



VAALCO Energy, Inc.

MEMORANDUM

TO: All Officers, Directors, Employees and Consultants

FROM: The Board of Directors of VAALCO Energy, Inc.

SUBJECT: Insider Trading Policy

DATE: December 1, 2016

Due to their potential access to material, nonpublic information, all officers, directors, employees and consultants of VAALCO Energy, Inc. and its subsidiaries (the “*Company*”) must comply with the provisions of the Company’s Insider Trading Policy. Attached to this memorandum is a statement of the Company’s current policies and procedures with respect to trading in the Company’s securities, as well as the securities of other public companies doing business with the Company. **The attached policy should be reviewed closely. The policy sets out, among other things, the following restrictions:**

- **Prohibition Against Trading on the Basis of Material, Non-Public Information.** Material, non-public information about the Company must not be revealed to any other person, except when necessary in the course of the Company’s business. Securities of the Company, or any company that has a significant relationship with the Company, shall not be purchased or sold when the purchaser or seller knows of material non-public information. It is contrary to Company policy to engage in any activity that would be considered unlawful trading or tipping under the securities laws, whether related to the Company’s securities or another company’s securities with information gained as a result of your employment or relationship with the Company. Persons violating this policy will be subject to disciplinary action, which may include immediate dismissal from the Company.
- **Prohibition Against Speculative, Short Term Trading.** It is also Company policy that any investing in the Company’s securities, or the securities of any company that has a significant relationship with the Company, be on a “buy and hold” basis. Active trading, or short term speculation, is improper.
- **Notice Requirements for Trading in Company Securities.** Subject to the restrictions on purchasing and selling securities while in possession of material, non-public information, all directors, officers and designated employees of the Company must give written notice to the Company’s General Counsel, or in his absence the Company’s Chief Financial Officer, prior to engaging in a purchase or sale of the Company’s securities. For the sake of good governance, no officer can pre-clear their own transaction.
- **Black-Out Periods Applicable to All Employees.** Certain periods have been designated as “blackout periods” for transactions in the Company’s securities, during which directors, officers,



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employees and consultants of the Company are prohibited from trading in the Company's securities.

- **Scope of Prohibited Trading.** The Company's Insider Trading Policy applies to trading in the Company's common stock, options and any other types of securities, and applies to trades executed directly or indirectly. Examples of indirectly trading in the Company's securities include using a third party intermediary to execute trades on your behalf and executing trades through an IRA Trust.
- **Insider Trading Policy Applies to Family Members.** These restrictions apply to all directors, officers and employees of the Company, family members, others living in the household, and entities under any of such persons' influence or control. You are expected to be responsible for the compliance of your family members and others living in your household.

Please contact the Company's General Counsel or Chief Financial Officer with any questions or comments concerning the attached statement.



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VAALCO ENERGY, INC. INSIDER TRADING POLICY (Amended and Restated as of December 1, 2016)

Introduction

This policy applies to you, any family member and any other person who has a relationship with you (legal, personal or otherwise) that might reasonably result in that person's transactions being attributable to you. This includes any legal entities that are influenced or controlled by you or other persons who have a relationship with you and are subject to this policy, such as corporations, partnerships or trusts. For purposes of this policy, your "family members" consist of people within your family who live with you, or are financially dependent on you, and also include other family members whose transactions in securities are directed by you or are subject to your influence or control. Transactions by your family members and other persons subject to this policy who have a relationship with you should be treated for the purposes of this policy and applicable securities laws as if they were for your own account. Accordingly, all references to you with regard to all trading restrictions and pre-clearance procedures in this policy also apply to your family members or other persons with whom you have a relationship who are subject to this policy. This policy describes:

- The federal laws prohibiting insider trading;
- The Company's securities trading policy, including preclearance procedures;
- The Company's blackout period policy;
- The Company's policy regarding short sales and options trading; and
- The Company's compliance program for officers and directors.

Noncompliance with the securities laws or any of the Company's Insider Trading Policies described below constitute grounds for disciplinary action, which may include termination of employment as well as civil and criminal penalties.

Explanation of the Law

What is Material, Nonpublic Information?

U.S. federal securities laws make it illegal for any of us to buy or sell a company's securities at a time when we possess "material, nonpublic information" relating to such company. This conduct is known as "insider trading." "Nonpublic information" is information about a company that is not known to the general public. Information is deemed "material" if it could affect the market price of a security (i.e., stock, option, bond, etc.) or if a reasonable



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investor would attach importance to the information in deciding whether to buy, sell or hold a security. Information is considered “public” only if it has been effectively disclosed to the investing public (by press release, for example) and enough time has elapsed (generally, the second full trading day after disclosure) to permit the investment market to absorb and evaluate the information.

Material, nonpublic information can include information that something is likely to happen – or just that it might happen. Examples of material, non-public information with respect to the Company include, among other things, non-public information about:

- Earnings, operating or other financial results;
- Material changes in revenues or operations;
- Estimates or projections by the Company of future earnings or losses;
- Stock splits or other recapitalizations and changes in dividend policy;
- Changes in management;
- A proposed stock or bond offering;
- Redemptions or repurchases by the Company of its securities;
- Events or business operations which are likely to affect future revenues or earnings (for example, mergers, acquisitions and dispositions of properties, successful discoveries of oil and gas, unsuccessful wells, operational success or failure, and the execution of important contracts);
- Plans for substantial capital investments;
- The prospect of significant litigation or developments in a major litigation matter; or
- Any other information which is likely to have a significant impact on the Company’s financial results or stock price.

In the case of the Company, material, nonpublic information is not limited to information about the Company itself. It also includes material, non-public information about others, including the Company’s partners, service providers and other companies with which we have relationships.

Prohibitions Relating to Material, Nonpublic Information.

Sale or Purchase of Securities. It is unlawful for someone having material, nonpublic information regarding a company to buy or sell securities of that company, whether in the form of common stock, other company stock which might be issued in the future, options or any other type of security, and, whether directly or indirectly, through a third person, 401(K) plan, IRA trust or otherwise.

Tipping. As a rule, it is unlawful for someone having material, nonpublic information to pass it on to a friend, relative or anyone else that buys or sells a security on the basis of that



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information. This area of activity is often referred to as “tipping.” Similarly, it is also unlawful to suggest buying or selling a security while in possession of material, nonpublic information but without actually disclosing such information. If damages are incurred for a tipping violation, often the “tipper” (the informant) is liable for the “tippee’s” profits and other damages.

Controlling Person Liability. It is also unlawful for certain persons to fail to prevent insider trading by others. A “controlling person” may be liable for civil penalties under the insider trading laws for the violations of another if the controlling person both (1) knew or recklessly disregarded the fact that an employee was likely to engage in a violation and (2) failed to take appropriate steps to prevent that violation before it occurred. A controlling person includes not only employers, such as the Company, but also individual employees with managerial or supervisory responsibilities over the violator and, in some cases, officers, directors and controlling shareholders of the employer.

Consequences of Violation. In recent years, the SEC has vigorously prosecuted insider trading violations by both institutions and individuals. The penalties, including criminal penalties, are severe, even for violations resulting in relatively small profits. Criminal penalties can result in up to 20 years of imprisonment and fines of up to \$5,000,000. The maximum civil penalty for each violation is the higher of \$1,000,000 or three times the gains made or losses avoided from insider trading. Finally, because of the importance of the policies set forth in this memorandum, any violation may be cause for immediate dismissal from the Company.



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Securities Trading Policy

Prohibited Trading. Whenever an employee or any party retained by the Company in any capacity has or is aware of material non-public information relating to the Company or any other company, including any of our partners, suppliers or service providers, our policy and the securities laws provide that such employee or person may not, directly or indirectly, buy or sell the securities of the Company or such other company. Equally important, such employee or person: (1) should not pass the information along to others and (2) must not authorize or permit any member of his or her immediate family or others living in his or her household, anyone acting on his or her behalf, or anyone known to have such information, to purchase or sell such securities.

Covered Transactions. The transactions covered by the foregoing prohibited trading restriction include not only purchases and sales of, and other transactions in, Company common stock or other Company securities made by you privately or through a broker, but also (1) so-called “cashless exercises” of stock options where you arrange with a broker to sell the shares acquired upon the exercise of your stock options to pay the purchase price, (2) your election to purchase or sell in a 401(k) Plan adopted by the Company, (3) transactions in common stock acquired for your account under a share purchase plan (if any) of the Company, and (4) transactions in common stock which were awarded you pursuant to an equity incentive plan of the Company.

Excluded Transactions. Transactions by you that are not covered by the foregoing prohibited trading restriction are (1) stock option exercises where you hold onto the shares acquired in the exercise or sell shares to the Company to pay the purchase price or tax withholding, and (2) elections to participate in or withdraw from a share purchase plan (if any) of the Company.

Internet Message Boards, Chat Rooms and Discussion Groups. In an effort to prevent unauthorized disclosure of our information, you are prohibited from posting or responding to any posting on or in Internet message boards, chat rooms, discussion groups or other publicly accessible forums, with respect to the Company. Any inquiries about the Company should be directed to our investor relations personnel.

Blackout Period

In order to protect you and the Company from allegations of insider trading, you are prohibited from buying or selling the Company’s securities during the quarterly “blackout period,” which begins three trading days before the public release of the Company’s quarterly or full year earnings and ends after the second full trading day following the public release of the quarter’s earnings. This policy is based on the presumption that, during the blackout period, you



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may have access to the quarter's financial results, which are deemed material, non-public information until they are disseminated into the marketplace.

Additionally, from time to time, an event may occur that is material to the Company and is only known to a few directors, officers and employees. So long as the event remains material and nonpublic, directors, officers and those persons designated by the General Counsel may not trade in the Company's securities. The existence of the blackout will not be announced, other than to those who are aware of the event. If, however, a person that is subject to the Compliance Program described below requests permission to trade in the Company's securities during an event specific blackout, the General Counsel or Chief Financial Officer will inform the requestor of the existence of the blackout period, without disclosing the reason for the blackout. Any person made aware of an event specific blackout should not disclose the existence of the blackout to any other person.

You are permitted to do a cash exercise of vested employee stock options granted by the Company during a blackout period, since the purchase price is fixed. In addition, you may sell shares acquired in the exercise of such stock options to the Company to pay the purchase price or tax withholding. You are not, however, permitted to sell the net shares acquired (after payment of exercise price and tax withholding) through such exercises or sell Company stock as part of a broker assisted cashless exercise of an option until the blackout period ends.

Prohibited and Limited Transactions

Certain types of transactions increase the Company's exposure to legal risks and may create the appearance of improper or inappropriate conduct. Therefore, you may not engage in any of the following transactions, even if you do not possess material nonpublic information: (1) engaging in any transaction in publicly traded options on Company stock, including put or call options or other derivative securities, (2) engaging in short sales of Company stock or derivatives transactions (including forward contracts, equity swaps or collars) in Company stock and (3) engaging in short-term, speculative trading in Company securities, since such speculation can harm the Company by sending inappropriate or potentially misleading signals to the market.

Additional types of transactions are severely limited because they can raise similar issues: (1) the Company strongly discourages you from engaging in hedging and monetization transaction and any person wishing to enter into such an arrangement must first obtain pre-clearance from the General Counsel or Chief Financial Officer as described below (any hedging transaction that is also considered a short-sale is prohibited), (2) any person wishing to enter into an arrangement to hold Company securities in a margin account or to pledge such securities as collateral must first obtain pre-clearance from the General Counsel or Chief Financial Officer as described below, (3) the Company discourages placing standing or limit orders on Company



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securities and any such order should be limited to short duration and should otherwise comply with the trading restrictions and procedures outlined in this policy, (4) the grant of stock appreciation rights and deferred share units are subject to this policy and cannot be exercised until two full trading days after the public disclosure of quarterly financial results, in addition to the other limitations set forth in this policy.

If you have a managed account (where another person has been given discretion or authority to trade without your prior approval), you should advise your broker or investment adviser not to trade in our securities at any time and minimize trading in securities of companies in our industry. This restriction does not apply to investments in publicly available mutual funds.

Compliance Program **(Applicable only to Officers, Directors and Designated Employees)**

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction, officers, directors and other employees designated by the General Counsel, together in each case with their family members and other members of their household, are subject to the following Compliance Program.

Window Periods. All sales, purchases and other transactions of any kind (other than those which are excluded transactions under the trading restrictions or transactions made pursuant to an approved, established trading plan as described below) in the Company's common stock or other Company securities can only be made by you if all of the following conditions are met (unless waived by the Company's General Counsel):

- The transaction is effected during the period (the "*window period*") that begins on the second full trading day after the public release of the quarter's or full year's earnings and closes on the anticipated date for closing of the Company's consolidated financial statements for each calendar quarter or full year's earnings, which dates will be communicated to you in each quarter);
- You are not then in possession of "material, nonpublic information"; and
- You receive prior authorization (pre-clearance) to conduct the transaction from the Company's General Counsel, or in the absence of the General Counsel, the Company's Chief Financial Officer; provided, however, such request for preapproval should be made at least two and no more than seven business days in advance of the proposed transaction (provided, however, that a request for pre-clearance of a hedging or similar permitted arrangement described above or of any arrangement to hold Company securities in a margin account or pledge them as collateral as described above must be submitted at least five full business days in advance). Pre-cleared trades must be completed within five full business dates of receipt of pre-clearance unless an exception is granted by the General



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Counsel or Chief Financial Officer. Transactions not completed within the time limit are subject to pre-clearance again. For the sake of good governance, neither the General Counsel nor the Chief Financial Officer can pre-clear their own transaction. Instead, such officers must receive the approval of the other such officer authorized to grant pre-clearance or the Company's Chief Executive Officer. Approval of a transaction submitted for pre-clearance by the General Counsel or Chief Financial Officer does not constitute legal advice, does not constitute confirmation that you do not possess material nonpublic information and does not relieve you of any of your legal obligations.

Established Trading Plans. The Company must pre-approve any plan, arrangement or trading instructions, etc. involving potential sales (or purchases) of stock or option exercises and sales, etc. (including, but not limited to, 10b5-1 plans, blind trusts, discretionary accounts with banks or brokers, limit orders, hedging strategies, etc.). You must still adhere to this prior approval procedure even where, for example, you are assured that a major law firm has blessed the trading arrangement that a brokerage firm or bank may be suggesting. (Note that the actual transactions effected pursuant to a pre-approved plan will not be subject to the Company's pre-clearance procedures for transactions in the Company's securities.)

We will want to:

(1) *Review the Proposed Arrangement.* We must satisfy ourselves that the arrangement will not place the Company's good name or yours in jeopardy.

(2) *Add Additional Safeguards.* To reduce exposure, we will need to make sure, for example, that at the time you enter into an arrangement (or at any time that you wish to terminate or modify a prior instruction or plan), there is no material information about the Company that has not been publicly disclosed. If there is undisclosed information (even if you are not aware of it), you would need to wait until that information has been disclosed. It may also be advisable that there be an interval between establishment of the plan and the first transaction under the plan.

(3) *Consider a Public Announcement.* We will consider in each case whether public announcement of a trading plan should be made (via press release, web site, etc.).

(4) *Establish Section 16, Rule 144, etc. Procedures With Third Parties.* Also, we will need to establish a procedure with whomever is handling your transactions to ensure:

- a. Prompt filings of a SEC Form 4 takes place after transactions. Failure to file on time results in unwanted proxy statement disclosure of filing violations;



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- b. Compliance with SEC Rule 144 at the time of any sale; and
- c. Cessation of any sales during lock-up periods in the event of a merger or acquisition, or during other periods when a lock-up is imposed on insiders.

Transaction Blocks. The Company's transfer agent has been advised of the Compliance Program and the window period restrictions. The transfer agent will be assisting us in the implementation of the Compliance Program. In the case of the Company's transfer agent, this will mean that the transfer agent will only process Company securities trades made by you during a window period.

Additional Black-Out Periods. The Sarbanes-Oxley Act of 2002 also requires the Company to absolutely prohibit all purchases, sales or transfers of Company securities by directors and executive officers during a pension fund blackout period. A pension fund blackout period exists whenever 50% or more of the plan participants are unable to conduct transactions in their accounts for more than three consecutive days. These blackout periods typically occur when there is a change in the retirement plan's trustee, record keeper or investment manager. Affected officers and directors will be contacted when these or other restricted trading periods are instituted from time to time.

Acknowledgment

Each person designated to receive the Company's Insider Trading Policy will be asked to sign the attached acknowledgment stating that he or she has read this Insider Trading Policy and understands the Company's Insider Trading Policy described herein. The individual also will be asked to repeat this acknowledgment on an annual basis and confirm his or her transactions in Company securities for the prior year.

Administration and Further Assistance

This Insider Trading Policy shall be administered by the Company's General Counsel. Any person who has a question concerning the propriety of a proposed transaction or who has a question about the Insider Trading Policy generally may obtain additional guidance from the Company's General Counsel or Chief Financial Officer.



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**ACKNOWLEDGMENT AND RECEIPT OF MEMORANDUM
REGARDING VAALCO ENERGY, INC.'S
INSIDER TRADING POLICY**

To the Board of Directors of VAALCO Energy, Inc.

I have received the memorandum dated December 1, 2016, setting forth the Company's Insider Trading Policy on material, nonpublic information and the U.S. federal securities laws. I understand its contents and have been advised that if I have a question about the meaning of the Company's Insider Trading Policy or how either it or the memorandum applies in a particular instance, I may ask the Company's General Counsel or Chief Financial Officer to advise me.

Signature

Name - Please Print

Date

Return to: Human Resources Department