

Harvest Natural Resources, Inc.

## CODE OF BUSINESS CONDUCT AND ETHICS

### **Purpose**

The purpose of this Code of Business Conduct and Ethics (the "Code") is to convey the basic principles of business conduct and ethics expected of all individuals subject to the Code, as well as emphasize the importance of complying with all applicable laws. The Code is general in nature and not intended to be all inclusive. The fact that a certain action or activity is not mentioned as improper does not imply that it is permissible. Conduct or activities which may not be illegal under applicable law or regulation are nonetheless prohibited if they violate this Code, the Compliance Manual or other policy of Harvest. As used in this Code, "Harvest" or "Company" means Harvest Natural Resources, Inc. and its majority owned affiliated companies, including Harvest Vinccler S.C.A.

### **Individuals Subject to the Code**

This Code applies to all directors, officers, employees and consultants of Harvest, including officers and employees seconded to other companies. As used in this Code, "employee" shall mean all of the individuals subject to the Code. Where noted and as applicable, this Code also applies to an employee's and director's family members' including spouse, children and other close relatives.

## Principles of Behavior

Harvest is committed to conducting its business, and to interacting with employees, business partners, governmental entities, the public and our communities, in a responsible, ethical and lawful manner. Harvest is also committed to providing employees safe working conditions in an environment conducive to initiative, creativity and job satisfaction.

A high standard of ethical business conduct is the responsibility of each employee. Unethical actions, or the appearance of unethical actions, are not acceptable. Employees are expected to apply the following principles of behavior in carrying out their business duties:

- **Loyalty.** No employee should be, or appear to be, subject to influences, interests, or relationships which conflict with the best interests of Harvest. Employees shall act within their authority and in the best interests of Harvest.
- **Observance of Ethical Standards.** In the conduct of business, each employee must adhere to high ethical standards. These standards include honesty and fairness.
- **Fair Dealing.** Each employee must deal fairly with Harvest's customers, suppliers, competitors and employees.
- **Compliance with Applicable Laws.** Harvest and its employees are expected to comply with laws and regulations applicable to Harvest's business activities.

- Disclosure and Reporting Violations. For the protection of both Harvest and its employees, it is the responsibility of each employee to disclose conflicts of interest and report violations of this Code.

## **Conflicts of Interest**

1. While it is impossible to describe every circumstance which may create a conflict of interest, employees and their family members must knowingly avoid the following situations:
  - a. owning any interest (other than nominal amounts of stock in publicly-traded companies) in any supplier, customer or competitor. Generally, financial interests which, regardless of value, amount to less than 1% of an enterprise would be considered "nominal";
  - b. consulting with, or being an employee of, any customer, lessor, lessee, contractor, supplier or competitor;
  - c. providing services to another company engaged in any capacity in oil or gas businesses;
  - d. participating in any outside business activities that are competitive with any of Harvest's businesses;
  - e. purchasing from, or selling to, Harvest assets, goods or services;
  - f. serving on the board of directors of any customer, lessor, lessee, contractor, supplier or competitor; and
  - g. using for personal benefit or diverting to others any business opportunity learned of in the course of employment with Harvest or which the employee could reasonably anticipate Harvest might

be interested except where full disclosure of all facts is made known to Harvest in advance to permit it to protect its interests.

2. Employees should devote their full time and ability to Harvest business during regular business hours. Participating in outside activities which are so substantial that they interfere with any employee's ability to devote appropriate time and attention to his or her job responsibilities with the Company should be avoided.
3. Employees must not disclose any information that is confidential, proprietary or privileged about Harvest, its affairs, or its personnel to any person without authorization and may not use this information for the benefit of anyone other than Harvest.
4. Employee's should use Harvest's assets and property and engage Harvest personnel only for Harvest's legitimate business objectives. Prior management approval may be necessary for other limited purposes such as charitable contributions and activities.
5. Employees may not do indirectly that which is prohibited explicitly by this Code. In addition, an employee will be considered to have an interest in a matter if an employee's family members have an interest in the matter.

## **Compliance With Laws**

All employees of Harvest are expected to comply with the letter and spirit of all applicable laws and regulations (federal, state, local and foreign) and to observe high ethical standards. In order to assist employees in fulfilling this duty, Harvest has prepared policies for compliance with certain of the laws related to Harvest's operations. These policies are contained in the Harvest Natural Resources Compliance Manual which is provided to each employee. The Compliance Manual forms a part of Harvest's

compliance program to assure that all of its activities comply with the letter and spirit of the law. The Compliance Manual may be revised from time to time to reflect changes in the laws and regulations and the laws of countries in which the Company operates. Attachment "I" is a guideline to the contents of the Compliance Manual.

Harvest and its employees can realize a number of substantial benefits from having an effective compliance program. A compliance program can prevent violations that would otherwise expose Harvest, its directors, officers and employees to prosecution and penalties. Even where violations occur, an effective compliance program can lead to early detection of wrongdoing and the reduction of associated risks. Finally, an effective compliance program can enhance shareholder and investor confidence that Harvest has a culture of ethical behavior and legal compliance.

## **Disclosure and Reporting of Violations**

- It is the responsibility of each employee to disclose conflicts of interest and report violations of this Code or the Compliance Manual. This includes reporting instances of fraud or violations of applicable laws and regulations; raising concerns or making complaints over accounting, internal accounting controls and auditing matters; and promptly disclosing to management all material information relating to Harvest to help assure the full, fair, accurate, timely and

understandable disclosure in reports or documents that Harvest files with any governmental body.

- Employees must disclose any interests which constitute a conflict of interest. Upon request by Harvest employees will be required to sign an Annual Compliance Statement disclosing any reportable interests. Annual Compliance Statements will be required of all Harvest Natural Resources, Inc. employees and, to the greatest extent practicable, employees of foreign subsidiaries.
- Harvest's business reputation depends on strict adherence to the provisions of the Code and the Compliance Manual. All employees are encouraged and obligated to report any known or suspected violations of any law, regulation, Harvest policy, the Code or the Compliance Manual to the employee's supervisor or the General Counsel for Harvest. For the protection of both the Company and the employee, it is essential that prompt and full disclosure be made of any situation which may involve a violation of the Code or the Compliance Manual.
- The Audit Committee of the Harvest Board of Directors has also established procedures for employees or consultants who wish to make a complaint or raise a concern over accounting, internal accounting controls or auditing matters concerning Harvest or any of its companies. These procedures are part of Harvest's commitment to the maintenance of books and records that accurately and fairly reflect the Company's transactions and disposition of assets. Employees who wish to make a complaint may do so by contacting Harvest's General Counsel (or his alternate) by mail, phone or e-mail. All complaints received by the General

Counsel will be reported to the Audit Committee of the Board of Directors on an anonymous basis. The Audit Committee will determine the extent and scope of any investigation to be undertaken as a result of a complaint.

The contact information for the General Counsel is:

Keith Head

Harvest Natural Resources, Inc.

1177 Enclave Parkway, Suite 300

Houston, Texas U.S.A. 77077

Direct Dial: (281) 899-5710

Fax: (281) 899-5702

E-Mail: [khead@harvestnr.com](mailto:khead@harvestnr.com)

Only in the absence of the General Counsel or if for some reason an employee feels he or she cannot contact him, you may make contact:

Ms. Harva Dockery

Fulbright & Jaworski

2200 Ross Avenue, Ste 2800

Dallas, TX 75201

Direct Dial: (214) 855-8369

Fax: (214) 855-8200

E-Mail: [hdockery@fulbright.com](mailto:hdockery@fulbright.com)

If an employee makes a complaint in a language other than English, arrangements will be made for a translator who is not an employee of the Company.

1. Employees may report a violation or make complaints anonymously, and the Company will take measures to assure that name of any person making a complaint will not be revealed to any other person in the company. In addition, all complaints will be treated confidentially and will not be revealed to any other person in the Company, except to the extent necessary to conduct an investigation and consistent with the Harvest's legal obligations.
2. No employee or consultant will be retaliated against for making a good faith complaint and Harvest will not tolerate anyone engaging in retaliatory conduct. Any employee who engages in or threatens retaliatory conduct against another employee or consultant will be subject to disciplinary action, up to and including termination. Any complaints for retaliatory action can also be made to the General Counsel or his alternate. All such complaints will be reported to the Human Resources Committee of the Board of Directors, who will determine the extent and scope of any investigation.

### **3. Conclusion**

4. Senior management has primary accountability for ensuring that all Harvest activities comply with the letter and spirit of the law and this Code. All managers are accountable for the implementation of this Code.

5.

Employees are expected to familiarize themselves with the laws, rules and regulations that apply to their work and business activities and become well informed as to their legal and ethical responsibilities. Harvest Natural Resources, Inc. is a corporation organized in the United States, and the laws of the United States frequently extend to the operations of Harvest and its affiliates in other countries and to its employees wherever they live and work. Other countries may also apply their own laws outside their borders to their citizens and to the corporations that are organized under their laws. In some instances, there may be a conflict between the applicable laws of two or more countries. When an employee encounters such a conflict, it is important to contact the General Counsel for Harvest to understand how to resolve that conflict properly.

6.

7. A violation of this Code or the Compliance Manual, or a false or misleading answer or response to a questionnaire or Annual Compliance Statement can result in disciplinary action against the employee, and could lead to discharge.

Harvest may also be obligated to bring known violations of law to the attention of appropriate enforcement authorities.

8.

9. Any waiver of this Code for an employee other than an officer may only be made by the President and Chief Executive Officer and reported to the Audit Committee. Waivers of this Code for a director or officer may only be made by the Board of Directors of Harvest or a committee of the Board.

10.

11. Approved by the Board of Directors of Harvest Natural Resources, Inc. on December 8, 2010

## ATTACHMENT "I"

### SUMMARY DESCRIPTION OF HARVEST COMPLIANCE

#### POLICIES

1. **Accurate Books, Records and Documents.** This policy establishes guidelines and procedures relating to keeping books and records that accurately and fairly reflect the Company's transactions and its dispositions of assets. This policy also requires the maintenance of a system of internal audit controls.
2. **Anti-Harassment Policy.** This policy prohibits discriminatory or harassing action because of race, sex, color, age, religion, national origin, disability, veteran's status, sexual orientation, or any other unlawful reason.

3. **Equal Employment Opportunity.** This policy establishes and communicates Harvest policy regarding equal employment opportunity for Harvest employees or applicants.
4. **Health, Safety and Environmental Laws.** This policy establishes and communicates Harvest policy concerning the protection of the health and safety of employees and other persons affected by Harvest's business activities. This policy also addresses protection of the environment with respect to Harvest's business activities and operations.
5. **Antitrust Laws.** This policy affirms Harvest's belief that vigorous and fair competition is in the best interest of its employees, its shareholders and the Company. This policy highlights areas which may involve antitrust risk and is intended to help employees recognize problems and seek guidance before problems arise.
6. **Commercial Relationships.** This policy illustrates the high ethical standards expected of every employee by prohibiting:
  7. Paying or receiving money, gifts, loans or other favors which may influence business decisions or compromise independent judgment;
  8. Giving or receiving any trip or entertainment, including tickets to sporting events, without the employee's supervisor's prior approval; and
  9. Paying or receiving kickbacks for obtaining business for or from Harvest.

10. This policy does not prohibit receiving inexpensive gifts or services which are acceptable under normal and customary social circumstances, so long as the gratuity does not compromise the conduct of the recipient. In addition, this policy does not prohibit normal business entertainment and related expenses which are incurred in connection with Harvest's business.
11. **Payments to Governmental Officials.** This policy concerns criminal violations under the Foreign Corrupt Practices Act and related foreign laws for making payments or giving any other thing of value to a foreign governmental official for the purposes of influencing a decision or to obtain business. An employee of a government owned oil company is considered a governmental official. The policy addresses exceptions under the law for "facilitating payments" and the Company's policy and procedures with respect to such payments. Transactions which are unethical or otherwise reflect adversely on the management of the Company are also prohibited under this policy.
12. **International Business Relationships.** This policy provides guidelines for "International Business Relationships" such as employment of foreign consultants; foreign business combinations where a third party obtains an equity position; foreign marketing, sales or licensing agreements; or service contracts with foreign providers. The policy provides specific requirements and procedures for reviewing and entering into any International Business Relationships.

13. **Disclosure Controls and Procedures.** This policy establishes procedures to ensure that information required to be disclosed in Harvest's public filings is recorded, processed, summarized and reported within the time periods specified by applicable law and regulations. This policy includes procedures to ensure that information is accumulated and communicated to Harvest management, including its Chief Executive Officer, Chief Financial Officer and Controller, to allow timely decisions regarding required disclosure.
14. **Fraudulent Activity.** This policy explains what constitutes "fraudulent activity" which includes the following:
  15. fraudulent representations or omissions;
  16. false reporting of transactions;
  17. unauthorized activities on behalf of the Company;
  18. falsification of Company records or financial statements;
  19. forgery or alteration of negotiable instruments;
  20. embezzlement;
  21. misappropriation of company, employee, joint venture partner, customer or supplier assets; and
  22. conversion to personal use of cash, securities, supplies or other Company assets.

23. The policy strictly prohibits any form of fraudulent activity.
24. **Loans to Directors and Officers.** This policy prohibits direct or indirect loans to directors or officers of Harvest.
25. **Political Contributions.** This policy prohibits the use or contribution of any Harvest funds or assets to political parties or candidates, except as expressly authorized.
26. **Use and Public Disclosure of Inside Information.** This policy establishes guidelines for compliance with U.S. federal statutes and regulations of the Securities Exchange Commission and the New York Stock Exchange regarding the use and public disclosure of inside information and trading in the Company's stock.
27. **Use of Electronic Media and Software Licensing.** This policy provides guidance for the use of electronic media services made available to Harvest, such as computers, e-mail, the Internet and telephones. This policy also establishes procedure to ensure the adherence to all copyright laws and licensing terms for any software used on Harvest computers.
28. **Consultants.** This policy establishes a uniform process and policy for retaining consultants or independent contractors by Harvest or any of its affiliated companies.