

ANTI-CORRUPTION POLICY

1. PURPOSE

The nature of the oil and gas industry requires CONTANGO to operate in a wide range of legal and business environments, many of which challenge our firm commitment to conduct business with honesty and integrity. The purpose of this Anti-Corruption Policy and Procedures ("Policy") is to reiterate that commitment and to explain the specific requirements and prohibitions of the Libyan and international applicable laws that reinforce and police this commitment, no matter the business relationship or where CONTANGO operates. This Policy should be read in conjunction with CONTANGO's Code of Business Conduct and Ethics.

- This policy takes reference of local legislation as below

Law No. (2) of 1373 FPD/2005 economic crimes and AD on anti-corruption & anti-money laundering

The General People's Congress

- ✓ In execution of the resolutions issued by the Basic People's Congresses in their general annual meet-ing of 1373 FDP;
- ✓ Upon review of the Penal Code and the Code of Criminal Procedure and the supplementary laws thereof;
- ✓ The Commercial Code and the supplementary laws thereof;
- ✓ Law No. (9) of 1992 on the exercise of economic activities and the amendments thereof;
- ✓ Law No. (5) of 1426 on promotion of investment of foreign capital and the amendments thereof;
- ✓ Law No. (1) of 1373 FDP on banks;

2. POLICY STATEMENT

It is the policy of CONTANGO and its employees and directors to comply fully with applicable Libyan and international laws prohibiting corruption, including the LIBYAN INTIGRITY REGULATIONS and similar anti-bribery laws of other countries. The LIBYAN INTIGRITY REGULATIONS directly applies to our operations and has served as a model for other anti-corruption laws; therefore, the LIBYAN INTIGRITY REGULATIONS is examined more closely in this Policy. However, where other anti-corruption laws apply and are more restrictive than the LIBYAN INTIGRITY REGULATIONS , those laws must be followed.

The LIBYAN INTIGRITY REGULATIONS makes it illegal for Libyan citizens and companies, their officers, directors, employees, and agents, and any stockholders acting on their behalf, as well as foreign companies and persons acting in the Libya, to bribe foreign (i.e., non-Libyan.) officials. Although the concept is simple, the law directly affects everyday business relationships with foreign governments and government-owned oil companies in Libya and other countries in which CONTANGO may operate.

All CONTANGO personnel are expected to conduct CONTANGO's business legally, ethically, and in compliance with the LIBYAN INTIGRITY REGULATIONS . The use of CONTANGO funds or assets for any unlawful, improper, or unethical purpose is prohibited. Improper gifts, payments or offerings of anything of value to foreign officials could jeopardize CONTANGO's business endeavors and reputation and will not be tolerated.

The LIBYAN INTIGRITY REGULATIONS also requires accurate and complete books and records and the maintenance of proper internal accounting controls. To comply with these requirements, all CONTAN-GO personnel must follow CONTANGO's accounting requirements. Company personnel should never accede to requests for false invoices or for payment of expenses that are unusual, excessive, inade-quately described, insufficiently documented or otherwise raise questions. Moreover, all employees must fully comply with all requirements applicable to the preparation and submission of expense re-ports.

CONTANGO policy prohibits retribution or retaliation of any kind against employees who in good faith report potential or actual ethics or legal violations. Our employees' commitment to full compliance with our legal obligations and ethical standards is valued, respected, and essential to fulfillment of this Policy.

2.1 CONSEQUENCES OF VIOLATION OF POLICY

Any employee who violates CONTANGO policies relating to the LIBYAN INTIGRITY REGULATIONS , or the LIBYAN INTIGRITY REGULATIONS itself, will be disciplined and may be terminated.

In addition to CONTANGO disciplinary action, the LIBYAN INTIGRITY REGULATIONS imposes criminal and civil liability on individuals and corporations.

3. ANTI-CORRUPTION GUIDE

PROHIBITED AND RESTRICTED PAYMENTS

The law recognizes that companies must interact with foreign officials in many ways to conduct business and establishes guidelines for acceptable and unacceptable behavior in those interactions. Compliance with those guidelines, which are the basis for CONTANGO's policies, requires vigilance on the part of all CONTANGO employees.

The LIBYAN INTIGRITY REGULATIONS prohibits the offer, promise, authorization, or payment of a bribe or "anything of value" to a "foreign official" in order to secure improper influence over official actions that affect CONTANGO. This prohibition is very broad and covers: (i) cash payments; (ii) non-cash "payments," benefits, and favors; and (iii) in certain circumstances, otherwise legitimate business expenditures such as gifts, entertainment, and hosted travel or training. The LIBYAN INTIGRITY REGULATIONS prohibits these payments whether they are made directly or indirectly through third parties, such as consultants, agents, and joint venture partners.

3.1- Interactions with "Foreign Officials"

The LIBYAN INTIGRITY REGULATIONS applies to interactions with "foreign officials." For purposes of this Policy, a "foreign official" means (i) any officer or employee of a foreign government (i.e., other than Libyans) or any department, agency, or instrumentality thereof, or of a "public international organization;" (ii) any person acting in an official capacity for or on behalf of a foreign government, government entity, or public international organization; (iii) any foreign political party or party official; and (iv) any candidate for foreign political office. Thus, foreign officials include not only elected officials, but also consultants who hold government positions, employees of companies owned directly or indirectly by foreign governments, political party officials, officials of public international organizations, and others.

Under this Policy, "foreign officials" also include spouses and other immediate family members of for-eign officials. Enforcement officials will treat payments to dependents of officials the same as payments directly to the officials themselves. Payments to other relatives must also be scrutinized in advance, and safeguards imposed, to protect against the risk that relatives could act as conduits to the official.

3.2- Cash and Non-Cash Payments: "Anything of Value"

Requests by foreign officials for payments that would violate the LIBYAN INTIGRITY REGULATIONS arise in varied settings and can be much more subtle than a direct request for a kickback or bribe. The LIBYAN INTIGRITY REGULATIONS prohibits the provision of "anything of value" to a foreign official for improper purposes. This term is very broad, and can include any item of pecuniary value, including, for example:

- Gifts;
- Gift or sale of stock or other investment opportunities in other than an arm's length transaction for demonstrated fair market value, e.g., selling to an official at deflated prices or buying from an official at inflated prices;
- Contracts or other business opportunities awarded to a company in which a foreign official holds a beneficial interest;
- Medical, educational, or living expenses; and
- Travel, meals, lodging, shopping, or entertainment expenses.

3.3- Prohibited Payments

As a practical matter, past enforcement actions have shown that the LIBYAN INTIGRITY REGULATIONS 's prohibition against improper payments to "obtain or retain business" or to "secure any other improper advantage" may cover virtually any improper payment made in a business context. For example, CONTANGO employees and agents must not pay or give things of value to foreign officials, directly or indirectly, in order to:

- Influence a NOC to choose CONTANGO as a partner;
- Obtain an interest in a block or otherwise to acquire exploration or production interests;
- Prevent some governmental action, such as the imposition of a large tax or fine, or the cancellation of an existing government contract or contractual obligation;
- Obtain a license or other authorization from a government (such as the right to import goods and equipment) where the issuance involves the foreign official's or his/her government's discretion;
- Obtain confidential information about business opportunities, bids or the activities of competitors
- Obtain the right to open an office, to secure a zoning ruling or to influence the award of a government contract;

- Influence the rate of taxes that would be levied on CONTANGO's business;
- Obtain relief from government controls;
- Resolve regulatory disputes, e.g., the resolution of tax deficiencies or a dispute over duties payable;
- Resolve commercial litigation in foreign courts;
- Affect the nature of foreign regulations or the application of regulatory provisions; or
- Secure any other improper advantage

3.4- Third Party Payments

The LIBYAN INTIGRITY REGULATIONS prohibits both direct and indirect payments to foreign officials. Thus, CONTANGO can face LIBYAN INTIGRITY REGULATIONS liability based on improper payments made by its agents or other business partners, whether or not CONTANGO knew of the payments. CONTANGO's reputation for conducting its business using only legal and ethical means can be undone by a single act by a third party that CONTANGO chose as its partner or representative. As a result, for business and legal reasons, CONTANGO's practice of fairness and professionalism must extend to the activities of CONTANGO's agents, consultants, representatives, and business partners.

It is CONTANGO's policy to work directly with foreign governments, foreign NOCs, and foreign officials. CONTANGO generally does not need to rely on third-parties for business development or government relations and, therefore, discourages the use of third parties for these purposes. CONTANGO recognizes, however, that there are circumstances in which relationships with third parties will be required or prudent. In addition, there is a range of third parties, including oilfield servicers, equipment providers, and joint venture partners, with whom we must work in order to operate our business from day to day.

In those circumstances where third-party relationships are appropriate, CONTANGO must carefully choose its partners and representatives in order to protect against the business and legal risks of dealing with third parties who do not share CONTANGO's commitment to fair dealing. Consequently, prior to entering into an agreement with any agent, consultant, joint venture partner, or other representative who will act on behalf of CONTANGO with regard to foreign governments on business development or retention, CONTANGO will perform appropriate LIBYAN INTIGRITY REGULATIONS -related due diligence and impose prudent safeguards against improper payments. Contracts with representatives who will interact with foreign governments on international business development or retention must be approved by an Executive Vice President.

Once any third-party relationship has been entered into, CONTANGO will be vigilant in monitoring the relationship. Any questions regarding the policy or procedures, or their applicability to proposed third parties, should be directed to the Legal Department.

3.5- Gifts to and Entertainment of Foreign Officials

Gifts can be provided to foreign officials only to the extent the gifts meet the criteria and approval requirements set forth in this section. Gifts of standard CONTANGO promotional items do not require prior written approval from the Legal Department. Standard CONTANGO promotional items are: (i) conventional corporate gifts with the CONTANGO logo (extraordinary corporate gifts, even with the CONTANGO logo, may require pre-approval); and (ii) event tickets (i.e., sporting, concert, or rodeo tickets) that are regularly purchased by CONTANGO for the use of its customers and employees (special purchases of tickets, however, require pre-approval). Even though a Request Form is not required, the value of a gift and the recipient(s) must be properly recorded in CONTANGO's books and records.

Meals for foreign officials that do not exceed what is generally considered a reasonable business courtesy do not need prior written approval from the Legal Department. Meals for foreign officials that are part of a larger hosting arrangement, entertainment arrangement, or special promotional trip should be included in the request for prior written approval from the Legal Department to the extent that they are anticipated as part of the itinerary of the hosted officials.

Meals are reasonable when they are limited social invitations that are given to numerous foreign officials/business partners and do not carry business obligations or present potential for embarrassment.

3.6- Expenses relating to gifts or meals to be given to foreign officials must be:

- Directly related to either the promotion, demonstration, or explanation of CONTANGO's products or services, or the execution or performance of a contract with a foreign government, agency, or instrumentality thereof;
- Reasonable in light of customary gifts and entertainment;
- Provided for a purpose other than to induce a foreign official to misuse his/her official position;

- Certain not to create the appearance of being an improper payment or a conflict of interest;
- Legal under the written foreign country's laws, rules, or regulations (many foreign ministries, agencies, NOCs, and public international organizations have separate hospitality rules);
- Fully disclosed, as appropriate, to the foreign government; and
- Properly recorded in CONTANGO's books and records. The CONTANGO employee responsible for overseeing the gift or entertainment expense must submit supporting documentation to the Accounting Department so that the payment or expense is accurately described and reflected in CONTANGO's books and records.

3.7- Hosting Foreign Officials

On occasion, CONTANGO may receive requests to host foreign officials for training, either at CONTANGO facilities or at training opportunities sponsored by outside vendors such as universities and language study organizations. Similarly, CONTANGO may also be asked to host foreign officials outside of their day-to-day locale at technical or operational committee meetings, other project meetings, or negotiating sessions. These hostings may be required under contractual commitments or requested or offered outside of those commitments.

When these hostings occur outside the foreign official's home locale, extend over more than one day, and involve airfare, hotel, transportation, and meals expenses, these hostings will tend to involve more significant expense amounts. As such, they pose higher LIBYAN INTIGRITY REGULATIONS and public relations risks than routine hosting and entertainment of foreign officials. Accordingly, CONTANGO policy is to limit these types of hostings.

Guidelines governing all hostings outside an official's locale are contained in Exhibit B. As noted in Exhibit B, (i) the LIBYAN INTIGRITY REGULATIONS Pre Approval Form; (ii) a description of the business meetings, activities, and entertainments; and (iii) a schedule of expenses to be paid or reimbursed must be presented to the Legal Department as early as possible for consideration and approval.

In all cases, it is important to ensure that CONTANGO communicates clearly in advance and in writing to the foreign official what expenses will and will not be covered by CONTANGO. A failure to do so can increase legal risks as well as the potential for misunderstandings with the foreign official

3.8- Facilitating or "Grease" Payments

Petty corruption remains a significant problem in many countries, and the LIBYAN INTIGRITY REGULATIONS grants a narrow exception permitting certain "facilitating payments." Facilitating payments are small payments made to a low-level public official in order to secure the performance of routine government actions. The line between acceptable facilitating payments and bribes is often very difficult to determine. Moreover, although facilitating payments do not violate the LIBYAN INTIGRITY REGULATIONS, they violate the laws of many local jurisdictions applicable to CONTANGO's operations. Because of the many legal and business issues posed by "facilitating" payments, it is CONTANGO policy that facilitating payments are prohibited.

3.9- Donations to Foreign Charities

CONTANGO believes in contributing to the communities in which it does business and permits reasonable donations to foreign charities and other recipients either ad hoc or under a social investment program. However, CONTANGO needs to be certain that donations to foreign-based charities and other recipients are not disguised illegal payments to foreign officials in violation of the LIBYAN INTIGRITY REGULATIONS. CONTANGO must also confirm that the charity does not act as a conduit to fund illegal activities in violation of U Libya. anti-money laundering or other laws. Therefore, employees seeking to donate CONTANGO funds to a foreign charity or community must submit the "Anti-Corruption Policy

It is CONTANGO's policy that under no circumstances shall CONTANGO funds be used to make political contributions to political parties or candidates in countries, other than Libya (and then only in accordance with CONTANGO's other policies and procedures on political contributions), even if such contributions are permitted by a country's written laws.

3.10- Emergency Health and Safety Payments

This Policy does not affect a situation in which an employee is required to make a payment to avoid a risk to personal health or safety. Although any such situations should be avoided if possible, neither the LIBYAN INTIGRITY REGULATIONS nor CONTANGO policy prohibits forced or extorted payments in such circumstances.

4. Financial Control Systems and Accounting Requirements

CONTANGO employees must adhere to the following financial control systems and accounting requirements:

- Transactions will be executed in accordance with management's general or specific authorization;
- Transactions will be recorded as necessary: (i) to permit preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") or any other criteria applicable to such statements; and (ii) to

maintain accountability for assets;

- Access to CONTANGO assets is permitted only in accordance with management's general or specific authorization; and
- The recorded accountability for corporate assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

5. LIBYAN INTIGRITY REGULATIONS Audit Procedures to Verify Compliance

CONTANGO's General Manager has directed the Internal Audit Department to periodically conduct confidential audits as described in this section. Reports of audit findings will be provided directly to the Legal Department in order to preserve and retain the attorney-client privilege.

These regular audits of CONTANGO's records, books and accounts are designed to prevent and detect violations of the LIBYAN INTIGRITY REGULATIONS and CONTANGO policies, practices and procedures. The audits should focus on the following items:

- CONTANGO's strategy to ensure compliance with the LIBYAN INTIGRITY REGULATIONS ;
- Communication with and education of all pertinent employees and third-party representatives;
- Establishment and implementation of monitoring mechanisms;
- Review of all international business agreements;
- Due diligence procedures taken prior to entering into arrangements with thirdparties and international locations; and
- Best efforts to ensure foreign entities comply with the LIBYAN INTIGRITY REGULATIONS .

Cooperation among several countries' enforcement agencies. The international conventions all require countries to cooperate

6. Libyan Anti-Money Laundering Laws

Libyan and US (as a master reference) anti-money laundering laws require all companies to maintain an anti-money laundering compliance program that employs "Know Your Customer" or "KYC" principles to all business transactions in order to prevent and detect money laundering and terrorist financing. CONTANGO is committed to ensuring that our operations and businesses do not further money laundering or terrorist financing activities.

In the course of conducting its business, CONTANGO may engage in financial transactions with foreign entities, including contracts with foreign companies, governments, and foreign charitable organizations. To ensure that these transactions do not facilitate money laundering or other illegal activity, employees should conduct reasonable due diligence into the identity and reputation of the organization or individual, the identity of its principals, and the nature of the organization's business and its ties to other entities. Although similar to a LIBYAN INTIGRITY REGULATIONS due diligence inquiry, the "Know Your Customer" or "KYC" review seeks to confirm, to the extent possible, the true identities and locations of the parties, as well as the lawful origin and purpose of the funds. Specifically, a KYC review should be conducted in consultation with the Legal Department, and include the following, as reasonable and practicable:

- Verification of the identities of persons and entities involved or potentially involved in the transaction by reviewing government photo I.D.s or the organization formation documents, as applicable to individuals or businesses;
- Confirmation that none of the persons or entities involved in the transaction appear on any of the Libyan government lists of denied, debarred, or blocked persons or entities;
- Confirmation that the person or entity does not finance any aspect of the transaction or activity with cash or currency of \$10,000 or more (wires, checks, credit cards are permissible — cash transactions of \$10,000 or more must be reported to the Legal Department);
- Resolution of any "red flags" uncovered by this review, which may require notification of Libyan . gov-ernment agencies of possible illegal activity; and
- Documentation of all efforts to verify the identities and source of funds of persons and entities in-volved in financial transactions with CONTANGO, as well as efforts made to resolve any concerns, and the outcome of the review.

7. RESPONSIBILITIES

It is the responsibility of every employee to ensure that no gifts, payments, or offers of gifts, payments or anything of value are made or authorized to "foreign officials" without following the procedures set forth in this Policy (including the Guide).

The Internal Audit Department is responsible for monitoring and reviewing payments to and made on behalf of foreign officials and for auditing CONTANGO's compliance with this Guide and the related policies and procedures that comprise CONTANGO's internal control system.

The Legal Department and CONTANGO's GM and management staff are responsible for reviewing re-quests for promotional or marketing expenses and for approving such requests when such payment, gift, or offer would not violate either the LIBYAN INTIGRITY REGULATIONS or this Policy. The Legal De-partment is responsible for (i) training appropriate employees, agents, consultants and business part-ners with respect to this Policy; (ii) obtaining certifications of compliance from appropriate personnel; and (iii) maintaining proper LIBYAN INTIGRITY REGULATIONS compliance and oversight files.

The Financial Accounting Department is responsible for maintaining and enforcing CONTANGO's ac-counting and recordkeeping policies and maintaining CONTANGO's system of internal controls to ensure that assets of CONTANGO are disbursed only as authorized by management and as set forth in this Guide.

The **management committee** is responsible of ensuring that this Policy is respected.



Matthew Norman
Chairman management committee