



REPORTING OF INAPPROPRIATE ACTIVITY POLICY

Purpose

As a public entity, the integrity, transparency and accountability of the financial, administrative and management practices of Connacher Oil and Gas Limited (the "Corporation") is paramount. This information guides the decisions of the Board of Directors of the Corporation (the "Board of Directors"), and is relied upon by the securityholders of the Corporation and the financial markets. For these reasons, the Corporation must maintain a workplace where employees can raise concerns or report questionable accounting, internal accounting controls, or auditing matters (collectively "Accounting/Audit Matters Concerns"), or the reporting of fraudulent financial information to our securityholders, regulatory agencies or the financial markets free of any discrimination, retaliation or harassment.

The Corporation also supports disclosure that reveals conduct which results in a violation of law by the Corporation or in a substantial mismanagement of the Corporation's resources and if proven constitutes a criminal offence or reasonable grounds for dismissal of the person engaging in such conduct (referred to herein as "Grave Misconduct").

Policy

It is the policy of the Corporation to encourage employees, when they reasonably believe that Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information to our securityholders, regulatory authorities or the financial markets and/or Grave Misconduct have occurred or are occurring, to report those concerns to management of the Corporation (on an anonymous basis, if employees so desire) or to the alternate contact persons provided in this Policy. All reports will be taken seriously and will be promptly investigated. The specific action taken in any particular case depends on the nature and gravity of the conduct or circumstances reported, the quality of the information provided and the outcome of the Corporation's investigation. Where Accounting/Audit Matters Concerns have occurred, or fraudulent financial information has been reported to our securityholders, regulatory agencies or the financial markets, or Grave Misconduct has occurred, those matters will be corrected and, if appropriate, the persons responsible will be disciplined.

In addition, the Corporation is committed to providing a work environment in which employees, when they reasonably believe that Accounting/Audit Matters Concerns have occurred, or that fraudulent financial information has been reported to our securityholders, regulatory agencies or the financial markets, or that Grave Misconduct has occurred, can raise those concerns free of discrimination, retaliation or harassment. Accordingly, the Corporation strictly prohibits discrimination, retaliation or harassment of any kind against any employee who, based on the employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information.

Reporting and Investigation

If you have reason to believe that you have become aware of Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information to our securityholders, regulatory agencies or the financial markets, or of Grave Misconduct, you must immediately report those facts to your immediate supervisor or to the Chief Executive Officer of the Corporation. You may then be requested to document your report in writing. You may also report your concerns anonymously by sending an anonymous letter to the Chief Executive Officer of the Corporation. If you have reason to believe that both of those individuals are involved in these matters or you feel uncomfortable addressing your concerns with these individuals for any reason, you should report those facts to the Chair of the Audit Committee in the case of Accounting / Audit Matter Concerns or the reporting of fraudulent financial information and the Lead Director in the case of Grave Misconduct.

If you later believe that you have been subject to discrimination, retaliation or harassment for having made a report under this Policy, you must immediately report those facts to your immediate supervisor or the Chief Executive Officer of the Corporation. If, for any reason, you do not feel comfortable discussing the matter with your immediate supervisor or the Chief Executive Officer of the Corporation, you should bring the matter to the attention of a senior officer of the Corporation, and if you are not comfortable with discussing the matter with any of those individuals, you should bring the matter to the attention of the Chair of the Audit Committee or Lead Director. It is imperative that you bring the matter to the Corporation's attention promptly so that any concern of discrimination, retaliation or harassment can be investigated and addressed promptly and appropriately.

All complaints under this Policy will be promptly and thoroughly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. All employees and supervisors have a duty to cooperate in the investigation of reports of Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information, or of Grave Misconduct, or of discrimination, retaliation or harassment resulting from the reporting or investigation of such matters. In addition, an employee shall be subject to disciplinary action, including the termination of their employment, if the employee fails to cooperate in an investigation, or deliberately provides false information during an investigation. If, at the conclusion of its investigation, the Corporation determines that a violation of policy has occurred, the Corporation will take effective remedial action commensurate with the severity of the offence. This action may include disciplinary action against the accused party, up to and including termination. Reasonable and necessary steps will also be taken to prevent any further violations of policy.

Acting in Good Faith

The Corporation reserves the right to discipline any individual who makes an accusation without a good faith belief in the truth and accuracy of the information or who maliciously or knowingly provides false information or makes false accusations, and such discipline may result in termination of employment and, if warranted, legal proceedings.

Discrimination, Retaliation or Harassment

The Corporation strictly prohibits any discrimination, retaliation or harassment against any person who reports incidents of Accounting/Auditing Matters Concerns, or the reporting of fraudulent

financial information, or of Grave Misconduct, based on the person's reasonable belief that such misconduct occurred. The Corporation also strictly prohibits any discrimination, retaliation or harassment against any person who participates in an investigation of complaints about Accounting/Auditing Matters Concerns, or of the reporting of fraudulent financial information, or of Grave Misconduct.

Any complaint that any officers, managers, supervisors, or employees are involved in discrimination, retaliation or harassment related to the reporting or investigation of Accounting/Auditing Matters Concerns, or the reporting of fraudulent financial information, or of Grave Misconduct shall be promptly and thoroughly investigated in accordance with the Corporation's investigation procedures. If a complaint of discrimination, retaliation or harassment is substantiated, appropriate disciplinary action, up to and including discharge, will be taken.

Retention

All documents related to the reporting, investigation and enforcement of this policy, as a result of a report of Accounting/Audit Matters Concerns, or the reporting of fraudulent financial information to our securityholders, regulatory agencies or the financial markets or of Grave Misconduct, or of the discrimination, retaliation or harassment of an employee that made such a report, shall be kept in accordance with the Corporation's record retention policy and applicable law.

Additional Enforcement Information

In addition to the Corporation's internal complaint procedure, employees should also be aware that certain federal and provincial law enforcement agencies are authorized to review Accounting/Audit Matters Concerns, or potentially fraudulent reports of financial information. The Corporation's policies and practices have been developed as a guide to our legal and ethical responsibilities to achieve and maintain the highest business standards. Conduct that violates the Corporation's policies will be viewed as unacceptable under the terms of employment at the Corporation. Certain violations of the Corporation's policies and practices could even subject the Corporation and any individual employees involved to civil and criminal penalties. Before issues or behaviour can rise to that level, employees are encouraged to report Accounting/Audit Matters Concerns, suspicion of fraudulent financial information, or Grave Misconduct, or discrimination, retaliation or harassment related to such reports. Nothing in this Policy is intended to prevent an employee from reporting information to the appropriate agency when the employee has reasonable cause to believe that a violation of a federal or provincial statute or regulation has occurred.

Modification

The Reporting of Inappropriate Activity Policy will be added to and form part of the Company's workplace practices. The Board of Directors of the Corporation can modify this Policy unilaterally at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with federal and provincial regulations and/or accommodate organizational changes within the Corporation.

Please sign the acknowledgment form below and return it to Mrs. Patricia Clark. This will let the Corporation know that you have received the Reporting of Inappropriate Activity Policy and are aware of the Corporation's commitment to a work environment free of discrimination, retaliation or

harassment for reporting of Accounting/Audit Matters Concerns, or fraudulent financial information, or Grave Misconduct as well as your obligations to report such information.

Contact Particulars

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ACKNOWLEDGEMENT AND AGREEMENT

REGARDING THE REPORTING OF INAPPROPRIATE ACTIVITY POLICY

This is to acknowledge that I have received a copy of the Reporting of Inappropriate Activity Policy of Connacher Oil and Gas Limited (the "Corporation"). I understand that, as a public entity, the integrity of the financial and other information of the Corporation is paramount. I further understand that the Corporation is committed to a work environment free of discrimination, retaliation or harassment for employees who have raised concerns regarding questionable accounting, internal accounting controls, or auditing matters, or reporting of fraudulent financial information, or of Grave Misconduct as defined in the Corporation's Reporting of Inappropriate Activity Policy and that the Corporation specifically prohibits discrimination, retaliation or harassment whenever an employee makes a good faith report regarding such concerns. Accordingly, I specifically agree that to the extent I have concerns that I reasonably believe to be related to questionable accounting, accounting controls, auditing matters, or reporting of fraudulent financial information, or of Grave Misconduct, or which is otherwise in violation of the Corporation's policies, I will immediately report such conduct in accordance with the Corporation's Reporting of Inappropriate Activity Policy.

I understand and agree that to the extent I do not use the procedures outlined in the Reporting of Inappropriate Activity Policy, the Corporation and its officers and directors shall have the right to presume and rely on the fact that I have no knowledge or concern of any such information or conduct.

Employee's signature

Employee's Name [printed]

Date

Board Review Date	Action
June 24, 2005	Initial adoption
March 18, 2008	Reviewed and affirmed
March 19, 2009	Reviewed and affirmed
March 18, 2010	Reviewed and affirmed