



EXPLORATION, INC.

**CODE OF BUSINESS CONDUCT
AND ETHICS**

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CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

This Code of Business Conduct and Ethics (the “Code”) is a statement of Transmeridian Exploration, Inc. (“Transmeridian” or “Company”) expectations in various areas of legal and ethical concern, and applies to every director, officer and employee of Transmeridian. The Code recognizes that Transmeridian’s reputation is dependent upon the integrity and sense of responsibility of its directors, officers and employees. It is imperative that a high standard of ethical, moral and professional behavior is observed at all times. It is the responsibility of all directors, officers and employees to conduct business in a legal and ethical manner.

It should be noted that while compliance with applicable federal, state and local law is the foundation of the Code, Transmeridian expects its directors, officers and employees to avoid unethical business dealings, whether actual or perceived, even in situations where no law may be violated.

In fact, in many instances, the standards set forth in the Code often exceed legal requirements.

This Code applies to all directors, officers and employees of the Company, its subsidiaries and divisions, regardless of the individual’s position. The Code is not all-inclusive and nothing can replace good judgment on the part of the employee. Finally, the Code should not be interpreted as a contract for employment.

Anti-Harassment Statement

It is illegal under state and federal law for any employee, male or female, to sexually harass another employee. The Company strictly prohibits sexual harassment in the workplace.

Additionally, harassment based on other protected characteristics such as race, national origin, religion, disability, or age, is illegal, is not permitted by the Company, and will not be tolerated.

Code of Conduct Violations

Violations of the Code are serious offenses that may result in disciplinary action, up to and including termination. In addition, violations of the law may result in fines, penalties or other legal remedies, including imprisonment.

The Company expects all employees to not only abide by, but to help enforce the Code. Although not required to conduct its own investigation, any employee that is aware of a potential or perceived violation of the Code has an obligation to report that fact to an officer or director of the Company. There will be no reprisals for the good faith reporting

of a perceived violation. Reports of a violation will be investigated promptly and the matter will be treated, to the extent possible, as confidential.

Company Assistance

To remove any doubts or suspicions regarding potential conflicts or violations of this Code, employees should freely consult with their managers. To report suspected violations of the standards set forth in this Code or to seek guidance regarding these standards, you should contact any officer of the Company.

Compliance With Laws, Rules And Regulations

Transmeridian directors, officers and employees are expected to obey all federal, state and local laws. All Company business should be conducted in full compliance with applicable law. Employees are expected to understand and comply with all laws affecting their work. If there are questions about the law or its application in a particular situation, the Company's Chief Executive Officer or Chief Financial Officer should be consulted.

• Insider Trading

Any director, officer, employee and associates are prohibited from buying or selling Company securities based on insider information or from transmitting such information to others in violation of applicable federal and/or state securities laws. In addition, members of the Company's Board of Directors and certain executive officers have additional responsibilities and restrictions concerning transactions involving Transmeridian securities.

Insider information includes, but is not limited to, information about matters such as significant contracts, claims, liabilities, major litigation, potential sales, mergers, or acquisitions, confidential oil and gas and mineral plans, activities, earnings, forecasts or budgets. This information is to remain strictly confidential until such time as it has been released to the public by the Company. Questions regarding use of or qualification as insider information should be directed to the Chief Financial Officer.

• Accounting Practices

It is Transmeridian's policy to keep books, records and accounts that completely and fairly reflect the Company's financial condition. Transmeridian shall, at all times, comply with applicable accounting principles, laws, rules and regulations. Employees who have responsibilities in the areas of accounting and auditing matters are responsible for understanding and complying with all applicable laws, rules, regulations, ethical standards and internal procedures.

- *Foreign Corrupt Practices Act*

The Company will soon be circulating a separate policy regarding compliance with the Foreign Corrupt Practices Act of 1977 (“FCPA”). The FCPA makes it a criminal offense to bribe or offer to bribe a foreign governmental or political official to obtain or retain business. Payments to foreign officials for routine governmental actions may be made where permitted under the law, as interpreted by the Company’s legal counsel. The FCPA also requires that all publicly held companies maintain and keep records and accounts that fairly and accurately present their activities and transactions. It is Company policy to abide by the FCPA in all respects. Additionally, no secret or unrecorded fund of corporate assets will be established or maintained, and no false entries will be made on Company books or records.

- *Antitrust Laws*

Antitrust laws prohibit, among other things, price fixing, creation of a monopoly, boycotts, tying arrangements, exclusive dealing and refusals to deal. It is Transmeridian’s intent to conduct its business in accordance with all applicable antitrust laws. All directors, officers and employees are expected to comply with antitrust laws and not participate in any activity that could be construed to be a violation of antitrust laws.

- *Antiboycott Laws*

It is the policy of Transmeridian, its subsidiaries and affiliates to comply with the antiboycott laws and regulations of the United States which are intended to prohibit a company from participating in or supporting a boycott imposed by a foreign country upon another country which is friendly to the United States. Any request to a director, officer or employee of the Company to participate in such an activity must immediately be reported to the Chief Executive Officer or Chief Financial Officer.

Confidential Information

As a director, officer or employee of Transmeridian, you may have access to material non public information concerning Transmeridian and its subsidiaries, their employees and third party business relationships. This information must not be communicated to any person, including other employees, unless that person has a need to know that information for a legitimate business purpose.

Information that is considered confidential and therefore the property of Transmeridian shall include, but is not limited to, such items as information regarding business activities and financial performance, technical data and other proprietary information, any documents, files, maps, reports, manuals, computer programs and electronic mail. These items must not be released or removed from Company property without proper approval. Additionally, in the event of termination for any reason, the terminated

individual may be required to immediately deliver all copies of the above described information to Transmeridian.

Employees with access to wage, salary and confidential benefit information must not disclose this information to those without a need to know, including other Transmeridian employees. Additionally, employees are strictly prohibited from gaining access to Company information that they do not need to know or do not have legitimate access to for performance of their particular job. Employees may be asked to sign a Confidentiality Agreement.

Conflicts of Interest

The Company strives to maintain the highest degree of integrity in the conduct of its business. In order to comply with this objective, when dealing with third parties on behalf of the Company, it is imperative that directors, officers and employees act and think on behalf of the Company only and maintain judgment independent of personal interest. As a director, officer or employee of Transmeridian, you may find yourself in a situation in which your personal interest and that of Transmeridian are inconsistent. Such a situation, whether actual or apparent, is commonly referred to as a conflict of interest.

It is Transmeridian's policy that no director, officer or employee shall hold a position of substantial interest in an entity that conflicts with or appears to conflict with, the proper performance of Company duties or responsibilities or might affect independence of judgment in transactions between Transmeridian and the entity. Likewise, directors, officers and employees shall not hold a position in any company that is deemed to be competitive with Transmeridian. Directors, officers and employees are required to disclose any substantial interest or position (i.e. director, officer, employee or consultant) which they, or someone they are closely associated with, have in any entity that has business relations or dealings with Transmeridian. If a director, officer or employee, at any time, is considering assuming a position of substantial interest or an outside relationship which involves, or could be perceived to involve, a conflict of interest, or is in doubt as to the application of this policy, the individual must promptly notify an officer of the Company responsible for determining in consultation with the Company's legal counsel, whether the action being considered would or could constitute a conflict of interest.

Additional conflict of interest issues are:

- *Gifts and Entertainment*

The business relationships Transmeridian has with its contractors, suppliers, vendors and service providers are of utmost significance. It is Transmeridian's policy to achieve the highest standards of integrity in all those relationships and to ensure that third parties with which Transmeridian associates exhibit the same degree of commitment to that standard. In support of that policy, it is vital that Transmeridian and its directors,

officers and employees maintain relationships that are unencumbered by events or activities that may be construed as improper incentive. Directors, officers and employees must avoid the direct or indirect receipt of solicitation of payments, gifts, entertainment or other favors from individuals or firms that exceed what is generally considered common courtesy usually associated with ethical business practices. Receipt of such a gift might be regarded as placing the employee under some obligation, or perceived obligation, to a third party dealing or desiring to deal with Transmeridian.

Excessive gifts and entertainment at the expense of Transmeridian must not be provided to others. Entertainment expense should be kept to a minimum and should only be incurred if there is a clear business reason for the expenditure.

The following criteria may be used when determining reasonableness of a gift or entertainment:

- Gifts of cash or cash equivalent are strictly prohibited.
- Unsolicited gifts of nominal value may be accepted.
- Is the gift consistent with accepted business practice?
- Would disclosure embarrass you or the Company?
- Is it ethically acceptable?

Gifts and entertainment provided to government employees within the United States are prohibited under any circumstance.

In certain situations, there may be a legitimate business purpose associated with accepting a nominal gift or entertainment that would otherwise be contrary to the Code. In the event of any questions or uncertainty, the individual should contact the Chief Executive Officer or Chief Financial Officer.

• *Outside Activities*

Directors, officers and employees should not participate in business or personal activities that conflict with Company duties or interests. Transmeridian employees are encouraged to work with civic, social, corporate, industry and charitable organizations as long as participation does not present a potential conflict of interest.

• *Outside Investments*

Directors, officers and employees may not take advantage of personal investment opportunities that are afforded to them by virtue of their position with the Company. In addition, directors, officers and employees should not make an investment in a company that they know is a candidate for acquisition by Transmeridian.

- *Use of Company Assets*

Company facilities, equipment, materials, supplies and other assets are intended for use on Company matters. Use of Company information or assets for personal gain or in a manner contrary to Company interests, whether or not the Company suffers any direct loss, is considered a violation of interest.

Disclosure Practices

Full and complete disclosure of important information about the Company is of paramount importance to Transmeridian. The proper reporting of this information, both financial and non-financial, is a complex process involving numerous departments to ensure that truthful, accurate and reliable information is disclosed to the public. Transmeridian wants to ensure the timely collection and evaluation of information potentially subject to disclosure requirements of the Securities and Exchange Commission. Filings with the Securities and Exchange Commission will be accurate and timely. The disclosure process is designed to record, process and report in a timely manner all material information as required by applicable laws, rule and regulations. All directors, officers and employees are expected to carefully consider and respond in a timely manner to any inquiries from the Company related to public disclosures.

Drug and Alcohol Policy

Employees are prohibited from performing Company business while under the influence of illegal substances and or alcohol.

Environment, Health and Safety

One of Transmeridian's core values is its commitment to the safety and health of its employees and associates, and the protection of the environment. All employees are responsible for carrying out the performance of their job in a safe manner.

Fair Dealing

Every director, officer and employee shall deal honestly and ethically with customers, contractors, competitors, employees and others while engaged in business on behalf of the Company. No director, officer or employee shall take unfair advantage of anyone through manipulation, concealment, abuse of privileged or confidential information, misrepresentation of material facts or any other unfair dealing practice.

Political Contributions and Activities

No contributions will be made by the Company to political parties, candidates, committees, elected officials or candidates for office in any federal, state, local or

foreign election, except where permitted by applicable law, and approved by the Chief Executive Officer.

Employees are encouraged to participate actively in the political process on their own initiative and at their own expense.

Protect Company Assets

Each employee is expected to protect Transmeridian assets against theft, loss or misuse. Company assets include, but are not limited to, cash, land, buildings, equipment, inventory, vehicles and appliances (i.e. telephones, computers, copiers, facsimile machines, etc.). Additionally, it includes such intangible items as business plans, inventions (which shall be considered Company property), potential prospects and Company records. Transmeridian is required by law to retain certain types of records, usually for a specific period of time, and employees are required to assist Transmeridian in fulfilling these records retention requirements, as well as assisting in the maintenance of accurate records. Also, employees should recognize that many printed materials are copyrighted. As such, prior to using Company assets to copy copyrighted materials, employees are required to obtain the publisher's permission.

Reporting of Business Expenses

Transmeridian will reimburse its employees for reasonable and necessary expenses actually incurred in the conduct of Company business as provided in the Company's policies. All expense reports should be submitted promptly and accurately. Managers are responsible for the careful review of all expense reports submitted for their approval.

Use of Information Systems

Employees will have access to the Company's information systems including, but not limited to, computer, network and internet equipment, systems, software and data, telephones, voice mail and facsimile machines. Employees should use the information systems primarily for communication of Company business information. The information systems are the property of the Company, including all messages and data transmitted and stored and, as such, employees should have no expectation of privacy. The provisions of the Code, including confidentiality, are equally applicable to the use of these systems. Employees should not transmit e-mail, except in the normal course of business, which contains information that has not been made public or information relating to a potential liability. Additionally, employees should recognize that e-mail and other files, including personal data and correspondence, are considered business records and subject to disclosure in a court of law.