

ARSENAL ENERGY INC.
CODE OF BUSINESS
(per National Policy 58-201 guidelines)

Purpose

1. The purpose of the Code of Business (the "Code") is to provide written conduct guidelines designed to promote integrity and deter wrongdoing, protect the Corporation's business and reputation, protect the Corporation from financial loss and legal liability, and address:
 - (a) compliance with applicable laws, regulations, exchange requirements and governance requirements adopted by the Corporation in all jurisdictions where the Corporation carries on business;
 - (b) conflicts of interest including transactions and agreements in which directors or executive officers have a material interest;
 - (c) protection and proper use of corporate assets and opportunities;
 - (d) confidentiality of corporate information;
 - (e) fair dealing with securityholders, customers, suppliers, competitors and employees; and
 - (f) reporting of illegal and unethical behaviour.

Scope

2. The Code applies to all directors, executive officers, management, employees and consultants of the Corporation and each individual is responsible to ensure his or her conduct is consistent with the letter and the spirit of the Code.
3. The Code, in providing guidance for acceptable behaviour, does not replace existing policies of the Corporation and does not describe every specific act that is considered unacceptable.

Compliance

4. All directors, executive officers, management, employees and consultants of the Corporation are required, in the discharge of their duties and while on or using the property of the Corporation, to comply with all laws, regulations, policies of applicable exchanges and governance policies adopted by the Corporation which are applicable to the Corporation and the individual in all of the jurisdictions where the Corporation carries on business and where the individual is carrying out duties on behalf of the Corporation.

Director & Officer Conflicts of Interest

5. 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 section 120 of 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 its 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 section 120 of the ABCA.

Management & Employee Conflicts of Interest

- 6. Management and employees are not permitted to take steps contrary to the best interests of the Corporation and may not:
 - (a) use the Corporation's property for his or her own material benefit;
 - (b) influence the Corporation's contractors, consultants or advisors for his or her personal gain;
 - (c) recommend decisions for the Corporation that materially benefit the employee, his or her family members, friends, or other business interests;
 - (d) personally act on business opportunities presented to the Corporation;
 - (e) own more than a 5% interest in any entity that sells supplies, furnishes services or otherwise engages in business with the Corporation without first advising the Chair of the Governance Committee and obtaining the approval of the Governance Committee;
 - (f) own more than a 5% interest in any entity that is a competitor of the Corporation without first advising the Chair of the Governance Committee and obtaining the approval of the Governance Committee; and
 - (g) serve on the Board of an entity that is a competitor of the Corporation without first advising the Chair of the Governance Committee and obtaining the approval of the Governance Committee.
- 7. Prior to acknowledging compliance with the Code, and at any time when a conflict arises, executive officers, management, employees and consultants are required to report in writing their existing or potential conflicts of interest to the Chair of the Disclosure Committee.

Nepotism

8. The Corporation permits the engagement of an employee's spouse, parents, children and other family members provided such employment is in the best interests of the Corporation, hiring decisions are made strictly on the basis of individual qualifications and family members do not report to each other.

Full Time & Attention

9. During business hours, executive officers, management, employees and consultants of the Corporation are required to devote their full time and attention to the Corporation and no outside activities, business or secondary employment is permitted during business hours.

Proprietary Information

10. Information stored, processed and used by the Corporation, including and not limited to information regarding the Corporation's customers, suppliers, business contracts, employees and technical operations, is proprietary, must be kept confidential and may not be released or used for personal gain.

Accounting and Financial Reporting

11. Individuals must comply with the Corporation's accounting, reporting and internal control procedures and are forbidden to forge, falsify or leave out information which may mislead auditors or other internal or external reviewers of the Corporation's documents, financial or otherwise.

Expense Reports

12. Individuals must submit accurate expenses reports in respect of items and activities that are purchased for the Corporation's business.

Electronic Communications

13. The Corporation's electronic communications (including email and voicemail) are for use in pursuit of the Corporation's business and while limited use for personal purposes is permitted, such use is not private or confidential and the contents of such information may be accessed by the Corporation and others without the prior consent of the individuals who have used the electronic communications.
14. The Corporation's electronic communications may not be used:
 - (a) for sending communications that mask the sender's identity;
 - (b) using another individual's password to access technological resources;
 - (c) for generating, sending or saving offensive or illegal material;
 - (d) for copying or distributing copyrighted material; or

- (e) for installing copyrighted material.

Document Retention

- 15. Individuals are required to inform themselves and comply with the Corporation's document retention requirements in compliance with applicable law.
- 16. If litigation or an investigation involving the Corporation is pending, individuals are prohibited from modifying or destroying relevant documents or records, including personal files and electronic records, and doing so may result in prosecution.

Health, Safety, and the Environment

- 17. Each individual is responsible for working safely and complying with all of the Corporation's health, safety and environment rules and protocols at all times.
- 18. The following behaviours, while at the Corporation's premises or in the conduct of business on behalf of the Corporation, are unacceptable:
 - (a) threats, violence, intimidation, assault, harassment;
 - (b) the possession, use or distribution of firearms, weapons and explosives;
 - (c) the use, sale, possession, distribution, manufacture or presence in the body of illegal drugs, inhalants or alcohol;
 - (d) the destruction or pollution of the Corporation's property or neighbouring property.
- 19. If evidence supports a reasonable suspicion of the use, possession or distribution of prohibited items, the Corporation reserves the right to conduct searches on the Corporation's premises and in property belonging to the Corporation.

Discrimination & Harassment

- 20. Individuals engaged in service to the Corporation are forbidden to discriminate against or harass directors, executive officers, management, employees, consultants, advisors, customers or suppliers to the Corporation.
- 21. Individuals who discover workplace discrimination or harassment are required to report such activity to the human resources department or to the Chair of the Governance Committee.
- 22. The Corporation prohibits retaliation in any form against individuals who advise of discrimination or harassment, or who file a complaint, testify, assist or participate in any investigation by the Corporation or any government agency.

Gifts and Entertainment

- 23. Directors, executive officers, management and employees may give and receive reasonable gifts and participate as hosts and guests in entertainment provided:

- (a) there is no requirement or appearance of impropriety or obligation; and
- (b) the gift or entertainment does not violate the law, standards of business conduct or this Code.

Fair Dealing

24. Directors, executive officers, management and employees are required to deal honestly and fairly with the Corporation's customers, suppliers, competitors and other third parties, including governmental agencies, and to that end shall not:
- (a) make false or misleading statements to customers, suppliers or other third parties or about competitors;
 - (b) solicit or accept from any person that does business with the Corporation, or offer to extend to any such person, cash of any amount, gifts, gratuities, meals or entertainment that could influence or give the appearance of influencing the Corporation's business relationship;
 - (c) solicit or accept a fee, commission or other compensation for referring customers to third-party vendors; or
 - (d) otherwise take unfair advantage of customers, suppliers or third parties through manipulation, concealment, abuse of confidential information or any other unfair practice.

Contractors and Suppliers

25. The Corporation requires its employees to evaluate contractors and suppliers products and services on the basis of its quality, reliability, service, price and delivery and prohibits purchases to be made on the basis of personal relationships or the opportunity for personal or financial gain.
26. Employees must respect the terms of supplier and contractor contracts and safeguard confidential information received from suppliers and contractors.

Competitors

27. Information regarding competitors must be obtained legally and directors, executive officers, management and employees are prohibited from obtaining competitor information through illegal means including information acquired during a prior employment relationship or through breaching the terms of a confidentiality information.

Communications

28. Individuals who are not designated as spokespersons by the Disclosure Committee, or otherwise authorized by the Board or executive officers to represent the Corporation, are required to decline to respond when contacted by other companies, government agencies or individuals regarding the business of the Corporation and are required to report such requests for information, and any subpoena to testify, directly to the Disclosure Committee.

29. Individuals who are designated as spokespersons by the Disclosure Committee, or otherwise authorized by the Board or executive officers to represent the Corporation, are required to ensure that all information they provide is truthful and accurate and must ensure that their oral and written comments are not intended to mislead.
30. Individuals are required to abide by the Corporation's Disclosure Policy, particularly with respect to external communications, confidentiality obligations, trading restrictions and blackout periods.

Monitoring

31. The Governance Committee, on behalf of the Board, monitor's compliance with the Code and may require directors, executive officers, management, employees and consultants to acknowledge their agreement that they have read, understood and will comply with the Code at the time of the commencement of employment and at any other time at the discretion of the Board as implemented by management.

Reporting

32. Directors, executive officers, management, employees and consultants are required, and all other individuals doing business with the Corporation are encouraged, to report violations of the Code to the Chair of the Governance Committee and may do so anonymously.
33. The Chair, together with the members of the Governance Committee, is responsible for:
 - (a) investigating complaints;
 - (b) presenting complaints to the any other applicable Committee of the Board or the Board as a whole;
 - (c) developing a plan for promptly and fairly resolving complaints; and
 - (d) advising the complainant, if requested and not anonymous, of the corrective action measures that have been taken or that the complaint has not been substantiated.
34. Directors, executive officers, management and employees are required to cooperate with investigations regarding complaints including complaints regarding retaliation.

Retaliation

35. The Code prohibits retaliation by the Corporation, its directors, executive officers, management and employees against complainants who raise concerns in good faith.
36. Any individual who believes that he or she has been the subject of retaliation should contact the Chair of the Governance Committee who has the power to investigate and recommend resolution of complaints involving retaliation.

Consequences

37. Individuals may face disciplinary action if they violate the Code or assist others to violate the Code, condone or fail to report violations of the Code or retaliate against any individual who reports a Code violation, including:
- (a) a warning or written reprimand;
 - (b) suspension, demotion or termination of employment;
 - (c) required reimbursement of losses or damages; and
 - (d) referral for criminal prosecution or civil action.

Waivers

38. The Code may be waived for directors and executive officers only upon the recommendation of the Governance Committee which has been accepted by the Board.

Questions

39. The independent directors may be contacted with concerns and questions regarding the Corporation by first contacting the Chair of the Governance Committee at nmackay@mit.com or (306)975-7124 who will provide contact information for the independent directors upon request.