

CYPRESS ENERGY PARTNERS GP, LLC

AUDIT COMMITTEE CHARTER

(Adopted as of January 14, 2014)

The Board of Directors (the “**Board**”) of Cypress Energy Partners GP, LLC (the “**General Partner**”), the general partner of Cypress Energy Partners, L.P. (the “**Partnership**”) and, together with the General Partner and their respective affiliates and subsidiaries, the “**Company**”), has established the Audit Committee of the Board (the “**Committee**”) with authority, responsibilities and specific duties as provided in this Charter adopted by the Board as of the date set forth above.

I. Purposes

The purpose of the Committee is to represent and provide assistance to the Board in fulfilling its legal, regulatory, and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting and internal controls functions of the Company. The Committee is responsible for overseeing (A) the integrity of the Company’s financial statements, (B) the Company’s compliance with legal and regulatory requirements, (C) the independent auditor’s qualifications, independence, compensation and selection, (D) the scope of annual audits, (E) the performance of the Company’s internal and independent audit functions, and (F) the Company’s accounting practices. In so doing, it is the responsibility of the Committee to maintain free and open communications among the directors, the independent auditor and the financial management of the Company. The Committee policies and procedures shall remain flexible in order to react more effectively to changing conditions and to ensure that the accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality.

Management is responsible for determining that the Company’s financial statements are complete and accurate and prepared in accordance with generally accepted accounting principles (“**GAAP**”), and the independent auditor is responsible for auditing the financial statements. In discharging its responsibilities, the Committee is responsible for assisting the Board in overseeing the conduct of these activities by management and the independent auditor.

II. Membership

The Committee shall consist of three or more directors that meet the independence requirements of the New York Stock Exchange (the “**NYSE**”), the Securities Exchange Act of 1934 (the “**Exchange Act**”), the rules and regulations of the Securities and Exchange Commission (the “**SEC**”) and the independence requirements established by the Board, subject to the applicable phase-in provisions established by the NYSE and the SEC. All members of the Committee shall have a working familiarity with basic finance and accounting practices and shall be “financially literate” as such qualification is interpreted by the Board in its business judgment. At least one member of the Committee shall be a person who the Board determines is an “audit committee financial expert” as defined by the SEC. Members of the Committee may not simultaneously serve on the audit committees of more than two other public companies, unless the Board has determined that such simultaneous service would not impair the ability of such

member to effectively serve on the Committee and such determination is disclosed as required by the NYSE Listed Company Manual.

The members of the Committee and its Chairman shall be selected annually by the Board and shall serve at the pleasure of the Board. Any vacancy on the Committee shall be filled by, and any member of the Committee may be removed by, an affirmative vote of a majority of the Board. If a Chairman is not selected by the Board then the Committee may designate a Chairman by majority vote of the members of the Committee then in office, and if a Chairman is not present at a meeting then the Committee may designate a member of the Committee to serve as Chair pro tempore for the meeting by majority vote of the members of the Committee present at the meeting.

Notwithstanding the foregoing membership requirements, no action of the Committee shall be invalid by reason of any such requirement not being met at the time such action is taken.

III. Authority/Resources and Responsibilities

The Committee is delegated and shall have all authority/resources and responsibilities of the Board as may be required or advisable to fulfill the purposes of the Committee. Without limiting the generality of the foregoing, the Committee shall have authority/resources, and is entrusted with responsibilities, as follows:

A. Authority and Resources

The Committee shall have the appropriate authority and resources to discharge its responsibilities as required by applicable regulation and this Charter. The Committee shall have the sole authority to appoint, retain, compensate, evaluate and terminate the independent legal, accounting or other advisors to the Committee, as it deems necessary. Additionally, the Committee shall have the sole authority to approve all audit engagement letters, including fees and terms, and all non-audit engagements with the independent auditor. The independent auditor shall report directly to the Committee. Any independent auditor selected by the Committee shall be a “registered accounting firm” within the definition contained in Section 2 of the Sarbanes-Oxley Act of 2002, as required by law. The Company shall provide for appropriate funding, as determined by the Committee, for payment of (1) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties, (2) compensation to the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company and (3) compensation to advisors retained by the Committee. 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.

Unless he or she believes to the contrary (in which case, he or she shall advise the Committee of such belief), each member of the Committee shall be entitled to assume and rely on (1) the integrity of those persons and organizations within and outside the Company from which it receives information and (2) the accuracy of

the financial, operational, legal, safety, health and environmental, and other information provided to the Committee by such persons and organizations.

B. *Responsibilities*

The Committee shall have the following responsibilities:

Independent Auditor

The Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The independent auditor shall report directly to the Committee. The Committee's responsibilities with respect to the independent auditor include the following:

1. At least annually, obtain from the independent auditor a formal written statement delineating all relationships among the auditor, the Company and the management of the Company, review and discuss with the independent auditor any disclosed relationships or services that may impact the objectivity and independence of the independent auditor, and, if necessary, make recommendations to the Board regarding any actions to be taken to ensure the independence of the independent auditor.
2. Obtain and review a report from the independent auditor at least annually regarding: (a) the independent auditor's internal quality-control procedures, (b) any material issues raised by the most recent internal quality control review, peer review or Public Company Accounting Oversight Board ("PCAOB") 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 (c) any steps taken to deal with any such issues.
3. Periodically review and evaluate the lead partner of the independent auditor team.
4. Ensure the rotation of the independent audit team as required by law and periodically consider whether a policy regarding the periodic rotation of independent audit firms is necessary.
5. Set hiring policies for employees or former employees of the independent auditor.
6. Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit.

Financial Reporting

In carrying out its responsibilities to oversee the Partnership's financial reporting, the Committee shall:

1. Meet with the independent auditor and financial management of the Company to review the scope, planning and staffing of each audit and review the audit procedures to be utilized.
2. Discuss with the independent auditor the matters required to be discussed by PCAOB standards and the rules and regulations of the SEC relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.
3. Review and discuss with management and the independent auditor (a) significant financial reporting issues and judgments made in connection with the preparation of the Partnership's financial statements, including the effects of alternative GAAP methods on the financial statements, (b) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, (c) material issues on which the audit team consulted the independent auditor's national office, (d) accounting adjustments that were noted or proposed by the independent auditors but were "passed" (as immaterial or otherwise) and (e) any management or internal control letter issued, or proposed to be issued, by the independent auditor to the Company.
4. Obtain, review and discuss reports from the independent auditor, prior to the filing of audited financial statements with the SEC, regarding (a) all critical accounting policies and practices to be used that the independent auditor identifies as critical, (b) all alternative treatments of financial information within GAAP for policies and practices related to material items that have been discussed between management and the independent auditor, including the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor, and (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
5. Obtain assurance from the independent auditor that, in the course of conducting the audit, no illegal acts were detected or otherwise came to the independent auditor's attention that require disclosure to the Committee under Section 10A(b) of the Exchange Act.
6. Discuss with management and the independent auditor any major issues as to the adequacy of the Company's internal controls, any special audit steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.

7. Review and discuss, with management, the internal auditor and the independent auditor, management's annual internal control report prior to the filing of the Partnership's Annual Report on Form 10-K (the "**Annual Report**").
8. Review and discuss with management and the independent auditor the annual audited financial statements, including the Partnership's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and recommend to the Board whether the audited financial statements should be included in the Annual Report.
9. Review with management and the independent auditor the Partnership's quarterly financial statements and a draft of its Quarterly Report on Form 10-Q (the "**Quarterly Report**") prior to the filing of the Quarterly Report, including the results of the independent auditor's reviews of such quarterly financial statements.
10. Review disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for the Annual Report and the Quarterly Report, subject to any applicable phase-in exemptions for emerging growth companies in the Jumpstart Our Business Startups Act of 2012, regarding any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Partnership's ability to record, process, summarize and report financial information and any fraud involving management or other employees who have a significant role in the Partnership's internal controls over financial reporting.
11. Discuss with management the Partnership's earnings press releases, including the use of pro forma information or non-GAAP financial measures, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally, consisting of discussing the types of information to be disclosed and the types of presentations to be made.
12. Discuss with management (a) the Partnership's major financial risk exposures and the steps that management has taken to monitor and control those exposures and (b) the guidelines and policies to govern the process by which risk assessment and risk management is undertaken.
13. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives, as well as of off-balance sheet structures, on the Partnership's financial statements.
14. Report regularly and review with the Board any issues that arise with respect to the quality or the integrity of the Partnership's financial statements, the Partnership's compliance with legal or regulatory requirements, the performance and independence of the Partnership's independent auditor, the performance of the Partnership's internal audit function or any other matter the Committee determines is necessary or advisable to report to and/or review with the Board.

Internal Audit

In overseeing the performance of the Company's internal audit function, the Committee shall:

1. Review any appointment or replacement of the senior internal auditor.
2. Review the significant reports to management prepared by the internal auditor, or others carrying out the internal audit function, and related management responses.
3. Periodically review with management and the independent auditor the responsibilities, budget, staffing and scope of the internal audit function.

Legal, Regulatory and Other Compliance Matters

The Committee shall have responsibility for taking the following actions in connection with its oversight of legal, regulatory and other compliance matters affecting the Company:

1. Obtain reports from management, the internal auditor, or others carrying out the internal audit function, and the independent auditor regarding compliance with applicable laws and regulations and with the Company's Code of Business Conduct and Ethics.
2. Discuss with the Company's general counsel any legal, compliance or regulatory issues that could have a material effect on the Partnership's financial statements or compliance policies.
3. 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 concerns regarding questionable accounting or auditing matters.
4. Investigate material matters brought to the Committee's attention within the scope of its duties.
5. Review with management and the independent auditor any published reports and correspondence with regulators or governmental agencies which raise material issues regarding the Partnership's financial statements or SEC reporting.
6. Review insider or affiliated party transactions or courses of dealing and related disclosures in the Annual Report (excluding transactions pursuant to plans approved by the Board).

IV. Procedures

A. *Meetings*

The Committee shall meet at the call of its Chairman, two or more members of the Committee or the Chairman of the Board. The Committee shall meet as frequently as circumstances dictate. The Chairman of the Committee shall be responsible for establishing the agenda for each meeting of the Committee. Where practicable, an agenda shall be sent to members of the Committee prior to each meeting. Meetings of the Committee may be held in person and/or by conference call, in accordance with the General Partner's Amended and Restated Limited Liability Company Agreement (the "**LLC Agreement**"). Meetings of the Committee shall be held at such time and place, and upon such notice, as its Chairman may from time to time determine. Subject to requirements set forth elsewhere in this Charter, the Committee shall keep such records of its meetings as it deems appropriate.

Meetings may, at the discretion of the Committee, include members of the Company's management, independent advisors and consultants or any other persons whose presence the Committee believes to be necessary or appropriate. Those in attendance may observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote on any matters as to which the Committee conducts a vote. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons other than the members of the Committee that it deems appropriate, including, but not limited to, any director that is not a member of the Committee.

The Committee shall meet separately, at least annually, with management, with the head of internal audit, or representative of the provider of the internal audit function, and the independent auditor to discuss any matters that the Committee or any of the foregoing believes should be discussed privately. The Committee may request any officer or employee of the Company or the outside counsel for the Company or the Partnership to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. If determined by the Committee to be appropriate under the circumstances then existing, the Committee or its designated representative may meet or talk with the Partnership's investment bankers and financial analysts who follow the Partnership.

B. *Quorum and Actions*

A majority of the Committee's members present in person and/or by conference call shall constitute a quorum for the transaction of business at a meeting of the Committee. The Committee shall act on the affirmative vote of a majority of members present in person and/or by conference call at a meeting at which a

quorum is present. The Committee may also act by unanimous written consent in lieu of a meeting, in accordance with the LLC Agreement.

C. *Rules*

The Committee may determine additional rules and procedures, including the rules and procedures for designation of a Chair pro tempore in the absence of its Chairman and designation of a Secretary at or for any meeting thereof.

D. *Reports*

The Committee shall maintain minutes of its meetings and make regular oral or written reports to the Board, directly or through its Chairman, of its actions and any recommendations to the Board.

E. *Review of Charter*

Each year and otherwise from time to time when the Committee deems it appropriate, the Committee shall review the need for changes in this Charter and recommend any proposed changes to the Board for approval.

F. *Performance Review*

Each year, the Committee shall review and evaluate its own performance and shall submit itself to a review and evaluation by the Board.

G. *Fees; Reimbursement of Expenses*

Each member of the Committee including the Chairman shall be paid the fee(s) set by the Board for his or her services as a member or Chairman, as the case may be, of the Committee. Subject to the Company's policies, members of the Committee, including the Chairman, shall be reimbursed by the Company for all reasonable expenses incurred in connection with their duties as members of the Committee including as Chairman.

V. *Posting Requirement*

The Company shall post this Charter on the Partnership's website as required by applicable rules and regulations. In addition, the Partnership shall disclose in its Annual Report that a copy of this Charter is available on the Partnership's website.

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While the members of the Committee have the authority, responsibilities and specific duties set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable federal or state law.