

Audit Committee Charter

EVOLUTION PETROLEUM CORPORATION BOARD OF DIRECTORS AUDIT COMMITTEE CHARTER

Effective August 29, 2013

The Board of Directors (the “Board”) of Evolution Petroleum Corporation (the “Corporation”) has adopted this charter for its Audit Committee (the “Committee”).

I. PURPOSE

The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities relating to: (i) the quality and integrity of the Corporation’s financial reports; (ii) the independent auditor’s qualifications and independence; (iii) the performance of the Corporation’s independent auditors; and (iv) the Corporation’s compliance with legal and regulatory requirements. The Committee shall, on an annual basis, prepare an Audit Committee Report for inclusion in the Corporation’s proxy statement for its annual stockholder meetings. Consistent with these functions, the Committee should encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels.

II. STATEMENT OF POLICY

In carrying out its responsibilities, the Committee’s policies and procedures should remain flexible, in order to best react to changing circumstances. The Committee shall provide assistance to the Board in fulfilling its oversight responsibility to the stockholders, potential stockholders, the investment community, and others relating to the Corporation’s financial statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent audit of the Corporation’s financial statements and the legal compliance and ethics programs as established by management and the Board. In so doing, it is the responsibility of the Committee to maintain free and open communication between the Committee, the independent auditors and the management of the Corporation. 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 Corporation and the power to retain outside counsel, or other experts for this purpose.

The Committee will fulfill these policies and procedures by carrying out the authority and responsibilities enumerated in Part V of this Charter.

III. COMPOSITION

The Board shall determine from time to time the number of Directors serving on the Committee, but in no event shall the Committee consist of fewer than three members. Each member serving on the Committee shall meet the applicable independence requirements of the NYSE MKT as well the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Securities and Exchange Commission (the “SEC”). Each Committee member must be financially literate, as such qualification is interpreted by the Board. In addition, at least one member of the Committee shall be an “audit committee financial expert” as defined by the SEC.

The Board, upon recommendation of the Nominating and Corporate Governance Committee, shall appoint the Chairman of the Committee and other members of the Committee on an annual basis. The Board may, in its sole discretion, change the membership of the Committee or remove any member of the Committee at any time. If a Chairman is not appointed by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.

IV. MEETINGS

The Committee shall meet at least four times annually, or more frequently as the Committee determines is necessary to carry out its responsibilities under this Charter. The Chairman of the Committee shall determine the dates, times and places for meetings of the Committee. The Committee may hold additional meetings upon the request of any Committee member. The Committee may meet in person or by telephone conference call, and may act by unanimous written consent. The Chairman shall approve the agenda for the Committee’s meetings, and any member of the Committee may suggest items for the Committee’s consideration.

The Committee may, at the discretion of the Chairman, invite members of management to attend Committee Meetings, provided that the Chairman may ask non-Committee members to leave the meeting at any time and such non-Committee members shall not participate in Committee action or decisions. As part of its job to foster open communication, the Committee shall meet periodically with management and the independent auditors in separate executive sessions to discuss any matters that the Committee or either of these groups believes should be discussed privately. When necessary, the Committee shall meet in an executive session outside of the presence of any non-Committee members or members of the Corporation’s management.

A majority of the Committee members shall constitute a quorum. Each member of the Committee shall have one vote and actions at meetings may be approved by a majority of the members present.

The Chairman of the Committee (or the Chairman's designee) shall regularly report on activities of the Committee to the full Board.

Except as otherwise prohibited by law, the Corporation's Articles of Incorporation or the Corporation's By-laws, the Committee shall have authority to and may delegate its responsibilities to one or more individuals or subcommittees of the Committee.

V. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Committee shall have the following authority and responsibilities:

Authority Over and Oversight of Relationship with the Independent Auditors

1. The Committee shall have the sole authority to appoint or replace, determine funding for, and oversee the independent auditors (subject, if applicable, to stockholder ratification). The independent auditors shall report directly to the Committee.
2. Pre-approve all audit services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation by its independent auditors, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 which are approved by the Committee prior to completion of the audit. The Committee may delegate to subcommittees the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittees to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.
3. Be directly responsible for the compensation and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
4. Review and evaluate the lead partner of the independent auditor team.
5. Obtain and review a report from the independent auditors at least annually regarding (a) the independent auditors' internal quality-control procedures, (b) 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, (c) any steps taken to deal with any such issues, and (d) all relationships between the independent auditors and the Corporation.

6. Evaluate the qualifications, performance, fees, and independence of the independent auditors, including considering whether the auditors' quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditors' independence, taking into account the opinions of management. The Committee shall present its conclusions with respect to the selection or change of independent auditors to the Board.
7. Periodically consider whether the Corporation should have a policy requiring a regular rotation of the independent auditor and report its findings to the Board. Establish and enforce a policy regarding the rotation of the audit partners pursuant to applicable law.
8. Meet with the independent auditors prior to the audit to discuss the overall planning and staffing of the audit.
9. Establish a policy regarding the Corporation's hiring of employees or former employees of the independent auditors who participated in any capacity in the audit of the Corporation.

Financial Statement and Disclosure Matters

10. Review and discuss with management and the independent auditors the Corporation's annual financial statements, including management's discussion and analysis, and any reports or other financial information submitted to any governmental body, or the public, including any certification, report, opinion or review rendered by the independent auditors, and recommend to the Board whether the audited financial statements should be included in the Corporation's Form 10-K.
11. Review and discuss with management and the independent auditors the Corporation's quarterly financial statements prior to filing of its Form 10-Q, or prior to the release of earnings.
12. Discuss with management and the independent auditors, together and in separate executive sessions, significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls, financial reporting process and any special steps adopted in light of material deficiencies.
13. Review and discuss quarterly reports from the independent auditors on:
 - a. All critical accounting policies and practices to be used;
 - b. All alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and

- c. Other material written communications between the independent auditors and management, such as any management letter or schedules of unadjusted differences.
14. Discuss with management the Corporation's earnings press releases, including the use of "pro forma" non-GAAP information, as well as financial information and earnings guidance provided to analysts and rating agencies. Such discussion may be done generally (consisting of the types of information to be disclosed and the types of presentations to be made).
15. Discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements.
16. Discuss with the independent auditors matters (required by Statement on Auditing Standard No. 61) relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of the activities or access to requested information, and any significant disagreements with management.
17. Review with the independent auditors and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the Corporation and related disclosure controls, and elicit any recommendations offered for the improvement of such internal control and disclosure control procedures or particular areas where new or more detailed controls or procedures are desirable. Particular emphasis should be given to the adequacy of such internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper. Further, the Committee periodically should review Corporation policy statements to determine their adherence to the Corporation's Code of Ethics.
18. Discuss with management and the independent auditors the Corporation's major financial risk exposures (including potential or pending litigation) and steps management has taken to monitor and control such exposures, including the Corporation's risk assessment and risk management policies.

Compliance Oversight Responsibilities

19. Obtain from the independent auditors assurance that Section 10A(b) of the Exchange Act has not been implicated.
20. Discuss with or obtain reports from management and the independent auditors that the Corporation and its affiliated entities are in conformity with applicable legal requirements and the Corporation's Code of Ethics. Review reports and disclosures on insider and affiliated party transactions. Advise the Board with respect to the Corporation's policies and procedures regarding compliance with applicable laws and regulations and with the Corporation's Code of Ethics.

21. Periodically review whether the Corporation should adopt an internal audit function and report findings to the Board.
22. Investigate any matter brought to its attention within the scope of its duties, with the power to retain outside counsel for this purpose without seeking Board approval if, in its judgment, that is appropriate.
23. Establish procedures for receiving, retaining and addressing complaints concerning accounting, internal audit controls and other audit matters.
24. Establish procedures for the confidential, anonymous submission of employee concerns regarding questionable accounting or auditing matters.
25. Discuss with the Corporation's general counsel legal matters that may have material impact on the financial statements or the Corporation's compliance policies.
26. Review and oversee the Corporation's related party transactions.
27. Review with management the major categories of risk the Company faces, including accounting, financial, legal and regulatory risk exposures and any risk concentrations and risk interrelationships, as well as the likelihood of occurrence and the potential impact of those risks and mitigating measures.
28. Submit the minutes of all meetings of the Committee to the Board and discuss, through its Chairman, the matters discussed at each Committee meeting with the Board.

VI. LIMITATION OF THE 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 are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

VII. COMMITTEE RESOURCES

To assist the Committee in fulfilling its responsibilities, (i) each Committee member shall have full access to any member of management and (ii) the Committee may retain independent consultants, counsel, search firms, and other advisors (collectively, "Advisors"). The Committee will have the sole authority and responsibility for hiring, approving the fees and retention terms for, overseeing and terminating the services of any Advisors. The Corporation will provide appropriate funding, as determined by the Committee, for payment of reasonable fees of the Independent Auditor and any Advisors that the Committee may employ in carrying out its duties.

VIII. PERFORMANCE EVALUATION

The Committee shall conduct an evaluation of the Committee's performance at least annually. The evaluation shall address subjects including the Committee's composition, responsibilities, structure and processes, and effectiveness. As part of this evaluation, the Committee shall also review the Committee's charter. The Committee shall, as appropriate, make recommendations to management, the Nominating and Corporate Governance Committee, or the full Board as a result of its performance evaluation and review of its charter.