

## **SINO GAS & ENERGY HOLDINGS LIMITED CODE OF CONDUCT**

The Board of Directors of Sino Gas & Energy Holdings Limited ("SGEH" or "Company") have adopted a Code of Conduct ("Code") to address matters relevant to the Company's legal and other obligations to its stakeholders. This Code may be amended from time to time by the Board and will be made available to all staff.

This Code applies equally to all employees, directors and officers (collectively called the "Employees") of the Company and each Employee is responsible for ensuring their individual compliance with the Code. The Managing Director/Chief Executive Officer, General Manager and other managers, as appropriate, are responsible for ensuring that the conduct of Employees in their charge complies with the Code.

### **General principles**

All stakeholders are entitled to expect the highest professional standards from Employees and directors of the Company. Compliance with this Code and SGEH's other policies will contribute positively to the good corporate governance of the Company as a whole.

(a) Anti-corruption

The Company has a strict prohibition on all forms of bribery and corruption, as well as money laundering, terrorism funding and similar offences. Further details can be found in the Company's Anti-Corruption Policy and Procedures.

(b) Discharge of duties

Employees must discharge their duties at the highest level of honesty and integrity, in good faith and having regard to the position and the organisations goals and objectives of the Company. Employees should not engage in conduct likely to bring discredit upon the Company.

Employees also have a duty to use due care and diligence in fulfilling the functions of their position and exercising the powers attached to their employment.

Employees must recognise that their primary responsibility is to the Company's shareholders as a whole.

(c) Compliance with laws

Employees must observe the rule and spirit of all laws and regulations under which the Company operates and with the principles of this Code. In addition, they must comply with the ethical and technical requirements of any relevant regulatory or professional body.

(d) Conflicts of interest

There may be times when an Employee's personal interests or the interests of any associated person conflict with those of SGEH or its stakeholders. In these circumstances, appropriate action should be taken to remove or manage the conflict.

(e) Confidentiality

During the course of performing their duties Employees may learn information about SGEH, its subsidiaries or its stakeholders. This information is confidential and remains the property of the Company.

Unless Employees have specific permission, the confidential information must not be improperly used or given out to Employees or other officers of the Company or third parties and improper advantage must not take of an employee's position.

(f) Insider trading

The Board has adopted a Share Trading Policy that sets out the times at which Employees are able to buy and sell shares in the Company. Buying or selling shares when in possession of "inside information" is a serious breach of the *Corporations Act* (2001) (Commonwealth), for which there are severe penalties.

(g) Use of the Company's resources

SGEH's assets are critical to its business competitiveness and future success. Assets include all office equipment, computer systems and data, motor vehicles and other operating plant of the Company.

These assets are provided to Employees to conduct SGEH business and any other use must be authorised prior to such use.

(h) Equal opportunity

SGEH is an equal opportunity employer and discrimination or harassment of any kind will not be tolerated.

(i) Competition

SGEH competes fairly in the markets in which it operates. SGEH relies on the continuing support of its stakeholders and these stakeholders must not be deliberately misled in any circumstances.

(j) Environment and health and safety

The environment in which SGEH operates and the health and safety of its Employees is a key concern for SGEH.

The impact of environmental and health and safety issues are taken into account when making business decisions. These decisions must not compromise the Company's responsibility to its Employees or the environment and must at all times comply with local laws.

The Company observes the principles of independence, accuracy and integrity in dealings with the Board, the Audit and Risk Committee, any other Board committees, internal and external auditors and other senior managers within the organisation and other relevant bodies external to the organisation.

(k) Smoking

The Company acknowledges that smoking is harmful to your health and to the health of those who are around people who smoke. It is therefore a strict policy of the Company that all Company workplaces and facilities will be smoke free environments and no smoking will be allowed at any time. Should you need to smoke you should leave from the Company premises or facilities.

(l) Internet

You will inevitably have access to the internet through your work for the Company and Company email. You should respect that this access and email is provided to enable you to work more efficiently and effectively.

The use of the Company provided internet access for personal, immoral, illegal, fraudulent or other non Company related activities is strictly forbidden. This includes the use of instant messaging programs such as QQ, ICQ, Yahoo, MSN, AOL or Windows Messenger except as their use is directly work related or otherwise authorised.

(m) Hours of Work

The company has standard office hours from 08:30 to 17:00 incorporated into a 40 hour work week. The company adopts a flexible attitude to work hours and as such adhering to specific hours is not rigidly enforced provided 40 hours a week are worked.

Specific work hours for individual Employees will be detailed in each Employee's letter of employment.

(n) Quality Assurance

The company aspires to best practices of an international oil and gas standard.

## Directors

The following additional comments apply to directors of the Company and aim to ensure directors have a clear understanding of the Company's expectations of their conduct.

(a) Fiduciary duties

All directors have a fiduciary relationship with the shareholders of the Company. A director occupies a unique position of trust with shareholders, which makes it unlawful for directors to improperly use their position to gain advantage for themselves.

Each director is expected to exercise skills commensurate with their level of knowledge and experience to increase the value of the Company for the benefit of shareholders as a whole.

(b) Duties of directors

Each director must endeavour to ensure that the Company is properly managed so as to protect and enhance the interests of all shareholders. To meet this obligation directors should:

- at all times exercise due care in their duties;
- be diligent, attend Board meetings and make themselves knowledgeable about the business of the Company and the physical and social environment in which it operates;
- ensure that shareholders and any relevant securities exchange or regulatory body are informed of all material matters which require disclosure;
- avoid or fully disclose conflicts of interest; and
- be impartial in their judgements and actions.

(c) Conflict of interest

A director must be able to act in the interests of the Company at all times. Where the interests of associates, the personal interest of a director or a director's family may conflict with those of the Company, then the director must immediately disclose such conflict and either:

- eliminate the conflict, or
- abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict, or
- in exceptional circumstances they may need to consider resignation.

Executive directors must always be alert to the potential for a conflict of interest between their roles as executive managers and their fiduciary duty as directors.

(d) Insider trading

Fiduciary duty requires that directors do not improperly utilise their position for personal gain or for the gain of associates.

Therefore information concerning the activities or proposed activities of the Company, which is not public and which could materially affect the price of the Company's shares, must not be used for any purpose other than valid Company requirements.

Each director is required to ensure that any information in their possession which would affect the price of the Company's shares is transmitted only to those with a need to know for the proper discharge of their duties on behalf of the Company.

## Stakeholders

The Board recognises that the primary stakeholders in the Company are its shareholders. Other legitimate stakeholders in the Company include Employees, customers and the general community. The Company's primary objective is to create shareholder wealth through the exploration, development and operation of resources projects.

The Company is committed to conducting all its operations in a manner which:

- protects the health and safety of all Employees, contractors and community members;
- recognises, values and rewards the individual contribution of each employee;
- achieves a balance between economic development, maintenance of the environment and social responsibility;
- maintains good relationships with suppliers and the local community; and
- is honest, lawful and moral.

All Employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

### **Other SGEH Policies**

SGEH has a range of policies and procedures that govern the roles each Employee performs. These policies and procedures can be found on the Company's intranet and internet sites.

### **Unauthorised public comments**

As SGEH is a public company, Employees must take great care in discussing the Company's business with third parties. In addition to the requirements of this Code concerning confidentiality and insider trading, Employees must not make comments which may be construed as representing the official views of SGEH. Only the nominated disclosure officers are authorised to provide these comments. Divisional managers may only comment on their particular business unit.

### **Reporting and Enforcement**

SGEH views breaches of this Code as serious misconduct. If an employee becomes aware of a breach of this Code, the matter should be reported immediately to the Company Secretary. The Company Secretary has the responsibility to report the breach to the appropriate senior manager or director and to advise the employee of the outcome.

The Company Secretary will review any breaches to the Code that have occurred and will annually report on the Company's compliance with the Code to the Board.

Any employee who in good faith reports a breach or a suspected breach of this Code will not be subject to any retaliation or recrimination for making that report.

Any employee who breaches the policies outlined in this Code may be subject to disciplinary action, including in the case of serious breaches, dismissal.