

NEW ZEALAND OIL & GAS LIMITED

CODE OF BUSINESS CONDUCT & 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 and its subsidiaries and affiliates. 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 the company may be subject to disciplinary action.

Primary Obligations of Code

Employees and directors of NZOG are required;

- to act with high standards of honesty, integrity, fairness, and equity in all aspects of their involvement with NZOG,
- to comply fully with the content and spirit of all laws and regulations which govern the operations of NZOG, its business environment, and its employment practises,
- to not knowingly participate in illegal or unethical activity,
- to actively promote compliance with laws, rules, regulations, and this code,
- to 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, or appears to interfere, with the best interest of the company. NZOG policy is that actual, or apparent, 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 the company to advance its interests when the opportunity to do so arises. Failure to do so creates a conflict of interest.

Company policy is that employees and directors shall not;

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

Where a conflict of interest arises, or may arise, an employee 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.

The supervisor and/or the board will ensure that measures are put in place to protect parties affected by conflict of interests from that conflict. These measures may include ensuring that the conflicted employee or board member 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 Company Assets

Appropriate steps should be taken to protect NZOG assets and ensure their proper and efficient use. NZOG assets should be used for company 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 company computer or connect any personal laptop to the company network. All e-mails and internet use on company equipment are subject to monitoring by the company.

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 the company or its customers if disclosed. Confidential and proprietary information belongs to NZOG, must be treated with strictest confidence, and is not to be disclosed or discussed with others.

Intellectual Property

All intellectual property conceived or developed during the course of employment with NZOG shall be the sole property of the company. 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 the company.

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 or provided unless it is

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

Insider Trading or Tipping

Directors, employees, consultants, and business associates 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 the company, or
- passing on, tipping or disclosing material, non-public information to others outside the company including family and friends.

When material information has been publicly disclosed, employees and directors are subject to the company's securities trading policy and should consult those procedures regarding such matters.

Reporting of Code Violations

Employees and directors 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.

Generally, such matters should be first 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 chief executive or the chairman of the audit committee. Directors and officers should report any potential violations of this code to the chairman of the audit committee.

If the NZOG receives information regarding a potential violation of this code, the chief executive or the board, as appropriate, shall evaluate such information as to applicability, materiality and credibility. If, in their sole judgement, it is determined that the information is applicable, material and credible, they will initiate an informal inquiry or a formal investigation with respect thereto, 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 the Company

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.

Adopted by the board of New Zealand Oil & Gas Limited.
26 August 2004.

A handwritten signature in black ink, appearing to read 'B W Roulston', with a stylized, cursive script.

B W Roulston