

CODE OF CONDUCT

Commitment to the Code of Conduct

The Board, management and all employees of Karoon Gas Australia Ltd (**Karoon** or **Company**) are committed to implementing Karoon's core principles and values as stated in this Code of Conduct when dealing with each other and with customers, suppliers, government authorities, creditors and the wider community.

Karoon is dedicated to delivering outstanding performance for investors and employees. Karoon aspires to be a leader in its field while fostering a culture that values operating openly, with honesty, integrity, respect and responsibility and maintaining a strong sense of corporate social responsibility. In maintaining its corporate social responsibility Karoon will conduct its business ethically, encourage community initiatives, consider the environment and ensure a safe, equal and supportive workplace.

Responsibilities to Shareholders and Stakeholders

Karoon is committed to delivering value to shareholders and to representing Karoon's growth and progress truthfully and accurately. Karoon also complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights.

Karoon is committed to safeguarding the integrity of financial reporting and as such will openly promote and instigate a structure of review and authorisation designed to ensure the truthful and factual presentation of Karoon's financial position. Karoon will prepare and maintain its accounts fairly and accurately in accordance with the accounting and financial reporting standards that represent the generally accepted guidelines, principles, standards, laws and regulations of Australia and any other the country in which Karoon conducts its business.

Employment Practices

Karoon will:

- Promote a culture of ethical and responsible behaviour within its workforce.
- Provide a workplace that is safe for employees and that complies with the spirit as well as the letter of workplace health and safety laws.
- Promote equal opportunity for all employees at all levels and will not discriminate except where the law requires.
- Provide equal opportunity to all qualified individuals regardless of sex, race, religion or colour in recruitment.
- Respect the human rights of its employees (including by not employing forced or compulsory labour or young children).
- Compensate all employees, including those working outside Australia (if any), in a fair and ethical manner.

- Encourage employee share ownership, and will instigate and enforce policies regarding trading in those securities where employees have inside information.
- Provide opportunities for employee training and education both through the provision of training and the support of employees pursuing further education outside of Karoon.
- Comply with the Anti-Bribery & Corruption Policy with respect to the giving or receiving of customary business courtesies in accordance with ethical business practices.
- Seek to avoid conflicts of interest so that an employee's interests, or the interests of a family member of the employee, do not affect the way he or she handles Karoon's business.

Karoon will not tolerate:

- The offering or acceptance of bribes, inducements or unauthorised commissions by any of its employees or officers.
- The misuse of Company funds, assets or resources and employees will not use such funds, assets or resources for their own personal benefit.
- Fraudulent conduct including deceit, theft, making of false statements, breach of trust etc for the purpose of obtaining a financial or other benefit
- Employees being under the influence of drugs or alcohol while on Company premises or while at work off Company premises.
- Inappropriate conduct such as sexual harassment, racial discrimination, bullying or other anti-social behaviour.

Karoon's employees and directors must:

- Act in the best interests of Karoon.
- Act honestly and with high standards of personal integrity.
- Comply with the laws and regulations that apply to Karoon and its operations.
- Not knowingly participate in any illegal or unethical activity.
- Not enter into any arrangement or participate in any activity that would conflict with the Karoon's best interests or that would be likely to negatively affect Karoon's reputation.
- Not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to Karoon or its customers.
- Not take advantage of their position for personal gain.

Obligations Relative to Fair Trading and Dealing

Karoon strives to deal fairly with its customers, suppliers and competitors. Employees are prohibited from taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other practice that involves unfair dealing.

In its competitive environment, Karoon will compete fairly and ethically and in accordance with the competition laws of Australia and of each country in which Karoon operates. Karoon aims to conduct its business fairly. It will compete solely on the qualities of its

products and services. Karoon deems false statements, misleading statements or innuendo as being inappropriate and unacceptable.

As part of its commitment to fair trading, Karoon will put in place policies and procedures designed to ensure employees will fulfil Karoon's requirements in awarding orders, contracts and commitments to suppliers of goods and services on a sound business basis and on the ability of the supplier, and that their decisions will not be based on personal favouritism.

Karoon will strive to enter into transactions with business partners who demonstrate similar ethical and responsible business practices.

Compliance with anti-bribery and corruption laws

Karoon has prepared an Anti-Bribery & Corruption Policy to:

- specifically address the prevention of bribery and corruption; and
- identify the procedure for reporting instances where employees or Directors of Karoon have reason to believe that bribery or corruption has occurred, is occurring or is being contemplated.

It is of utmost importance that all employees familiarise themselves with this policy and take all necessary steps to ensure they personally comply.

Documentation and Record-keeping

As part of Karoon's commitment to open and honest business practice Karoon requires all of its employees to maintain accurate books of account and records.

All employees must keep accurate and complete records of all business transactions:

- in accordance with the accounting and financial reporting standards that represent the generally accepted guidelines, principles, standards, laws and regulations of Australia and any other country in which Karoon conducts its business;
- in accordance with Karoon's accounting and finance policies; and
- in a manner that reasonably reflects the underlying transactions and events.

It is the responsibility of all employees to ensure that all business transactions are recorded honestly and accurately and that any errors or falsification of documents are promptly reported to the appropriate senior personnel and corrected.

Responsibilities to the Community

The Environment

Karoon is committed to conducting its business in accordance with the spirit and letter of all applicable environmental laws and regulations. All employees are to have regard for the environment when carrying out their duties.

Community Activities

All employees are encouraged to engage in activities beneficial to their local community. While normally these activities should occur outside work hours, employees may occasionally engage in community activities during work hours with the approval of a Director as long as the activities do not interfere with the employee's job responsibilities.

Donations and Sponsorship

Karoon receives a number of requests for sponsorship in the form of either monetary donations or in kind. Consequently, all employees should refer requests for sponsorship to the Group Financial Manager or Board of Directors.

Responsibility to the Individual

Privacy

Karoon receives private information from its employees. Unless required by law, such personal information will not be shared with a third party without the consent of the employee. Within Karoon, personal information on employees will only be provided on a "need to know" basis and will only be used for the purpose for which it was intended.

Similarly, employees will often be furnished with personal information from clients, suppliers and investors. Unless required by law, such personal information will not be shared with a third party without the consent of the person providing the information.

Confidential Information

All employees must maintain the confidentiality of business information and protect it from any disclosure. This obligation of confidentiality applies while a person is an employee or director of Karoon as well as after that person ceases to be an employee or director of Karoon.

Information that must be kept confidential includes internal, confidential or proprietary information related to Karoon's business, technological and other knowledge whether patented or not, processes, computer passwords, computer software, product formulations, business strategies, plans, budgets, and forecasts and information concerning Karoon's operations, customers, vendors, suppliers and employees.

Conflicts of Interest

Where an individual's private interests vary in any way with the interests of Karoon as a whole a conflict of interest exists. Further, a conflict of interest can be seen to exist where an employee or family member has a direct or indirect financial interest in, or receives any compensation or other benefit from, any individual or firm that:

- sells material, equipment or property to Karoon;
- provides any service to Karoon;
- has business dealings or contractual relations with Karoon including leases and purchases; or
- is engaged in a similar business or competes with Karoon.

Employees and Directors must avoid material conflicts between personal interests and the interests of Karoon, or even the semblance of such interests. Where an employee or Director is concerned that there may be a conflict of interest it should be discussed with another Director/Company Secretary as soon as possible.

How Karoon complies with legislation affecting its operations

Within Australia

Karoon strives to comply with the spirit and the letter of all legislation affecting its operations.

Outside Australia

Karoon will abide by local laws in all countries in which it operates. However, Karoon recognises that the laws in some countries may not be as stringent as Karoon's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts". Consequently, where Company policy is more stringent than the local laws, Company policy will prevail.

How Karoon monitors and ensures compliance with this Code of Conduct

The Board, management and all employees of Karoon are committed to implementing this Code of Conduct. Therefore, it is up to each individual to comply with this Code of Conduct and they will be accountable for such compliance. Where an employee is concerned that there has been a violation of this Code of Conduct, it must be reported in the manner outlined below. While a record of such reports will be kept by Karoon for the purposes of the investigation, the report may be made anonymously.

Reporting violations of the Code of Conduct

If any person is concerned that an employee or Director has violated this Code of Conduct by reason of bribery or corrupt activity, the incident must be immediately reported to the CEO, CFO or General Counsel, in the manner prescribed in Karoon's Anti-Bribery and Anti-Corruption Policy.

In all other instances, any person with concerns regarding whether actions violate this Code of Conduct should contact any of the Chairman of Karoon, the CEO, the COO, the Company Secretary or the General Counsel.

Employees will not be subjected to any form of punishment or reprisal for raising a concern regarding, or reporting an instance of, violations of this Code of Conduct, provided the report is made in good faith.

Karoon will not tolerate the commission of retaliatory action against any employee or Director who reports any concern regarding violations of this Code of Conduct, provided the report is made in good faith.

The disciplinary measures that may be imposed for violations of this Code of Conduct include, but are not limited to, counselling, verbal or written reprimands, warnings, suspension without pay, demotion, reduction in salary, termination of employment or restitution.



Robert Hosking
Managing Director



David Klingner
Chairman

Approved by the Board on 9th July 2015