Canadian Supplement to the
PETRONAS Global Code of Conduct and Business Ethics

PETRONAS ENERGY CANADA LTD. CODE OF BUSINESS CONDUCT AND ETHICS

1. *Introduction*

This Code of Business Conduct and Ethics ("CBCE") is the Canadian supplement to PETRONAS Global' s Code of Conduct and Business Ethics ("COBE"). The CBCE is consistent with the COBE, but it also reflects the laws, regulations and best practices of Canada and its energy industry. Like the COBE, the CBCE incorporates the principles of discipline, good faith, professionalism and integrity that are critical to the success and well-being of the Company.

The CBCE does not identify or set out every rule, law, policy or procedure that may apply to you in the performance of your duties. You are responsible to inform yourself about Company policies, procedures and other requirements that apply to your role with the Company.

The Company is committed to being a leader in North America unconventional resource development. Your compliance with, and support for, the letter and spirit of the CBCE is vital to the Company's continued success. If you have any questions concerning the application or interpretation of the CBCE, please seek advice from your Supervisor, the Legal department or the Human Resources department.

2. *General Business Principles*

As a wholly-owned subsidiary of PETRONAS Global, the Company is committed to operating in the spirit of the COBE and working in a safe, ethical and responsible manner. While we maintain flexibility to adapt to changing conditions in the Western Canadian oil and gas industry, the nature of our business requires a focused, long-term approach and the need to balance risks and rewards. The Company strives to improve through learning, sharing and implementing best practices in the way we do business. We will be disciplined and selective in evaluating our capital investment opportunities and will implement appropriate measures to protect our personnel, physical assets, intellectual property and reputation. These principles provide the foundation for the Company's commitment to those with whom we interact. The Company recognizes four core areas of responsibility:

- **PETRONAS Global** – We are committed to creating and enhancing long-term value using the principles of value-based management.

- **Workforce** – We recognize the high caliber of our workforce as a valuable competitive advantage. We will strive to hire and retain the most qualified people available, offer them competitive compensation and benefits and provide opportunities for growth, empowerment and development to reach their full potential. We are committed to maintaining a safe work environment enriched by diversity and characterized by open communication, trust, shared accountability, fair treatment and respect.

- **Business Partners** – We will actively develop mutually beneficial relationships with our counterparties, contractors, suppliers and other entities with whom we do business.

- **Communities** – We are committed to being a responsible corporate citizen, hiring locally where possible and contributing to the economic development and quality of life of the communities in which we operate.

The Company measures success by the extent to which we meet these commitments, the long-term value we create, the pride of our workforce in their accomplishments and the extent to which local communities view our activities as beneficial.

3. ***Core Values and Culture***

The Company is committed to the highest standards of integrity, openness and accountability in the conduct of our business, and we conduct our affairs in an ethical, responsible and transparent manner. The Company expects that, throughout your time of service to the Company, you will:

(a) serve the Company in good faith, acting always in the Company's best interests;

(b) strive toward a high standard of professionalism;

(c) perform your duties with discipline, honesty, integrity, goodwill and courtesy;

(d) seek to protect the interests and reputation of the Company;

(e) promote creativity and innovation in the course of carrying out your work; and

(f) comply with applicable laws, regulations and the Company's policies, standards and procedures.

4. ***Application and Scope***

4.1 *Application*

All Employees, Contractors, Consultants and other individuals and companies representing, performing work for or providing services to, the Company must comply with the principles and standards of the CBCE and related policies.

4.2 *Legal and Regulatory Compliance*

If a legal or regulatory obligation conflicts with a rule or policy set out in the CBCE, you are expected to comply with the law. If you believe that a provision of the CBCE conflicts with the law, promptly consult with the Legal Department.

4.3 *Amendment*

The Company may amend the CBCE from time to time in its sole discretion. In the case of an amendment, you will be informed about the changes.

4.4 *Definitions*

Where the context or construction requires, all words applied in plural will be deemed to include the singular and vice versa; and the masculine will include the feminine and vice versa.

Capitalized terms used herein have the meanings described in this document or, if not so defined, in the Company's Master Glossary.

References to "you" refers to any Employee, Contractor, Consultant or other individual engaged by the Company and references to "we", "our" or "the Company" refer to PETRONAS Energy Canada Ltd.

5. ***Ethics and Standards of Behavior***

5.1 *Conflicts of Interest*

The Company respects your right to manage your personal affairs and does not wish to intrude in your personal life, but your personal interests must not influence, in practice or appearance, performance of your work in the Company's best interests. Generally, a conflict of interest exists when an individual's private interest interferes, or appears to interfere, with the interest of the Company. A conflict of interest undermines the good faith, fidelity, diligence and integrity required in the performance of your work. A conflict of interest (real or perceived) is problematic even if it does not result in unethical actions.

You must avoid conflicts of interest and may not act on behalf of the Company, or deal with the Company, in any matter where your interests conflict with those of the Company. You may not use your position or relationship with the Company to pursue or advance private interests. In particular, you may not use the Company's office, information, assets and other company resources for your personal gain, or for the advantage of others with whom you are associated.

Conflicts of interest are managed in accordance with the Conflicts of Interest Policy. You should refer to that policy for more information about your duties in relation to conflicts of interest.

5.2 *Corruption and Unethical Practices*

5.2.1 Solicitation, Bribery and Corruption

Corruption is of concern in both business and government because it is illegal and prevents fair, open competition and decision making based on merit. The Company has zero tolerance for solicitation, bribery and corruption because it compromises the good faith exercise of your authority and work performance. It also undermines the integrity of the Company's decision-

making process. The occurrence or appearance of corruption negatively impacts the Company's reputation for honesty and integrity.

A bribe is any gift, payment, benefit or other advantage (financial or otherwise) that is offered, given or received to secure an undue or improper result, award, decision, benefit or advantage of any kind. A bribe is not always financial – it can be any kind of advantage, including, but not limited to, the free use of corporate assets or offers of employment for family or friends. A facilitation payment is a payment made to secure or expedite the performance of a routine or administrative duty or function.

You are prohibited from, directly or indirectly, soliciting or accepting or agreeing to accept, from any party for yourself or for anyone else, any bribe as an inducement for doing or refraining from doing, or for having done or refraining from having done, any act in relation to the Company's affairs, or for showing favor to any party in relation to the Company's affairs.

You may not directly or indirectly offer, promise or give any bribe, whether in the form of a facilitation payment, kickback, donation, fee or any other form, as an inducement for doing or not doing, or for having another person do or not do, any act relating to the Company's affairs, or for showing favor to the Company.

You should satisfy yourself that the business practices and integrity of any party you engage (or intend to engage) to provide services or act on behalf of the Company are ethical, including a Contractor, subcontractor, agent, Consultant, representative. You are also responsible to ensure that such party understands and accepts the Company's policies prohibiting solicitation, bribery and corruption.

If you are unsure whether an action is corrupt or an item constitutes a bribe, promptly seek guidance from the Legal Department before acting. If you receive a request for a bribe, are offered a bribe, or have any suspicion of corruption, immediately report it to the Legal department.

5.2.2 Gifts and Entertainment

The exchange of gifts and entertainment is a common practice in the Canadian business community. However, the practice may be corrupt and can affect the Company's reputation where the nature or value of it compromises or appears to compromise the Company's ability to make fair and objective business decisions. You should always use good judgment and moderation in these situations. A gift or entertainment can create a conflict of interest and should not be accepted or offered if it creates a sense of obligation or creates the appearance of bias. No gift or entertainment may be offered to a public official without the prior written approval of the Legal Department.

The Company's expectations and guidelines regarding gifts and entertainment are more fully described in the Gifts and Entertainment Policy. You should refer to that policy for more information about your duties and responsibilities.

5.3 *Antitrust/Competition Law*

The Company competes vigorously and fairly, based on price, quality and services and does not take actions that would prevent our business partners or competitors from doing the same. Competition and antitrust laws are designed to ensure fair competition for products and services in the marketplace. Activities that may be governed by these laws include arrangements between competitors relating to price-fixing, bid-rigging, fixing or limiting production or supply, agreeing to divide customers, territories or markets between competitors, or sharing competitively sensitive information with competitors. These actions can be seen as evidence of collusion and may be illegal.

You should never engage in any acts with competitors that are intended to, or likely to, have the effect of reducing competition. You must comply with all Canadian anti-trust and competition laws, which requires you to ensure that your actions toward business partners, competitors and governmental authorities reflect fair and proper business practices and are in compliance with the laws governing free and fair competition and monopolies. Competition laws are complex and you may not be familiar with all of the details and so you should promptly contact the Legal department with any questions.

5.4 *Use of Corporate Assets*

The Company provides access to facilities, assets, resources and records belonging to the company so that you can effectively perform your duties. In return, the Company trusts you to take all necessary steps to prevent their theft, loss, damage and misuse. You should not use these items for your personal benefit, or allow them to be sold, loaned, given away or disposed of without proper authorization. Taking property from the Company without permission may be regarded as theft.

Similarly, Company credit cards, cash, cheques or other funds must not be used for personal use. You must ensure that documents related to Company funds and property are accurate and complete to avoid improper or fraudulent handling of Company assets.

Email and computer systems are provided to help you perform your duties. Occasional and incidental personal use is permitted but not for personal gain or any improper purpose. You must not access, send or download any material that could reasonably be expected to be insulting or offensive to another person, such as sexually explicit messages, racial or ethnic slurs or content that could be viewed as harassment. Your messages (including voicemail and email) and the underlying systems are property of the Company and, subject to legal requirements, the Company has the right to access, use and disclose this information as necessary for business purposes.

The Company's expectations and guidelines regarding use of company computers and information technology systems are more fully described in the Information Security Policy. You should refer to that policy for more information about your duties and responsibilities.

5.5 *Compliance, Internal Controls and Procedures*

The Company has created a framework of an effective compliance program that monitors performance against its strategic objectives, regulatory requirements and corporate values. This framework consists of numerous policies, procedures, guidelines and standards that set out the requirements for many business processes. Employees and Consultants must work within this framework to minimize risk to the Company and to ensure consistency with PETRONAS requirements and reporting processes.

It is also important to ensure that our books and records are accurate and truthful so that the Company can provide accurate reporting to PETRONAS, our stakeholders, governmental entities and business partners. You must comply with all policies and procedures to safeguard and support the integrity and accuracy of our books, records and financial reporting. Prohibited behaviors include, but are not limited to:

- Concealment, destruction or otherwise modification of Company records or documents other than in accordance with ordinary course procedures in good faith;
- Intentionally or negligently making a false or misleading entry in a record, report, file or claim;
- Establishing accounts, companies or other arrangements to avoid or frustrate controls;
- Frustrating or failing to cooperate in a full and truthful manner with audits; and
- Engaging in any scheme to steal or defraud anyone of money, property or honest services.

The Company's expectations and guidelines regarding governance compliance are more fully described in the Compliance Policy. You should refer to that policy for more information about your duties and responsibilities.

5.6 *Contracting Practices*

Written contracts record and safeguard the Company's legal rights and commercial interests by establishing the expectations and obligations of each party and the process to resolve disputes. In general, written contracts are required to document all business relationships between the Company and third parties, including relationships related to the procurement of goods and services, the purchase and sale of commodities and other assets and the pursuit of any joint venture, joint operation or other business development opportunity.

A contract proponent must ensure that the contract reflects the entire bargain between the Company and its counterparty(s) and is sufficiently detailed and accurate. The contract proponent must ensure that the contract, and the process to review, approve and sign the contract, is compliant with the Contracts and Contracting Policy and the Supply Chain Management Policy, as applicable.

5.7 *Confidentiality and Disclosure*

The Company's confidential information is valuable and sensitive and can be used by competitors or others to the Company's detriment. For that reason, it is important that confidential information only be disclosed when authorized to do so and then only for a legitimate business purpose. You must also take reasonable care to protect Confidential Information from theft, unauthorized access and misuse.

Confidential information includes, but is not limited to, non-public information of a proprietary, technical, business or financial nature and personal information of Employees, Consultants, Contractors, stakeholders and counterparties.

Your obligation to maintain confidentiality apply while you are providing services to the Company and after you leave. This means that you may not disclose confidential information to anyone after you leave the Company, including any new employer.

The Company's expectations and guidelines regarding governance compliance are more fully described in the Confidentiality Policy, Privacy Policy and Communications Policy. You should refer to those policies for more information about your duties and responsibilities.

6. ***Workplace Behavior***

The Company is committed to providing a culture and working environment free from bullying, harassment and violence, where the values of mutual respect, trust and confidence are upheld and actively promoted.

6.1 *Respectful Workplace*

Everyone providing services to, and doing business with, the Company should be able to do their job in a respectful environment that is free from harassment or discrimination. The Company values the diversity of our workforce and is committed to providing equal opportunities. Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual.

You must be respectful to your co-workers and sensitive to the way in which others may react to your behavior and comments. In particular you should never take actions or make unwanted comments that relate to gender, race, national or ethnic origin, disability, religion, age, sexual orientation, family status or other legally protected status.

You should report any abusive, harassing or offensive behavior that you observe or experience to your Supervisor, the HR department or the Legal department. You should refer to the Workplace Harassment, Bullying & Violence Prevention Policy for further guidance.

6.2 *Health, Safety and Environment*

The Company is committed to protecting the health and safety of Employees, Consultants, Contractors, counterparties and all others that we interact with or who attend our operating

areas. We are also committed to conducting operations with respect and care for the environment wherever we operate.

No activity is so important or urgent that you should not take the time to do it safely and in compliance with applicable law. You should report all real or potential health, safety or environmental hazards, incidents or concerns.

The Company's expectations and guidelines regarding safe work and protection of the environment are more fully described in the Health, Safety and Environment Policy. You should refer to that policy for more information about your duties and responsibilities.

6.3 *Drug and Alcohol Use*

You must be fit for work while performing any duties for the Company and that includes being free from the influence of drugs, alcohol and certain medications. The use of those substances adversely affects job performance, decision making and safety of the workplace.

The Company's expectations and guidelines regarding the use or drugs, alcohol and medications are more fully described in the Drug & Alcohol Policy. You should refer to that policy for more information about your duties and responsibilities.

7. ***Policy Non-Compliance***

Compliance with law and Company policy is critical to maintaining the Company's positive reputation and success. Failure to comply with the CBCE and related policies is a serious matter that may result in disciplinary action, up to and including termination of your engagement with the Company, with cause. More information about consequences of not following Company policies can be found in the individual policies.

8. ***What If You Have a Concern***

8.1 *Making Ethical Decisions*

You are asked to make good decisions in the course of your work for the Company. Sometimes the answers are unclear and decision-making is difficult. The following are questions that you may want to consider before taking action or making a decision:

- is health, safety or the environment at risk?
- could my decision or action negatively affect others?
- is it legal and consistent with the Company's policies, values and long-term business goals?
- is it fair, honest and respectful?
- what will the perception be if this is made public? Could it hurt the Company's reputation?
- will I or others feel obligated by the action? Will it affect my objectivity?

- can I legitimately justify my decision or actions? What advice would I give others in this situation?
- do I need more information or advice from anyone else before I make a decision?

8.2 *Whistleblowing*

The Company is committed to the highest standards of integrity, openness and accountability in the conduct of our business and violations of the CBCE are not tolerated. Misconduct must be promptly reported so it can be properly addressed but we recognize that identifying and reporting breaches is not always easy. Concerns about misconduct may be discussed with your Supervisor or the Legal Department. If you don't feel comfortable or it is inappropriate to discuss with your Supervisor, you should refer to the Whistleblower Policy, which provides a confidential process to report actual or suspected violations of the CBCE and other Policies, without fear of reprisal.

8.3 *Additional Information*

The Company is committed to assisting you to comply with your obligations under the CBCE and all other policies. If you have questions about these obligations, you should speak to your Supervisor, the Legal department or the Human Resources department.