

CUB ENERGY INC.

CODE OF BUSINESS CONDUCT AND ETHICS

(Adopted May 29, 2013)

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PART I - INTRODUCTION

1. Adoption and Application

Cub Energy Inc. (the "**Corporation**") has a reputation as an honest, ethical, high quality company, employer and business partner. This Code of Business Conduct and Ethics (the "**Code**") has been adopted by the board of directors (the "**Board**") of the Corporation and embodies the commitment of the Corporation to conduct business in accordance with all applicable laws, rules, and regulations and high ethical standards. The Code applies to all directors, officers, employees and full-time consultants (collectively, for purposes of this Code, "**Employees**") of the Corporation and its subsidiaries, who are expected to adhere to the highest ethical standards in all business activities.

Given the wide array of complex laws that govern the Corporation's business activities, it is not always easy to determine the applicable legal requirements. Employees should express any

concerns with their supervisor (or human resources), or, if an Employee is uncomfortable addressing concerns with such supervisor, the Employee may contact any senior officer of the Corporation or the Chairman of the Audit Committee of the Board of Directors (the "**Chairman of the Audit Committee**"). The Corporation will not permit retaliation of any kind against Employees for good faith reports of violations of this Code. The procedure for reporting any violations of this Code is addressed in Part III of this Code.

2. **Mandatory Compliance**

The Corporation expects all Employees to act in full compliance with the policies set forth in this Code and in a manner consistent with high ethical standards. Failure to observe these policies may subject an Employee to disciplinary action by the Corporation, up to and including termination. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties for the Employee, other Employees or the Corporation.

3. **Purpose**

The purpose of the Code is to deter wrongdoing and to promote:

- (a) honest and ethical conduct, including ethical handling of actual or perceived conflicts of interest between personal and business relationships;
- (b) full, fair, accurate, timely and understandable disclosure in all reports and documents filed, and any other public communications made, by the Corporation;
- (c) compliance with all applicable laws, regulations and rules;
- (d) protection and proper use of corporate assets and opportunities;
- (e) confidentiality with respect to corporate and personal information;
- (f) fair dealing with security holders, purchasers, suppliers, industry partners, competitors, governments and regulatory authorities;
- (g) maintenance of accurate accounting, internal accounting controls, and audit matters in compliance with applicable legal and accounting requirements;
- (h) accountability for adherence to the Code;
- (i) prompt and thorough internal reporting of violations of the Code; and
- (j) full cooperation in conjunction with any investigation conducted in connection with an alleged violation of this Code.

4. **Methodology**

The Code is not a prescriptive set of rules. Rather, it is a practical set of policies and standards intended to guide and influence the behavior of Employees. As a result, the exercise of common sense and good judgment is required with respect to matters not specifically covered by the Code. Each Employee should also read and be familiar with other policies of the Corporation, including its Disclosure Policy.

5. **Compliance and Waivers**

The Board is responsible for monitoring compliance with the Code. Any waiver of the Code with respect to directors or officers of the Corporation may only be made by the Board (or a committee designated by the Board for such purpose). Conduct by a director or officer which constitutes a material departure from the Code may require disclosure as a material change to the Corporation.

PART II - STANDARDS OF CONDUCT

6. **Conflicts of Interest**

All Employees have an obligation to act in the best interests of the Corporation and avoid conflicts of interest. A "**conflict of interest**" occurs when an individual's private interests improperly interfere with the interests of the Corporation. A conflict situation can arise when an Employee takes actions or has private interests that may make it difficult to perform his or her work for the Corporation objectively and effectively. Conflicts of interest may cause an Employee to make decisions based on personal gain rather than in the best interests of the Corporation.

Examples of situations in which a conflict of interest may arise include:

- (a) employment by, or service to a industry partner, competitor, purchaser, supplier or other person with whom the Corporation conducts business;
- (b) having, directly or indirectly, a significant financial interest in any entity that does business, seeks to do business or competes with the Corporation;
- (c) accepting gifts, favors, loans (other than borrowing on commercial terms from entities that are in the business of lending) or preferential treatment from any person that does business, seeks to do business or competes with the Corporation unless consistent with the policy described under "**Gifts**" below;
- (d) conducting business on behalf of the Corporation with immediate family members or an entity in which an Employee or his/her immediate family members or friends have a significant financial interest; and
- (e) taking personal advantage of opportunities that are presented to or discovered by an Employee as a result of his/her position with the Corporation or through the use of the property or information of the Corporation.

Employees should not use their position or any confidential information to which they have access to obtain any improper personal benefit.

If a conflict of interests exists, and there is no failure of good faith on the part of the Employee, the Corporation's policy generally will be to allow a reasonable amount of time for the Employee to correct the situation in order to prevent undue hardship or loss. All decisions in this regard, however, will be in the discretion of the President and Chief Executive Officer ("CEO"), whose primary concern in exercising such discretion will be the best interests of the Corporation.

The Corporation respects the right of Employees to take part in financial, business and other activities outside their respective jobs within the Corporation. These activities however, must be

free of conflict with the Employee's responsibilities with the Corporation. Employees must not serve as directors or officers of, or work as employees or consultants for, a direct competitor or an actual or potential business partner of the Corporation without the prior approval of the President and CEO.

Employees may not invest or trade in shares of a direct competitor or an actual or potential business partner of the Corporation where such investment or trading may appear or tend to influence business decisions or compromise independent judgment. This prohibition does not apply to the securities of a publicly traded company where such investment or trading relates to less than 5% of the publicly traded company's securities. However, investing or trading in the Corporation's competitors or business partners remains subject to any Insider Trading Policy adopted by the Corporation and applicable laws and regulations regarding insider trading, including prohibitions against trading when in possession of material non-public information regarding such companies, whether such information is gained in the course of employment with the Corporation or otherwise.

7. Public Disclosure

The Corporation is committed to providing timely, factual and accurate disclosure of material information about the Corporation to its shareholders, the financial community and the public. This disclosure commitment includes Corporation's filings with applicable securities regulatory authorities and is evidenced by the Corporation's Disclosure Policy.

Employees involved in the Corporation's disclosure process are responsible for acting in furtherance of the Disclosure Policy and it is important that such Employees understand and comply with such policy.

8. Compliance with Laws, Rules and Regulations

The Corporation is committed to comply with all applicable laws, rules and regulations in each jurisdiction in which it does business or to whose laws it is otherwise subject. All Employees are expected to adhere to the standards and restrictions imposed by those laws, rules and regulations. Employees must not allow, facilitate or participate directly or indirectly in fraudulent or illegal operations. Employees should educate themselves on the laws, rules and regulations that govern their work and should seek the assistance of Corporation officers when necessary or appropriate. Ignorance does not excuse the Employee from his/her obligation to comply with applicable laws, rules and regulations.

The Corporation's Employees are subject to laws and regulations regarding insider trading and are responsible for acting in accordance therewith. Employees must also abide by the Disclosure Policy and any Insider Trading Policy adopted by the Corporation.

9. Governmental Relations

It is the Corporation's policy that neither the Corporation nor its Employees will pay, offer to pay, or promise anything of value, directly or indirectly, to any government official for the purpose of improperly influencing an official act or decision related to retaining or obtaining business or directing business to any person. Examples of situations that might be improper are described under Gifts, below.

The Corporation seeks to have open, honest and constructive relationships with all governments and governmental, regulatory and other similar bodies having jurisdiction or authority over the Corporation and its business operations. All information provided by Employees to governmental authorities must be full, fair, accurate and timely.

10. Gifts

The exchange of gifts is a common practice in most business communities and is designed to develop and foster goodwill. Gifts include gifts in the normally understood sense and also include meals, entertainment, event tickets, discounts, services and opportunities.

Employees must exercise care and good judgment in accepting or offering business-related gifts. Accepting or offering a business-related gift of moderate value is acceptable in situations where business-related gift giving is legal and in accordance with local business practice and the gift is appropriate for the occasion.

Employees must not accept or offer business-related gifts in circumstances that could be perceived as improperly inducing or influencing the recipient to give business opportunities to, or make business decisions in favor of, the Corporation. If there is any doubt with respect to a particular situation, Employees should seek assistance from their supervisor or from the President and CEO or his/her designate.

Employees who accept gifts of more than moderate value must report the gift to their supervisor, the President and CEO or his/her designate. The monetary value of the gift, local customs and legal requirements will be considered when determining whether the gift should be retained by the Employee, given to the Corporation or returned.

The following items must not be accepted or offered as gifts under any circumstances, regardless of value:

- (a) monetary payments, including cash, checks, wire transfers, securities, precious metals and other items that can be easily converted to cash;
- (b) drugs or controlled substances; or
- (c) payments or loans to be used towards the purchase of personal property (other than borrowing on commercial terms from entities that are in the business of lending).

Employees may not request a gift of any kind from a purchaser, supplier, industry partner, competitor or other person with whom the Corporation conducts business. Further, Employees must not make payments or give gifts or other favors to third parties to induce or influence them to give business opportunities to, or make business decisions in favor of, the Corporation. Bribes, "kick-backs", secret commissions and similar irregular payments are strictly prohibited.

11. Corporate Opportunities

Employees owe a duty to the Corporation to advance its legitimate interests. Employees are prohibited from taking for themselves opportunities that are discovered through the use of corporate property, information, or their position unless the Corporation has already been offered the opportunity and declined it. Employees are also prohibited from using corporate property, information or their position for personal gain, and from competing with Corporation.

12. Use of Corporation Assets and Information Systems

All Employees should protect the assets of the Corporation and ensure their efficient and appropriate use. The assets of the Corporation must be protected from loss, damage, theft, misuse and waste. Assets of the Corporation include an Employee's time at work and work product as well as the Corporation's equipment and vehicles, computers and software, trading and bank accounts, information, reputation, trademark and name. The Corporation's telephone, email, voicemail and other electronic systems ("**Information Systems**") are valuable assets of the Corporation and primarily for business purposes. Employees must comply with the following policies when conducting business using the Information Systems:

- (a) Employees must protect and maintain the confidentiality of all information communicated or stored using Information Systems by using, amongst other things and where appropriate, passwords and properly secured communication methods;
- (b) Employees may use the Information Systems for modest personal use if such use does not interfere with the business operations of the Corporation;
- (c) Employees must not illegally copy information system software in the course of their employment;
- (d) all electronic or automated messages created, distributed or stored on the Information Systems are the property of the Corporation. The Corporation may access these messages from time to time for any reason including to investigate breaches of security or Corporation procedures or to respond to external requests for information that the Corporation is required to provide legally; and
- (e) offensive material (for example, pornography or hate literature) is prohibited.

Employees should exercise prudence in incurring and approving business expenses, work to minimize such expenses and to ensure that such expenses are reasonable and serve the business interests of the Corporation.

13. Confidential Information

All information that has been developed or acquired by the Corporation, including technical, financial and business information, results or prospects not generally disclosed, and any non-public information provided by a third party with the expectation that the information will be kept confidential and used solely for the business purpose for which it was conveyed ("**Confidential Information**") is the property of and confidential to the Corporation and must be protected against theft, loss or misuse.

Employees must not disclose Confidential Information to other Employees unless it is reasonably required by them to perform their duties. Employees must not reveal Confidential Information to third parties (other than approved auditors, lawyers and other professional advisors, financial advisors and banks or other financial institutions who have a need to know such information in order to provide services to the Corporation) without authorization by the President and CEO or his/her designate. Such disclosure should be limited only to those who "need-to-know" and should if appropriate be made pursuant to a confidentiality agreement restricting the recipient from disclosing or using the information in an unauthorized manner.

Employees must use Confidential Information only for authorized purposes on behalf of the Corporation and not for their own personal gain or benefit.

The Employee's obligation to safeguard the Corporation's Confidential Information continues after their employment with the Corporation ends. The Corporation's policy on maintaining confidentiality is set out in the Corporation's Disclosure Policy.

14. Personal Information

Employees who collect personal information from other Employees or third parties on behalf of the Corporation must do so in a lawful, ethical and non-intrusive manner and must inform the individual involved in advance of the purpose for which information is being collected. Employees must take appropriate steps to ensure that all personal information collected by them is accurate and is retained for no longer than is necessary.

Employees must maintain the confidentiality of all personal information held by the Corporation. Employees must not disclose such personal information to other Employees unless it is reasonably required by them to perform their duties. Employees must not disclose such personal information to third parties unless required by applicable law or regulation (and then only to the extent required) or unless the informed consent of the individual concerned has been obtained.

15. Fair Dealing and Employee Harassment or Discrimination

Each Employee should endeavor to deal fairly with counterparties, security holders, purchasers, suppliers, industry partners, competitors and other Employees of the Corporation. No Employee may take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

The Corporation does not permit discrimination, intimidation or harassment of, or by, Employees on the basis of race, gender, marital status, national origin or religious beliefs or on the basis of any other personal characteristics protected by law. Employees are entitled to freedom from sexual and all other forms of personal harassment. Employees are entitled to have their dignity honored and their rights protected.

Discrimination is not permitted anywhere in the Corporation or in any part of the employment relationship, including recruitment, promotion, training, opportunities, salary, benefits and termination. Employees must promote and maintain an environment that encourages personal respect and mutual trust. Differences between individuals, such as race, gender, religion and physical limitations, must be respected.

16. Political Activities

Employees may participate in political activities as long as they do not do so on the Corporation's time and do not use the financial or other resources of the Corporation. In so doing, Employees should ensure that they are not perceived as acting in the name of the Corporation.

17. Financial Books and Records

All financial and other transactions involving or affecting the Corporation must be properly authorized and approved and fully and accurately recorded in the financial books and records of the Corporation in accordance with applicable laws and regulations, the controls and procedures

of the Corporation, generally accepted accounting principles and the highest standards of integrity.

Employees responsible for establishing and managing the financial reporting systems of the Corporation (the "**Finance Employees**") must ensure that:

- (a) all business transactions are properly authorized;
- (b) all records fairly and accurately reflect the transactions or occurrences to which they relate;
- (c) all records fairly and accurately reflect in reasonable detail the assets, liabilities, revenues and expenditures of the Corporation;
- (d) the accounting records do not contain any false or intentionally misleading entries;
- (e) no transactions are intentionally misclassified as to accounts, departments or accounting periods; and
- (f) all transactions are supported by accurate documentation in reasonable detail and recorded in the proper account and in the proper accounting period.

Officers responsible for establishing and managing the financial reporting systems of the Corporation must establish and maintain procedures to:

- (a) educate Finance Employees about, and monitor their compliance with, applicable laws and regulations;
- (b) identify any possible violations of applicable laws and regulations and report them to the Chief Financial Officer of the Corporation and the Chairman of the Audit Committee;
- (c) encourage professional integrity;
- (d) eliminate any pressure to achieve specific financial results by altering records and other entries, misapplying accounting principles or entering into transactions that are designed to circumvent accounting controls or otherwise disguise the true nature of the transaction; and
- (e) encourage Finance Employees to report deviations from accounting practices and procedures.

Employees must not conceal information relating to the Corporation from management or the auditors, reserve engineers or legal advisors of the Corporation. Employees must protect the financial books and records of the Corporation from destruction or tampering and questions relating to the financial books and records of the Corporation should be referred to the Chief Financial Officer of the Corporation.

PART III - WHISTLEBLOWER PROCEDURES

18. Obligations of Employees

The Corporation expects its Employees to take all reasonable steps to prevent a violation of this Code and promptly report either orally or in writing any and all concerns of activity that may constitute a violation ("**Complaint**"). Employees who raise good faith Complaints can do so without fear of any discrimination, retaliation or harassment.

19. Reporting of Complaints and Investigation

- (a) Employees may submit Complaints to the attention of their supervisors or human resources for investigation as they would any other workplace concern. However, Complaints related to the conduct of the President and CEO, the Chief Financial Officer, the Chief Operating Officer, or any other senior officer of the Corporation, must be reported to the Chairman of the Board, the Chairman of the Audit Committee or any other member of the Board.
- (b) Employees reporting Complaints are expected to provide as much specific information as possible to ensure a prompt and thorough investigation.
- (c) In instances where a satisfactory response is not received from an immediate supervisor, or if an Employee is uncomfortable addressing concerns to such supervisor, the Employee may contact a senior officer of the Corporation.
- (d) In instances where a satisfactory response is not received from such senior officer, or if an Employee is uncomfortable addressing concerns to a senior officer, the Chairman of the Compensation, Nominating and Governance Committee, Frank Mermoud, may be contacted by:

From the United States or Canada: 1-202-247-0230

From Ukraine or Turkey: 00-1-202-247-0230

His e-mail address is jfmermoud@aol.com

- (e) Employees and other persons may submit Complaints confidentially or anonymously by sending it in a sealed envelope marked "Confidential – Attention: Chairman of the Audit Committee of Cub Energy Inc.", to the following address:

Cub Energy Inc.
c/o Bennett Jones, David Phillips
4500 Bankers Hall East
855 – 2nd Street SW
Calgary, Alberta, T2P 4K7
Canada

- (f) The Chairman of the Audit Committee will report to the Board periodically about the process for receiving Complaints so that the Board can ensure that the process is satisfactory in its efficiency, accuracy, timeliness, protection of confidentiality or anonymity, and effectiveness.

20. Retention of Records of Complaints

Records pertaining to a Complaint are the property of the Corporation and will be retained:

- (a) in compliance with applicable laws and document retention policies;
- (b) subject to safeguards that ensure their confidentiality, and, when applicable, the anonymity of the person making the Complaint; and
- (c) in such a manner as to maximize their usefulness to the Corporation's overall compliance program.

21. Treatment of Complaints

- (a) All Complaints will be treated as confidential and thoroughly investigated.
- (b) Although a person making an anonymous Complaint may be advised that maintaining anonymity could hinder an effective investigation, the anonymity of the person making the Complaint will be maintained until the person indicates that he or she does not wish to remain anonymous. Any system established for exchanging information with a complainant will be designed to maintain anonymity.
- (c) The Chairman of the Audit Committee will inform the Board, summary form or otherwise, of all Complaints received by him, with an initial assessment as to the appropriate treatment of each Complaint. Assessment, investigation, and evaluation of Complaints will be conducted by, or at the direction of, the Chairman of the Audit Committee. If the Chairman of the Audit Committee or the Board deems it appropriate, independent advisors, such as outside counsel or accountants unaffiliated with the Corporation's auditor, may be engaged. If the action taken to resolve a Complaint is deemed by the Board to be material or otherwise appropriate for inclusion in the minutes of the meetings of the Board, it will be so noted in the minutes.
- (d) Any form of retaliation against any person making a good faith Complaint is strictly prohibited.

22. Review of Code

The Board will from time to time review, and, if appropriate, make changes to this Code and post the updated Code on the Corporation's website and file it under the Corporation's profile on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

23. Acknowledgment

Each Employee will be asked to read this Code and sign an acknowledgement substantially in the form below.

CUB ENERGY INC.
Code of Business Conduct and Ethics
Acknowledgement

I acknowledge that I have read and understand the Code of Business Conduct and Ethics of Cub Energy Inc. and agree to conduct myself in accordance with the Code.

Signature

Print name

Date