

PANHANDLE OIL AND GAS INC. AUDIT COMMITTEE CHARTER

(Adopted December 16, 2004, Amended December 13, 2007, December 1, 2008, December 8, 2010,
December 10, 2012, December 10, 2014 and December 11, 2017)

Organization

This Charter governs the operations of the Audit Committee ("Committee") of Panhandle Oil and Gas Inc. ("Company"). The Committee shall review and reassess this Charter at least annually and obtain the approval of the Charter by the Board of Directors ("Board"). The Committee shall consist of three or more directors appointed annually by the Board, each of whom is independent of management and the Company. Members of the Committee shall be considered independent as long as they do not accept directly or indirectly any consulting, advisory, or other compensatory fees from the Company other than for Board service and are not an affiliated person of the Company, or any of its subsidiaries, and meet such independence and expertise requirements as are applicable under U.S. law, the rules and regulations of the Securities and Exchange Commission and the stock exchange on which the Company is listed. At least one member of the Committee shall be an "audit committee financial expert" as defined by SEC regulations and all members shall be financially literate as determined by the Board.

Purpose

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community and others, relating to: the integrity of the Company's financial statements; the financial reporting process; the systems of internal accounting and financial controls; the performance of the Company's internal audit function and independent auditors; the independent auditors' qualification and independence; and the Company's compliance with ethics policies and legal and regulatory requirements. In so doing, it is the responsibility of the Committee to maintain free and open communication among the Committee, the independent auditors and management of the Company.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and has the authority to engage, without Board approval and at the Company's expense, independent counsel and other advisors as it determines appropriate to carry out its duties.

Responsibilities

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of their activities to the Board. 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 are complete and accurate and are in accordance with generally accepted accounting principles. Management is responsible for the preparation, presentation and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

The Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible in order to best react to changing conditions and circumstances. The Committee should take appropriate actions to set the overall corporate "tone" for quality financial reporting, sound business risk practices and ethical behavior. The following shall be the principal duties and responsibilities of

the Committee. These are set forth as a guide with the understanding that the Committee may supplement them from time to time as appropriate.

- The Committee shall be directly responsible for the appointment, termination, compensation and oversight of the work of the independent auditors. The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and the fees to be paid for those services and shall not engage the independent auditors to perform any non-audit services prohibited by law or regulation. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- The Committee shall annually evaluate the qualifications, independence and performance of the independent auditors on the basis of such factors as it shall deem appropriate. The Committee shall obtain and review a report from the independent auditors at least annually regarding (a) the auditors' internal quality-control procedures, (b) any material issues raised by the most recent 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditors and the Company.
- The Committee shall discuss with management the qualifications, independence and performance of the independent auditors.
- The independent auditors shall report directly to the Audit Committee and are ultimately accountable to the Committee and the Board.
- The Committee shall discuss with the independent auditors the overall scope and plans for their audits, including the adequacy of staffing and compensation. Also, the Committee shall discuss with management and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor and manage business risk and legal and ethical compliance programs (including the Company's Code of Ethics and Business Practices).
- The Committee shall provide sufficient opportunity for the independent auditors to meet with the members of the Audit Committee without members of management present. Among the items to be discussed in these meetings are the independent auditors' evaluation of the Company's financial and accounting personnel, the cooperation that the independent auditors received during the course of audit, any difficulties encountered, any restrictions on their work, significant disagreements with management and their findings and recommendations. The Committee shall discuss certain matters required to be communicated to the Audit Committee in accordance with professional standards.
- The Committee shall also meet periodically, separately with management and personnel responsible for the internal audit function.
- The Committee shall receive annual reports from the independent auditors on the critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.

- The Committee shall review management's assertion on its assessment of the effectiveness of internal controls and the independent auditors' report on the Company's internal controls.
- The Committee shall review the internal audit function of the Company including proposed programs, the progress of ongoing programs and the outsourcing of internal audit responsibilities.
- The Committee shall review and discuss earnings press releases.
- The Committee shall review the interim financial statements and disclosures under *Management's Discussion and Analysis of Financial Condition and Results of Operations* with management and the independent auditors prior to the filing of the Company's quarterly report on Form 10-Q. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- The Committee shall review with management and the independent auditors the financial statements and disclosures under *Management's Discussion and Analysis of Financial Condition and Results of Operations* to be included in the Company's annual report on Form 10-K, including their judgment about the quality, as well as the acceptability of accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. Based on this review and discussion, the Committee shall recommend to the Board that the audited financial statements be included in the Company's Form 10-K.
- The Committee shall discuss with management the Company's policies with respect to risk assessment and risk management.
- The Committee shall evaluate and consider, in collaboration with management, the acquisition of directors' and officers' indemnification and insurance coverage. The Committee will evaluate and recommend to the full board the level of coverage needed, if any, on an annual basis.
- 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 its employees of concerns regarding questionable accounting or auditing matters.
- The Committee shall receive corporate attorney's reports of evidence of a material violation of securities laws or breaches of fiduciary duty.
- The Committee shall prepare its report to be included in the Company's annual proxy statement as required by SEC regulations.
- The Committee shall evaluate its performance at least annually to determine whether it is functioning effectively and shall present the results of the evaluation to the Board.
- The chair of the Committee shall be responsible for keeping accurate minutes of Committee meetings, reviews, activities and reports.
- The Committee shall regularly report its activities to the Board.

- The Committee shall establish policies for hiring employees or former employees of the independent auditors.

Compliance Matters

The Committee shall discuss with management the Company's compliance with applicable laws and regulations and any material reports, correspondence or inquiries from regulatory or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

The Committee shall obtain reports from management stating that the Company and its subsidiary entities are in conformity with applicable legal requirements, legal business policies, regulatory requirements and the Company's Code of Ethics and Business Practices. The Committee shall review reports and disclosures of insider and affiliated party transactions. The Committee shall 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 Ethics and Business Practices.