

VAALCO Energy, Inc.

Charter of the Audit Committee of the Board of Directors

I. Audit Committee Purpose

The Audit Committee (the “Committee” of VAALCO Energy, Inc. (the “Company”) is a committee of the Board of Directors. The Committee shall consist of at least three directors, who shall meet the independence and experience requirements of the rules and regulations of the Securities and Exchange Commission (the “Commission”). The Committee’s function is to assist the Board in fulfilling its oversight responsibilities relating to the Company’s corporate accounting and financial reporting practices. In fulfilling this function, the Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to oversee the integrity of the Company’s financial statements and to monitor the Company’s financial reporting process and systems of internal controls regarding financial, accounting, and legal compliance.
- Monitor the independence and performance of the Company’s independent auditors and internal auditing functions.
- Provide an avenue of communication between the Board of Director, the independent auditors and management.
- Report actions of the Committee to the Board of Directors with such recommendations as the Committee may deem appropriate.

The Committee shall be empowered to conduct or cause to be conducted any investigation appropriate to fulfilling its responsibilities, and shall have direct access to the independent auditors, and Company employees as necessary. The Committee shall be empowered to retain, at the Company’s expense, special legal, accounting, or other consultants or experts as the Committee deems necessary in the performance of its duties.

II. Audit Committee Composition and Meetings

Committee members shall meet the requirements, as may be amended from time to time of the Committee. Committee members, including the Audit Committee Chair, shall be appointed by the Board of Directors.

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. The Audit Committee Chair shall prepare and/or approve an agenda in advance of each meeting. If the Audit Committee Chair is not

present, the member of the Committee membership. The Committee membership. The Committee may meet in executive session, and shall do so at least annually. The Committee may meet privately with management, the independent auditors, and as a committee to discuss any matters that the Committee or each of these groups believe should be discussed privately.

III. Audit Committee Responsibilities and Duties

Proxy Report

1. Prepare the Audit Committee Report required by the rules of the Commission to be included in the Company's annual proxy statement.

Review Procedures

1. Review with management and the independent auditor the Company's year-end financial results prior to the release of earnings and the Company's year-end financial statements prior to filing or distribution. Such review shall also include the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operation." Discuss with management and the independent auditors any significant issues or finding or any changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with Statement on Auditing Standards No. 61, as amended. Recommended to the Board of Directors whether or not the audited financial statements should be included in the Company's Annual Report on Form 10-K for the last fiscal year.
2. Review with management and the independent auditors (i) the Company's quarterly financial results prior to the release of earnings and the Company's quarterly financial statements prior to filing or distribution and (ii) the operation of the Company's internal controls and any special steps adopted in light of material control deficiencies. Discuss with management and the independent auditors any significant findings or any changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with Statement on Auditing Standards No. 61 as amended.
3. In consultation with the management and the independent auditors, consider the integrity of the Company's financial reporting processes and controls including computerized information system controls and security. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and

report such exposures, Review significant findings prepared by the independent auditors together with management's responses, including the status of previous recommendations.

4. Review and discuss earning, financial guidance and other press releases of a material financial nature.
5. Although it is the job of the CEO and senior management to assess and manage the Company's exposure to risks, the Audit Committee shall discuss guidelines and policies to govern the process by which risk assessment and risk management is addressed.
6. Review with the independent auditor any audit problems or difficulties and management's response and resolve disagreements between auditors and management.
7. Approve the hiring of any employee or former employee of the independent auditor.
8. The Audit Committee shall regularly report to the full board on its activities including any issues with respect to the quality or the integrity of the Company's financial statement, legal compliance or the performance of the independent auditor.
9. Review and periodically recommend modification to the code of ethics for senior financial officers.
10. Review disclosures made to the Audit Committee by the Company's CEO and CO during the certification process for the Form 10-K and 10-Q concerning significant deficiencies or material weaknesses in internal controls and any fraud.

Independent Auditors

11. Confirm with the independent auditors their ultimate accountability to the Audit Committee and the Board of Directors. Review the performance of the auditors and annually recommend to the Board of Directors the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
12. Retain and terminate the independent auditor and approve the compensation and terms of the audit engagement and other significant compensation to be paid to the independent auditors. Periodically discuss current year non-audit services performed by the independent auditors and review and pre-approve all permitted non-audit service engagement.

13. Oversee the independence of the independent auditors by, among other things, (1) on an annual basis, receiving from the independent auditors a formal written statement delineating all relationships between the independent auditors and the Company, consistent with Independence Standards Board Standard No. 1, that could impair the auditor's independence; (2) actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the accountants; and (3) recommending to the Board of Directors the appropriate action to be taken in response to the independent auditors' report to satisfy itself of the independent auditors' independence.