

# GEOMET, INC.

## AUDIT COMMITTEE CHARTER

This Audit Committee Charter was revised and approved by the Board of Directors (the "Board") of GeoMet, Inc., a Delaware corporation ("the Company"), on August 7, 2009, and may be amended further from time to time at the discretion of the Board.

### **Purpose**

The Audit Committee ("the Committee") is established to assist the Board in fulfilling its responsibilities for monitoring (i) the integrity of the quarterly and annual financial and accounting information to be provided to the stockholders and the Securities and Exchange Commission ("SEC"); (ii) the system of internal controls that management has established; (iii) the Company's independent auditor's qualifications and independence, (iv) the performance of the Company's internal audit functions and its independent auditor; and (v) the Company's compliance with legal and regulatory requirements governing the preparation and reporting of financial information.

### **Committee Membership**

The Committee will be comprised of three or more directors, as determined by the Board, each of whom will be independent in accordance with applicable law, including SEC and NASDAQ Global Market ("NASDAQ") rules. All of the members of the Committee will be able to read and understand financial statements at the time of their appointments and at least one member will have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities. The Board will elect one of the members of the Committee to be the Committee Chair. It is understood that the Board has complete discretion in electing and removing members of the Committee.

### **Meetings**

The Committee will meet at least four times annually in conjunction with the completion of the Company's quarterly and annual financial statements and as many additional times as the Committee deems necessary. Meetings may be held either in person or telephonically. Content of the agenda for each meeting should be submitted and approved by the Committee Chair prior to the meeting. The Committee may meet in separate executive sessions with the chief financial officer and independent auditor at other times when considered appropriate.

### **Attendance and Quorum Requirements**

Committee members will be expected to be present at all meetings. As necessary or desirable, the Committee Chair may request that members of management and representatives of the independent auditor be present at Committee meetings. A quorum for conducting a Committee meeting shall exist with the presence of at least 66 2/3% of the elected members in attendance either in person or telephonically.

## **Voting**

Business matters and requests presented to the Committee for consideration shall be deemed approved with the consent of at least 66 2/3% of members present. Matters failing to achieve 66 2/3% consent shall be considered declined by the Committee.

## **Authority**

The Committee shall have the sole authority to appoint or replace the independent auditor (subject, if deemed advisable by the Board, to stockholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor (including the 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 Committee shall determine the permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor. The independent auditor shall report directly to the Committee.

The Committee shall have the authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company. All employees shall be directed to cooperate with respect thereto as requested by members of the Committee. The Committee shall have the authority, to the extent it deems necessary or appropriate to the performance of its duties, to engage and determine funding for, 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 and to any advisors employed by the Committee. The Committee may also delegate authority to one or more designated members of the Committee, including the authority to pre-approve all auditing and permitted non-audit services, providing that such decisions are presented to the full Committee at its next scheduled meeting for ratification.

## **Specific Duties**

In carrying out its oversight responsibilities, the Committee will:

1. At the completion of the annual audit, review with management and the independent auditor the following:
  - The annual financial statements and related footnotes and financial information to be included in the Company's annual report to stockholders on Form 10-K including: (i) the selection and disclosure of all critical accounting policies and practices used; (ii) any management certifications related thereto; and (iii) any certification, report, opinion or review rendered by the independent auditor.
  - Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.
  - Significant developments in accounting guidelines, policies and procedures including any changes in generally accepted accounting principles which may impact the Company's accounting policies or financial results.
  - Other communications as required to be communicated by the independent auditor by Statement of Auditing Standards (SAS) 61 as amended by SAS 90 relating to the conduct of the audit. Further, receive a written communication provided by the independent auditor

concerning their judgment about the quality of the Company's accounting principles, as outlined in SAS 61 as amended by SAS 90, and that they concur with management's representation concerning audit adjustments.

If deemed appropriate after such review and discussion, recommend to the Board that the financial statements be included in the Company's annual report on Form 10-K.

2. After preparation by management and review by the independent auditor, approve the report required under SEC rules to be included in the Company's annual proxy statement.
3. Review with the Company's management and the independent auditor prior to filing the Company's interim financial information, earnings press release and the financial information contained in the Company's quarterly reports on Form 10-Q, including: (i) the selection, application and disclosure of the critical accounting policies and practices used; and (ii) any management certifications related thereto.
4. Review with the Company's management and the independent auditor all significant accounting and reporting principles, practices and procedures applied by the Company in preparing its financial statements. Discuss with the independent auditor their judgments about the quality, not just the acceptability, of the Company's accounting principles used in financial reporting.
5. Review any reports submitted by the independent auditor, including a report, if prepared, relating to: (i) all critical accounting policies and practices used; (ii) 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 (iii) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
6. Review disclosures made by the Chief Executive Officer and Chief Financial Officer of the Company during the Forms 10-K and 10-Q certification process about material weaknesses or significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Company's internal controls.
7. Receive an oral report(s), at least annually, from legal counsel concerning legal and regulatory matters that may have a material impact on the financial statements.
8. Review with the Company's management and the independent auditor the Company's accounting and financial reporting controls. Obtain annually in writing from the independent auditor their letter as to the adequacy of such controls.
9. Require that the independent auditor will advise management and the Committee of any matters identified through the procedures followed for interim quarterly financial statements that may adversely affect the quality or the acceptability of the quarterly financial reports. This notification as required under standards for communication with Audit Committees regarding the effect on quality of significant events, transactions, and changes in accounting estimates, is to be made prior to both the related earnings release and the filing of Form 10-Q with the SEC.
10. Meet with management and the independent auditor to discuss any relevant significant recommendations that the independent auditor may have, particularly those characterized as

"material" or "serious". Such recommendations may be presented by the independent auditor in the form of a Letter of Comments and Recommendations to the Committee. The Committee should review responses of management to any such Letter of Comments and Recommendations from the independent auditor and receive follow-up reports on action taken concerning the aforementioned recommendations.

11. Discuss with the independent auditor the quality of the Company's financial and accounting personnel. Also elicit the comments of management regarding the responsiveness of the independent auditor to the Company's needs.
12. Review with the Company's management the benefits of the internal audit function, alternatives for achieving internal audit goals and, if applicable, the annual internal audit plan; and any significant findings during the year and management's responses thereto.

The Committee will:

13. Pre-approve in accordance with applicable law (including SEC and NASDAQ rules) all audit and permissible non-audit services provided to the Company by the independent auditor. The Committee may delegate this responsibility to one or more members of the Committee.
14. Review the scope and general extent of the independent auditor's annual audit. The Committee's review should include an explanation from the independent auditor of the factors considered by the accountants in determining the audit scope, including the major risk factors. The independent auditor should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures.
15. Review with the Company's management and the independent auditor significant changes to the annual audit plan, if any, and any serious disputes or difficulties with management encountered during the audit. Inquire about the cooperation received by the independent auditor and whether there have been any disagreements with management which if not satisfactorily resolved, would have caused them to issue a nonstandard report on the Company's financial statements.
16. At least annually and prior to the initial engagement of the independent auditor by the Company, obtain and review a written report by the independent auditor describing (i) the firm's internal quality control procedures, (ii) 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 any steps taken to deal with any such issues, and (iii) all relationships between the independent auditor and the Company in order to assess independent auditor independence as contemplated by applicable laws, regulations and listing requirements including, without limitation, applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence.
17. 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 take, or recommend that the full Board take, appropriate action to oversee the independence of the independent auditor.
18. As the Committee may deem appropriate, obtain, weigh and consider expert advice as to Audit Committee related rules of the NASDAQ, Statements on Auditing Standards and other accounting, legal and regulatory provisions.

19. Review with management and the independent auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by Company employees that may have a material impact on the financial statements.
20. Establish procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters in compliance with applicable law, including SEC rules.
21. Make reports and recommendations to the Board on matters within the scope of the Committee's functions.
22. Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. This should be done in compliance with applicable SEC and NASDAQ audit committee requirements.
23. Should the Company receive an audit opinion that contains a going concern qualification, the Committee will assure proper disclosure of such information in accordance with the rule of the NASDAQ and the SEC.
24. Review and, where appropriate, approve all related-party transactions as are required to be disclosed pursuant to SEC Regulation S-K, Item 404.
25. Perform other activities related to this charter as requested by the Board.

#### **Limitation of Audit Committee's Role**

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 and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations. These are responsibilities of management and the independent auditor.