



**POLICY ON COMPLIANCE WITH
SANCTIONS AND TRADE RESTRICTIONS**

CONTENTS

1.	Effectiveness and Change.....	2
2.	Purpose of This Policy.....	2
3.	Policy Statement - Sanctions.....	2
4.	Definitions	3
5.	Sanctioning Governments	5
6.	Sanctioned Entities Lists	6
7.	Applicability of Sanctions.....	8
8.	Persons Subject to this Policy	8
9.	Policy Implementation	8
10.	Preventative Due Diligence - Standard of Care.....	9
11.	Disciplinary Actions Under this Policy	10
12.	Penalties Under Applicable Law.....	10
13.	Reporting Procedure	10
14.	Policy Compliance Officers.....	11
15.	Oversight Committees.....	11
16.	Companion Policies.....	12
17.	Regulatory and Public Notice Filings.....	12

-- oOo --

1. Effectiveness and Change

This Policy on Compliance with Sanctions and Trade Restrictions (the "**Sanctions Policy**", or as referred to herein, this "**Policy**") is made by order of the Board of Directors (the "**Board**") of Continental Energy Corporation ("**Continental**" or the "**Company**") with effect upon and from its latest revision and "**Adoption Date**" on **10 January 2020**.

This Sanctions Policy is an integral part of Continental's separately published "**Code of Business Conduct and Ethics**" and is incorporated by reference therein.

Words and phrases denoted in "parentheses", **bold-face** type, and *italics* refer to defined terms having the meaning in this Policy as ascribed to them in Section-4.

This Sanctions Policy is subject to change by the Board, at any time, to address any new issues or concerns which may arise as a result of our ongoing business operations and activities; newly issued or revised Sanctions; changes in statutory or regulatory compliance requirements; and any recommendations for changes brought to the Board by the *Policy Compliance Officer*, as provided for in Section-12, or by the *Board Oversight Committee* in charge of oversight on this Policy, as provided for in Section-13.

2. Purpose of This Policy

This Policy sets out the responsibilities of Continental Energy Corporation and its subsidiaries, associates, affiliates, and personnel in complying with applicable international economic and legal "**Sanctions**" (as such term is broadly defined in Section-4 to include *Embargoes*, *Trade Restrictions*, *Asset Freezes*, *Export Controls*, and *Financial Prohibitions*, and other types of Sanctions), many of which are intended to combat global terrorist activities, enforce laws, and/or force political change.

This Policy also applies to individuals and corporate counterparties who work for and conduct business on behalf of Continental, all of whom have a separate personal responsibility and may separately be held accountable and personally liable for any Sanctions related issues that may arise.

This Policy is intended to guide management, individual personnel, and corporate counterparties to recognize situations which might give rise to possible Sanctions concerns and the procedures for preventing, reporting, and dealing with such issues.

3. Policy Statement - Sanctions

The nature of the Company's business necessitates engaging and contracting with many different counterparties and entering into and concluding commercial, financial, trade, export, and import transactions with them at places located in any number of foreign countries in which the Continental's business is being conducted. Therefore, Continental recognizes and accepts that:

- a) depending upon the circumstances of a particular transaction, that certain government imposed Sanctions (as defined in Section-4) may be applicable to certain counterparties and to others involved, *Directly or Indirectly*, in any commercial, financial, or trade transactions with Continental or a Continental Subsidiary;
- b) governments impose Sanctions to prevent valuable economic benefits reaching certain named parties who are, for political, criminal, or terrorism reasons, placed on a list of Sanctioned Entities by a Sanctioning Government; and
- c) due to any applicable Sanctions, Continental, Continental Subsidiaries, and Continental Personnel are or may be expressly prohibited from entering into any kind of contract or conducting any kind of commercial, financial, or trade transaction with any Sanctioned Entity.

4. Definitions

As used in this Policy, unless the context otherwise requires, the following capitalized words and terms shall have the definition and meaning as follows. The definitions of words in the singular shall apply to such words when used in the plural where the context so permits and vice versa.

- **"Asset Freeze"** means a specific type of *Sanction* that is intended to prevent the named and designated *Sanctioned Entity* from gaining access to funds, property, or other assets that such *Sanctioned Entity* may hold within or under the jurisdiction of the *Sanctioning Government*. An *Asset Freeze* prohibits persons and entities who are citizens of or incorporated within the *Sanctioning Government's* jurisdiction from dealing in any bank accounts, real property, or physical assets which are held by, or on behalf of, any *Sanctioned Entity*. An *Asset Freeze* also prohibits facilitating or providing financial services related to transactions involving such a frozen funds or assets.
- **"CA ExIm Act"** refers to the *Canadian Export and Import Permits Act (RSC 1985 c.E-19)* and its attached control lists, permits, certificates, prohibitions, and regulations, all as currently amended and in force and effect.
- **"CA SEM Act"** refers to the *Canadian Special Economic Measures Act (SC 1992 c.17)* and its attached orders and regulations, all as currently amended and in force and effect.
- **"CA SM Law"** refers to the *Canadian Justice for Victims of Corrupt Foreign Officials Act*, also known as the *Sergei Magnitsky Law*, (*SC 2017 c.21*) and its attached orders and regulations, all as currently amended and in force and effect.
- **"CA UN Act"** refers to the *Canadian United Nations Act (RSC 1985 c.U-2)* and its attached orders and regulations, all as currently amended and in force and effect, and that gives force and effect in Canada to UN Sanctions.
- **"Close Associates"** for the due diligence measures required in Section-8 of this policy shall mean and be limited to: 1) a spouse, child, parent, sibling, grandchild, or grandparent for a natural person; and to 2) beneficial owners, shareholders, principals, directors, officers, and managers of a legal person.
- **"Consultant"** means an individual hired directly in its own name under a consulting contract to personally provide consulting services directly to Continental or to a Continental Subsidiary, who does NOT have the contractual right to appoint or delegate performance of work and provision of services to an employee, sub-consultant, sub-contractor, or any other third party. For clarity, as the term is used in this Policy, a Consultant is NOT a Contractor as that term is separately defined herein.
- **"Continental Associate"** means an incorporated and affiliated company or a non-incorporated joint venture in which Continental owns and controls LESS than 50% of the shareholder or joint venture participating interest voting rights; is NOT the designated "Operator" of the joint venture; and does NOT otherwise exert executive management control over such corporate or joint venture entity.
- **"Continental Personnel"** means and refers to all natural persons who are directors, officers, employees (whether temporary, fixed-term, seconded, or permanent), Consultants, trainees, interns, or engaged in similar capacities and working under direct contract with, or directly engaged by Continental or by a Continental Subsidiary, no matter where they are located in the world.
- **"Continental Subsidiary"** means an incorporated subsidiary company or non-incorporated joint venture in which Continental owns and controls 50% or more of the shareholder or participating interest voting rights; or is the designated "Operator" of a joint venture; or otherwise exerts effective executive management control over such corporate or joint venture entity.
- **"Continental"** means Continental Energy Corporation and includes any registered branch office but does not include a Continental Subsidiary or a Continental Associate.

- **"Contractor"** means a corporation hired under a contract to provide services directly to Continental or to a Continental Subsidiary, that may, or may not, in the performance of such services have the contractual right to appoint or delegate performance of work and provision of services to an employee, sub-consultant, sub-contractor, or any other third party. For clarity, as the term is used in this Policy, a Contractor is NOT a Consultant as that term is separately defined herein.
- **"Directly or Indirectly"** means and refers to a transaction counterparty acting *directly* in its own name, utilizing its own means and resources, and for its own ultimate beneficial interest; or acting *indirectly* and jointly with, or on behalf of, or by means of, or in concert with, any other natural person or legal entity or *Sanctioned Entity* for such entities ultimate beneficial interest.
- **"Elevated Risk Transaction"** shall have the meaning ascribed thereto in Section-10.d.
- **"Embargo"** means the severest form of Sanction that represents a complete prohibition of trade activities between countries.
- **"Export Control"** means laws and regulations that regulate and restrict the release of critical technologies, information, and services to foreign nationals, within and outside of the United States or within and outside of Canada, and foreign countries for reasons of foreign policy and national security. As used in this Policy, the meaning of Export Controls includes controlled items included on the CA ECL List, the US CCL List, the US NRCC List, and the US MIL List.
- **"Financial Prohibition"** means any act or regulation of Canada, the USA, or the United Nations that prohibit persons in Canada or the USA, and Canadians and Americans outside Canada and the USA from conducting financial transactions with, or on behalf of or at the direction of, certain listed persons who may be individuals, corporations, governments, terror organizations, or similar entities.
- **"Government Official"** shall have the inclusive meanings ascribed to a "foreign official" in the US Foreign Corrupt Practices Act, ascribed to a "foreign public official" in the Canadian Corruption of Foreign Public Officials Act, and any additional defined meaning under any applicable anti-corruption law of a Host Country in which Continental or a Continental Subsidiary is conducting business.
- **"Host Country"** means the country in which a specific commercial, financial, or trade transaction entered into by Continental or by a Continental Subsidiary takes place. In cross border transactions, each country which provides or receives consideration is a Host Country. The country of incorporation of Continental or any Continental Subsidiary is also deemed to be a Host Country.
- **"Import Control"** means laws and regulations that regulate and restrict the import of trade goods and services from foreign countries into the United States or Canada for policy, trade or punitive reasons. Import Controls typically take the form of tariffs, quotas, import licenses, local content requirements, and/or subsidies.
- **"List of Sanctioned Entity"** shall include the Lists referred to in Section-6.
- **"Material Support or Resources"** is defined in US law as "*currency or monetary instruments or financial securities, financial services, lodging, training, expert advice or assistance, safehouses, false documentation or identification, communications equipment, facilities, weapons, lethal substances, explosives, personnel, transportation, and other physical assets, except medicine or religious materials*" any of which it is unlawful for any US citizen, US resident, or other entity subject to US jurisdiction to knowingly provide to *Sanctioned Entities* on the *US FTO List*.
- **"OFAC"** means the *Office of Foreign Assets Control* of the US Department of the Treasury that administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

- "**OFSI**" means the *Office of Financial Sanctions Implementation* of Her Majesty's Treasury, United Kingdom, that is the competent authority for the implementation of financial sanctions of the UK.
- "**Oversight Committee**" shall have the meaning ascribed thereto in Section-13.
- "**Policy Compliance Officer**" shall have the meaning ascribed thereto in Section-12.
- "**Relationship Party**" means and refers to an individual or corporate third party with which Continental or a Continental Subsidiary has a contractual agreement, including Contractors, suppliers, service providers, distributors, agents, advisors, and other contractual counterparties of Continental or of a Continental Subsidiary who are NOT otherwise defined as Continental Personnel.
- "**Sanction**" means any punitive economic penalty imposed as a tool of foreign policy by a government against a named and designated country, organization, company, group, and/or an individual natural person, usually for political, social, military, criminal, terrorism, policy and/or other reasons. Sanctions include, without limitation, those defined herein; *Financial Prohibition, Asset Freeze, Export Control, Import Control, Anti-Terrorism Prohibitions, or Trade Restrictions*; that are imposed by a Sanctioning Government on a Sanctioned Entity. Sanctions may vary and can encompass a variety of measures, including restricting or prohibiting trade, financial transactions, or other economic activity between the sanctioning country and the sanctioned target state; or the seizure or freezing of bank accounts and other property situated in the jurisdiction of the applicable Sanctioning Governments.
- "**Sanctioned Entity**" shall have the meaning ascribed thereto in Section-6.
- "**Sanctioning Government**" shall have the meaning ascribed thereto in Section-5.
- "**Trade Restriction**" means any applicable government policy, law or regulation of a Sanctioning Government that limits the free flow of goods and services across its international or jurisdictional borders and includes Export Controls and Import Controls.

5. Sanctioning Governments

For the purposes of this Policy the term "**Sanctioning Government**" refers to the governments of Canada, the USA, the United Nations Security Council, the United Kingdom and to the European Council of the European Union and to any other sovereign state government, including that of a Host Country, that imposes a Sanction and names certain Sanctioned Entities to one or more official lists designating them as the targets of the Sanction.

- a) Continental, as a corporation, together with its majority owned and controlled Continental Subsidiaries and its minority owned and uncontrolled Continental Associates are obliged to always comply with all Sanctions promulgated by any one or more of the following:
 - i) **Canada Sanctions** - Continental is incorporated in British Columbia, Canada. Therefore the Company and its management, together with majority owned and controlled Continental Subsidiaries and their respective management and all Continental Personnel who are Canadian citizens, are therefore obliged to at all times abide by the provisions of all Sanctions promulgated by the government of Canada and also Sanctions promulgated by the United Nations, which Canada typically adopts as Canadian law. The entities which are the target and subject of Canada Sanctions are published and amended from time to time by Canada on a "**CA List**" as described in Section-6.
 - ii) **UN Sanctions** - As a member of the United Nations ("**UN**"), Canada typically adopts as Canadian law all Sanctions promulgated by the UN Security Council. Therefore, the Company and its management, together with majority owned and controlled Continental Subsidiaries and their respective management, are all therefore obliged to at all times abide by the provisions of all Sanctions promulgated by the UN. For the purposes of this Policy a "**UN Sanction**" means a Sanction imposed by the United Nations Security Council that must be complied with by all UN member states. The entities which are the target and subject of UN Sanctions are published and amended from time to time by the UN on its "**UN List**" as described in Section-6.

- iii) **USA Sanctions** - As a foreign reporting issuer in the USA as a result of its common shares publicly trading on the OTCQB trading system of OTC Markets Group Inc., the Company is subject to the laws and regulations of the US Securities Exchange Commission and therefore, the Company and its management, together with majority owned and controlled Continental Subsidiaries and their respective management are all therefore obliged to at all times abide by the provisions of all Sanctions promulgated by the USA. Continental Personnel who are USA citizens are also obliged to comply. The entities which are the target and subject of USA Sanctions are published and amended from time to time by OFAC on one or more "**US Lists**" as more fully described in Section-6.
- b) Continental, a Continental Subsidiary and/or a Continental Associate may from time to time depending upon the geographic location of a certain transaction or the domicile of a Contractor, a Relationship Party, or other trade, contract, or transaction counterparty, may also be obliged to comply with additional Sanctions promulgated by any one or more of the following:
 - i) **EU Sanctions** - For the purposes of this Policy an "**EU Sanction**" means a Sanction imposed by the European Council of the European Union that must be complied with by all EU member states and any Contractor, a Relationship Party, or other transaction counterparty domiciled in an EU member state. The entities which are the target and subject of EU Sanctions are published and amended from time to time by the EU on the "**EU List**" as described in Section-6.
 - ii) **Host Country Sanctions** - Depending upon the geographic location of a certain transaction, the laws of the Host Country in which the transaction takes place shall apply, including any Sanctions promulgated by the Host Country may also apply to Continental, a Continental Subsidiary and/or a Continental Associate involved in the transaction. In such case the Host Country would be a Sanctioning Government for the purposes of this Policy.
 - iii) **UK Sanctions** - For the purposes of this Policy a "**UK Sanction**" means a Sanction imposed by the United Kingdom and enforced by the OFSI that prevents any UK person or entity from engaging in monetary transactions or having financial dealings with Sanctioned Entities on the UK List or otherwise, Directly or Indirectly, listed parties with economic resources. The UK Sanctions apply within the territory of the UK and to all UK persons, wherever they are in the world including any Contractor, a Relationship Party, or other transaction counterparty domiciled in the UK. All UK nationals and UK legal entities established under UK law, including their branches, must also comply with UK Sanctions that are in force, irrespective of where their activities take place. The entities which are the target and subject of UK Sanctions are published and amended from time to time by the UK OFSI on the "**UK List**" as described in Section-6.

6. Sanctioned Entities Lists

For the purposes of this Policy a "**Sanctioned Entity**" means, and includes without limitation, any natural person, company, country, locality (for example Darfur or Crimea), and any organization or group or people's movement or religious group or non-governmental organization or terrorism linked organizations or other non-state actors whether officially established and recognized or not; whose name appears on a list of designated targets of Sanctions imposed by Canada, the USA, or the United Nations, and possibly in regard to certain transactions within their respective jurisdictions, similar Sanctioned Entity lists issued and published by the United Kingdom and the European Union. These "**Lists**" of Sanctioned Entities include any one or more of the following:

- a. "**CA List**" means the *Consolidated Canadian Autonomous Sanctions List* that includes individuals and entities subject to specific sanctioning regulations made under the Canadian Special Economic Measures Act and the Justice for Victims of Corrupt Foreign Officials Act; and also means and includes the *Export Control List* consisting of seven sub-lists of specific equipment, software and technology that requires issue of special export licenses by the Canadian government before a listed item may be lawfully exported from Canada.

The seven sub-lists include:

- i) Dual Use List,
 - ii) Munitions List,
 - iii) Nuclear Non-Proliferation List,
 - iv) Nuclear-Related Dual-Use List,
 - v) Miscellaneous Goods and Technology List,
 - vi) Missile Technology Control Regime List, and the
 - vii) Chemical and Biological Weapons Non-Proliferation List.
- b. **"EU List"** means the *Consolidated List Of Persons, Groups and Entities Subject to European Union Financial Sanctions* published and maintained by the European Council of the European Union that includes the names of all individuals and entities currently subject to *EU Sanctions* as currently in force and effect.
- c. **"UK List"** means both the current version of the entire *Consolidated List Of Financial Sanctions Targets In The UK* and the current version of the entire *Proscribed Terrorist Organisations List* that is published and maintained by the UK Home Secretary, and any other lists published by UK authorities regarding targeted persons of UK Sanctions, Embargoes, Trade Restrictions, and Export Controls.
- d. **"UN List"** means the consolidated list published and maintained by the United Nations Security Council that includes the names of all individuals and entities currently subject to UN Sanctions as currently in force and effect.
- e. **"US Lists"** means and refers to any one or more of the lists published and maintained by the US Department of State, the US Commerce Department, or by the US Treasury or its OFAC office that name and list Sanctioned Entities or goods, services, or materials which are the subject of Export Controls or Trade Restrictions.
- i) **"US CCL List"** means the *Commerce Control List* of sensitive equipment, software and technology that requires issue of special export licenses by the US Department of State, the US Commerce Department, or by the US Treasury before a listed item may be lawfully exported from the USA.
 - ii) **"US CS List"** means the current *Consolidated Sanctions List* published and maintained by OFAC that lists all Sanctions imposed by the USA and in effect on persons other than those published on the SDN List.
 - iii) **"US FTO List"** means the current list of designated *Foreign Terrorist Organizations* published and maintained by the US Department of State's Bureau of Counterterrorism that lists groups that the US government considers to be undertaking terrorism related activities. It is unlawful for a person or entity in the United States or subject to the jurisdiction of the United States to knowingly provide "material support or resources" to a designated FTO.
 - iv) **"US ML List"** means the *United States Munitions List* of defense and military related goods and services that requires issue of special export licenses after review and approval by multiple US government agencies before a listed item may be lawfully exported from the USA.
 - v) **"US NRCC List"** means the *Nuclear Regulatory Commission Controls List* of nuclear equipment and materials that requires issue of special export licenses after review and approval by multiple US government agencies before a listed item may be lawfully exported from the USA.
 - vi) **"US SDN List"** means the *Specially Designated Nationals List* published by OFAC that lists individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and companies are called *Specially Designated Nationals* or *SDNs*. Their assets are blocked and U.S. persons are generally prohibited from dealing with them.

7. Applicability of Sanctions

Continental, together with its majority owned and controlled *Continental Subsidiaries* and its minority owned and uncontrolled *Continental Associates* carry on business across multiple international jurisdictions and may depending upon the counterparties and location of any given business transaction the transaction may be subject to one or more Sanctions imposed by any one or more Sanctioning Governments. Therefore, Sanctions apply, or may apply as follows:

- c) **Transaction Sanctions** - The nature of Sanctions may make them applicable to any kind of commercial, financial, or trade transaction that may be concluded by Continental or by a Continental Subsidiary with one or more transaction counterparties. Multiple Sanctions may be applicable to a transaction depending on the jurisdiction in which a transaction takes place, the respective governing jurisdiction over the parties to the transaction and over the natural person signers of the transaction, and over those who may *Directly or Indirectly* receive an economic benefit from the transaction; are named on a list of Sanctioned Entities issued by any Sanctioning Government having jurisdiction.
- d) **Counterparty Sanctions** - A business transaction may violate a Sanction, if any one of the transaction contract counterparties, natural person signers on behalf of any counterparty, or any disclosed or undisclosed entities related to or affiliated with a counterparty receive, *Directly or Indirectly*, some economic benefit from the transaction with Continental or a Continental Subsidiary; provided any such entities are named on a list of Sanctioned Entities issued by any Sanctioning Government having jurisdiction.
- e) **Continental Associate Sanctions** - Depending upon the circumstances of a particular transaction, and of the counterparties involved, a transaction made by a minority owned and not controlled Continental Associate that violates a Sanction may have consequences that extend through the Continental Associate to Continental or to Continental Personnel on a case by case basis.

8. Persons Subject to this Policy

This Policy applies to Continental Personnel, Relationships Parties, and the personnel of Relationships Parties as defined in Section-4, all of whom are deemed herein to be "**persons subject to this Policy**". Continental, Continental Subsidiaries, individual Continental Personnel and/or Relationship Parties and their respective personnel may each have legal exposure in respect of any direct or indirect transaction with counterparties who have direct or indirect relationships with entities that would, cause or would appear to cause, a violation of any imposed *Sanctions, Embargoes, Trade Restrictions, Asset Freezes, Export Controls, and Financial Prohibitions* as such italicized terms are defined in Section-4.

9. Policy Implementation

In conducting its business on a worldwide basis, Continental and each Continental Subsidiary and their respective management teams shall learn and understand their respective corporate obligations and at all times fully comply with imposed *Sanctions, Embargoes, Trade Restrictions, Asset Freezes, Export Controls, and Financial Prohibitions* as such italicized terms are defined in Section-4. Additionally:

- a) Continental and each Continental Subsidiary shall at all times refuse to conduct any corporate business or enter into any transactions, *Directly or Indirectly*, with any entity named and listed on a Sanctioned Entities list or any natural person or entity suspected of possible association with a group listed on the US FTO List.

- b) **Continental Personnel** - New-hire natural persons and Consultants employed or contracted to work for Continental or a Continental Subsidiary shall be provided a copy of this Policy and shall be required, pursuant to a written condition of their employment or engagement agreement, to familiarize themselves with this Policy and insure their actions as members of Continental Personnel are at all times acting in compliance with this Policy and with all Sanctions that apply in the country in which such employees or Consultants work.
- c) **Contractors** - New Contractors engaged to work for Continental or a Continental Subsidiary shall be provided a copy of this Policy and shall be required, pursuant to a written condition of their contract, to familiarize themselves with this Policy and insure the Contractor's actions together with Contractor's employees, subcontractors, and other personnel under its control are at all times acting in compliance with this Policy and with all Sanctions that apply in the country in which such Contractors work.
- d) **Relationship Parties** - New Relationship Parties engaged under an arrangement for a material transaction or recurring transactions as customer, supplier, client, seller, buyer, or similar trade counterparty relationship with Continental or a Continental Subsidiary shall be provided a copy of this Policy and in any situation where Continental perceives a higher than normal risk of possible Sanctions violations, shall be required, pursuant to a written condition of their commercial arrangement, to familiarize themselves with this Policy and insure the Relationship Party's actions together with those of its respective employees, subcontractors, consultants, affiliates, and other personnel under its control are at all times acting in compliance with this Policy and with all Sanctions that apply in the countries in which the Relationship Party conducts transactions with Continental or a Continental Subsidiary.
- e) **Material Support or Resources** - Continental Personnel shall take particular note of what constitutes *Material Support or Resources* as defined in Section-4 for any transaction that Continental Personnel may have reason to suspect that a transaction counterparty has an association with a terrorist group named on the US FTO List.
- f) **Directly and Indirectly** - Continental Personnel shall take particular note of the meaning of *Directly and Indirectly* as defined in Section-4 for any transaction that Continental Personnel may have reason to suspect that a transaction counterparty has an association with a Sanctioned Entity.

10. Preventative Due Diligence - Standard of Care

The management of Continental and of each Continental Subsidiary are charged with the task of conducting preliminary screening and continuing due diligence investigations and monitoring of all Continental Personnel, Consultants, Contractors, Relationship Parties, and transaction counterparties to ensure compliance with this Policy. Due diligence shall include a reasonably appropriate background investigation and verification of information presented by the subject of the background check given the level of actual accessible information from reliable third party sources. The due diligence investigation shall also include exercising a standard of care commensurate with the perceived local, global, and situational, locality, and transaction risks involved in a relationship with the subject of the investigation.

- a) **Pre-Screening Natural Persons** - Prior to entering into any employment agreement with any natural persons who may thereupon become Continental Personnel or become Consultants, the management of Continental or the Continental Subsidiary intending to engage such person shall conduct a basic background check on the person and the person's *Close Associates* (as defined in Section-4) and determine that neither the person nor any of their Close Associates are named on a *Sanctioned Entity* list. If the person or any one his/her Close Associates are named on a Sanctioned Entity list, then all negotiations leading to possible employment or engagement shall be terminated immediately.

- b) **Pre-Screening Legal Persons** - Prior to entering into any contract with any legal persons who may thereupon become Contractors or Relationship Parties, the management of Continental or the Continental Subsidiary intending to engage such legal person shall conduct a basic background check on the legal person and the legal person's *Close Associates* (as defined in Section-4) and determine that neither the legal person nor any of its *Close Associates* are named on a *Sanctioned Entity* list. If the legal person or any one its *Close Associates* are named on a *Sanctioned Entity* list, then all negotiations leading to possible engagement or contract shall be terminated immediately.
- c) **Pre-Screening Transaction Counterparties** - Prior to entering into any contract or arrangement for a one-off or recurring business transaction with a counterparty that may thereupon cause a commercial, financial, or trade transaction, the management of Continental or the Continental Subsidiary intending to conduct such transaction shall conduct a basic background check on the counterparty, whether natural person or legal person and their respective *Close Associates* and determine that none of them are named on a *Sanctioned Entity* list. If any are named on a *Sanctioned Entity* list, then all negotiations leading to possible transaction shall be terminated immediately.
- d) **Elevated Risk Situations** - In the opinion of management of Continental or a Continental Subsidiary, certain transactions may be perceived to involve a higher exposure to a risk of a possible Sanction violation than other transactions. Additional risk may be perceived due to any number of reasons, and may include: 1) the nature or magnitude of a particular transaction, 2) the participation of certain natural person or legal person counterparties, 3) the location and jurisdiction of the place in which the transaction is conducted, and/or 4) the involvement of cross national border jurisdictions. In any such case, management shall "flag" the transaction and designate it an "**Elevated Risk Transaction**" and make a written report to the Policy Compliance Officer with an explanation for the flag as soon as practical before concluding the Elevated Risk Transaction.

11. Disciplinary Actions Under this Policy

All Continental Personnel who breach the Policy will face disciplinary action. Such action could include dismissal for gross misconduct and/or contractual termination of employment, in addition to other consequences under applicable laws.

12. Penalties Under Applicable Law

The consequences of violating any imposed *Sanctions* are potentially extremely serious, both for Continental and for those particular individuals involved in inappropriate conduct.

Individual Continental Personnel can be held personally liable for violations and the potential consequences could include imprisonment and/or the imposition of significant fines, termination of their employment, and denial of entry into foreign countries.

For Continental or for a Continental Subsidiary, violations can result in heavy fines, exclusion from tendering on public contracts, inability to continue as a contractor/counterparty of the state, inability to operate and serious damage to reputation.

13. Reporting Procedure

- a) Continental Personnel working for Continental Subsidiaries may be charged by their supervisor with the task of periodically reviewing the lists published online and maintained by OFAC, by the UN, and by Canadian authorities to ensure that listed entities are known to the Continental Subsidiary before entering into any commercial relationship or transaction with the listed person or entity.

- b) Continental Personnel should contact and make reports to their supervisor, the general manager of the Continental Subsidiary employing them, or failing them, the Policy Compliance Officer with any reports of potential or actual violations of this Policy, incident reports, questions, concerns or inquiries about how the Policy may be relevant to any particular contemplated or concluded transaction or other business activity.
- c) Continental Personnel should contact and make reports to their supervisor, the general manager of the Continental Subsidiary employing them, or failing them, the Policy Compliance Officer with any reports of suspicions that any contemplated transaction or any potential transaction counterparty and its principals, managers, employees or associates are in any way connected with or otherwise involved with Sanctioned Entities.
- d) Contractors or Contractor employees should contact and make reports to their respective contract administrator at Continental or the Continental Subsidiary that hired them, or failing them, the Policy Compliance Officer with any reports of suspected or actual violations of this Policy, incident reports, questions, concerns or inquiries about how the Policy may be relevant to any particular Contractor contemplated or concluded transaction or other business activity that may impact Continental or the Continental Subsidiary that hired them.
- e) Relationship Parties or Relationship Party employees should contact and make reports to their respective contract administrator at Continental or the Continental Subsidiary that hired them, or failing them, the Policy Compliance Officer with any reports of suspected or actual violations of this Policy, incident reports, questions, concerns or inquiries about how the Policy may be relevant to any particular Relationship Party contemplated or concluded transaction or other business activity that may impact Continental or the Continental Subsidiary.

14. Policy Compliance Officers

- a) From time to time Continental or any Continental Subsidiary may appoint a **"Policy Compliance Officer"** who shall be charged with the task of administering this Policy.
- b) Any one Continental Subsidiary may from time to time appoint one or more of its senior executive staff to perform the role of *Policy Compliance Officer* for the subsidiary.
- c) Continental may from time to time appoint one or more of its senior executives to perform the role of *Policy Compliance Officer* for Continental at the parent company level. Failing such appointment, the Independent Director who chairs Continental's Audit Committee shall serve as the *Policy Compliance Officer* until a replacement is named.
- d) The Policy Compliance Officer is also authorized to respond to any questions from any persons subject to this Policy regarding compliance with the terms of this Policy and preventing a knowing, or unintentional, violation of any imposed *Sanctions, Embargoes, Trade Restrictions, Asset Freezes, Export Controls, and Financial Prohibitions* as such italicized terms are defined in Section-4.
- e) Any Policy Compliance Officer may also from time to time recommend to the board that this Policy be amended in view of changes of circumstances regarding applicable laws and the company's business activities.

15. Oversight Committees

Two of the Board's standing committees have been charged, in accordance with their respective charters, with oversight of this Policy; administration of issues arising as a result of this Policy; and periodic review and amendment of this Policy. These two oversight committees are the *Audit Committee* and the *Governance and Nominating Committee*.

16. Companion Policies

This Policy is a companion policy to Continental's Code of Business Conduct and Ethics (the "**Code**") as last revised, made publicly available, and filed with applicable securities regulatory agencies.

This Policy is also a companion policy to Continental's Anti-Bribery and Anti-Corruption Policy (the "**ABC Policy**") as last revised and approved by the Board. This Policy should be read and followed in coordination with the ABC Policy because there are elements of complementary overlap with the ABC Policy.

17. Regulatory and Public Notice Filings

Continental has published this revision of the Policy on Compliance with Sanctions and Trade Restrictions and filed it with Canadian and USA securities regulators as follows.

- a) A complete copy of this Policy has been filed on the Canadian Securities Administrators ("CSA") *National Instrument ("NI") 13-101 System for Electronic Document Analysis and Retrieval ("SEDAR")* in accordance with requirements of Part-2.3 of the CSA's *NI 58-101 Disclosure of Corporate Governance Practices*.
- b) Further, this Policy has been incorporated by reference to the SEDAR filing and/or filed separately on the US Securities Commission's EDGAR (Electronic Data Gathering, Analysis, and Retrieval) system under cover of a *Form-6K Report of Foreign Issuer*.

A complete copy of this Policy is available for public review and/or download in convenient PDF form from either the "Governance Documents" tab on Continental's website: www.continentalenergy.com.

Alternatively a complete PDF copy of this Policy is available for view and/or download directly from Continental's SEDAR profile page at: <https://www.sedar.com/DisplayProfile.do?lang=EN&issuerType=03&issuerNo=00005599>
The PDF download link can be found after a search of Continental's SEDAR filings dated 10 January 2020.

--- oOo ---