

TANGLE CREEK ENERGY LTD.

CODE OF BUSINESS CONDUCT AND ETHICS

Tangle Creek Energy Ltd. (the "Corporation") is committed to conducting the business of the Corporation ethically and legally. This Code and the specific related policies and practices, and any guidelines approved and implemented by the Board of Directors or management of the Corporation, will be used in identifying and managing ethical situations and in making ethical business decisions which adhere to these commitments.

The Corporation requires the highest standards of professional and ethical conduct from our directors, officers and employees. Our reputation among our shareholders for honesty and integrity is key to the success of our business. No director, officer or employee will be permitted to achieve result through violations of laws or regulations, or through unscrupulous dealings. Reference in this Code of Ethics to the Corporation means the Corporation of any of its subsidiaries.

We intend that the Corporation's business practices will be compatible with the economic and social priorities of each location in which we operate. Although customs and standards of ethics may vary in different business environments, honesty and integrity must always characterize our business activity.

This Code reflects our commitment to a culture of honesty, integrity and accountability and outlines the basic principles and policies with which all directors, officers and employees are expected to comply. Please read this Code carefully.

In addition to the following this Code in all aspects of your business activities, you are expected to seek guidance in any case where there is a question about compliance with both the letter and spirit of our policies and applicable laws. This Code sets forth general principles and does not supersede the specific policies and procedures that are covered in the specific policies statements. Violation of these policies may result in disciplinary actions up to and including discharge from the Corporation.

Your cooperation is necessary to the continued success of our business and the cultivation and maintenance of our reputation as a good corporate citizen.

Compliance with Laws and Regulations

All employees, officers, contractors, consultants (collectively referred to as "staff") and directors of the Corporation must comply with all applicable laws, rules and regulations of the areas in which we operate and must comply with the requirements of applicable securities regulatory authorities and stock exchanges.

Business partners and suppliers are expected to conduct their business with the Corporation in accordance with applicable laws, rules and regulations.

The Corporation is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the Corporation is in strict compliance with all applicable Federal and Provincial environmental laws and regulations. If any employee has any doubts as to the applicability or meaning of a particular environmental, health or safety regulation, he or she should discuss the matter with a member of the Corporation's senior management.

Conflicts of Interest

Staff and directors must avoid situations where personal interests could conflict or could appear to conflict with their duties and responsibilities or with the interests of the Corporation. A conflict of interest may occur where involvement in any activity, with or without the involvement of a related party, prevents the proper performance of staff or director duties or creates, or appears to create, a situation where judgment or ability to act in the best interests of the Corporation is affected.

When faced with an actual or potential conflict of interest situation, employees, contractors and consultants must consult their supervisor and officers and directors must follow relevant statutes and company by-laws and must inform the Chair of the Board of Directors of any such conflict. Supervisors will ensure that employees, contractors or consultants are not involved in any decision or operation where a conflict is present. Similarly, the Chair of the Board will ensure that officers or directors are not involved in any decision or operation where a conflict is present.

Corporate Opportunities

Staff and directors are prohibited from taking opportunities discovered through the use of corporate property, information or position, using corporate property, information or position for personal gain, and competing with the Corporation.

Confidentiality and Disclosure

Confidential information includes all non-public information that might be of use to competitors, or harmful to the Corporation, if disclosed. Confidential information must not be disclosed unless specific authorization is given to do so or such disclosure is legally mandated. Knowledge of confidential information about another company or person gained in the course of work duties must be protected in the same manner as confidential information about the Corporation. Staff and directors must not speak on behalf of the Corporation unless authorized to do so.

Taking advantage of, or benefiting from, information obtained at work that is not available to the public is not permitted. Friends, relatives or associates must not benefit from such information. Acquiring or disposing of any business interest, including publicly traded securities, whether directly or through another person, where "insider" information is known and not yet publicly disclosed must be avoided.

These confidentiality obligations remain in effect even beyond termination of employment, service contracts or Board of Directors appointments with the Corporation or its affiliates.

Inducements and Gifts

Unlawful or unethical behavior in workforce of the Corporation is not tolerated, including soliciting, accepting, or paying bribes or other illicit payments for any purpose. Situations where judgment might be influenced or appears to be influenced by improper considerations must be avoided. Payment or acceptance of any "kickbacks" from a contractor or other external party is prohibited.

The Corporation does not allow the acceptance or giving of gifts, favours, personal advantages, services payments, loans, or benefits of any kind, other than those of nominal value that can be made as a generally accepted business practice. If there is any doubt in specific cases, written approval from the President and Chief Executive Officer of the Corporation should be requested.

Fair Dealing

Staff and directors should endeavor to deal fairly with the Corporation's customers, suppliers, competitors and employees. No employee, officer or director should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

Political Activities

We respect and support the right of our employees to participate in political activities. However, these activities should not be conducted on Corporation time or involve the use of any Corporation resources. Employees will not be reimbursed for personal political contributions.

We may occasionally express our views on local and national issues that affect our operations. In such cases, Corporation funds and resources may be used, but only when permitted by law and by our strict Corporation guidelines. The Corporation may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. The Corporation may pay related administrative and solicitation costs for political action committees formed in accordance with applicable laws and regulations. No employee may make or commit to political contributions on behalf of the Corporation without the approval of the Chief Executive Officer and Chief Financial Officer of the Corporation.

Payments to Officials

Employees and officers must comply with all laws prohibiting improper payments to officials.

Although certain types of "facilitation" payments may not be illegal, the Corporation's policy is to avoid such payments. If any employee finds that adherence to the Corporation's policy would cause a substantial, adverse effect on operation, that fact should be reported to the Corporation's senior management who will determine whether an exception may lawfully be authorized. If the facilitating payment is made, such payment must be properly entered and identified on the books of the Corporation and all appropriate disclosures made.

Protection and Proper Use of Assets

All employees, officers, and directors should endeavor to protect and Corporation's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Corporation's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation.

Corporation assets, such as funds, products or computers, may only be used for legitimate business purposes or other purposes approved by management. Corporations assets may never be used for illegal purposes.

The obligation to protect Corporations assets include proprietary and confidential information. Proprietary information includes any information that is not generally known to the public or would be helpful to our competitors. Examples of proprietary information are intellectual property, acquisition and exploration plans and prospects, business and marketing plans and employee information. The obligation to preserve proprietary information continues ever after you leave the Corporation.

Company Records

Records must be kept and maintained to fulfill relevant legal requirements. Recording and reporting information, including information related to operations, environment, health and safety, training, human resources and financial matters, must be done honestly, accurately and with care.

Use of Mail and Internet Services

E-mail systems and internet services are provided to assist with work tasks. Incidental and occasional personal use is permitted, but never for personal gain or improper purpose. Staff and directors may not access, send, download any information that could be insulting or offensive to another person. Also, “flooding” the system with junk mail and trivia hampers the ability of the system to handle legitimate company business, and is prohibited.

Messages (including voicemail) and computer information are considered company property and there should not be an expectation of privacy. Unless prohibited by law, the Corporation reserves the right to access email communications and disclose the information as necessary for business purposes. Staff and directors are encouraged to use good judgment and to not access, send messages or store any information on the work computers that they would not like to be seen or heard by other individuals.

Accuracy of Books and Records

The books and records of the Corporation must reflect in reasonable detail its transactions in a timely, fair and accurate manner to, among other things, permit the preparation of accurate financial statements in accordance with generally accepted accounting principles and maintain recorded accountability for assets and liabilities.

All business transactions that staff and directors have participated in must be properly authorized, properly recorded and supported by accurate documentation in reasonable detail.

Accounting, Auditing or Disclosure Concerns

The Corporation is required to provide full, fair, accurate, timely and understandable disclosure in reports and documents that are filed with, or submitted to all applicable securities regulatory authorities as well as in other public communications. All staff responsible for the preparation of public disclosure, or who provide information as part of the process, must ensure that disclosures are prepared and information is provided honestly, accurately and in compliance with the various disclosure controls and procedures.

All staff and directors have a duty to submit any good faith questions and concerns regarding questionable accounting, auditing or disclosure matters or controls. No information may be concealed from external auditors, internal auditors, the Board of Directors or the Audit Committee of the Board of Directors. Fraudulently influencing, coercing, manipulating or misleading an external auditor who is auditing financial statements is prohibited.

Reporting of any Illegal or Unethical Behavior

We have a strong commitment to conduct our business in a lawful and ethical manner. Employees are encouraged to talk to supervisors, managers or other appropriate personnel, when in doubt about the best course of action in a particular situation and to report violation of laws, rules, regulations or this Code. We prohibit retaliatory actions against any employees, in good faith, reports a possible violation. It is unacceptable to file a report knowing it to be false.

Directors Role in the Code of Business Conduct and Ethics

To the extent that management is unable to make determination as to whether a breach of this Code has taken place, the Board of Directors will review any alleged breach of the Code to determine if a breach has occurred.

Any waiver of this Code for executive officers or directors will be made only by the Board of Directors or a committee of the Board of Directors and conduct by a director or executive officer which constitutes a material departure from this Code may be promptly disclosed if required law or stock exchange regulation.

Compliance Procedures

This Code cannot, and is not intended to, address all of the situations you may encounter. There will be occasions where you are confronted by circumstances not covered by policy or procedures and where you must make a judgment as to the appropriate course of action. In those circumstances we encourage you to use your common sense, and to contact your supervisor, manager or a member of human resources for guidance.

If you do not feel comfortable discussing the matter with your supervisor or manager of human resources, please call the Chairman of the Audit Committee or the President and Chief Executive Officer.

Observance of the Code of Business Conduct & Ethics

All staff and directors are personally accountable for learning, endorsing and promoting this Code and applying it to their own conduct and field of work. All staff and directors will be asked to review this Code and confirm on a regular basis, through written or electronic declaration, that they understand their individual responsibilities and will conform to the requirements of the Code.

Contractors and consultants are expected to develop and enforce policies and/or practices that are consistent with this Code and its associated requirements that will apply to their staff providing services for or on behalf of the Corporation. Business partners and suppliers are expected to act consistently with the principles outlined in the policies, practices and processes of the Corporation, including this Code.

Employees, consultants, contractors, officers and directors with questions about this Code or specific situations are encouraged to refer the matter to the Chief Executive Officer or Chief Financial Officer.

Violation of this Code by a member of Staff or a Director may subject such person to disciplinary action, including termination for cause or implementation of a probationary period.

Discrimination and Harassment

The Corporation values the diversity of its employees and is committed to providing equal opportunities in all aspects of employment. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances. Employees are encouraged to speak to senior members of staff when a co-worker's conduct makes them uncomfortable and to report harassment when it occurs.

Safety and Health

The Corporation as a whole is responsible for maintaining a safe workplace by following safety, health rules and practices. The Corporation is committed to keeping its workplace free from hazards. Employees are encouraged to report accidents, injuries, unsafe equipment, practices or conditions

immediately to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

In order to protect the safety of all employees, the environment and third parties, employees and officers must report to work free from influence of any substance that could prevent them from conducting work activities safely and effectively.

Waivers and Amendments

Waivers of this Code for employees, contractors and consultants may be granted only by the Chief Executive Officer or Chief Financial Officer. Any waiver of this Code for officers or directors may only be made by resolution of the Board of Directors.