

**INDEPENDENCE CONTRACT DRILLING, INC.**  
**INSIDER TRADING POLICY**  
**(DECEMBER 2014)**

In the course of conducting the Company's business, employees, directors and consultants frequently come into possession of "material" information about the Company, or other entities, that generally is not available to the investing public. This Policy is intended to remind all persons associated with the Company and its subsidiaries that they must maintain the confidentiality of all such inside information and may not use it in connection with the purchase or sale of securities of the Company or any other entity to which the information relates.

**Reasons for Maintaining Confidentiality**

The federal securities laws strictly prohibit the use of material nonpublic information in connection with the purchase or sale of securities by any person who obtains inside information and has a duty not to disclose it. Congress enacted this prohibition to protect the integrity of the securities markets. In addition, the misuse of inside information gives rise to ethical concerns. Finally, our ability to conduct business would be damaged if we fail to maintain confidentiality of any nonpublic information. Please note that we may have confidentiality and contractual agreements in place with other companies that expressly restrict your trading in securities of those companies.

**What is Material Information?**

Information generally is considered "material" if its disclosure to the public would be "market moving" or reasonably likely to affect investors' decisions to buy or sell Company securities. Information that is likely to affect the price of a company's securities (whether positive or negative) is almost always material. The following types of information are generally considered to be material:

- operating or financial results;
- projections of earnings or other financial data;
- significant business acquisitions, dispositions or joint ventures;
- gain or loss of a significant customer, strategic relationship or contract;
- major changes in corporate structure or management personnel;
- public or private debt or equity transactions;
- plans for substantial capital investment;
- significant expansion or reduction of operations;

- significant operational successes, failings, progress, setbacks, delays and changes in expectations or timeline of a project or area of operations;
- significant new products, technology, services or marketing plans;
- substantial write-ups or write-downs of assets;
- significant litigation or disputes;
- adoption of a stock redemption or repurchase program;
- increases or decreases in cash dividends, or the issuance of a stock dividend;
- stock splits or other forms of recapitalization; and
- actual or projected changes in industry circumstances, fleet status or competitive conditions that could significantly affect the earnings, financial position or future prospects of the Company.

The foregoing list is merely illustrative and is not complete. Either positive or negative information may be material. Obviously, there are many gray areas and varying circumstances. When doubt exists, the information involved should be presumed to be material. If you are unsure whether information of which you are aware is material or nonpublic, you should consult with the Company's Director of Legal or the Chief Financial Officer before disclosing the information or trading in the Company's securities.

You may be deemed to "possess" material nonpublic information at any time you are privy or have access to such information, regardless of whether you actually "use" such information when effecting a transaction in securities. It is important to remember that, like materiality, possession is a subjective determination that will be made by a governmental entity or other third party after the fact.

### **What is "Non-Public" Information**

Information is "non-public" if it has not been previously disclosed to the general public and is otherwise not generally available to the investing public. In order for information to be considered "public," it must be widely disseminated in a manner making it generally available to the investing public and the investing public must have had time to absorb the information fully. Generally, one should allow two full Trading Days following publication as a reasonable waiting period before information is deemed to be public. A Trading Day is defined as a day on which national stock exchanges are open for trading, and a Trading Day begins at the time trading begins.

## **Safeguarding Material Information**

At any time that material information regarding the Company or its business is unavailable to the general public, it must be kept in strict confidence. This nonpublic information should be discussed only with persons who have a “need to know,” and should be confined to as small a group as possible. The utmost care and discretion must be exercised at all times. In particular, conversations in public places, such as elevators, restaurants, taxis and airplanes, should not refer to information of a sensitive or confidential nature.

## **Necessity for Authorized Release**

Communications on behalf of the Company must be issued through an appropriately designated officer under carefully controlled circumstances. Unless you are expressly designated as a Company spokesperson, if you receive any inquiries from the media, analysts, stockholders, potential investors or other outsiders regarding the Company, you should decline comment and refer the inquirer to a designated officer. The foregoing policy is in addition to any prohibitions set forth in other Company policies and any agreement you may have with the Company.

## **Trading Restrictions**

*General Policy.* In accordance with the federal securities laws, no one at the Company may buy or sell Company securities on the basis of material nonpublic information acquired at or in connection with the Company. This prohibition on trading includes stock options, convertible debentures and any other derivative security. This prohibition also extends to transactions involving securities of other companies with which the Company or any of its subsidiaries has a relationship, including entities with which the Company is engaged in drilling operations or discussions regarding a joint venture, merger or acquisition. Thus, employees should exercise the highest degree of discretion in buying or selling the stock or other securities of any company with which the Company does business. Furthermore, no employee who is aware of material nonpublic information when they terminate their service with the Company or any subsidiary may trade in the Company’s securities until that information has become public or is no longer material.

### *Blackout Periods.*

*General Blackout Period.* We have instituted a general “blackout period” during which the officers, other designated employees (including financial and accounting staff and senior operational staff) and directors of the Company may not trade in the Company’s securities. This general blackout period *begins* on the last day of the third month of each fiscal quarter and *ends* forty-eight (48) hours after the Company issues its earnings release for that period. **This general blackout period applies to all personnel, including management.**

*Special Blackout Periods.* There may be occasions when the Company imposes a temporary blackout on trading, such as when the Company has knowledge of

unannounced business or financial events or is engaged in discussions regarding a significant transaction. In that case, the Company may designate certain employees or directors who have access to material non-public information and impose a special blackout period. If you are subject to a special blackout period, you may not engage in any transaction involving the purchase or sale of the Company's securities until you receive notice that the special blackout period has been terminated. Special blackout periods will be announced only to employees or directors who are aware of the event giving rise to the blackout period. These employees or directors must keep this information and the existence of the special blackout period confidential.

*Regulation BTR:* Directors and Section 16 insiders may be subject to trading blackouts pursuant to Regulation Blackout Trading Restriction, or Regulation BTR, under the federal securities laws. In general and with certain limited exemptions, Regulation BTR prohibits any director or Section 16 insider from engaging in certain transactions involving Company securities during periods when participants are prevented from purchasing, selling or otherwise acquiring or transferring an interest in certain securities held in individual account plans. The rules encompass a variety of pension plans, including Section 401(k) plans, profit-sharing and savings plans, stock bonus plans and money purchase pension plans. Any profits realized from a transaction that violates Regulation BTR are recoverable by the Company, regardless of the intentions of the director or officer effecting the transaction. In addition, individuals who engage in such transactions are subject to sanction by the SEC as well as potential criminal liability. The Company will notify directors and Section 16 insiders if they are subject to a blackout trading restriction under Regulation BTR. Failure to comply with an applicable trading blackout in accordance with Regulation BTR is a violation of law and this Policy.

### **Prohibition against Speculation**

To promote compliance with the federal securities laws and Company policies, employees of the Company and its subsidiaries should not engage in transactions in Company securities that may involve speculation. In order to avoid any appearance that employees are speculating in the Company's securities, in-and-out trading involving holding of the Company's securities for brief periods is prohibited. In addition, no employee may engage in buying or selling put options, call options or other derivatives of Company securities and from executing short sales of or entering into any hedging or pledging arrangement in Company securities. Officers and directors have additional legal prohibitions and restrictions on trading, as described below.

### **Tipping Restrictions**

Persons at the Company who come into possession of material inside information must not communicate that information to other persons prior to its public disclosure and dissemination. "Tipping" can result in liability for both the tipper (even if the tipper does not trade) and the person who trades based on the tip. There is, therefore, a need to exercise care when speaking with other Company personnel who do not have a "need to know," and when communicating with family, friends and other persons not associated

with the Company. You are prohibited from making recommendations (based on material nonpublic information) about buying or selling the securities of the Company or other entities with which the Company has a business relationship.

### **Pre-clearance and Other Policies Applicable to Insiders and Designated Employees**

Officers, directors, and other designated employees (including financial and accounting staff and senior operational staff) are encouraged to seek pre-clearance in advance of any transaction in Company securities. Transactions for which pre-clearance is sought will be evaluated by the Director of Legal or the Chief Financial Officer, who will consult, as necessary, with senior management to assess whether it raises any insider trading or concerns under Section 16 of the Securities Exchange Act, or is barred by a blackout period. Any advice provided by the Director of Legal or Chief Financial Officer will relate solely to the restrictions imposed on the Company by law and will not constitute legal advice to any individual, any advice regarding the investment or tax aspects of a transaction, or a defense to any allegation of insider trading. Clearance of a proposed transaction will be specific to the proposed transaction and valid only for a forty-eight (48) hour period. If the transaction is not completed within the forty-eight (48) hour period, we recommend pre-clearance of the transaction be re-requested. Notwithstanding any pre-clearance by the Director of Legal or the Chief Financial Officer, you are individually responsible for compliance with all applicable laws, including those related to insider trading.

Section 16 insiders and designated employees, including their family members, shall not, directly or indirectly, engage in transactions that may involve speculation, as described above, pledge or hedge Company securities (including a forward sale or similar transaction), or hold Company securities in a margin account. In addition, Section 16 insiders and designated employees must not enter into a 10b5-1 plan without pre-clearance from the Director of Legal or the Chief Financial Officer.

All Section 16 Insiders are required to report all transactions in Company securities, including transactions by family members, to the Director of Legal or the Chief Financial Officer on the date of trade in order that the required Section 16 report may be prepared and filed on a timely basis. Although the Company may generally assist its directors and Section 16 insiders in preparing and filing the required reports, directors and Section 16 insiders retain responsibility for the reports.

### **Liability and Consequences**

The penalties under the securities laws for violating the insider trading provisions are severe. The courts can impose fines and criminal penalties (including prison terms) against persons who misuse inside information in connection with the purchase or sale of a security or who reveal confidential information to others who then trade on the basis of that information. Moreover, there may be adverse consequences for the Company and its controlling persons if action is not taken to prevent insider trading violations by persons under their control. Because of the extremely serious nature of any violation of our insider trading policy, the Company wishes to make clear that any person found to have

committed such a violation will be subject to dismissal and to possible claims for any damages, whether or not you are found to have violated federal securities laws.

### **Policy Applicable to Family Members**

This policy applies to you with respect to your family members and others living in your household. Family members include persons, whether related or not, that are financially dependent on you and persons whose investments are controlled by you. You are responsible for the transactions of these persons, and for ensuring that they comply with this policy.

### **No Excuses**

Small transactions or transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are neither an exception to this policy nor a safeguard from violation of insider trading laws. The SEC takes the position that the mere fact an employee knows of insider information prohibits trading. An employee's asserted reasons for trading for any other reason that is not based on inside information will not provide a valid explanation or excuse.

### **Compliance Notices and Posting**

This policy regarding insider trading and the preservation of inside information shall be included in the Company's employee manual and otherwise made available. **All personnel are bound by this policy, regardless of whether they sign an acknowledgement. The Company reserves the right to revise and update this policy at any time.**

### **Acknowledgement and Certification**

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands the Policy and agrees to be governed by the Policy at all times.

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(Signature)

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(Please print name)

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(Date)