

**GAS NATURAL INC.  
AUDIT COMMITTEE CHARTER**

**September 9, 2015**

***Introduction***

This Audit Committee Charter (the “**Charter**”), approved by the Board of Directors (the “**Board**”) of Gas Natural Inc. (the “**Company**”), governs the operations of the Company’s Audit Committee (the “**Committee**”).

***Membership***

The Committee shall consist of three or more directors. Each member of the Committee shall be independent in accordance with the requirements of Rule 10A-3 of the Securities Exchange Act of 1934 and the rules of the NYSE MKT Company Guide (the “**Company Guide**”). No member of the Committee can have participated in the preparation of the Company’s or any of its subsidiaries’ financial statements at any time during the past three years.

Each member of the Committee must be able to read and understand financial statements, including the Company’s balance sheet, income statement and cash flow statement. At least one member of the Committee must have past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that leads to financial sophistication. At least one member of the Committee must be an “audit committee financial expert” as defined in Item 407(d)(5)(ii) of Regulation S-K. A person who satisfies this definition of audit committee financial expert will also be presumed to have financial sophistication.

No member of the Committee may serve simultaneously on the audit committee of more than two other public companies.

The members of the Committee shall be appointed by the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation or death. The Board may remove any member from the Committee at any time with or without cause.

The Chairman of the Committee shall be appointed from the Committee membership by the Board.

***Structure and Operations***

The Committee shall meet a minimum of four times a year and may hold additional meetings as frequently as the Committee deems necessary and at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall produce meeting minutes and report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee is governed by the same rules regarding meetings (including meetings in person or by

telephone or other similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board.

The Committee may invite such members of management to its meetings as it deems appropriate. However, the Committee shall meet regularly without such members present, and in all cases the CEO and any other such officers shall not be present at meetings at which their compensation or performance is discussed or determined.

The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

### ***Purpose***

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 the Committee's 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 un-audited interim financial statements.

The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, regulators, vendors, customers and others relating to the:

- integrity of the Company's financial statements;
- financial reporting process;
- systems of internal accounting and financial controls;
- performance of the Company's internal audit function and independent auditors;
- independent auditor's qualifications and independence;
- Company's compliance with ethics policies and codes of conduct;
- Company's compliance with legal and regulatory requirements; and
- adequacy of the Company's response to reports of material violations of securities laws or breaches of fiduciary duty made by outside corporate attorneys, employees or other parties.

In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, the internal auditors, the Board 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 is granted the authority and use of corporate funds to engage independent counsel and other outside advisers as it determines necessary to carry out its duties.

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 Board, the Committee and Company management, acting together, will take appropriate actions to set the overall corporate “tone” for quality financial reporting, sound business risk practices, and ethical behavior.

### ***Duties and Responsibilities***

Nothing in this Charter is intended to preclude or impair the protections and obligations of Ohio Revised Code Section 1701.59 regarding reliance by the Committee on information, opinions, reports, or statements, including financial statements and other financial data, that are prepared and presented by one or more directors, officers, or employees of the corporation, counsel, public accountants, or another committee of the Board.

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 as appropriate.

The Committee shall be directly responsible for the appointment and termination, compensation, and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditor regarding financial reporting and taking appropriate action to oversee the independence of the independent auditors. The Committee shall pre-approve all audit and non-audit services provided by the independent auditors, and shall not engage the independent auditors to perform any specific non-audit services prohibited by the Exchange Act. 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 reported to the full Committee at its next scheduled meeting.

In addition, as necessary and appropriate, the Audit Committee will:

1. Confirm that the audit partners of the independent auditors are rotated in accordance with Securities and Exchange Commission (the “SEC”) requirements.
2. At least annually, ensure the receipt of and review a report by the independent auditors describing (1) the audit firm’s internal quality control procedures, (2) any material issues raised by the most recent internal quality control review, or peer review, of the audit 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 any steps taken to deal with any such issues, and (3) all relationships between the independent auditors and the Company, in a manner consistent with Independence Standards Board No. 1.

3. Actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditors. In considering independence, the Committee shall receive confirmation that the independent auditors are independent pursuant to Rule 2-01 of Regulation S-X and pursuant to any requirements under the Exchange Act.
4. Set clear company policies for hiring employees or former employees of the independent auditors that meet the SEC regulations and the NYSE Amex stock exchange listing standards or other applicable listing standards.
5. Discuss with the internal auditors and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation.
6. Discuss with management, the internal auditors, 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 (e.g., the Company's Code of Conduct and/or Code of Ethics).
7. Periodically meet privately and separately, as appropriate, with management, the internal auditors, and the independent auditors to discuss issues and concerns warranting Committee attention. Review with the independent auditor any audit problems or difficulties and management's response.
8. Following each audit by the independent auditors, obtain from the independent auditor assurance that Section 10A of the Private Securities Litigation Reform Act of 1995 has not been implicated by confirming that each audit of the Company's financial statements included (1) procedures that were designed to provide reasonable assurance of detecting illegal acts that would have a direct and material effect on the determination of financial statement amounts, (2) procedures that were designed to identify related party transactions that are material to the financial statements or otherwise require disclosures therein, and (3) an evaluation of whether there is substantial doubt about the ability of the Company to continue as a going concern during the ensuing fiscal year.
9. Discuss and review with the independent auditors the report the independent auditors are required to provide the Committee following each audit regarding 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.
10. Review (1) management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year, and (2) the independent auditors' report on management's assertion.

11. Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.
12. 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 SEC Form 10-Q. 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, including those required to be communicated by the independent auditors under standards of the Public Company Accounting Oversight Board. With the prior agreement of the Committee, the Chairman of the Committee may represent the entire Committee for the purposes of this review; but, as a general policy, the Committee shall meet as a committee-of-the-whole to review the Company's interim financial statements.
13. 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 SEC Form 10-K (or the annual report to shareholders if distributed prior to the filing of Form 10-K) prior to the filing of such Form 10-K. Discuss with management and the independent auditors their judgment about the quality, not just 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, including those required to be communicated in accordance with Statement on Accounting Standards No. 61 and other applicable professional standards.
14. Discuss and review with management and the independent auditors, as appropriate, any other material financial information submitted to any governmental or public body, including any certification, report, opinion, or review rendered by the independent auditors, as well as any correspondence with the NYSE Amex stock exchange or other applicable stock exchange or any governmental agencies concerning material issues related to the financial statements, audits or accounting policies of the Company.
15. Establish procedures for the receipt, retention, and treatment of complaints (1) received by the Company's management regarding accounting, internal accounting controls, or auditing matters, and (2) submitted to the Committee on a confidential or anonymous basis by employees of the Company regarding their concerns with questionable accounting or auditing matters.
16. Receive and review reports from the Company's outside legal counsel and/or the Chief Executive Officer concerning their investigation of and actions taken on outside, corporate attorneys' reports of evidence of a material violation of securities laws or breaches of fiduciary duty affecting the Company. Receive and respond to direct reports

from outside, corporate attorneys who believe that Company management has failed to respond adequately to their reports of a possible violation of securities laws or breaches of fiduciary duty.

17. Review and discuss with Company management and the internal auditors (1) compliance with legislation, (2) regulatory and court orders, (3) communications to shareholders, securities analysts and brokers, and (4) preparation of income tax and property tax filings.
18. Review and discuss with Company management the form and adequacy of the Company's risk management program and related business insurance policies and self-insurance programs.
19. Review, on an annual basis, with Company management, the Company's Code of Business Conduct, discuss with management any compliance problems reported during the past year, and discuss revisions to the Code(s) as necessary to promote future compliance with laws and regulations, and reduce business risk.
20. Prepare a report on its activities to be included in the Company's annual proxy statement, as required by SEC regulations.
21. Annually review and reassess the adequacy of this Charter.
22. Oversee the inclusion of this Charter every three years in the Company's annual proxy statement or the availability of this Charter on the Company's Web site in accordance with SEC regulations.

### ***Other Matters***

From time-to-time, the Board may request the Committee to evaluate accounting procedures and investigate business or legal risks related to specific on-going operations or a potential investment, acquisition or merger. The Committee will conduct such evaluations as special projects using the business knowledge of its own members, Company staff or outside, independent consultants and attorneys.

### ***Delegation of Authority***

The Committee shall have the authority to delegate any of its responsibilities, along with the authority to take action in relation to such responsibilities, to one or more subcommittees as the Committee may deem appropriate in its sole discretion.

### ***Outside Advisors***

The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of outside counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of any outside counsel and other advisors. The Committee shall set the compensation,

and oversee the work, of its outside counsel and other advisors. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its auditors, accountants, outside counsel and any other advisors.

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of independent auditors, any other accounting firm as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of the any auditor or accounting firm.

The Committee shall not be required to implement or act consistently with the advice or recommendations of its auditor or accounting firm, outside counsel or other advisor, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.

The auditor or accounting firm, outside counsel and any other advisors retained by the Committee shall be independent as determined in the discretion of the Committee.

### ***Performance Evaluation***

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

### ***Adoption***

This Audit Committee charter has been reviewed and approved by the Board of Directors of Gas Natural Inc. on September 9, 2015.