

CARNARVON PETROLEUM LIMITED ("COMPANY")

CODE OF CONDUCT FOR COMPANY DIRECTORS AND KEY EXECUTIVES

All directors and key executives will:

1. Actively promote the highest standards of ethics and integrity in carrying out their duties for the Company.
2. Disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company.
3. Respect confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure or disclosure is legally mandated.
4. Deal with the Company's customers, suppliers, competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates.
5. Protect the assets of the Company to ensure availability for legitimate business purposes and ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these are used for personal gain or to compete with the Company.
6. Report any breach of this code of conduct to the chairman, who will treat reports made in good faith of such violations with respect and in confidence.

In addition, the directors will comply with the Corporate Code of Conduct as set out by the Australian Institute of Company Directors:

- The director should act honestly, in good faith and in the best interests of the company as a whole.
- The director should have a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- The director should use the powers of office for a proper purpose, in the best interests of the company as a whole.
- The director should recognise that the primary responsibility is to the company as a whole but may, where appropriate, have regard for the interest of all stakeholders of the company.
- The director should not make improper use of information acquired as a director.
- The director should not take improper advantage of the position of director.
- The member should properly manage any conflict with the interests of the company.

- The director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
- Confidential information received by the director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
- The director should not engage in conduct likely to bring discredit upon the company.
- The director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

This Code of Conduct is in addition to the Corporate Code of Conduct which has been adopted by the Board of the Company.