



CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors (the "**Board**") has adopted a Code of Business Conduct and Ethics (the "**Code**") which sets out the minimum standards of behaviour required by all directors, officers and employees in conducting the business and affairs of Bengal Energy Ltd. (the "**Corporation**") and its subsidiaries.

Whatever the area of activity and whatever the degree of responsibility, directors, officers and employees are expected to maintain and enhance the Corporation's standing as a vigorous and ethical member of the business community.

ARTICLE I

The Corporation and its directors, officers and employees shall comply with the letter and spirit of all lawful requirements, both domestic and foreign, applicable to the Corporation and its business.

Whenever a director, officer or employee is in doubt about the application or interpretation of any legal requirement, the employee should refer the matter to his or her manager and in the case of directors and officers, to the Audit Committee or the Board, who, if necessary, should seek the advice of the Corporation's counsel. Many of the Corporation's activities are subject to complex and changing laws, (in Canada and abroad), affecting both local and foreign trade and commerce. Ignorance of the law is not, in general, a defence should such laws be contravened; moreover, agreements or arrangements need not necessarily be in writing to contravene such laws since it is possible for a contravention to be inferred from the conduct of the parties. Accordingly, directors, officers and employees must diligently ensure that they are aware that their conduct cannot be interpreted as being in contravention of laws governing the affairs of the Corporation in any jurisdiction where it carries on business.

ARTICLE II

No operation of the Corporation is considered effective or complete without proper attention to safety and the environment.

The Corporation is committed to establishing and maintaining safe and healthful working conditions for all employees and to achieving environmental excellence.

Directors, officers and employees are expected to participate fully in this effort by improving operations to avoid injury, sickness or death to persons, and damage to property and the environment and by giving due regard to all applicable safety standards, regulatory requirements, technical state-of-the-art and conventional standards and restraints. Any problems or concerns about environmental or safety matters should be reported to the employee's manager, or in the case of directors and officers, to the Audit Committee or the Board. If concerns are not addressed by the employee's manager, the employee is authorized to report directly to the Audit Committee.

ARTICLE III

Directors, officers and employees shall not use their status with the Corporation to obtain personal gain from those doing or seeking to do business with the Corporation.

Directors, officers and employees will not accept gratuities or favours of any sort having more than a nominal and limited value and in accordance with the test set forth in Article IV. Except as set out herein, directors, officers and employees should neither seek nor accept gifts, payments, services, fees, trips or accommodations, special valuable privileges, or loans from any person (except from persons in the business of lending and then on conventional terms) or from any organization or group that does, or is seeking to do, business with the Corporation or any of its affiliates, or from a competitor or any of its affiliates.

It is the Corporation's policy to deal fairly and lawfully with all joint venture partners, business associates, suppliers, competitors, employees, security holders and independent contractors purchasing or furnishing goods or services. In awarding contracts, the Corporation will consider factors such as the need for the services, total cost, quality and reliability and perform a cost benefit analysis. No director, officer or employee will take unfair advantage of anyone through illegal conduct or act in a manner that is dishonest or outside reasonable commercial standards of fair dealing.

ARTICLE IV

Directors, officers and employees shall not furnish, directly or indirectly, on behalf of the Corporation, expensive gifts or provide excessive entertainment or benefits to other persons.

Directors, officers and employees, whose duties permit them to do so, may furnish or accept modest gifts, favours and entertainment to or from persons, other than public officials, provided all of the following tests are met:

- (a) they are not in cash, bonds or negotiable securities and are of limited value so as not to be capable of being interpreted as a bribe, payoff or other improper payment;
- (b) they are made as a matter of general and accepted business practice;
- (c) they do not contravene any law and are made in accord with generally accepted ethical practices; and
- (d) if subsequently disclosed to the public, their provision would not in any way embarrass the Corporation or their recipients.

For example, reasonable expenses for the entertainment of, prospective employees, joint venture partners or business associates are permissible on the part of employees whose duties embrace the provision of such entertainment, provided proper accounting procedures are followed.

ARTICLE V

The direct or indirect use of Corporation funds, goods or services as contributions to political parties, campaigns or candidates for election to any level of government requires the approval of the Board or a committee authorized by the Board.

Contributions include money or anything having value, such as loans, services, excessive entertainment, trips and the use of Corporation facilities or assets. Further, no employee is to be

reimbursed for any contributions which he or she might make. The Corporation encourages political activity and political involvement by its employees acting on their own behalf but not as representatives of the Corporation.

ARTICLE VI

All dealings between employees of the Corporation and public officials are to be conducted in a manner that will not compromise the integrity or impugn the reputation of any public official or the Corporation or its affiliates.

The Corporation will make no illegal payments of any kind, directly or indirectly, from corporate funds or assets. Even the appearance of impropriety in dealing with public officials is improper and unacceptable. Any participation, whether directly or indirectly, in any bribes, kickbacks, indirect contributions or similar payments is expressly forbidden, whether or not they might further the business interests of the Corporation.

ARTICLE VII

Directors, officers and employees must avoid all situations in which their personal interests conflict or might conflict with their duties to the Corporation or with the economic interests of the Corporation.

A conflict of interest arises when an individual's personal economic activity conflicts with the best interests of the Corporation or when it adversely influences the proper discharge of a director's, officer's or employee's obligations, duties, and responsibilities to the Corporation and its shareholders.

Directors, officers and employees should avoid acquiring any interest or participating in any activities that would:

- (a) deprive the Corporation of the time or attention required to perform their duties properly;
- (b) create an obligation or distraction which would affect their judgment or ability to act solely in the Corporation's best interest;
- (c) conflict with the economic interest of the Corporation; or
- (d) be in violation of any applicable legislation.

Director & Officer Conflicts of Interest

Each director and officer who has a material interest of any kind in any existing or proposed transaction or agreement with the Corporation is required to abide by the disclosure requirements set out in the *Business Corporations Act* (Alberta) (the "ABCA"), including by taking the following steps:

- (a) disclosing the nature and extent of his or her interest to the Board at the meeting at which a proposed contract or transaction in which the director or officer has an interest is first considered or at the first meeting after the director or officer becomes interested;

- (b) upon the request of the Board upon it being advised of the conflict, excusing him or herself from all Board or Committee deliberations in respect of the existing or proposed transaction or agreement;
- (c) abstaining from voting in respect of the existing or proposed transaction or agreement in which the director or officer has a material interest; and
- (d) abiding by all of the requirements set out in the ABCA.

Employee Conflicts of Interest

Employees are required to disclose to their supervisors in writing, or as may be otherwise authorized, all business, commercial or financial interests or activities which might reasonably be regarded as creating an actual or potential conflict with their duties of employment.

Every employee or consultant of the Corporation who is charged with executive, managerial or supervisory responsibility is required to see that actions taken and decisions made within his or her jurisdiction are free from the influence of any interests that might reasonably be regarded as conflicting with those of the Corporation.

No employee shall accept any appointment to membership on the board of directors, standing committee, or similar body of any outside Corporation, organization or governmental agency (other than industry, professional, social, charitable, educational, religious, or legal political organizations) without approval of the Chief Executive Officer whether or not a possible conflict of interest might result from the acceptance of any such appointment; provided, however, that all employees shall at all times have and enjoy all rights accorded to them by the *Canadian Charter of Rights and Freedoms* or any other applicable legislation and any similar governmental legislation existing in the area in which the employees respectively reside.

ARTICLE VIII

The Corporation's books and records must reflect, in an accurate and timely manner, all transactions.

No undisclosed or unrecorded funds or assets are permissible.

Directors, officers and employees are responsible for providing adequate written documentation to support each entry into the accounts of the Corporation.

The use of Corporation funds or assets for any unlawful or improper purpose is strictly prohibited and those responsible for the accounting and record-keeping functions are expected to be vigilant in ensuring enforcement of this prohibition.

ARTICLE IX

Certain of the Corporation's records, reports, papers, devices, processes, plans, maps, methods and apparatus which are not in the public domain are considered by the Corporation to be secret and confidential, and employees are prohibited from revealing information concerning such matters without proper authorization.

Joint venture partners, business associates, employees, investors and the public should have such information about the Corporation as is necessary for them to judge adequately the Corporation and its activities. The Corporation believes that full and complete reporting to regulatory agencies and the provision of information to the public as required, constitute a responsible and workable approach to the interests of disclosure. However, the Corporation, except as required-by law, cannot be expected to disclose information which might impair its own competitive effectiveness or which might violate the private right of individuals or institutions. Only authorized persons should discuss the Corporation with investors, shareholders, analysts, stock brokers, the media, or members of the public.

ARTICLE X

Directors, officers and employees shall not use for their own financial gain or disclose for the use of others, inside information, obtained as a result of their employment or other relationship with the Corporation.

As a director, officer or employee of a Corporation whose shares are publicly traded, directors, officers and employees should be aware that there are statutory prohibitions and penalties for buying or selling shares when the director, officer or employee knows Material Information about the affairs of the Corporation which have not yet been made public.

"Material Change" means a change in the business, operations or capital of the Corporation that would reasonably be expected to have a significant effect on the market price or value of any of the securities of the Corporation and includes a decision to implement a change made by the Board or by senior management of the Corporation who believes that confirmation by the Board is plausible.

"Material Fact" where used in relation to securities issued or proposed to be issued means a fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of such securities.

"Material Information" means collectively, Material Changes and Material Facts.

If a director, officer or employee of the Corporation acquires some Material Information, it is illegal to buy or sell shares of the Corporation before such information has been made public. Even if there is no intent to trade on the basis of undisclosed Material Information, every time a director, officer or employee decides to buy or sell shares of the Corporation, he or she should think about whether he or she has any Material Information which might make it appear that he or she is improperly trading. If an employee isn't sure if information is material or has been made public, he or she should discuss the matter with an officer of the Corporation, or in the case of a director or officer, with the Audit Committee or the Board.

It is also illegal to disclose Material Information before it has been made public, unless the disclosure is in the course of business, or to suggest that it is a good time to buy or sell shares. For example, giving Material Information to a relative or friend, who then buys or sells shares based on the information, is illegal on the part of both parties.

These prohibitions apply to every employee at all levels, and do not just apply to "reporting insiders", such as senior officers and directors as defined in **NI 55-104 Insider Reporting Requirements and Exemptions**.

Insider Trading and Tipping

It is illegal for anyone to purchase or sell securities of the Corporation with knowledge of Material Information affecting it that has not been publicly disclosed.

Except in the necessary course of business (see below for definition), it is also illegal for anyone to inform any other person of undisclosed Material Information. This is known as "tipping".

Therefore, all insiders, consultants, officers, directors and employees with knowledge of undisclosed Material Information about the Corporation or counter-parties in negotiations of material potential transactions, are prohibited from trading securities of the Corporation or any counter-party until the information has been fully disclosed and a reasonable period of time has passed for the information to be widely disseminated.

Rules about insider trading and tipping apply to people who have a "special relationship" with the Corporation. They include, but are not limited to:

- (a) directors, officers and employees;
- (b) insiders, as defined under securities legislation;
- (c) persons engaging in professional or business activities for or on behalf of the Corporation; and
- (d) anyone (a "**tippee**") who learns of Material Information from someone that the tippee knows or should know, is a person in a special relationship with the Corporation.

Necessary Course of Business

The "necessary course of business" exception would generally cover communications with:

- (e) vendors, suppliers or strategic partners on issues such as a research and development, sales and marketing and supply contracts;
- (f) directors, officers and employees;
- (g) lenders, legal counsel, auditors, underwriters and financial and other professional advisors to the Corporation;
- (h) parties to negotiations;
- (i) labour unions and industry associations;
- (j) government agencies and non-governmental regulators; and
- (k) credit-rating agencies (provided the information disclosure is for the purpose of assisting the agency to formulate a credit rating and the agency's ratings generally are or will be publicly available.)

Securities legislation also prohibits any person or Corporation that is proposing to make a take-over bid, become a party to a re-organization, amalgamation, merger, arrangement, or similar

business combination or acquire a substantial portion of a Corporation's property from informing anyone of Material Information that has not been generally disclosed (except where the Material Information is given in the "necessary course of business" to effect the take-over bid, business combination, or acquisition).

The "necessary course of business" exception would not generally permit the Corporation to make selective disclosure of Material Information to an analyst, institutional investor, or other market professional.

In situations where analysts may act as advisors in a specific transaction involving the Corporation that they would normally issue research about, the analyst would be subject to the prohibitions against tipping and insider trading.

ARTICLE XI

The possession, use, manufacture, dispensation, sale or offer for sale, or distribution of alcohol and/or illegal drugs (including illegally obtained prescription medication) while on the job or while on the Corporation's property, or being under the influence of alcohol or illegal drugs (including illegally obtained prescription medication) while on the job or while on the Corporation's property, is strictly prohibited. Any contravention of this policy will result in disciplinary action, up to and including the possible termination of employment for just cause.

ARTICLE XII

It is prohibited for directors, officers and employees to participate in, disclose, refer to, discuss or make reference to the Corporation's business in any way whatsoever in any internet "chat room", website, any social media forum or any other electronic communication forum.

ARTICLE XIII

Although the various matters dealt with in this policy do not cover the full spectrum of director, officer and employee activities, they are indicative of the Corporation's commitment to the maintenance of high standards of conduct and are to be considered descriptive of the type of behaviour expected from directors, officers and employees in all circumstances. Breaches of this policy will result in disciplinary action, up to and including the possible termination of employment for just cause..

To ensure a proper understanding of the Policy, any questions as to its application to the area of responsibility and jurisdiction of the employee will be explained fully by his or her manager and in the case of directors and officers, or the Board.

At the time of his or her employment, and part of the annual performance review process each officer and employee and all Board members shall sign the prescribed Form of Acknowledgement which will be retained in the employee's personnel file.

Review of Code Business Conduct and Ethics Policy

The Board shall review and assess this Policy periodically as it deems appropriate and recommend changes.

Approved and adopted by the Board: August 8, 2011