



(Updated May 2010)

## Code Of Business Conduct And Ethics

### **Introduction**

This *Code of Business Conduct and Ethics* details and explains the values and ethics and related expectations for those associated with New Zealand Oil & Gas Limited and its wholly owned subsidiary companies (NZOG). NZOG strives to create a strong culture of honesty, integrity, loyalty, fairness, forthrightness, and ethical behaviour.

### **Obligation to Comply with Code**

This code applies to all employees, directors, consultants and all other people when they represent NZOG (NZOG Representatives). Adherence to the code is expected both in letter and in spirit. Any violation of the code or unethical behaviour which may affect the reputation of NZOG may result in disciplinary action being taken.

### **Primary Obligations of Code**

NZOG Representatives are required to;

- act with high standards of honesty, integrity, fairness, and equity in all aspects of their involvement with NZOG;
- comply fully with the content and spirit of all laws and regulations which govern the operations of NZOG, its business environment, and its employment practices;
- not knowingly participate in illegal or unethical activity;
- actively promote compliance with laws, rules, regulations, and this code; and
- not do anything which would be likely to negatively affect NZOG's reputation.

### **Conflicts of Interest and Corporate Opportunities**

A "conflict of interest" exists when a private interest or personal relationship interferes, appears to interfere or could be reasonably expected to interfere, with the best interests of NZOG. NZOG policy is that actual, apparent or potential,

conflicts of interest must be reported to the Board for the Board to consider the potential ramifications; and that conflicts of interest should be avoided if possible.

Employees and directors owe a duty to NZOG to advance its interests when the opportunity to do so arises. Failure to do so creates a conflict of interest.

NZOG policy is that NZOG Representatives must not;

- take for themselves or others opportunities that are discovered through the use of NZOG property, information or position;
- use NZOG property, information, or position for improper personal gain; or
- compete with NZOG directly or indirectly.

Where a conflict of interest arises, or may arise, the NZOG Representative (excluding directors) must disclose the conflict to his or her supervisor. Where a conflict of interest arises, or may arise, in relation to a director that director must disclose the conflict to the Board and must comply with the Directors Interests Policy.

The supervisor and/or the Board will ensure that measures are put in place to protect parties affected by conflicts of interest from that conflict. These measures may include ensuring that the conflicted NZOG Representative does not participate in the relevant decision or activity, or disclosing the conflict to third parties affected by the conflict and ensuring that the conflicted or potentially conflicted person is not the sole decision maker on the matter.

## **Protection and Proper Use of NZOG Assets**

Appropriate steps should be taken to protect NZOG assets and ensure their proper and efficient use. NZOG assets should only be used for NZOG business purposes.

Telephones and computer workstations and software, including network access to computing systems such as the internet and e-mail are provided to improve personal productivity and to efficiently manage proprietary information in a secure and reliable manner. Permission must be obtained to install any software on any NZOG computer or connect any personal laptop to any NZOG network. All e-mails and internet use on NZOG equipment are subject to the Email and Internet Use Policy.

## **Confidential and Proprietary Information**

In general, all operations, activities and business affairs of NZOG and its business associates are to be kept confidential to the greatest extent possible. Confidential information includes all non-public information that might be of use to competitors, or that might be harmful to NZOG or its customers if disclosed. Confidential and proprietary information belonging to NZOG, must be treated with strictest confidence, and is not to be disclosed or discussed with others.

These confidentiality requirements apply both during and after your period of employment with NZOG.

## **Intellectual Property**

All intellectual property conceived or developed during the course of employment with NZOG shall be the sole property of NZOG. The term "intellectual property" includes any invention, discovery, concept, idea, or writing whether protectable or not by any copyright, trademark, patent, or common law including, but not limited to designs, materials, compositions of matter, machines, manufactures, processes, improvements, data, computer software, writings, formula, maps, techniques, know-how, methods, as well as improvements thereof or know-how related thereto concerning any past, present, or prospective activities of NZOG.

## **Competition and Fair Dealing**

Employees and directors should endeavour to deal honestly and fairly with all persons or entities with whom NZOG does business. No one should take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

## **Business Entertainment & Gifts**

Business entertainment and gifts should only be used to create and maintain goodwill and sound working relationships, not to gain unfair advantage. No business entertainment or gift should ever be offered, provided or accepted unless it:

- is consistent with customary business practice;
- is not excessive in value;
- cannot be construed as a bribe or payoff; and
- does not violate any laws, rules, or regulations.

## **Insider Trading or Tipping**

NZOG Representatives who are aware of material, non-public information from, or about, NZOG (an "Insider") are prohibited by law, directly or through family members or other related persons or entities, from:

- buying or selling securities of NZOG; or
- passing on, tipping or disclosing material, non-public information to others outside NZOG including family and friends.

Prior to trading in certain securities, including securities of NZOG, employees and dedicated contractors must comply with the Securities Trading Policy and Guidelines for Employees and Dedicated Contractors and directors must comply with the Securities Trading Policy and Guidelines for Directors.

## **Reporting of Code Violations**

NZOG Representatives should be alert and sensitive to situations that could result in actions that might violate any law or the standards of conduct set forth in this code. If any such laws or this code may have been violated there is an obligation to report the matter and the Whistleblower Policy may apply.

Generally, such matters should first be raised with an immediate supervisor. However, if the person is not comfortable bringing the matter up with their immediate supervisor, or does not believe the supervisor has dealt with the matter properly, then the matter should be raised with the CEO or the Chair of the Audit Committee. Directors and officers should report any potential violations of this code to the Chair of the Audit Committee.

If NZOG receives information regarding a potential violation of this code, the CEO or the Board, as appropriate, shall evaluate such information as to applicability, materiality and credibility. If, in their sole judgment, it is determined that the information is applicable, material and credible, they will initiate an informal inquiry or a formal investigation with respect thereto and prepare a report of the results of such investigation, including recommendations as to the disposition of such matter, including appropriate disciplinary action.

## **Policies and Procedures of NZOG**

In addition to compliance with this code, employees and directors are responsible for familiarity with and compliance with other company policies and procedures. In the inadvertent event of conflict between the provisions of this code and such other policy and procedure documents, the provisions of this code shall prevail.