

**VANGUARD NATURAL RESOURCES, LLC  
INSIDER TRADING POLICY**

**Effective as of October 30, 2013**

This Insider Trading Policy (this “Policy”) provides guidelines to employees, officers and directors of Vanguard Natural Resources, LLC (the “Company”) with respect to transactions in the securities of the Company. You should read this Policy carefully, ask questions of the Company’s Insider Trading Compliance Officer listed in Section X below, and promptly sign and return the attached Certification acknowledging receipt hereof to:

Vanguard Natural Resources, LLC  
5847 San Felipe, Suite 3000  
Houston, TX 77057  
Attention: Richard A. Robert

**APPLICABILITY OF THIS POLICY**

This Policy applies to all transactions in the Company’s securities, including common units, preferred units, options to buy or sell common or preferred units or any other securities the Company may issue from time to time, such as warrants and convertible securities, as well as to derivative securities relating to the Company’s common or preferred units, whether or not issued by the Company, such as exchange-traded options. This Policy applies to all officers of the Company, all members of the Company’s Board of Directors, and all employees of the Company who receive or are aware of Material Nonpublic Information (as defined below) regarding the Company or its subsidiaries. As used herein, the term “employee” includes all employees of the Company and any subsidiary of the Company. This group of people, members of their immediate families, and members of their households are sometimes referred to in this Policy as “Insiders.” This Policy also applies to any person who receives Material Nonpublic Information from any Insider.

Any person who is aware of Material Nonpublic Information regarding the Company is an Insider for so long as the information is not publicly available or known. It is important for you to know that “any” employee can be an Insider from time to time, and would at those times be subject to this Policy. The Company reserves the right to amend or rescind this Policy or any portion of it at any time and to adopt different policies and procedures at any time. This Policy must be strictly followed.

## **I. INTRODUCTION**

It is generally illegal for any person, either personally or on behalf of others, to trade in securities on the basis of Material Nonpublic Information. It is also generally illegal to communicate, or “tip,” Material Nonpublic Information to others who may trade in securities on the basis of such Material Nonpublic Information. These illegal activities are commonly referred to as “Insider Trading.”

## **II. GENERAL POLICY**

This Policy prohibits you from trading or tipping others who may trade in the securities of the Company while aware of Material Nonpublic Information about the Company. You are also prohibited from trading or tipping others who may trade in the securities of another company if you learn Material Nonpublic Information about the other company in connection with your employment or position at the Company.

### ***A. Trading on Material Nonpublic Information.***

No director, officer or employee of the Company, and no Related Person (as defined below) of any such person, shall engage in any transaction involving a purchase or sale of the Company’s securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she is aware of Material Nonpublic Information concerning the Company, and ending at the beginning of the third Trading Day (as defined below) following the date of public disclosure of such Material Nonpublic Information, or at such time as such information is no longer material. As used herein, with respect to any person, “Related Person” means any family member living in the Insider’s household (including a spouse, minor child, minor stepchild, parent, stepparent, grandparent, sibling, or in-law) and anyone else living in the insider’s household; family members who do not live in the insider’s household but whose transactions in Company securities are directed by the insider or subject to the insider’s influence or control; partnerships in which the Insider is a general partner; trusts of which the Insider is a trustee; and estates of which the Insider is an executor. As used herein, the term “Trading Day” shall mean a day on which national stock exchanges or the Over-The-Counter Bulletin Board Quotation System (“OTCBB”) are open for trading. A “Trading Day” begins at the time trading begins on such day.

### ***B. Tipping Others of Material Nonpublic Information.***

No Insider shall disclose or tip Material Nonpublic Information to any other person (including Related Persons) where such Material Nonpublic Information may be used by such person to his or her profit by trading in the securities of companies to which such Material Nonpublic Information relates, nor shall such Insider or related person make recommendations or express opinions on the basis of Material Nonpublic Information as to trading in the Company’s securities. Employees of the Company are not authorized to recommend the purchase or sale of the Company’s securities to any other person whether or not such employees are aware of Material Nonpublic Information.

### *C. Confidentiality of Material Nonpublic Information.*

Material Nonpublic Information relating to the Company is the property of the Company and the unauthorized disclosure of such Material Nonpublic Information is prohibited. If any officer, director or employee of the Company receives any inquiry from outside the Company, such as a securities analyst, for information (particularly financial results and/or projections) that may be Material Nonpublic Information, the inquiry should be referred to the Company's Chief Financial Officer, who is responsible for coordinating and overseeing the release of such information to the investing public, securities analysts and others in compliance with applicable laws and regulations.

### **III. APPLICABILITY OF POLICY TO INSIDE INFORMATION REGARDING OTHER COMPANIES**

This Policy and the guidelines described herein also apply to Material Nonpublic Information relating to other companies, including the Company's customers, joint-venture or strategic partners, vendors or suppliers ("business partners"), when such Material Nonpublic Information is obtained in the course of employment with, or other services performed on behalf of, the Company. Civil and criminal penalties, and termination of employment may result from trading on inside information regarding the Company's business partners. **Please read Section IX below for a discussion of the potential consequences of Insider Trading.** All officers, directors, employees, consultants and contractors should treat Material Nonpublic Information about the Company's business partners with the same care required with respect to Material Nonpublic Information related directly to the Company.

### **IV. DEFINITION OF MATERIAL NONPUBLIC INFORMATION**

#### *A. What information is "Material"?*

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company's securities. Information that is likely to affect the price of a company's securities is almost always material. It is also important to remember that either positive or negative information may be material.

While it may be difficult under this standard to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material information. Examples of such information include:

- Financial results (quarterly, annual or otherwise)

- Projections of future earnings or losses
- Significant regulatory developments
- News of a pending or proposed merger
- News of the disposition of a subsidiary or significant assets
- Acquisitions
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial customer or supplier
- Changes in distribution or dividend policy
- New contract announcements of a significant nature
- Significant pricing changes
- Common unit splits
- New equity or debt offerings
- Planned sales of common units by affiliates
- Significant litigation exposure due to actual or threatened litigation
- Changes in senior management

Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact and with the benefit of hindsight. Therefore, before engaging in any securities transaction, you should consider carefully how Securities and Exchange Commission (“SEC”) regulators and others might view your transaction in hindsight and with all of the facts disclosed.

***B. What information is “Nonpublic”?***

Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not available to the general public.

**V. TRADING GUIDELINES AND REQUIREMENTS**

***A. Blackout Period and Trading Window (only applicable to directors, officers and certain employees).***

The period beginning at the close of market on the fifth (5th) business day following the end of each fiscal quarter or year and ending at the beginning of the third Trading Day following the date of public disclosure of the financial results for that fiscal quarter (the “Blackout Period”) is a particularly sensitive period of time for transactions in the Company’s common or preferred units from the perspective of compliance with applicable securities laws. This sensitivity is due to the fact that executive officers, directors and certain other employees identified by the Company will, during the Blackout Period, often be aware of Material Nonpublic Information about the expected financial results for the quarter. All directors, executive officers and any other employees identified by the Company and who have been notified that they have been so identified (the “Window Group”) are prohibited from trading during such period. Employees who have not been identified as being in the Window Group should adhere to the general prohibitions set forth in this Policy.

To ensure compliance with this Policy and applicable federal and state securities laws, the Company requires that the Window Group refrain from executing transactions involving the purchase or sale of the Company's securities other than during the period commencing at the open of market on the third Trading Day following the date of public disclosure of the financial results for a particular fiscal quarter or year and continuing until the close of market on the fifth (5th) business day following the end of each fiscal quarter or year (the "Trading Window"). The safest period for trading in the Company's securities, assuming the absence of Material Nonpublic Information, is generally the first ten days of the Trading Window.

The prohibition against trading during the Blackout Period encompasses the fulfillment of "limit orders" by any broker for a director, executive officer or other identified person, and the brokers with whom any such limit order is placed must be so instructed at the time it is placed.

From time to time, the Company may also prohibit the Window Group from trading securities of the Company because of developments known to the Company and not yet disclosed to the public. In such event, the Window Group may not engage in any transaction involving the purchase or sale of the Company's securities during such period and should not disclose to others the fact of such suspension of trading.

It should be noted that even during the Trading Window, any person aware of Material Nonpublic Information concerning the Company should not engage in any transactions in the Company's securities until such information has been known publicly for at least three full Trading Days, whether or not the Company has recommended a suspension of trading to that person. Trading in the Company's securities during the Trading Window should not be considered a "safe harbor," and all directors, officers and other persons should use good judgment at all times.

***B. Preclearance of Trades With Insider Trading Compliance Officer.***

The Company has determined that the Window Group must not trade in the Company's securities, even during the Trading Window, without first complying with the Company's "preclearance" process. Each member of the Window Group should contact the Company's Insider Trading Compliance Officer prior to commencing any trade in the Company's securities. The Insider Trading Compliance Officer will consult as necessary with senior management of the Company before clearing any proposed trade. Proposed trades cleared by the Company's Insider Trading Compliance Officer will be reported to the Company's Chief Executive Officer.

***C. Individual Responsibility.***

Every officer, director and employee of the Company is responsible for complying with this Policy. An Insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or she planned to make the transaction before

learning of the Material Nonpublic Information and even though the Insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

## **VI. PROHIBITED TRANSACTIONS**

Because the Company believes it is improper and inappropriate for its directors, officers and employees to engage in short-term or speculative transactions involving certain securities, it is the Company's policy that directors, officers and employees may not engage in any of the following transactions:

### ***A. Purchases of Company Common Units on Margin.***

Any common or preferred units of the Company purchased in the open market should be paid for in full at the time of purchase. Purchasing the Company's common or preferred units on margin (e.g., borrowing money from a brokerage firm or other third party to fund the unit purchase) is strictly prohibited by this Policy.

### ***B. Buying or Selling Puts or Calls on Company Units.***

The purchase or sale of options of any kind, whether puts or calls, or other derivative securities relating to the Company's common or preferred units, is strictly prohibited by this Policy. A put is a right to sell at a specified price a specific number of units by a certain date and is utilized in anticipation of a decline in the unit price. A call is a right to buy at a specified price a specified number of units by a certain date and is utilized in anticipation of a rise in the unit price.

### ***C. Transactions in Company Debt Securities.***

The Company believes that it is inappropriate for its insiders to be creditors of the Company due to actual or perceived conflicts of interest that may arise in connection therewith. Therefore, transactions in Company debt securities, whether or not those securities are convertible into Company common units, are prohibited by this Policy.

### ***D. Hedging Transactions and Other Transactions Involving Company Derivative Securities.***

Hedging or monetization transactions can permit an individual to hedge against a decline in unit price, while at the same time eliminating much of the individual's economic interest in any rise in value of the hedged securities. Because hedging transactions can present the appearance of a bet against the Company, hedging or monetization transactions, whether direct or indirect, involving the Company's securities are completely prohibited, regardless of whether you are in possession of Material, Non-Public Information. A "short sale," or sale of securities that the seller does not own at the time of sale or, if owned, that will not be delivered within 20 days of the sale, is an example of a prohibited hedging transaction.

Transactions involving derivative securities, whether or not entered into for hedging or monetization purposes, may also create the appearance of impropriety in the event of any unusual activity in the underlying equity security. Transactions involving Company-based derivative securities are completely prohibited, whether or not you are in possession of Material, Non-Public Information. “Derivative securities” are options, warrants, unit appreciation rights, convertible notes or similar rights whose value is derived from the value of an equity security, such as Company common units. Transactions in derivative securities include, but are not limited to, trading in Company-based option contracts, transactions in straddles or collars, and writing puts or calls. Transactions in debt that may be convertible into Company common units would also constitute a transaction in derivative securities prohibited by this Policy. This Policy does not, however, restrict holding, exercising, or settling awards such as options, restricted units or other derivative securities granted under a Company equity incentive plan as described in more detail below under “Exempted Transactions.”

***E. Purchases of Company Units on Margin.***

Any of the Company’s common or preferred units purchased in the open market should be paid for in full at the time of purchase. Purchasing the Company’s common or preferred units on margin (e.g., borrowing money from a brokerage firm or other third party to fund the unit purchase) is strictly prohibited by this Policy.

***F. Pledges of Company Securities.***

Company units pledged as collateral, including units held in a margin account, may be sold without your consent by the lender in foreclosure if you default on your loan. A foreclosure sale that occurs when you are aware of Material, Non-Public Information may, under some circumstances, result in unlawful insider trading. Because of this danger, pledging Company securities as collateral is strictly prohibited by this Policy.

***G. Short Term Trading.***

Short-term trading of Company securities may be distracting and may unduly focus the person on the Company’s short-term unit market performance instead of the Company’s long-term business objectives. For these reasons, insiders who purchase Company securities in the open market may not sell any Company securities of the same class during the six months following the purchase (or vice versa).

***H. Standing and Limit Orders.***

Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, see Section V below) should be used only for a very brief period of time. The problem with purchases or sales resulting from standing instructions to a broker is that there is no control over the timing of the transaction. The broker could execute a transaction when the insider is in possession of Material, Non-Public Information.

## **VII. PLANNED TRADING PROGRAMS**

Rule 10b5-1 under the Securities Exchange Act of 1934 provides an affirmative defense to an allegation that a trade has been made on the basis of Material Nonpublic Information. To meet the requirements of Rule 10b5-1, you must demonstrate all of the following:

- Before becoming aware of the information, you had (1) entered into a binding contract to purchase or sell securities, (2) provided instructions to another person to execute the trade for your account, or (3) adopted a written plan for trading securities (each of which is referred to as a “Rule 10b5-1 Plan”).
- With respect to the purchase or sale, the Rule 10b5-1 Plan either: (1) expressly specified the amount of securities (whether a specified number of securities or a specified dollar value of securities) of the Company to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; (2) included a written formula or algorithm, or computer program, for determining the amount of securities (whether a specified number of securities or a specified dollar value of securities) of the Company to be purchased or sold and the price at which and the date on which the securities were to be purchased or sold; or (3) did not permit you to exercise any subsequent influence over how, when, or whether to effect purchases or sales; provided, in addition, that any other person who, pursuant to the Rule 10b5-1 Plan, did exercise influence was not aware of the Material Nonpublic Information when doing so.
- The purchase or sale that occurred was pursuant to the Rule 10b5-1 Plan. A purchase or sale is not pursuant to a contract, instruction, or plan if, among other things, the person who entered into the Rule 10b5-1 Plan altered or deviated from the contract, instruction, or plan or entered into or altered a corresponding or hedging transaction or position with respect to those securities.

Rule 10b5-1 Plans are designed to provide flexibility to those who would like to plan securities transactions in advance at a time when they are not aware of Material Nonpublic Information, and then carry out those pre-planned transactions at a later time, even if they later become aware of Material Nonpublic Information after the Rule 10b5-1 Plan is implemented but before the trade is executed.

It is not a violation of this Policy to execute trades in the Company’s securities while you are aware of any Material Nonpublic Information if such trades are made pursuant to a

Rule 10b5-1 Plan that has been approved by the Company's Board of Directors and the Insider Trading Compliance Officer and such Rule 10b5-1 Plan is put into force at a time when you are not aware of Material Nonpublic Information about the Company. If you are interested in effecting trades in the Company's securities pursuant to a 10b5-1 Plan, you should contact your broker who should be able to assist you with formulating an acceptable plan.

## **VIII. ADDITIONAL INFORMATION –**

### **DIRECTORS AND OFFICERS ONLY**

#### ***A. Section 16 Reporting Persons.***

The Company's directors and executive officers ("Reporting Persons") are required to file Section 16 reports with the SEC when they engage in transactions in the Company's securities. Although the Company may generally assist the Reporting Persons in preparing and filing the required reports, the Reporting Persons retain responsibility for the reports.

The Company's Board of Directors will designate the certain officers that are Reporting Persons. Reporting Persons should provide advance notice to the Company's Insider Trading Compliance Officer of any proposed transactions involving the Company's securities.

The Reporting Persons are also subject to the limitations on "short-swing" transactions set forth in the federal securities laws. The practical effect of these provisions is that Reporting Persons who purchase and sell the Company's securities within a six-month period (including a sale followed by a purchase within six months) will be required to refund all profits from the sale to the Company, whether or not such person had knowledge of any Material Nonpublic Information at the time of the transactions, unless an exception is applicable to the transaction or security.

In addition, Section 16 of the Exchange Act ("Section 16") and the reporting requirements related thereto apply to transactions in the Company's securities by Related Persons of the Reporting Persons.

#### ***B. Rule 144 Reports.***

Reporting Persons are also generally required to comply with the provisions of Rule 144 ("Rule 144") under the Securities Act of 1933, including the filing of Form 144 with the SEC, to dispose of the Company's securities. Form 144 notifies the SEC of such person's intent to sell the Company's securities. The Form 144 is generally prepared and filed by the Reporting Person's broker and is in addition to any Section 16 reports that may be required to be filed (as discussed above) in connection with such transactions. In addition, Related Persons of Reporting Persons may also be required to comply with Rule 144 in connection with sales of the Company's securities.

## **IX. POTENTIAL CRIMINAL AND CIVIL LIABILITY AND/OR DISCIPLINARY ACTION**

### ***A. SEC Enforcement Action.***

*The adverse consequences of insider trading violations can be staggering and currently include, without limitation, the following:*

*For individuals who trade on inside information (or tip information to others):*

- *A civil penalty of up to three times the profit gained or loss avoided;*
- *A criminal fine of up to \$5 million (no matter how small the profit); and/or*
- *A jail term of up to twenty (20) years.*

*For a company (as well as possibly any supervisory person) that fails to take appropriate steps to prevent illegal trading:*

- *A civil penalty of the greater of \$1.525 million or three times the profit gained or loss avoided as a result of the employee's violation;*
- *A criminal penalty of up to \$25 million; and/or*
- *The civil penalties may extend personal liability to the Company's directors, officers and other supervisory personnel if they fail to take appropriate steps to prevent insider trading.*

### ***B. Disciplinary Action by the Company.***

Covered Persons who violate this Policy shall also be subject to disciplinary action by the Company, which may include termination or other appropriate action.

## **X. INQUIRIES**

Please direct your questions as to any of the matters discussed in this Policy to the Company's Insider Trading Compliance Officer, Richard A. Robert.

**This document states a policy of Vanguard Natural Resources, LLC and is not intended to be regarded as the rendering of legal advice.**

**CERTIFICATION**

**TO VANGUARD NATURAL RESOURCES, LLC:**

I have received a copy of the Vanguard Natural Resources, LLC Insider Trading Policy (the "Policy"). I have read and understand the Policy. I will comply with the policies and procedures set forth in the Policy. I understand and agree that, if I am an employee of Vanguard Natural Resources, LLC or any subsidiary or other affiliate (including VNR Holdings, LLC), my failure to comply in all respects with Vanguard Natural Resources, LLC's policies, including the Policy, may be a basis for termination of my employment.

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Signature

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Type or Print Name

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Date