

METGASCO LIMITED

CODE OF CONDUCT

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1. Introduction

In recent years business generally has been required to improve in the area of corporate governance with companies demonstrating their commitment to being responsible corporate citizens. Metgasco is required to have a Code of Conduct and has done so, based on our existing policies and procedures. All directors, employees, contractors, consultants, agents and representatives (“employees”) engaged by Metgasco must conduct the business of Metgasco in accordance with this Code.

Why have a Code of Conduct?

Metgasco’s policy in regard to the conduct of business is to perform its business in accordance with all relevant laws, and in a professional and ethical way. Each of us represents the Company as we carry out our duties and responsibilities; therefore it is important to make clear to all employees what is expected by law and by the Company to maintain this high standard of conducting business. How each of us acts in our business dealings is a reflection of the whole company.

Underlying Values

Employees must perform their duties:

- Ethically, honestly, responsibly and diligently;
- In full compliance with the letter and spirit of the law and this Code; and
- In the best interests of Metgasco.

Board Support for the Code of Conduct

The Board is committed to ensuring that Metgasco complies with all applicable laws and standards. The Board will promote a culture of fair and ethical behaviour and encourages the reporting of breaches of the law and matters potentially detrimental to the Company or its reputation.

The Board has direct responsibility for the Code of Conduct. The Code will be reviewed and updated annually by the Board.

2. Code Rules

Compliance with Laws

The Company and employees are expected to comply with the applicable laws, rules and regulations of Australia including those of the relevant states in which the Company conducts its business and to which the Company or employees are subject.

This Code does not attempt to summarize all such laws, rules and regulations. By way of summary some of the laws and regulations that cover companies include:

- The Trade Practices Act, 1974
- The Corporations Act
- The Australian Stock Exchange Listing Rules
- Human Rights and Equal Opportunity Commission Act
- Racial Discrimination Act
- Sex Discrimination Act
- Disability Discrimination Act
- Privacy Act

Workplace Safety

Metgasco is committed to ensuring a safe workplace. All operations will be planned and managed to ensure that employees are working under safe conditions. The Company will comply with all legislative requirements relating to workplace safety and establish effective safety management practices. Employees are encouraged to suggest improvements to workplace safety.

Conflicts Of Interest

A conflict of interest arises when an individual's private interests, activities, investments or associations, interfere or conflict (or reasonably appear to interfere or conflict) with the interests of the Company as a whole.

All employees are expected to avoid "conflicts of interest" with regard to the Company's interests. For example, a conflict of interest may arise when:

- An employee causes the Company to engage in a business transaction with family, relatives or friends;
- An employee uses confidential, non-public Company information for personal gain or the gain of family, relatives or friends;
- An employee owes a fiduciary duty to, or has more than a modest financial interest in any Company supplier, customer or competitor;
- An employee (or any immediate family member) engages in part-time or other employment, including consulting arrangements, with any Company supplier, customer or competitor;
- An employee competes or prepares to compete with the Company; and
- An employee receives an improper personal benefit as a result of his or her position in the Company, whether received from the Company or a third party. Improper benefits may take many forms, including, but not limited to, bribes, inducements, kickbacks, discounts, gratuities, gifts (of more than a nominal value), and payment for

services, such as travel and entertainment.

As a general rule conflicts of interest generally make it difficult for employees to perform their Company work (or carry out their fiduciary duties to the Company) objectively, effectively and in the Company's best interests.

Any employee (other than an officer or director) wishing to engage in a transaction with respect to which a conflict of interest exists (or is reasonably likely to exist) is expected to disclose the nature and details of the potential conflict of interest to his or her manager prior to engaging in such conflict of interest, and to have received his or her manager's approval thereof.

Company officers are subject to the same policy but should disclose information regarding the conflict of interest directly to the Chief Executive Officer for his review and approval. Directors are subject to certain laws, rules and regulations of the Australian Securities and Investment Commission and are affected by the listing rules of the Australian Stock Exchange governing related-party transactions and independence. As a result, directors are expected to disclose all conflicts of interests in advance and receive approval prior to engaging in a transaction involving a conflict of interest therein from the Chairman.

Inasmuch as conflicts of interest may not always be clearly identifiable, concerned employees should consult with their managers, or other applicable senior executives as appropriate.

Share Trading

Employees should be familiar with Metgasco's Securities Trading Policy. Metgasco shares may not be traded in a Blackout Period without prior approval.

Employees who have knowledge of material non-public information about the Company are not permitted to buy, sell or otherwise trade in the Company's securities, whether or not they are using or relying upon that information. This restriction extends to sharing or providing tips to others with such information, especially where such individuals may use the information to trade in the Company's securities.

Any employee who is uncertain as to whether they possess material, non-public information should contact the Company Secretary before trading in the Company's securities.

Employees are encouraged to acquire Metgasco shares through the Employee Share Option Plan and, subject to Metgasco's Share Trading Policy through private purchases. Special rules apply to Directors and Senior Executives because they are routinely in possession of material, non-public information. These are described in the Securities Trading Policy.

Accounting Matters

It is the Company's policy that senior finance and accounting employees and, to the extent applicable, all other employees take such actions as are necessary to ensure that in all material respects:

- the Company's books and records contain no false or misleading entries;
- the Company's business transactions are properly authorized and completely and accurately recorded in accordance with Generally Accepted Accounting Principles (GAAP) and applicable Company policies; and

- the documents the Company files with the Australian Securities and Investment Commission, other government or regulatory authorities or makes available publicly contain full, fair, accurate, timely and understandable disclosures relating to the Company.

Employees are expected to report concerns or complaints regarding accounting and auditing matters to the Board of Directors in accordance with Reporting Violations of the Code.

Corporate Opportunity

Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. All employees are expected to refrain from:

- taking for themselves opportunities that properly belong to the Company or are discovered through the use of Company property, information or position; and
- using Company property, information or position for personal gain.

Confidentiality

All employees are expected to maintain the confidentiality of information considered to be confidential to which they have access and which belongs to the Company, its suppliers or customers.

Confidential information may be disclosed on a need to know basis to carry out the Company's operations. If any disclosure is to be made outside the Company, such disclosure should only be made pursuant to the terms of a valid non-disclosure agreement or as otherwise authorized by the Managing Director. Confidential information includes, but is not limited to, non-public information that might be of use to competitors of the Company or be harmful to the Company, its suppliers or customers, if disclosed. Employees should consult their manager if they have questions about the confidentiality of particular information.

All employees are cautioned to take care to protect and preserve confidential information. Employees should not discuss material information in elevators, airplanes or other public places where persons who are not employees of the Company may overhear them. All employees should take care not to read confidential documents in public places and in no event should any employee leave confidential documents with any third party unless specifically authorized by the Managing Director.

All employees have a right to privacy and to the security of their personal information. The Company respects the privacy of individuals and will only use information gathered for authorised uses.

Fair Dealing

Each employee is expected to deal fairly with the Company's customers, suppliers, competitors and other employees, in accordance with applicable laws, rules and regulations and Company policies.

All employees are expected to avoid taking unfair advantage of persons or entities through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts or other unfair practices.

Protection and Proper Use of Company Assets

Employees are expected to protect the Company's assets and ensure their proper and efficient use. The Company's assets include, but are not limited to:

- real property
- equipment
- supplies; including computer data and time, confidential information, and the time and skills of employees during work hours.
- theft, carelessness and the waste that has a direct impact on the Company's profitability.

Company assets are to be used for legitimate business purposes only. The unauthorized use of any of the Company's assets is prohibited.

Business Relationships

It is the Company's intent to treat all we deal with to achieve our business objectives fairly, ethically, honestly and respectfully. It is important that we only make decisions and commitments that we can keep and following this we must ensure that we meet all commitments that we give. It is also important to:

- respect any proprietary information that is obtained through the course of developing business relationships;
- be fair, honest and responsible in choosing suppliers, negotiating prices, terms and conditions and meeting contractual obligations;
- decisions to purchase should be based on pre-defined criteria such as quality, price, service, reputation and the total business relationship; and
- be aggressive but fair and honest in all business dealings and not to make false or misleading statements about the company.

Accepting Gifts and Entertainment

Employees must not give, seek or accept in connection with the operation of the Company any gift, entertainment or other personal favour or assistance which goes beyond common courtesies associated with general commercial practice.

The purpose of this policy is to ensure that the offer or acceptance of a gift cannot create an obligation or be construed or used by others to allege favouritism, discrimination, collusion or similarly unacceptable practices by Metgasco.

Company Representation

Communication with company shareholders, the investment community, representatives of the media and high-level communication with other companies, government and quasi government organisations on confidential business matters should only be made by executives and managers who have clear accountability for such communication. The Company's Continuous Disclosure Procedures and Policy provide clear guidelines.

If employees are approached to provide information about confidential information they must be advised that they are not authorised to speak on behalf of the company.

It can often be difficult to determine whether information you possess is material price or value sensitive information, and it is recommended that you speak to the Chief Financial Officer if you are at all uncertain.

Political Contributions, Sponsorships and Activities

It is Metgasco's policy not to make political contributions to any government official, political party, political party official, election committee or political candidate.

All sponsorships of a non-political nature (eg sponsorship of a sporting team) and related activities must be approved in advance by the Managing Director.

Alcohol, Drugs and Gambling

The misuse of legitimate drugs, or the use, possession, distribution or sale of illicit or unprescribed drugs or other controlled substances on Metgasco business, premises or within field operations is strictly prohibited and will give rise to disciplinary action up to and including termination.

The misuse of alcohol and gambling during working hours or using Metgasco equipment is prohibited.

Non-Discriminatory Practices and Equal Employment Opportunities

Metgasco will ensure that all activities are conducted in a manner that provides fair and equal treatment and access for all people. Metgasco is committed to the principle of equal opportunity for employment for all people. Further information can be found within the HR Policy Manual.

Treatment of Colleagues

Metgasco expects all employees to be courteous, fair and honest in their dealings with all other employees and with people outside Metgasco. Metgasco will not tolerate any employee harassing, bullying or disparaging any other employee or behaving unfairly towards any other employee.

Environmental

Metgasco is committed to conducting all of its activities in an environmentally sustainable way. All activities will be planned and managed to ensure minimum environmental impact. Employees are encouraged to suggest improvements to the Company's operations which will ensure operations are undertaken in an environmentally sustainable manner.

Reporting Violations of the Code

All employees are requested to report immediately any circumstances which may involve deviation from the Code to the Company Secretary.

Metgasco's external auditors are responsible for preparing the annual accounts. Part of this review will be to report to the Board of Directors any breaches of the Code which they detect.

Discipline

The matters covered in this Code are of the utmost importance to the Company, its shareholders and business partners and are essential to the Company's ability to conduct its business in accordance with its operating principles and values.



The Company expects each and every employee to adhere to the rules of this Code in carrying out their duties or responsibilities for the Company.

Accordingly, the Company will take appropriate action against employees whose actions violate these rules or any other policy or policies of the Company applicable to such persons. Disciplinary action may include up to and including immediate termination of employment (or of the business relationship), at the Company's sole discretion. Violations by employees who are directors may result in discipline up to and including a recommendation that such director not stand for re-election, as determined by the Board, in its sole discretion. Nothing in this Code restricts or limits the Company's ability or rights to pursue any and all remedies, serially or cumulatively, at law or in equity, against the responsible or participating persons. Where laws have been violated, the Company will cooperate fully with applicable authorities.

Waiver

Any waiver of the Code for executive officers or directors may be made only by the Board or a Board committee and must be promptly disclosed to shareholders.