

**APPROACH RESOURCES INC.  
COMPENSATION COMMITTEE CHARTER**

Adopted as of November 4, 2014

**Article I. Purpose and Duties**

The purpose of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Approach Resources Inc. (the “Company”) shall be to (i) assist the Board in the oversight of the Company’s executive and director compensation programs, (ii) discharge the Board’s duties relating to administration of the Company’s incentive compensation and any other stock-based plans; and (iii) act on specific matters within its delegated authority, as determined by the Board from time to time. The Committee shall have the following responsibilities:

1. The Committee has general oversight responsibility for the Company’s executive compensation plans, policies and programs and administration of the Company’s incentive compensation and other stock-based plans.
2. The Committee shall review and approve on at least an annual basis corporate goals and objectives with respect to compensation for the Company’s Chief Executive Officer (the “CEO”). The Committee shall evaluate at least once a year the CEO’s performance in light of these established goals and objectives and, based upon these evaluations, shall recommend to the Board the CEO’s annual compensation, including salary, bonus, incentive and equity compensation. The CEO shall not be present during such evaluation by the Committee.
3. The Committee shall review and approve on at least an annual basis the evaluation process and compensation structure for the Company’s executive officers other than the CEO. The Committee shall receive and review the CEO’s reports and recommendations regarding the performance and recommended compensation of the executive officers of the Company and shall recommend to the Board the annual compensation, including salary, bonus, incentive and equity compensation, for such officers. The CEO may be present during discussions evaluating and setting the compensation levels of the Company’s executive officers other than himself, but may not vote on such deliberations.
4. The Committee shall review the Company’s incentive compensation and other stock-based plans and recommend new plans and changes in existing plans to the Board as needed. The Committee shall have and shall exercise all the authority of the Board with respect to the administration of such plans.
5. The Committee shall review on at least an annual basis director compensation and make a recommendation to the Board regarding the form and amount of director compensation. Directors who are employees of the Company shall not receive any

additional compensation for service on the Board.

6. The Committee shall meet with management to review and discuss the Compensation Discussion and Analysis (the “CD&A”) required by the Securities and Exchange Commission’s (the “SEC”) rules and regulations. The Committee will recommend to the Board whether the CD&A should be included in the Company’s proxy statement or other applicable SEC filings. The Committee will prepare a “Report of the Compensation Committee” for inclusion in the Company’s applicable filings with the SEC. The report will state whether the Committee reviewed and discussed with management the CD&A, and whether, based on such review and discussion, the Committee recommended to the Board that the CD&A be included in the Company’s proxy statement or other SEC filings.
7. The Committee shall review and reassess on at least an annual basis the adequacy of this Compensation Committee Charter (this “Charter”) and recommend appropriate changes to the Board.

## **Article II. Membership**

The Committee shall be composed of two or more members of the Board as determined by resolution of the Board. Each member of the Committee must individually meet the independence requirements defined in Rules 5605(a)(2) and 5605(d)(2) and any other requirements imposed by law, regulation and the NASDAQ Listing Rules, if and as applicable. Each member of the Committee shall also qualify as “non-employee directors” within the meaning of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other standards of independence under federal securities and tax laws, if and as applicable.

The members of the Committee shall be elected by the Board to serve until their successors shall be duly elected and qualified, or until the Committee member ceases to be a Board member, if earlier. No member of the Committee shall be removed except by majority vote of the Board. Unless the Board elects a Chairperson to the Committee, a Chairperson may be designated by a majority vote of the full Committee. Any vacancy on the Committee shall 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.

The Committee has the authority to delegate any of its duties and responsibilities to any subcommittee of the Committee.

### **Article III. Meetings**

The Committee may determine its own rules of procedure, which shall be consistent with the bylaws of the Company and this Charter. The Committee shall meet at least twice a year and as often as it determines appropriate and may hold special meetings as circumstances require. A majority of the Committee members participating in a meeting shall constitute a quorum. The Chairperson of the Committee will chair all meetings of the Committee and set the agendas for the Committee meetings. If the Chairperson is absent from a meeting (or not designated by the Board), a majority of the full Committee present at such meeting will designate an acting chairperson for purposes of that meeting. A majority of members present at any meeting at which a quorum is present may act on behalf of the Committee. The Committee will keep minutes of all proceedings and will report its actions to the Board.

### **Article IV. Authority; Outside Advisers**

The Committee shall have the resources and authority necessary to fulfill the purposes of the Committee and discharge its duties and responsibilities. The Committee shall have the sole authority to retain, establish the scope of the engagement of and terminate any compensation consultant, outside legal counsel or other adviser to be used to assist in the evaluation of the CEO's or the Company's or other executive officers' compensation without consulting with or obtaining the approval of any officer of the Company in advance. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of its compensation consultant, outside legal counsel and other adviser retained by the Committee. The Company shall provide adequate funding, as determined by the Committee, for the retention of any compensation consultant, outside legal counsel or other adviser. The Committee shall provide the Company with an estimate of all fees and costs of any compensation consultant, outside legal counsel and other adviser so retained by the Committee prior to the actual start date of any such consultant, counsel or other adviser. Any communication between the Committee and the legal counsel in the course of obtaining legal advice shall be considered privileged communications of the Company. The Committee shall take all necessary steps to preserve the privileged nature of those communications.

In retaining a compensation consultant, outside legal counsel or other adviser, the Committee will consider the independence of such compensation consultant, outside legal counsel or other adviser in accordance with the following factors set forth in Rule 10C-1(b)(4) promulgated under the Exchange Act:

1. The provision of other services to the Company by the person that employs the compensation consultant, outside legal counsel or other adviser;
2. The amount of fees paid from the Company by the person that employs the compensation consultant, outside legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, outside legal counsel or other adviser;

3. The policies and procedures of the person that employs the compensation consultant, outside legal counsel or other adviser that are designed to prevent conflicts of interest;
4. Any business or personal relationship between the compensation consultant, outside legal counsel or other adviser and any member of the Committee;
5. Any ownership by the compensation consultant, outside legal counsel or other adviser of the Company's stock; and
6. Any business or personal relationship between the compensation consultant, outside legal counsel, other adviser or the person that employs that compensation consultant, outside legal counsel or other adviser, and any executive officer of the company.

The Committee may select, or receive advice from, any compensation consultant, outside legal counsel or other adviser they prefer, including ones that are not independent, after considering the six independence factors outlined above. The Committee is not required to conduct an independence assessment for a compensation adviser, outside legal counsel or other adviser that acts in a role limited to the following activities: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.