



## **Code of Ethics Coastal Energy Company (the “Company”)**

The Company is committed to conducting its business in accordance with applicable laws, rules and regulations, and in accordance with industry standards of business ethics, and to full and accurate disclosure in compliance with applicable laws, rules and regulations. The Code of Ethics applies to all directors, officers and employees of the Company (which for purposes of this Code of Ethics include its subsidiaries as applicable) and sets forth specific policies to guide you in the performance of your duties. As a director, officer or employee of the Company, you must not only comply with applicable laws, rules and regulations; you also must engage in and promote honest and ethical conduct and abide by the policies and procedures that govern the conduct of the Company’s business. Your responsibilities include helping to create and maintain a culture of ethical standards and commitment to compliance, and, in the case of the directors and officers, maintaining a work environment that encourages employees to raise concerns to the attention of management, and promptly addressing employee compliance concerns.

### **Compliance with Laws, Rules and Regulations**

You are required to comply with the law, rules and regulations that govern the conduct of the Company’s business including, without limitation, all laws prohibiting insider trading, money laundering, bribery and improper payments, and to report any suspected violations in accordance with the section below titled “Compliance With Code Of Ethics.”

### **Trading in Company’s Securities**

The Company is a public company with shares listed on the LSE-AIM and TSX-V exchanges. The Company is required to establish procedures to ensure that confidential price sensitive information is kept confidential, that all persons who have such information are aware of their obligations not to discuss the information with outsiders until the information becomes public. Such confidential information may be disclosed only by the officers of the Company in accordance with the applicable laws and regulations. Confidential information includes such matters as undisclosed financial performance information, indications of business potential, including sales and earnings, drilling and production results, significant asset developments, obtaining or losing important business contracts and other material events that could influence investors to buy or sell the Company’s shares.

You must not buy or sell shares of the Company on the basis of the relevant information which you derive from your employment within the Company, until such information has been disclosed adequately to the public. Individuals affected by the law include not only executives, but also employees at all levels, and outsiders who may receive the information from an informed source within the Company.

### **Conflicts of Interest**

You may not make any investment accept any position or benefits, participate in any transaction or business arrangements or otherwise act in a manner that creates or appears to create a conflict of interest unless you make full disclosure of all facts and circumstances to, and obtain the prior written approval of, the Chief Executive Officer (in the case of employees) or the Corporate Governance & Nominating Committee of the Board of Directors (in the case of officers and directors). A “conflict of interest” arises when you take actions or have interest that conflict in any way with the interests of the Company. These conflicts may make it difficult for you to perform your work objectively and efficiently.

### **Receipt of Gifts**

You must not solicit or receive favours, gifts, loans or other benefits from any client, contractor, supplier or competitor, unless these are casual gifts (other than money) of nominal value which are customarily offered to others having a similar relationship with the client, contractor, supplier or competitor. In addition, you are not permitted to receive compensation in connection with services performed relating to any transaction entered into by the Company, other than compensation received in the ordinary course.

### **Confidential Information**

You are required to maintain the confidentiality of all confidential information that you receive or become privy to in connection with the Company's business, except when disclosure is required by court order or the order of a competent regulatory or other agency including securities regulators or stock exchanges. Confidential information includes all non-public information that might prejudice the Company's ability to pursue certain objectives, be of use to competitors or might prejudice the Company's ability to pursue certain objectives, be of use to competitors or harmful to the Company, its suppliers or its customers, if disclosed. Confidential information also includes any information relating to the Company's business and affairs that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Company's securities or any information a reasonable investor would consider important in making an investment decision. You must not use confidential information for your own advantage or profit. It is the Company's policy to make full, fair, accurate, timely and understandable disclosure in compliance with all applicable laws and regulations and in all reports and documents that the Company files with, or submits to, securities regulators and in all other public communications made by the Company. The Company's management has the general responsibility for preparing such filings and such other communications and shall ensure that such filings and communications with applicable laws, rules and regulations. Employees must provide all necessary information to management when requested and must inform management if they become aware that information in any such filing or communication was untrue or misleading at the time of such filing or communication was made or if they have information that would affect any filings or communications to be made in the future.

### **Accuracy of Accounting Records**

The Company's accounting records are relied upon to produce reports for management, shareholders, creditors, governmental agencies and others. The financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all the legal and accounting requirements and the Company's system of internal controls. All directors, officers and employees have a responsibility to ensure that the Company's accounting records do not contain any false or intentionally misleading entries. The Company is committed to the establishment of an environment that ensures the accuracy of its publicly disclosed financial information.

### **Protection and Proper Use of the Company's Assets**

You should protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. The Company's assets should only be used for legitimate business purposes. All employee requests for reimbursement from the Company whether for travel expenses or other business-related items must be legitimate, properly documented and incurred in connection with business purposes of the Company.

### **Corporate Opportunities**

Directors, officers and employees of the Company may not: (a) take for themselves personally opportunities that are discovered through the use of corporate property, information or position; (b) use corporate property, information or position for personal gain; or (c) compete with the Company. Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

## **Fair Dealing**

It is the Company's policy to deal fairly and with integrity with all of its customers, suppliers, subcontractors and competitors. All employees and representatives must employ the highest ethical business practices in source selection, negotiation, determination of awards and the administration of all purchasing activities. Deceptive, misleading or false representations about the Company or any of its assets or services must not be made. Special consideration must also be given to avoiding conflicts of interest between the Company and the person or firm to be employed. The Company seeks to outperform its competitors fairly and honestly through senior performance, never through unethical; or illegal business practices. Theft of proprietary information, possession of trade secret information that was procured without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited.

## **Independent Auditors**

You are prohibited from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead the Company's independent public auditors for the purpose of rendering the financial statements of the Company misleading.

## **Compliance with Code of Ethics**

If you have any questions about this Code of Ethics, you should seek guidance from the Company's General Counsel. If you know of or suspect a violation of applicable laws, rules or regulations or this Code of Ethics, you are encouraged to immediately report that information to the General Counsel (in the case of employees) or the Corporate Governance & Nominating Committee (in the case of officers and directors). Reports of suspected violations should identify as many relevant facts as possible, including, if applicable: (1) the date(s) relevant to the identified issue; (2) the name(s) of any persons involved in the identified activity; (3) the specific facts that give rise to the concerns expressed; and (4) any suggestions for resolving or dealing with the problems or issues identified. The Company recognises that resolving reported problems or concerns will advance the overall interests of the Company, and will help to safeguard the Company's assets, financial integrity and reputation. No one will be subject to retaliation because of a good faith report of a suspected violation. Violations of this Code of Ethics may result in disciplinary action, up to and including discharge. The Corporate Governance & Nominating Committee shall determine, or shall designate appropriate persons to determine, appropriate action in response to violations of this Code of Ethics. Violations of this Code of Ethics may also violate certain laws.

## **Waivers of Code of Ethics**

The Board of Directors is responsible for monitoring compliance with this Code of Ethics, and does so primarily through report from the corporate Governance & Nominating Committee. If you would like to seek a waiver of this Code of Ethics, you must make full disclosure of your particular circumstance to the Corporate Governance & Nominating Committee. Amendments to and waivers of this Code of Ethics will be publicly disclosed as required by applicable laws, rules & regulations.

## **Sanctions for Violations**

In the event of your violation of this Code of Ethics, the Board will determine the appropriate actions to be taken after considering all relevant facts and circumstances.

Such sanctions will be reasonably designed to:

- Deter future violations of this Code of Ethics or other wrongdoing; and
- Promote accountability for adherence to the policies of this Code of Ethics and other applicable policies

In determining the appropriate sanction in a particular case, the Board, or the Company's management, as appropriate, may consider the following matters:

- The nature and severity of the violation;
- Whether the violation was a single occurrence or repeated occurrences;
- Whether the violation appears to have been intentional or inadvertent;
- Whether you had been advised prior to the violation as to the proper course of action and;
- Whether or not you had committed other violations in the past.

You are reminded that violations of this Code of Ethics may also constitute violations of law that may result in civil or criminal penalties for you and/or the Company. The Audit Committee will be kept informed of all violations of this Code of Ethics.

### **Documenting Compliance with the Disclosure Policy**

Appropriate records evidencing compliance with this Code of Ethics shall be maintained by the Company, including copies of correspondence relating to request for, and determinations relating to, waivers of this Code of Ethics, and copies of documents relating to violations of this Code of Ethics.

### **No Rights Created**

This Code of Ethics is a statement of certain fundamental principles, policies and procedures intended to govern the directors, officers and employees of the Company in the conduct of the Company's business. It is not intended to and does not create any rights in an employee, customer, supplier, competitor, shareholder or any other person or entity.

### **Whistleblower Complaint Procedures**

Under the relevant laws and regulations, you are under obligation to report what you reasonably believe to be wrongful, unlawful or improper at to the Designated Whistleblower Officer, who is responsible to the Board of Directors for these issues and who will keep the Executive Committee informed of all investigations that may be longed as a result of your report. Any concerns raised by you will be treated in confidence and investigated. You need not disclose your identity when raising your concern if you choose you maintain their anonymity. In case you choose to identify yourself, your identity will not be further disclosed by the person receiving the complaint without your consent.