

**CODE OF BUSINESS CONDUCT AND ETHICS  
INTERNATIONAL ENEXCO LTD.  
(Adopted by the Board on July \_\_\_\_, 2005)**

**I. INTRODUCTION**

This **Code of Business Conduct and Ethics** (the "Code") applies to International Enexco Ltd. and its subsidiaries (collectively, the "Company") and the Company's directors, officers, employees and principal consultants (collectively, "Employees"). Because any illegal or unethical action, or the appearance of misconduct or impropriety by anyone acting on the Company's behalf, is unacceptable, the Code should also be followed, where appropriate, by the Company's agents and representatives, including consultants where specifically required.

**II. COMPLIANCE WITH THE LAW**

Employees are expected to comply with all of the provisions of this Code. This Code will be strictly enforced and violations will be dealt with immediately, including subjecting Employees to corrective and/or disciplinary action such as dismissal or removal from office. Violations of this Code that involve unlawful conduct will be reported to the appropriate authorities. Situations that may involve a violation of ethics, laws, or this Code may not always be clear and may require difficult judgment. Employees who have concerns or questions about violations of laws, rules or regulations, or of this Code, should report them to the Audit Committee.

**III. CONFLICT OF INTEREST**

Employees must avoid conflicts of interest with the Company. A conflict of interest may be actual, apparent or potential and exists whenever an individual's personal interests directly or indirectly interfere or conflict or appear to interfere or conflict with one's obligations as an employee, director or officer to act in the best interests of the Company. Conflicts of interest include:

- taking for oneself an opportunity discovered through the use of corporate information or position
- using corporate property, information or position for the Employee's personal benefit or intention of benefit, whether direct or indirect; and
- competing with the Company.

Where a situation arises in which a conflict of interest exists or may exist, the Employee must handle the situation in an ethical manner. If the Employee has any doubt as to how a situation is to be handled, the Employee must discuss the situation with a senior officer of the Company.

**IV. PROPRIETARY INFORMATION**

All confidential or proprietary information of the Company must be protected. Confidential information includes, for example, financial data, acquisition and sale opportunities, property data exploration and development data. You must not disclose the Company's confidential or proprietary information to anyone within or outside of the Company unless the recipient will generally need this information to carry out his or her assigned responsibilities as an employee of the Company, or as an outsider who has been properly authorized by an officer of the Company to receive such information.

**Inquiries from the press, media, investors or the public regarding the Company should only be answered by the officers or employees designated to respond to such inquiries.** The obligation not to disclose the Company's confidential or proprietary information continues for three years after employment with the Company terminates unless otherwise specifically provided in writing.

**V. INSIDE INFORMATION AND SECURITIES TRADING**

In the course of business activities, you may become aware of nonpublic information regarding the business, operations or securities of the Company. It is the policy of the Company to prohibit the unauthorized disclosure of any nonpublic information and the misuse of material nonpublic information in securities trading. It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to an investor in making an investment decision regarding the purchase or sale of the Company's securities. Nonpublic information is information that has not been previously disclosed to the general public and is otherwise not available to the general public. While it may be difficult to determine whether particular information is material, there are various categories of information that are particularly sensitive and, as a general rule, should always be considered material. In addition, material information may be positive or negative. Examples of such information may include:

- Project exploration results, whether positive or negative
- Joint ventures with third parties
- News of a pending or proposed merger or acquisition
- Financial results
- Major contract awards, cancellations or write-offs
- Exploration or development milestones
- News of the disposition of material assets
- Impending bankruptcy or financial liquidity problems
- Gain or loss of a substantial property
- Stock splits
- New equity or debt offerings
- Significant litigation exposure due to actual or threatened litigation
- Changes in senior management
- Projections of future earnings or losses
- Dividend issuance decisions

**Trading on Material Nonpublic Information:** With certain limited exceptions, no officer or director of the Company, no employee of the Company or its subsidiaries and no consultant or contractor to the Company or any of its subsidiaries and no members of the immediate family or household of any such person, shall engage in any transaction involving a purchase or sale of the Company's securities, including any offer to purchase or offer to sell, during any period commencing with the date that he or she possesses material nonpublic information concerning the Company, and ending at 12 pm (EST) on the trading day following the date of public disclosure of that information (usually by Press Release), or at such time as such nonpublic information is no longer material. The term "trading day" shall mean a day on which national stock exchanges are open for trading.

**Tippling:** No insider shall disclose ("tip") material nonpublic information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such insider or related person make recommendations or express opinions on the basis of material nonpublic information as to trading in the Company's securities.

**Applicability of Insider Trading Regulations to Securities of Other Companies:** The insider trading guidelines described herein also apply to material nonpublic information relating to other companies, including the Company's joint venture partners ("business partners"), when that information is obtained in the course of employment with, or other services performed on behalf of the Company. All employees and consultants should treat material nonpublic information about the Company's business partners with the same care as is required with respect to information relating directly to the Company.

## VI. ACCURACY AND RETENTION OF BUSINESS RECORDS

### A. General

Accounting standards and applicable Canadian laws require that transactions and events relating to the Company's operations and assets must be properly recorded in the books and accounts of the Company and accurately reported in the applicable reports required by and filed with the British Columbia Securities Commission, the TSX Venture Exchange and other Canadian regulatory agencies. As a result, all officers of the Company and all financial personnel shall make and retain books, records and accounts that, in reasonable detail, accurately, completely and objectively reflect transactions and events, and conform both to required accounting principles and to the Company's systems of internal controls. No false or artificial entries may be made. No entry may be made or recorded in the Company's books and records or reported in any disclosure document that misrepresents, omits, hides or disguises the true nature of the event or transaction, and all material entries and reports must be made in a timely manner. All personnel are responsible for immediately reporting any concerns about the Company's financial records and its accounting, internal accounting controls and auditing procedures to a senior officer of the Company.

### B. Records Retention

Certain documents and other records of the Company must be retained for various periods of time under legal and regulatory requirements. All records of the Company should be maintained in accordance with the Company's record retention guidelines. In any event, you must not destroy, shred or alter records that are in any way related to a threatened, imminent or pending legal or administrative proceeding, litigation, audit or investigation. Employees who become aware of such a proceeding, litigation, audit or investigation must immediately contact a senior officer of the Company. Employees should consult their supervisor or a Company officer for questions related to the Company's record retention guidelines or the propriety of disposing of a Company document or record.

## **VII. Quality of Public Disclosure**

The Company is committed to providing information about the Company to the public in a manner that is consistent with all applicable legal and regulatory requirements and that promotes investor confidence by facilitating fair, orderly, and efficient behavior. The Company's reports and documents filed with or submitted to securities regulators in Canada, and the Company's other public communications, must include full, fair, accurate, timely, and understandable disclosure. All employees who are involved in the Company's disclosure process, including senior officers, are responsible for using their best efforts to ensure that the Company meets such requirements. Employees are prohibited from knowingly misrepresenting, omitting or causing others to misrepresent or omit, material information about the Company to others, including the Company's independent auditors.

## **VIII. ENFORCEMENT**

The Company's management is charged by the Board of Directors with ensuring that this Code and the Company's corporate policies will govern, without exception, all business activities of the Company.

### **A. Waivers of the Code**

In certain extraordinary situations, a waiver of a provision of the Code may be granted. **Any waiver of the Code for executive officers or directors may be made only by the Company's Board of Directors or the Audit Committee of the Board of Directors. Waivers will be promptly disclosed as required by applicable laws and regulations.**

### **B. Violations of the Code**

Violations of the Code will not be tolerated by the Company. Reported violations or apparent violations will be reviewed by Company management and appropriate disciplinary action will be taken, up to and including termination of employment or service with the Company.