

Code of Ethics and Corporate Conduct

POLICY:

Petsec Energy Ltd's (**Petsec** or **Company**) Code of Ethics and Corporate Conduct is aimed at maintaining high standards of ethical behaviour and corporate conduct and accountability among the Petsec companies, and at helping Petsec achieve its objectives of creating shareholder value by building a significant mid-tier oil & gas company respected in the industry for its technical skills, efficient delivery of projects and the integrity with which it conducts its business.

Acting in accordance with its Code of Ethics and Corporate Conduct Petsec's directors, management, employees, agents, consultants, and subcontractors ("you") are expected to:

- comply with the law;
- act honestly and with integrity;
- not place yourself in situations which result in divided loyalties;
- use Petsec's assets responsibly and in the interests of Petsec;
- maintain all Company records accurately to allow responsible decision-making and fair, full, timely, and understandable public disclosure;
- be responsible and accountable for your actions;
- respect the dignity of fellow workers; and
- promptly report any illegal or unethical behaviour or other violations of this Code.

WHAT THE CODE OF ETHICS MEANS

COMPLY WITH THE LAW:

You are expected to comply with the spirit, as well as the letter of the law.

ACT HONESTLY AND WITH INTEGRITY:

You have a responsibility to act honestly and in good faith and not engage in conduct likely to discredit Petsec.

In particular, Petsec will not tolerate management, employees, agents, consultants, or subcontractors paying or accepting kickbacks, bribes or other payoffs. Moreover, no lavish gift (which includes physical objects as well as services, favours, loans, or other items of value) or gratuity, or entertainment that is lavish or frequent, should ever be accepted by you, (or your close family member or agent). You may accept gifts that are nominal in value and that do not constitute cash, cannot be construed as a bribe or payoff, will not make it appear that your judgment for Petsec will be compromised as a result, and do not violate any laws or regulations.

Likewise, if a business situation calls for you to give a gift, Petsec's gifts must be legal, reasonable, and approved by management. You may also provide entertainment that is reasonable in the context of the business.

Petsec does not permit the use or sharing of non-public information for stock trading purposes ("insider trading"); it is both illegal and unethical. Petsec has a strict code of conduct in relation to trading by you in its securities (see Section 14 of the Internal Control Policies Manual: Share Trading by Employees).



NOT PLACE THEMSELVES IN SITUATIONS WHICH RESULT IN DIVIDED LOYALTIES:

You should avoid conflicts of interest. When the potential for a conflict arises, you should declare the potential conflict to your manager and arrange to stand aside from the potential conflict.

USE PETSEC'S ASSETS RESPONSIBLY AND IN THE INTERESTS OF PETSEC:

You are required to use Petsec's assets for the purposes of Petsec's business and to meet Petsec's objectives, and to look after and protect those assets. Confidential information is the property of Petsec and it is improper for you to disclose confidential information or allow it to be disclosed unless Petsec authorises that disclosure or the disclosure is required by law.

MAINTAIN ALL COMPANY RECORDS ACCURATELY TO ALLOW RESPONSIBLE DECISION-MAKING AND FULL, FAIR, TIMELY AND UNDERSTANDABLE PUBLIC DISCLOSURE:

Petsec requires honest, accurate, and timely recording and reporting of information to ensure the integrity of its records and to promote responsible decision-making.

Financial and accounting personnel are vested with the responsibility for prescribing and enforcing policies, procedures, and controls to protect Petsec's assets, appropriately manage risk, and ensure that both internal and external financial reporting is complete, accurate, balanced, timely, and understandable.

The compliance officer is responsible for ensuring that Petsec meets all of its statutory reporting obligations and that external disclosures are full, fair, timely, and understandable. You are expected to follow the internal controls and procedures established to meet this objective.

BE RESPONSIBLE AND ACCOUNTABLE FOR THEIR ACTIONS:

In the conduct of your role for Petsec you are expected to act in the best interests of Petsec, its shareholders, and its stakeholders; to exercise due care and attention in fulfilling your responsibilities; and to be accountable and responsible for your actions.

Your business decisions and actions must be based on the best interests of Petsec and must not be motivated by personal consideration or relationships. Relationships with existing or prospective suppliers, contractors, customers, competitors, or regulators must not affect your independent and sound judgment on behalf of Petsec.

RESPECT THE DIGNITY OF FELLOW WORKERS:

You will treat each other with respect and fairness at all times, just as you wish to be treated yourselves. You will value the difference of diverse individuals from around the world. Petsec will base its employment decisions on business reasons, such as qualifications, talents, and achievements, and will comply with local and national employment laws.

Petsec does not allow abusive, harassing, or offensive conduct, whether verbal, physical, or visual. Unacceptable examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. You are encouraged to speak out if a co-worker's conduct makes you uncomfortable and to report harassment if it occurs.

You are responsible for maintaining a safe work place by adhering to all safety and health rules and practices. You should immediately report accidents, injuries, and unsafe equipment, practices, or conditions to a supervisor or other designated person.

Petsec prohibits all threats or acts of violence or physical intimidation.



PROMPTLY REPORT ANY ILLEGAL OR UNETHICAL BEHAVIOUR OR OTHER VIOLATIONS OF THIS CODE TO PETSEC'S COMPLIANCE OFFICER:

You must promptly report any violation or possible violation of Petsec's Code of Ethics and Corporate Conduct. You should first approach your supervisor or manager with any questions or concerns about Petsec's Code of Ethics and Corporate Conduct. If you are uncomfortable talking to your supervisor, you should communicate your concerns to the Company Secretary of PEL or the Chairman of the Audit Committee. Petsec's open door policy means you can approach any level of management with your concerns.