

## **CUBIC ENERGY, INC. AUDIT COMMITTEE CHARTER**

The Board of Directors has adopted the following charter for the formation and operation of the Audit Committee for Cubic Energy, Inc. (“Cubic”) in conjunction with the regulations and requirements of the Sarbanes-Oxley Act of 2002 (the “Act”).

### I.

The Audit Committee for Cubic shall consist of two or more acting Cubic Directors, unless a greater number is required by applicable legal or listing requirement, each of whom must be *independent* as defined by the Act. Each Committee member shall have sufficient expertise in understanding financial statements. Each Committee member must be free from outside obligations that would interfere with the exercise of independent judgment while serving on the Committee.

The Audit Committee shall have at least one *financial expert* as defined by the Act and/or regulations as issued by the Securities and Exchange Commission (“SEC”). Such *financial expert* must have extensive experience with financial oversight responsibilities, as well as general financial and/or accounting experience.

### II.

Cubic shall provide the Audit Committee access to all Cubic financial records, to enable the Audit Committee to perform the following functions:

1. Approval of the accounting policies used by Cubic, and analysis of any change in accounting policies recommended by Cubic management.
2. Review the Cubic audited financial statements as well as review of the “Management Discussion and Analysis” section of the Cubic Form 10-K, PRIOR to the same being filed.
3. Through discussion with the Cubic auditors, authorize its approval of the audited financial statements and the “Management Discussion and Analysis” section of the Cubic Form 10-K, PRIOR to the same being filed.
4. Analyze all unaudited Cubic financial statements reviewed by Cubic auditors.
5. Meet with Cubic legal counsel to discuss any legal issues that may impact Cubic and/or may impact Cubic’s financial statements and notes thereto.
6. Ensure timeliness and proper formatting for all financial statements generated by Cubic.
7. Ensure that appropriate provisions have been established for probable losses and confirm valuation methodologies.

8. Review all press releases relating to the financial performance of Cubic.
9. Review and/or recommend the revision of this Charter, from time to time, as is deemed necessary.

### III.

The Audit Committee shall interface with the auditors for Cubic, to perform the following functions:

1. Appointment of the auditors and oversight of the audit work performed by the auditors (including resolution of disagreements between management and the auditor regarding financial reporting), with the auditors instructed to report directly to the Audit Committee.
2. Oversight of the compensation to be paid to the auditors for any and all audits they perform.
3. Oversight and approval of all non-audit work performed by Cubic auditors on behalf of Cubic, as required by the Act and/or regulations promulgated by the SEC.
4. Receipt from the Cubic auditors of a report of (i) all material accounting policies and practices to be used in the audit, (ii) as well as all copies thereof, all written communication between the auditors and Cubic management, and (iii) any deviation from the standard treatment of financial information, and the ramifications of any such deviations.
5. Ensure that the Cubic auditors submit all requisite disclosures and provide the letter as mandated by Independence Standards Board Standard No. 1; as well as spell out the auditors' independence from Cubic. Discuss with the auditors any relationships, actions or omissions that could jeopardize the auditors' objectivity and independence from Cubic.
6. Communicate with the auditors with respect to SAS 61 [Communications with Audit Committees] and SAS 90 [Audit Committee Communications].
7. Retain independent counsel and other advisors, as deemed necessary in the Audit Committee's sole discretion.
8. Submit to management a budget for all Audit Committee functions.
9. Submit to management for payment all invoices for services provided by Cubic auditors under the scope of this Charter.

### IV.

The Audit committee shall establish any internal audit program for Cubic, as the Committee deems necessary. Should such an internal audit program be established, the Committee shall be responsible for implementation and oversight for such program.

The Audit Committee shall establish any other program, as the Audit Committee deems necessary, to ensure compliance with any other regulatory rules promulgated by a governing body, and Cubic shall provide the appropriate funding for such programs and the other provisions of this Charter, as determined by the Audit Committee.

V.

The Audit 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 employees of the Company of concerns regarding questionable accounting or auditing matters.

VI.

The Audit Committee shall meet from time to time as it deems necessary, but not less than quarterly; and the Committee shall comply with the Act and all regulations promulgated by the SEC as to the frequency and scope for all meetings. Such meetings shall be noticed and held pursuant to the provisions of the Cubic Bylaws for meetings of committees of Directors. Written minutes of all such meetings shall be maintained. The Audit Committee may invite to any meeting held, (i) any individual in Cubic management, (ii) any representative of the auditor for Cubic and/or (iii) any other advisor deemed appropriate by the Audit Committee.