

EXHIBIT B

MEXCO ENERGY CORPORATION

AUDIT COMMITTEE CHARTER

COMPOSITION

The Audit Committee shall be composed of at least three directors who are independent of the management of Mexco Energy Corporation (the "Company") and are free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a committee member and are, or will shortly become, financially literate. In addition, the members shall have the financial expertise to fulfill the required responsibilities of the Audit Committee.

OBJECTIVE OF THE AUDIT COMMITTEE

The Audit Committee shall assist the Board of Directors in fulfilling its responsibility to the shareholders, potential shareholders, and the investment community relating to corporate accounting, reporting practices of the Company, and the quality and integrity of the financial reports of the Company.

SPECIFIC RESPONSIBILITIES OF THE AUDIT COMMITTEE

In fulfilling its objective, the Audit Committee shall have the responsibility with respect to:

The Company's Risks and Control Environment:

To review management's overview of the risks, policies, procedures, and controls surrounding the integrity of financial reporting and, particularly, the adequacy of the Company's controls in areas representing significant financial and business risks;

To establish, review and update periodically a code of ethical conduct, ensure that management has established a system to enforce the code, and receive updates and briefings from management and others on how compliance with ethical policies and other relevant Company procedures is being achieved;

To review, with the Company's counsel, legal matters, including litigation, compliance with securities trading policies, the Foreign Corrupt Practices Act and other laws having a significant impact on the Company's business or its financial statements; and

To investigate any matter brought to its attention within the scope of its duties, and retain outside counsel for this purpose if, in its judgment, that is appropriate;

The Hiring and Firing of and Relationship with the Independent Registered Accounting Firm:

To participate, on behalf of the Board of Directors, in the process by which the Company selects the independent registered public accounting firm to audit the Company's financial statements, evaluate annually the effectiveness and objectivity of such accountants, and recommend the engagement or replacement of independent registered public accounting firm to the Board of Directors;

To have an open line of communication with the independent registered public accounting firm, who shall have ultimate accountability to the Board of Directors and the Audit Committee, as representatives of the shareholders;

To approve the fees and other compensation paid to the independent registered public accounting firm;

To review the independence of the independent registered public accounting firm prior to engagement; and

To review with the representatives from the independent registered public accounting firm, at least annually following the engagement, their independence based upon the written disclosures and the letter from the independent registered public accounting firm required by Independent Standards Board Standard No. 1, as modified or supplemented, and to discuss with the Board of Directors any relationships that may adversely affect the independence of the independent registered public accounting firm.

The Financial Reporting Process:

To meet with the independent registered public accounting firm and the financial management of the Company with respect to major changes to the Company's auditing and accounting principles;

To meet with the independent registered public accounting firm (independent accountants) and the financial management of the Company, together, and with the representatives for the independent registered public accounting firm, separately, (a) prior to the performance by the independent accountants of the audit to discuss the scope of the proposed audit for the current year and the audit procedures to be utilized; and (b) at the conclusion of the audit to discuss (i) the independent accountants' judgments about the quality, not just the acceptability, of the Company's accounting principles as applied in its financial reporting, the consistency of application of the Company's accounting

policies and the clarity, consistency, and completeness of the entity's accounting information contained in the financial statements and related disclosures, (ii) the adequacy and effectiveness of the accounting and financial controls of the Company, including the internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper, and any recommendations for improvement of such internal control procedures or for new or more detailed controls or procedures of the Company, (iii) any other results of the audit, including any comments or recommendations, and (iv) the view of the independent accountants with respect to the financial, accounting and auditing personnel and the cooperation that the independent accountants received during the course of the audit;

To review and discuss with the representatives of the independent registered public accounting firm and the financial management of the Company the Company's financial results before they are made public. In general, the Chairman of the Audit Committee may represent the entire committee with respect to the review and discussions about interim financial results; and

To review other reports submitted by the Company to any governmental body of the public, including any certification, report, opinion or review rendered by the independent registered public accounting firm;

Other Responsibilities of the Audit Committee

To review and update periodically the charter for the Audit Committee;

To review, assess and approve or disapprove conflicts of interest and related-party transactions;

To review accounting and financial human resources and succession planning within the Company;

To meet at least four times annually, or more frequently, as circumstances dictate;

To report to the Board of Directors the matters discussed at each committee meeting;

To assess the performance of the Audit Committee members through a self-assessment process, led by the Chairman of the committee; and

To keep an open line of communication with the financial and senior management, any internal audit personnel, the independent registered public accounting firm, and the Board of Directors.