss with the independent auditors any disclosed relationships or services that may impact the objectivity and independence of the independent auditors, to review and approve all professional services provided to the Company by the independent auditors and to recommend that the Board take appropriate action in response to the independent auditors' report to satisfy itself of the independent auditors' independence.
- To review and approve the engagement of the independent auditors, including the scope, extent and procedures of audit and permissible non-audit services to be performed for the Company and oversee any other aspects of the engagement of the independent auditors, including but not limited to resolution of disagreements between management and the auditor regarding financial reporting and other audit, review or attest services, and the compensation to be paid therefore, and all other matters the Committee deems appropriate.
- To obtain and review at least annually a report by the independent auditors describing the Company's internal control procedures, any material issues raised by the most recent internal control review or peer review of the Company, any inquiry or investigation by governmental or professional authorities with respect to one or more independent audits carried out by the firm within in the preceding five years and any steps taken by the independent auditor to deal with such issues.
- To have familiarity, through the individual efforts of its members, with the accounting and reporting principles and practices applied by the Company in preparing its financial statements, including, without limitation, the policies for recognition of revenues in financial statements and to review any major issues with or significant changes in the Company's selection or application of accounting and reporting principles and financial statement presentation.
- To meet separately with management, internal auditors or other personnel responsible for the internal audit function and the independent auditors periodically.
- To meet with management and the independent auditors to review and discuss the Company's balance sheet, statements of operations, and statements of cash flows and stockholders' equity for each interim period, any changes in accounting policy that have occurred during the interim period and to discuss the Company's specific disclosure under "Management Discussion and Analysis of Financial Condition and Results of Operations" and approve the financial statements for filing with the SEC on any Forms 10-Q or 10-K.
- To provide a report in the Company's annual proxy statement or report on Form 10-K as required by the SEC stating whether the Committee has complied with its responsibilities under this Charter, including without limitation, whether the Committee has reviewed and discussed the Company's audited financial statements with the Company's management, whether the Committee recommended to the Board that the audited

financial statements be included in the Company's annual report on Form 10-K, and whether anything came to the attention of the Committee that caused the Committee to believe that the audited financial statements contain any materially misleading information or omit any material information.

- To assist and interact with the independent auditors in order that they may carry out their duties in the most efficient and cost effective manner.
- To review with the independent auditors any audit problems or difficulties, evaluate the cooperation received by the independent auditors during their audit examination, including their access to all requested records, data and information, and elicit the comments of management regarding the responsiveness of the independent auditors to the Company's needs.
- To review major issues as to the adequacy of the Company's internal controls, discuss with Company management the scope and quality of internal accounting and financial reporting controls in effect, and review any special audit steps adopted in light of material control deficiencies.
- To establish procedures for the receipt, retention and treatment of complaints or concerns, including a procedure for confidential and anonymous submission by the Company's employees, regarding the Company's accounting, internal accounting controls or auditing matters.
- To engage independent counsel or other advisers, separate from counsel or advisers retained by the Company, as the Committee deems necessary to carry out its duties and approve the compensation to any adviser so engaged or retained.
- To determine and approve the ordinary administrative expenses of the Committee necessary or appropriate to discharge its functions.
- To perform such other functions and have such power as may be necessary or convenient in the efficient and lawful discharge of the foregoing and to report regularly to the Board thereon.
- To review and oversee any "related party transaction" (as defined by the SEC) to the extent that a separate special committee of the Board is not so designated.
- To annually evaluate its performance, the qualifications of its members and the adequacy of this Charter and report thereon to the Board.

MEETINGS AND PROCEDURAL MATTERS

The Committee will hold at least one regular meeting per quarter and additional meetings as the Chairperson or Committee deems appropriate. The Committee will meet at such time as shall be determined by its Chairperson, or upon the request of any two of its members. The agenda of each meeting will be prepared by the Chairman of the Committee and, whenever reasonably practicable circulated to each member prior to the meeting date. The chief executive officer or chief accounting officer may attend any meeting of the Committee, except for portions

of the meetings where his, her or their presence would be inappropriate, as determined by the Committee Chairperson.

A majority of the members will constitute a quorum. A majority of the members present at any meeting at which a quorum is present may act on behalf of the Committee and each member shall have one vote. The Chairperson will preside, when present, at all meetings of the Committee. The Committee may meet by telephone, or by videoconference, and may take action by written consent. Minutes of each meeting of the Committee shall be kept and distributed to each member of the Committee, member of the Board who are not members of the Committee and the Secretary of the Company. The Chairperson of the Committee shall report to the Board from time to time, or whenever so requested by the Board.