

EVOLUTION PETROLEUM CORP
Form DEF 14A
October 28, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant X

Filed by a Party other than the Registrant O

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

EVOLUTION PETROLEUM CORPORATION
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:

(4)

Date Filed:

EVOLUTION PETROLEUM CORPORATION

2500 CityWest Boulevard, Suite 1300

Houston, Texas 77042

To the Stockholders of Evolution Petroleum Corporation:

You are cordially invited to attend the Annual Meeting of Stockholders of Evolution Petroleum Corporation. The meeting will be held at the Company's offices at 2500 CityWest Boulevard, Suite 1300, Houston, Texas 77042, commencing at 10:00 a.m. Central Time, on Thursday, December 9, 2010. If you plan to attend, please notify our Corporate Secretary, Mr. David Joe, at (713) 935-0122.

The Notice of the Annual Meeting and the Proxy Statement on the following pages cover the formal business of the meeting, which includes two items to be voted on by our stockholders. **Note that, unlike in prior years, your broker is no longer able to vote on your behalf for the election of directors without specific voting instructions from you**, as further explained in the Q & A section of the Proxy Statement under How Can I Vote? .

At the Meeting, I will also report on the Company's current operations and will be available to respond to questions from stockholders. Recording devices will not be permitted in the meeting.

Whether or not you plan to attend the meeting, it is important that your shares be represented and voted at the meeting. You are urged, therefore, to complete, sign, date and return the enclosed proxy card (or use telephone or internet voting procedures, if offered by your broker), even if you plan to attend the meeting.

Thank you for your continued interest in Evolution Petroleum Corporation.

Sincerely,

/s/ Robert S. Herlin

Robert S. Herlin

Chairman, President and Chief Executive Officer

Houston, Texas
October 28, 2010

EVOLUTION PETROLEUM CORPORATION

2500 CityWest Boulevard, Suite 1300

Houston, Texas 77042

(713) 935-0122

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held December 9, 2010

To the Stockholders of Evolution Petroleum Corporation:

NOTICE IS HEREBY GIVEN that the 2010 Annual Meeting of Stockholders (the Annual Meeting) of Evolution Petroleum Corporation, a Nevada corporation (the Company), will be held on Thursday, December 9, 2010, commencing at 10:00 a.m. Central Time, at the Company s principal executive offices at 2500 CityWest Boulevard, Suite 1300, Houston, Texas 77042. The Annual Meeting will be held for the following purposes:

- (1) To elect six directors to serve until the 2011 Annual Meeting of Stockholders, or until their successors are duly elected and qualified;
- (2) To ratify the appointment of Hein & Associates, LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending June 30, 2011; and
- (3) To transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

Only those stockholders of record at the close of business on October 22, 2010 are entitled to notice of, and to vote at the Annual Meeting or any postponement(s) or adjournment(s) thereof, notwithstanding the transfer of any shares after such date. If you were a stockholder at the close of business on October 22, 2010, you are entitled to vote.

Whether or not you expect to attend the Annual Meeting, we ask that you sign and return the enclosed proxy as promptly as possible to ensure that your shares will be represented. A self-addressed envelope has been enclosed for your convenience. If you attend the meeting you may withdraw any previously given proxy and vote your shares in person.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON DECEMBER 9, 2010

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The attached proxy statement and proxy card, and our Annual Report on Form 10-K for the year ended June 30, 2010, are also available on the Company's website www.evolutionpetroleum.com. From the homepage, link through the *Investor Relations* page to the *Proxy Materials* page. Directions to attend the Annual Meeting and vote in person are also available on our website. From the homepage, link to *Contact* where you will find a link to a map to our Houston office.

By Order of the Board of Directors,

/s/ Sterling H. McDonald
Sterling H. McDonald
Vice President, Chief Financial Officer
and Treasurer

Houston, Texas
October 28, 2010

EVOLUTION PETROLEUM CORPORATION

2500 CityWest Boulevard, Suite 1300

Houston, Texas 77042

(713) 935-0122

PROXY STATEMENT

FOR THE

ANNUAL MEETING OF STOCKHOLDERS

December 9, 2010

This Proxy Statement accompanies the Notice (the "Notice") of the Annual Meeting of Stockholders (the "Annual Meeting") of Evolution Petroleum Corporation, a Nevada corporation (hereinafter, "us", "we", "our" or the "Company"), in connection with the solicitation of proxies by and on behalf of our Board of Directors for use at our Annual Meeting to be held at 10 a.m., Central Time, at our Company's principal executive offices at 2500 CityWest Boulevard, Suite 1300, Houston, Texas 77042, on December 9, 2010, and at any postponement(s) or adjournment(s) thereof.

The Company's Annual Report for the fiscal year ended June 30, 2010 is being mailed to stockholders with the mailing of the Notice of Meeting and Proxy Statement. This Proxy Statement and the accompanying proxy card are first being sent to our stockholders on or about October 28, 2010.

The solicitation of proxies by the Board of Directors will be conducted primarily by mail. Continental Stock Transfer & Trust Company ("CST"), as part of CST's services as the Company's transfer agent, assists in the solicitation of proxies in connection with the Annual Meeting. In addition, officers, directors and employees of the Company may solicit proxies personally or by telephone, email, or facsimile communication. These officers, directors and employees will not receive any compensation for these services. The Company will reimburse brokers, custodians, nominees, and fiduciaries for reasonable expenses incurred by them in forwarding proxy material to beneficial owners of common stock of the Company. The costs of solicitation will be borne by the Company.

What is the purpose of the 2010 Annual Meeting?

At the 2010 Annual Meeting, stockholders will act upon the matters outlined in the attached Notice of Meeting and described in detail in this Proxy Statement, which are:

- (1) the election of six directors to the Board of Directors of the Company;

(2) the ratification of the appointment of Hein & Associates, LLP, an independent registered public accounting firm, as our independent auditors for the fiscal year ending June 30, 2011; and

(3) to transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof.

In addition, Company management will report on our performance during the fiscal year ended June 30, 2010, which we refer to as fiscal 2010, and respond to questions from stockholders.

Although the Board does not anticipate that any other matters will come before the 2010 Annual Meeting, your executed proxy gives the official proxies the right to vote your shares at their discretion on any other matter properly brought before the Annual Meeting.

Who is entitled to vote at the 2010 Annual Meeting?

Only stockholders of record at the close of business on October 22, 2010 (the Record Date) will be entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

How can I Vote?

Stockholder of Record: Shares Registered in Your Name

If you are a stockholder of record (i.e., your shares are registered directly in your name, as opposed to being held in a stock brokerage account or by a bank or other nominee), you may vote in person at the Annual Meeting or vote by proxy using the enclosed proxy card. Whether or not you plan to attend the meeting, we urge you to vote by proxy to ensure your

vote is counted. You may still attend the meeting and vote in person if you have already voted by proxy. To vote in person, come to the Annual Meeting and we will give you a ballot when you arrive. To vote using the proxy card, simply complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. Properly executed proxies in the accompanying form, received in due time and not previously revoked, will be voted at the Annual Meeting or any adjournment thereof as specified therein by the person giving the proxy; however, if no specification is made the shares represented by proxy will be voted as recommended by our Board of Directors, to the extent permitted by law.

Beneficial Owner: Shares Registered in the Name of Broker or Bank

Unlike in prior years, your broker is no longer able to vote on your behalf for the election of directors without specific voting instructions from you.

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in the street name of the entity holding your shares.

As the beneficial owner, you have the right to direct your broker or nominee how to vote and are also invited to attend the 2010 Annual Meeting. However, since you are not the stockholder of record (record holder), you may not vote these shares in person at the 2010 Annual Meeting unless you obtained a signed proxy from the record holder giving you the right to vote the shares.

If you hold your shares in street name, you will receive instructions from your broker or other nominee describing how to vote your shares. If you do not instruct your broker or nominee how to vote your shares, they may vote your shares as they decide as to each matter for which they have discretionary authority.

There are also non-discretionary matters for which brokers and other nominees do not have discretionary authority to vote your shares unless they receive timely instructions from you. When a broker or other nominee does not have discretion to vote on a particular matter, you have not given timely instructions on how the broker or other nominee should vote your shares and the broker or other nominee indicates it does not have authority to vote such shares on its proxy, a broker non-vote results. Although any broker non-vote would be counted as present at the meeting for purposes of determining a quorum, it would be treated as not entitled to vote with respect to non-discretionary matters.

Recent changes to regulatory rules eliminated broker discretionary voting with respect to the election of directors. Where a matter is not considered routine, such as Proposal No. 1, regarding the election of directors, the shares held by the broker will not be voted on that proposal without specific instruction from the beneficial holder of the shares. Therefore, unlike in prior years, your broker is not able to vote on your behalf in any director election without specific voting instructions from you.

How Can I Revoke My Proxy or Change My Vote?

Even if you have given a proxy or given your broker, bank or other agent voting instructions, you have the power to revoke your proxy or change your voting instructions at any time before the Annual Meeting. Stockholders of record may revoke their proxy prior to its exercise by

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delivering written notice of revocation to our Corporate Secretary, at 2500 CityWest Boulevard, Suite 1300, Houston, Texas 77042, by executing a later-dated proxy, or by attending the Annual Meeting and voting in person. If your shares are held by your broker or bank as a nominee or agent (such as in your brokerage account), you may change your vote by following the instructions provided by your broker or bank. You may also change your vote by voting in person at the Annual Meeting if you have obtained a valid proxy from your broker, bank, or other agent to vote your shares at the Annual Meeting.

What are the voting rights of the holders of our common stock?

Holders of our common stock are entitled to one vote per share with respect to each of the matters to be presented at the Annual Meeting. With regard to the election of directors, the six nominees receiving the greatest number of votes cast will be elected provided a quorum is present. On each other matter to be presented, the affirmative vote of a majority of the shares represented at the Annual Meeting and entitled to vote will be necessary to approve the matter.

Abstentions will be counted towards the tabulation of votes cast on matters properly presented to the stockholders (except the election of directors) and will have the same effect as negative votes. Broker non-votes will not be counted as votes cast and, therefore, will have no effect on the outcome of the matters presented at the Annual Meeting.

Under a new rule recently approved by the SEC, brokers no longer have discretionary voting power with respect to the election of directors. Because directors are elected by a plurality of the votes cast, abstentions and broker non-votes will

not be counted in determining which nominees received the largest number of votes cast.

What constitutes a quorum?

Our Bylaws provide that the presence, in person or by proxy, of the holders of a majority of outstanding shares of our common stock at our Annual Meeting shall constitute a quorum.

For the purpose of determining the presence of a quorum, proxies marked "withhold authority" or "abstain" will be counted as present. Shares represented by proxies that include broker non-votes will also be counted as shares present for purposes of establishing a quorum. On the Record Date there were 27,446,519 shares of our common stock (including restricted shares) issued and outstanding and such shares are the only shares entitled to vote at the Annual Meeting.

What are the Board's recommendations?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board of Directors. The Board's recommendations are set forth together with the description of the Proposals in this Proxy Statement. In summary, the Board recommends a vote **FOR** election of each of the six directors named in this Proxy Statement to the Board of Directors (see Proposal I) and a vote **FOR** the ratification of the appointment of Hein & Associates, LLP as our independent auditors for the year ending June 30, 2011 (See Proposal II).

The proxy holders will vote in their discretion with respect to any other matter that may properly come before the Annual Meeting.

Proxies

If the enclosed proxy card is executed, returned in time and not revoked, the shares represented thereby will be voted at the Annual Meeting and at any postponement(s) or adjournment(s) thereof in accordance with the instructions indicated on such proxy. **IF NO INSTRUCTIONS ARE INDICATED ON THE PROXY CARD, THE OFFICIAL PROXIES WILL VOTE (1) FOR THE PROPOSALS DESCRIBED IN THIS PROXY STATEMENT AND (2) AS TO ANY OTHER MATTERS PROPERLY BROUGHT BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF, IN THE SOLE DISCRETION OF THE PROXY HOLDERS.**

A stockholder who has returned a proxy card may revoke it at any time prior to its exercise at the Annual Meeting by (i) giving written notice of revocation to our Corporate Secretary, (ii) properly submitting to Evolution Petroleum Corporation a duly executed proxy bearing a later date, or (iii) appearing at the Annual Meeting and voting in person. All written notices of revocation of proxies should be addressed as follows: Evolution Petroleum Corporation, 2500 CityWest Boulevard, Suite 1300 Houston, Texas 77042, Attention: Corporate Secretary.

What are the Company's Governance Practices and Policies?

See the detailed discussion under [Corporate Governance](#), beginning on page 15.

PROPOSAL I

ELECTION OF DIRECTORS

The Board of Directors

Our directors are elected annually by the stockholders to serve until the next annual meeting of stockholders and until their successors are duly elected and qualified. The minimum number of directors is established by our Bylaws, and may be increased by the majority vote of the Board of Directors. The current authorized number of directors is six. Assuming the presence of a quorum, a plurality of the votes cast in person or by proxy at the Annual Meeting is required for the election of each director.

Director Nominees

All six nominees are currently serving as directors of the Company. There are five independent directors serving on our Board as defined in the listing standards of the NYSE Amex. All six of our incumbent directors are standing for re-election.

As discussed in more detail under the heading "Nominating and Corporate Governance Committee" in this proxy statement, the Board considers qualifications and other factors when evaluating individual directors, as well as the composition of the Board as a whole. As part of this process, the Board and its Nominating and Corporate Governance Committee review the particular experiences, qualifications, attributes or skills of each of the nominees. The biographies of each of the nominees below contain information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, and information regarding involvement in certain legal or administrative proceedings, if applicable. They also highlight the particular experiences, qualifications, attributes or skills that have caused the Nominating and Corporate Governance Committee and the Board to conclude that such persons should serve as a director of the Company.

Name	Age	Principal Occupation and Directorships
Robert S. Herlin	55	Mr. Herlin, a co-founder of our Company, has been President, Chief Executive Officer and a Director since May 2004. Mr. Herlin was elected Chairman of the Board of Directors in January 2009. Prior to the merger of Natural Gas Systems, Inc. (<i>Old NGS</i>) into our company, Mr. Herlin served as President, Chief Executive Officer and Director of Old NGS since its inception in September 2003. He is responsible for our operations and strategy. Mr. Herlin has 28 years of experience in engineering, energy transactions, operations and finance with small independents, larger independents and major integrated oil companies. Since 2003 until early 2010, Mr. Herlin has also served as a Partner with Tatum CFO, a financial advisory firm that provides executive officers on a part-time or full-time basis to clients, where he has been assigned as a fulltime executive officer of our company. From 2001 to 2003, Mr. Herlin served as Senior Vice President and Chief Financial Officer of Intercontinental Towers Corporation, an international wireless infrastructure company. Mr. Herlin also served on the Board of Directors of Boots and Coots, Inc., an oil field services company, from 2003 until its sale to Halliburton Company in September 2010. He also serves on the Rice University Centennial Council for Chemical and BioMolecular Engineering. Mr. Herlin graduated with honors from Rice University with B.S. and M.E. degrees in chemical engineering and earned an MBA from Harvard University.

Laird Q. Cagan

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Mr. Cagan, a co-founder of the Company, has served as a director on our Board of Directors since May 2004 and as Chairman of the Board from May 2004 to January 2009. Mr. Cagan is a co-founder and Managing Director of Cagan McAfee Capital Partners, LLC (CMCP), a merchant bank based in Cupertino, California. From 2004 until 2008, Mr. Cagan was a Managing Director of Chadbourn Securities, Inc. (member FINRA/SIPC). In 2008 Chadbourn was absorbed by Colorado Financial Services Corporation (member FINRA/SIPC) at which time Mr. Cagan became a registered representative and principal of Colorado Financial Services Corporation. He holds his Series 7, 63, and 24 licenses. He also continues to serve as President of Cagan Capital, LLC, a merchant bank he formed in 1990, the operation of which transitioned into CMCP. Mr. Cagan serves on the Boards of Directors of Fortes Financial Corporation, Career College Holding Co., Calpian, Inc and Global Carbon Group. Mr. Cagan attended M.I.T. and received his B.S. and M.S. degrees in engineering and his MBA from Stanford University.

Edward J. DiPaolo	57	<p>Mr. DiPaolo has served as a director of our company since May 2004 and serves as the Chairman of our Nominating Committee. Since 2003, Mr. DiPaolo has served as an Energy Advisor to Growth Capital Partners, L.P., an investment banking company. From 2002 to the present, Mr. DiPaolo has served as an independent energy producer. From 1976 to 2002, Mr. DiPaolo was with the Halliburton Company, most recently as Group Senior Vice President of Global Business Development, where he was responsible for the management of overall customer relationships with the companies within Halliburton's upstream businesses, including Halliburton Energy Services, Brown and Root Energy Services, and Landmark Graphics and Wellstream. Previously, Mr. DiPaolo was the North American Regional Vice President and Far East Regional Vice President for Halliburton, accountable for the overall operation of Halliburton Energy Services in those regions. Mr. DiPaolo served on the Board of Directors of Boots and Coots, Inc. until its sale to Halliburton Company in September 2010 and Superior Well Services until its sale to Nabors Industries Ltd, also in September 2010. Mr. DiPaolo currently serves on the boards of Willbros Group, Inc. and Edgen Murray Corporation, as well as several private company boards. He received his undergraduate degree in agricultural engineering from West Virginia University in 1976 where he currently serves on the Advisory Board of the College of Engineering.</p>
William E. Dozier	58	<p>Mr. Dozier has served as a director of our company since December 2005 and serves as the Chairman of our Compensation Committee. Since 2005, Mr. Dozier has been an independent oil and gas consultant. From 1992 to 2005, Mr. Dozier served as Senior Vice President of Operations, and most recently as Senior Vice President for Business Development, for Vintage Petroleum, a large publicly traded independent oil and gas company acquired by Occidental Petroleum. From 1983 to 1992, he was Manager of Operations Engineering for Santa Fe Minerals. Mr. Dozier began his career with Amoco Production in 1975, working in all phases of production, reservoir evaluations, drilling and completions in the Mid-Continent and Gulf Coast areas. Since May 2009, Mr. Dozier serves on the Board of Directors of Pacific Asia Petroleum /CAMAC Energy, Inc. and serves as Chairman of the Technical Committee. In 2005, Mr. Dozier formed Extex Consulting, Inc. and maintains offices in Tulsa, Oklahoma and Houston, Texas. He is a licensed petroleum engineer with a B.S. Degree in Petroleum Engineering from The University of Texas.</p>
Kelly W. Loyd	37	<p>Mr. Loyd has served as a director of our company since December 2008. Since 2004, Mr. Loyd has been employed by JVL Advisors, LLC, a private energy investment company that is a major stockholder of our company. From 2001 to 2004, Mr. Loyd was an associate in the energy corporate finance investment banking group at RBC Capital Markets and Howard Frazier Barker Elliot. Previously, Mr. Loyd served as a founder and controller of L.A.B. Sports and Entertainment, a sports/entertainment promotion and production company, a Managing Partner of Tigre Leasing, L.L.P, a commercial real estate company focused on the purchase/sale of resort properties, and as an analyst in Jefferies and Company, Inc.'s energy corporate finance investment banking group. Mr. Loyd received a B.S. in Economics with Finance Applications from Southern Methodist University and earned an MBA from Rice University.</p>
Gene G. Stoever	72	<p>Mr. Stoever has served as a director of our company since May 2004 and serves as the Chairman of our Audit Committee. In 1993, Mr. Stoever retired from KPMG Peat Marwick after 32 years of service, including 24 years as a partner. Since 1994, he has been an independent consultant. From 1999 to 2004, Mr. Stoever served as a trustee of the Sterling Diagnostic Imaging and SDI Liquidating Trust, from 2001 to 2005 he served as a Director of Exopack, LLC and from 2004 to 2009 he served as Director of Propex, Inc. He presently serves as director and Chairman of the Audit Committee for Orion Marine Group, Inc. Mr. Stoever earned his B.B.A. degree in accounting with honors from The University of Texas at Austin and is a Certified Public Accountant in the State of Texas.</p>

We believe that the nominees will be available and able to serve as directors. In the event that a nominee is unable to serve, the proxy holders will vote the proxies for such other nominee as they may determine.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF THE DIRECTOR NOMINEES LISTED ABOVE.

PROPOSAL II**PROPOSAL TO RATIFY THE APPOINTMENT OF
HEIN & ASSOCIATES LLP AS OUR COMPANY'S AUDITORS**

The Audit Committee of our Board of Directors has appointed the firm of Hein & Associates, LLP, an independent registered public accounting firm, as our independent auditors to audit our consolidated financial statements for the fiscal year ending June 30, 2011. From June 30, 2004 through June 30, 2010, Hein & Associates LLP served as our independent auditors.

We are not required to seek stockholder approval for the appointment of our independent auditors; however, the Audit Committee and the full Board of Directors believe it to be sound corporate practice to seek such approval. If the appointment is not ratified, the Audit Committee will investigate the reasons for stockholder rejection and will re-consider the appointment. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of different independent auditors at any time during the year if it determines that such a change would be in the best interests of our company and our stockholders.

Independent Public Auditors

Aggregate fees billed to us for professional services by Hein & Associates LLP during the fiscal years ended June 30, 2010 and 2009 were as follows:

	2010		2009
Audit Fees	\$ 91,650	\$	86,355
Audit-Related Fees	\$ 2,200	\$	2,500
Tax Fees	\$	\$	5,882

In the above table, in accordance with the SEC's definitions and rules, audit fees are fees we paid Hein & Associates LLP for professional services for the audit of our consolidated financial statements included in our Form 10-K, the review of financial statements included in our Form 10-Q's and for services that are normally provided by the auditors in connection with statutory and regulatory filings or engagements.

Audit-related fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. Tax fees are fees primarily for assistance with an IRS field audit and subsequent revised tax filings associated with prior year tax returns prepared by Hein before fiscal 2008. With this exception, Hein has not provided us with tax compliance, tax advice or tax planning services since fiscal year 2007.

All audit related services and tax fees were pre-approved by our Audit Committee Chairman.

The Audit Committee has considered the compatibility of the non-audit services provided by Hein & Associates LLP, to Hein & Associates continued independence and has concluded that its independence is not compromised. In order to reduce non-audit services performed by our independent registered public accounting firm, we have retained Grant Thornton LLP to replace Hein & Associate s tax compliance, tax advice and tax planning services starting in fiscal 2008.

Pre-Approval of Services by External Auditor

The Audit Committee has adopted policies and procedures for the pre-approval of the audit and non-audit services performed by the independent auditors in order to ensure that the provision of such services does not impair the auditors independence. The Audit Committee approves all audit fees and terms for all services provided by the independent auditors and consider whether these services are compatible with the auditors independence. The Chairman of the Audit Committee may approve additional proposed services that arise between Committee meetings provided that the decision to approve the service is presented at the next scheduled Committee meeting. All non-audit services provided by the independent auditors must be pre-approved by the Audit Committee Chairman prior to the engagement. The Audit Committee pre-approved all audit and permitted non-audit services by Hein & Associates LLP in fiscal 2010.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF HEIN & ASSOCIATES LLP AS OUR INDEPENDENT AUDITORS FOR FISCAL YEAR 2011.

Representatives of Hein & Associates LLP will be present at the Annual Meeting and will have an opportunity to make a statement, if they so desire, and will be available to respond to appropriate questions.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Based solely upon information made available to us, the following table sets forth information with respect to the beneficial ownership of our common stock as of October 1, 2010 (except as otherwise indicated) by (1) each person who is known by us to beneficially own more than five percent of our common stock (based solely on our review of SEC filings); (2) each of our directors; (3) each of the named executive officers listed in the Summary Compensation Table below under the caption "Executive Compensation"; and (4) all executive officers and directors as a group. Shares of common stock that are subject to outstanding options and warrants that are presently exercisable or exercisable within 60 days are deemed to be outstanding for purposes of computing the percentage ownership of the holder of the options and warrants, but not for any other. The number of shares beneficially owned by a person also includes restricted shares held by such person. Except as otherwise indicated in the footnotes, the owners listed below have sole voting and investment power with respect to all shares of common stock beneficially owned by them, subject to community property laws where applicable, and the address of each beneficial owner listed on the table is c/o Evolution Petroleum Corporation, 2500 CityWest Boulevard, Suite 1300, Houston, Texas 77042.

Name and Address of Beneficial Owner	Amount and nature of beneficial ownership
--------------------------------------	----------------------------------------------------