

SUPERIOR DRILLING PRODUCTS, INC.

CORPORATE GOVERNANCE GUIDELINES

(Adopted as of April 29, 2015)

1. The Role of the Board of Directors

The Board of Directors is responsible for the oversight of the Company and its business. This role is carried out through the selection of a qualified senior management team charged with directing the daily operations of the Company and executing the Company's established business plan, strategies and objectives. The Board serves to advise, consult with and monitor the performance of the senior management team.

The Board will act with honesty and integrity in the oversight of the Company and holds the Company's management to the same standards of conduct. The Company maintains a Code of Conduct and Business Ethics to which all directors and employees are expected to adhere. Waivers of the Code for any officer or director are evaluated and granted or denied by the Nominating and Corporate Governance Committee of the Board, other appropriate committees of the Board and the Board. The Code, along with any waivers granted, will be posted on the Company's website.

2. Composition of the Board

The Board will consist of the number of directors provided for in the Company's organizational documents, as amended from time to time, who are elected by the stockholders. A majority of the Board will consist of directors who satisfy independence requirements determined by the Board, in accordance with the Company's bylaws, federal laws and rules and regulations promulgated, from time to time, by the Securities and Exchange Commission and the NYSE MKT. It is the Board's intention that all directors will be free from any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a director. The Board may, from time to time, designate a former director to serve as an Emeritus Director. An Emeritus Director may serve in an advisory capacity to the Board, but will not be a voting member. The Board does not have a policy on the number of Emeritus Directors that may serve the Corporation at any one time.

It is the Board's policy that the positions of Chairman and Chief Executive Officer be held by the same person. This arrangement has proven effective for the Company in the past and the Board believes it will continue to be effective in the future. However, in order to help ensure robust independent leadership on the Board, the Board also believes that an Independent Lead Director should be elected annually by the independent directors for a one year term. Although annually elected, the Lead Independent Director is generally expected to serve for more than one year. The Lead Independent Director may, but need not be, the chair of the Nominating and Corporate Governance Committee.

The Lead Independent Director shall:

- Preside at all meetings of the Board at which the Chairman of the Board is not present, including all meetings of independent directors and non-employee directors;

- Encourage and facilitate active participation of all directors;
- Serve as a liaison between the independent directors and the Chairman of the Board on sensitive issues and otherwise when appropriate;
- Approve Board meeting materials for distribution to and consideration by the Board;
- Approve Board meeting agendas after conferring with the Chairman of the Board and other members of the Board, as appropriate, and may add agenda items in his or her discretion;
- Approve Board meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- Have the authority to call meetings of the independent directors;
- Lead the Board's annual evaluation of the Chairman of the Board and Chief Executive Officer;
- Monitor and coordinate with management on corporate governance issues and developments;
- Be available to advise the committee chairs in fulfilling their designated roles and responsibilities to the Board;
- Be available for consultation and communication with stockholders where appropriate, upon reasonable request (this does not preclude other directors from being available for consultation and communicating with stockholders, where appropriate); and
- Perform such other functions as the Board or other directors may request.

The Board will form and delegate authority to committees when determined appropriate by the Board. However, generally these committees are limited to those the Board determines are necessary for the operation of a public company similar to that of the Company. It is the Board's policy that all significant decisions and actions be considered by the full Board. The Board has standing Audit, Compensation, and Nominating and Corporate Governance committees, each consisting entirely of independent directors, as determined by the Board. Changes in the members and chairs of the Board's committees are made by the Board after appropriate consultation or consideration by the Nominating and Corporate Governance Committee.

The Board, through its Nominating and Corporate Governance Committee, periodically assesses whether the current size of the Board and each committee is appropriate and sufficient to function effectively as a body.

It is the Board's policy that its directors may not serve concurrently on more than five public company boards. For purposes of this limitation, a "public company board" is defined as (i) a board of a public corporation whose securities are registered with the United States Securities and Exchange Commission and which is subject to the reporting requirements of the Securities Exchange Act of 1934 and (ii) a board of a registered investment fund. If a director serves on multiple registered investment fund boards within the same investment fund family, the board service for such family of registered investment funds will only count as service on one board for purposes of the computation of the foregoing limitation. The Company's Audit Committee Charter will limit the number of public company audit committees on which a committee member may simultaneously serve.

The Board believes that stockholders will benefit from the continuity, experience and stability that comes with longevity of service on the Board. As such, the Board does not believe it is appropriate to limit the terms of its directors.

3. Director Qualifications

Subject to the approval of the Board, the Nominating and Corporate Governance Committee is responsible for establishing and evaluating the qualifications of existing directors and potential director candidates. The Committee considers such attributes as character, integrity, judgment, experience, professional achievements and financial and business acumen.

The Board recognizes that the personal and professional circumstances of its directors may change over time and that some changes may conflict with the director's ability to serve reliably and objectively. In addition, the Nominating and Corporate Governance Committee monitors the qualifications, performance and effectiveness of directors. An individual director is expected to tender his or her resignation in writing to the Chairman when such director's circumstances have so changed, or the Board has determined, that he or she is unable to continue to serve effectively. The Board believes that stockholders will benefit from the continuity, experience and stability that comes with longevity of service on the Board. As such, the Board does not believe it is appropriate to establish a mandatory retirement age.

4. Functioning of the Board

The Board will meet at least four times each year and hold such other meetings from time to time as necessary to carry out its responsibilities. A majority of the members of the Board shall constitute a quorum. A majority of the members in attendance shall decide any question brought before any meeting of the Board. Directors are expected to attend all meetings called, unless extenuating circumstances dictate otherwise. Directors are further expected to devote the appropriate time and effort necessary to effectively discharge his or her responsibilities as a director.

The Chairman is responsible for leadership of the Board, including overseeing the agenda and presiding over the meetings. Board materials related to agenda items are provided to directors sufficiently in advance of a meeting to allow directors to review and study the materials in preparation for their discussion and consideration at the meeting.

The Chairman may invite members of management or outside advisors to attend the meetings for the purpose of facilitating discussions of agenda items. Annually, in conjunction with a regularly scheduled Board meeting, senior management is invited to join the Board at its meeting location for several days. This allows the Board to spend additional time interacting with senior management.

It is the Board's policy to schedule executive sessions at each regularly scheduled Board meeting to allow the non-employee directors to meet without management present, which will be presided over by the Lead Independent Director as discussed above.

5. Functioning of Committees

The Board has standing Audit, Compensation, and Nominating and Corporate Governance Committees. The members and chairs of these committees are recommended by the Nominating and Corporate Governance Committee and appointed by the full Board. Each committee consists of directors who satisfy the independence requirements established by the Board.

Each committee maintains a written charter that sets forth the committee's purpose, structure and responsibilities. The charters provide for an annual evaluation of the performance of each committee. In addition, each committee has the authority to obtain advice and seek assistance from internal and external legal, accounting or other advisors, as it deems necessary. The frequency, length and agenda of committee meetings are determined by the chair of each committee, in conjunction with the requirements of the committee's charter.

6. Board Resources

Directors have full and free access to the Company's management. In addition, the Board, as a whole, shall have the authority, to the extent it deems necessary or appropriate, to obtain advice and seek assistance legal, accounting, and other advisors.

7. Board Compensation

Directors' fees, as established and reviewed periodically by the Compensation Committee, shall be the only compensation for Board and/or committee service. Directors' fees will consist of cash, options to purchase the Company's common stock, awards of the Company's common stock or a combination thereof.

8. Management Development and Succession Planning

The Compensation Committee will periodically review the Company's executive management, including the CEO, and the steps being taken to assure the succession of qualified officers of the Company and its subsidiaries.

As determined necessary by the Board, the Nominating and Corporate Governance Committee will search for, nominate and evaluate potential successors to the CEO, including the consideration of candidates recommended by the CEO.

9. Director Orientation and Continuing Education

All new directors will receive an orientation package consisting of documents necessary to understand the Company and the Board with such materials including, but not limited to, a copy of the Company's articles of incorporation and bylaws, corporate organizational chart, Code of Conduct and Business Ethics, Insider Trading Policy, a summary of the Company's directors' and officers' liability insurance, a summary of Board committee appointments and copies of committee charters, copies of director stock option and award plans, a summary of Board and management contacts and a schedule of upcoming Board meetings. New directors will

meet separately with the CEO and CFO to discuss the Company's business plan, financial and operational strategies and corporate objectives.

Directors are encouraged to participate in programs developed to train and educate public company board members to better understand and perform their duties as directors. The Company may develop such programs internally or may recommend externally developed programs. The Company will reimburse directors for reasonable expenses incurred to attend such programs.

10. Performance Evaluation

The Board with assistance from its Nominating and Corporate Governance Committee will conduct an evaluation of the Board's performance at least annually. As part of such evaluation or at such other times determined by the Board, the Board will periodically review and update these guidelines, as necessary.

11. Code of Conduct and Business Ethics

The Board expects all directors, as well as officers and employees, to display the highest standards of ethics. The Board also expects directors, officers and employees to acknowledge their adherence to the Company's Code of Conduct and Business Ethics. The Company has and will continue to maintain the Code of Conduct and Business Ethics. The Audit Committee periodically reviews compliance with the Code of Conduct and Business Ethics.

12. Governing Documents

The Board does not intend for this document or any of its committee charters to conflict with the Company's articles of incorporation, bylaws or with each other. If such a conflict should arise, the applicable provisions of such documents will govern in the following order: (1) articles of incorporation, (2) bylaws (3) Corporate Governance Guidelines (4) the applicable committee charter.

13. Disclosure of Corporate Governance Guidelines

These Corporate Governance Guidelines will be made available on the Company's website.

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