

CODE OF CONDUCT

Commitment to the Code of Conduct

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

Values Statement

Karooon is dedicated to delivering the best possible 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. In maintaining its corporate social responsibility, Karoon will conduct its business ethically and responsibly, encourage community initiatives, consider the environment and ensure a safe, equitable and supportive workplace.

Responsibilities to Shareholders and Stakeholders

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

Karooon is committed to safeguarding the integrity of financial reporting and, as such, operates a structure of review and authorisation designed to ensure the truthful and factual presentation of Karoon's financial position at all times. 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 country in which Karoon conducts its business.

Employment practices

Karooon:

- Promotes a culture of ethical and responsible behaviour within its workforce;
- Provides a workplace that is safe for employees and that complies with the spirit and the letter of workplace health and safety laws;
- Promotes equal opportunity for all employees at all levels and will not discriminate except where the law requires, as informed by the United Nations Guiding Principles on Business and Human Rights;
- Provides equal opportunity in recruitment and does not discriminate regardless of gender, race, religion, ethnicity or cultural background;
- Respects the human rights of its employees, those in local communities where we operate, and those working within our supply chains (including not employing forced or compulsory labour or young children);
- Compensates all employees in a fair and ethical manner;

- Encourages employee share ownership and maintains and enforces policies regarding trading in its securities including with respect to inside information;
- Provides opportunities for employee training and education both through the provision of training and the support of employees pursuing further education outside of Karoon;
- Complies with its Anti-Bribery, Fraud and Corruption Policy with respect to the giving or receiving of customary business courtesies in accordance with ethical business practices;
- Seeks to avoid any and all conflicts of interest so that an employee's interests (or the interests of a family member or close friend of the employee), do not affect the way he or she conducts 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 or breach of trust for the purpose of obtaining a financial or other benefit;
- Employees being under the influence of drugs or alcohol while at work, either on Company premises or elsewhere whilst on Company business;
- Inappropriate conduct such as sexual harassment, racial discrimination, bullying or other anti-social behaviour;
- Employee misconduct that occurs in connection with the use of social media and social networking sites.

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 Karoon's best interests or that would be likely to negatively affect Karoon's reputation;
- Not take advantage of the property or information of Karoon for personal gain or to cause detriment to Karoon;
- Not take advantage of their position for personal gain.

Obligations relative to fair trading and dealing

Karoon strives to deal fairly with all its stakeholders. 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 and conduct business fairly and ethically and in accordance with the competition laws of Australia and of each country in which Karoon operates. Karoon will compete solely on the qualities of its assets and services. Karoon considers false statements, misleading statements or innuendo as inappropriate and unacceptable.

As part of its commitment to fair trading, Karoon implements policies and procedures designed to ensure employees 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 or bias.

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, Fraud and Corruption Policy to:

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

As required under all Karoon employment contracts, it is of utmost importance that all employees familiarise themselves with this policy and take all necessary steps to ensure they personally comply.

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 environmental impact of their actions 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 the Managing Director, CFO or COO provided the activities do not interfere with the employee's job responsibilities.

Donations and sponsorship

Karoon periodically receives requests for sponsorship in the form of either monetary donations or donations in kind. Consequently, all employees should refer requests for sponsorship to the Managing Director or CFO having regard to the Karoon Anti-Bribery, Fraud and Corruption Policy.

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 hold personal information from 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 of Karoon as well as after that person ceases to be an employee 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, business strategies, plans, budgets and forecasts, and information concerning Karoon’s operations, business partners, 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 a family member or close friend of the employee, has a direct or indirect financial interest in, or receives any compensation or other benefit from, any individual or firm that:

- sells materials, 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 must avoid material conflicts between personal interests and the interests of Karoon, or even the appearance of such interests. Where an employee is concerned that there may be a conflict of interest it should be discussed with the Chair of the Audit & Risk Committee or Karoon’s General Counsel as soon as possible in accordance with Karoon’s Whistleblower Protection Policy.

Documentation and record-keeping

As part of Karoon's commitment to open and honest business practice Karoon requires all 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.

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.

Karoon observes local laws in all countries in which it operates. Karoon also 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 provision of gifts and entertainment. Consequently, where Karoon's own policies are more stringent than the local laws, Karoon's policies will prevail.

How Karoon monitors and ensures compliance with this Code of Conduct

The Board, management and all employees of Karoon are committed to adhering to this Code of Conduct. It is up to each individual to comply with this Code of Conduct and 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 and in accordance with the Company's Whistleblower Protection Policy. While a record of such reports will be kept by Karoon for the purposes of investigation, the report may be made anonymously.

Disciplinary action, potentially up to immediate termination, will result from confirmed cases of breaches of this Code of Conduct in accordance with Karoon's Termination and Corrective Actions Guidelines.

Reporting violations of the Code of Conduct

Karoon values ethical behaviour, integrity, honesty and respect. Karoon considers that acting with integrity, honesty and respect includes encouraging employees and stakeholders to speak up in relation to any misconduct, anything that may be illegal or unethical, any safety issues, or any breach of this Code of Conduct (**Concerns**), including:

- dishonest, fraudulent or corrupt activity;
- illegal activity;
- unethical behaviour or a serious breach of Karoon's governance and operating policies including this Code of Conduct;

- conflicts of interest;
- bias or nepotism;
- conduct or practices that present a real risk of damage or harm to Karoon, Karoon's people or third parties (such as unsafe work practices, environmental damage, health risks or abuse of Karoon's property or resources);
- conduct or practices that may cause financial loss to Karoon or damage Karoon's reputation or be otherwise detrimental to Karoon's interests;
- harassment, discrimination, victimisation or bullying (including against anyone voicing a concern under this policy);
- a breach of any Australian law, including a breach of the Corporations Act 2001 (Cth) or any law in the jurisdictions in which Karoon operates;
- a breach of any Australian tax law or misconduct in relation to Karoon's tax affairs; or
- any other kind of improper action or behaviour.

Karoon employees should report concerns to their immediate manager, in the first instance.

Concerns can also be reported under Karoon's Whistleblower Protection Policy.

Policy review

A copy of this Code of Conduct and Karoon's Whistleblower Protection and Anti-Bribery, Fraud and Corruption Policies are available on Karoon's website and are intended to be accessed by anyone.

To ensure that it is operating effectively, the Board of Directors will review this Code of Conduct at least every two years and make any necessary amendments.



Bruce Phillips
Chairman



Robert Hosking
Managing Director

Approved by the Board. Effective 3 December 2019