

CODE OF BUSINESS CONDUCT AND ETHICS

Introduction

At Cathedral Energy Services Ltd. and its subsidiaries (together, "Cathedral"), we have always recognized the value of growing and developing trusting relationships with our employees, agents, vendors, investors and the community at large. These relationships are based on integrity and trust and our commitment to maintaining high ethical standards throughout our day-to-day dealings with others.

For Cathedral's excellent reputation to be maintained, we require high standards of professional and ethical conduct from all of our employees, officers and directors. This Code of Business Conduct and Ethics ("Code") reflects our commitment to a culture of honesty, integrity, respect and accountability and outlines the basic principles and policies with which all directors, officers and employees are expected to comply.

In order to ensure Cathedral's success, we must do what is required by law and must do what is right. The test for this is simple, ask yourself if there is any reason you would not want a coworker, an associate, a neighbour, the government or the general public to be fully aware of your conduct and motives? Is anyone's life, health or safety, or the environment endangered by the action? If these questions cannot quickly be answered no, then you need to re-think your actions and talk to a supervisor. If there is any confusion with regards to complying with both the letter and the spirit of our policies and all applicable laws and regulations, you are expected to seek guidance from a supervisor. Please read this Code carefully and if you need to refer to it, you can find it on our website. All agents, employees, officers and directors are expected to have an understanding of this Code. While it takes time to build a reputation of trust and integrity, a single thoughtless or unethical act can destroy what we have carefully built over years.

Management Commitment

Cathedral's management is committed to living up to high standards of ethical behaviour and integrity. This Code has been approved by our Board of Directors and has been read, discussed and adopted by all of our directors and officers. We believe that effective corporate governance begins with a strong Board of Directors, able to act independently. Our Board of Directors consists of a majority of outside, independent directors all of whom have read, committed to and directed management to enforce this Code. Every day, decisions are made in the conduct of our business. As individuals, we are all accountable for making the right decisions for the right reasons. This Code of Business Conduct and Ethics provides guidance for our decisions.

Signed "Mark Bentsen"

Mark Bentsen

President and Chief Executive Officer

Cathedral Energy Services Ltd.

Commitments and Responsibilities

To our Employees Cathedral Energy Services Ltd. and its subsidiaries (collectively, "Cathedral") are committed to treating all directors, officers and employees (collectively "Employees") with dignity, respect and fairness. We will value and respect their rights and their contribution to our success. We will provide compensation and benefits that are fair and competitive with our peers. Cathedral's commitment to our Employees is centered in our belief that ensuring their safety is one of our greatest responsibilities. We must all take responsibility for understanding the health, safety and environmental rules and regulations that apply to the tasks we perform and for taking appropriate precautions to protect ourselves and our fellow Employees from accidents, injury and unsafe conditions. Cathedral will regularly monitor and review its safety performance and strive for continual improvement.

Cathedral values the diversity of our Employees and we are committed to providing equal opportunity in all aspects of employment. Conduct that makes someone feel uncomfortable or unwelcome will not be tolerated. Cathedral requires all Employees comply with the workplace and environmental policies as identified in the Cathedral Orientation Manual. Employees are encouraged to speak out if they have concerns with regards to their workplace environment and report harassment, whether verbal, physical or otherwise, when it occurs.

Business Ethics

Cathedral is committed to conducting its affairs with honesty, integrity, accountability and fairness and expects the same from all of its Employees and business partners. We will deal honestly and fairly with our suppliers, agents, fellow Employees and competitors. Cathedral will not take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of confidential information, misrepresentation of material facts or other dishonest or unfair practices.

Accuracy of Cathedral's Records and Reporting

Full, fair, timely, understandable, honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. Cathedral's records are relied upon to produce reports for Cathedral's management, shareholders, creditors, government agencies and others. Our financial statements and the books and records on which they are based must completely, accurately and fairly reflect all corporate transactions and conform to all legal requirements and accounting requirements and applicable principles and policies.

All Employees have a responsibility to ensure the accuracy and completeness of records, reports, and communications and the appropriateness of classification of transactions as to accounts, departments or accounting periods. Access to assets must be authorized, and all transactions must be authorized, properly recorded, supported by the appropriate documentation in reasonable detail and comply with accounting principles and guidelines, audit procedures and other such controls. We will never destroy or alter documents or records so as to hide the documents or our actions.

Cathedral believes in open access for its auditors and other advisors to all of its documents and records as required and full and open communication with respect to their engagement. Business records and communications often become public through legal or regulatory investigations or the media. This applies to e-mail, voice mail or memos and hence Employees should avoid recording inappropriate notes or comments that would embarrass them or Cathedral.

Communication

Cathedral is committed to complying with all applicable legal requirements related to the disclosure of material information as detailed in Cathedral's Disclosure Policy. Certain Employees are party to material information related to our business operations and financial information where and when appropriate and at all times shall avoid selective disclosure of material information to limited audiences.

Conflicts of Interest

Employees shall conduct their business affairs in a manner that ensures their private or personal interests do not interfere with the interests of Cathedral including conflicts relating to personal, financial or other gain. Situations where Employees may have to deal with conflicts of interest are numerous.

Prompt and full disclosure must be made to the President and Chief Executive Officer or Chief Financial Officer or Board Lead Director of any situation which may involve or appear to involve an actual or potential conflict of interest. In all cases the responsibility is on the individual to make such disclosure prior to participating in the activity rather than such participation becoming the subject of a conflict of interest review at a later date.

The following examples of conflicts of interest are not exhaustive and are generally intended to provide Employees with an understanding of situations or events where a conflict of interest occurs or may be perceived to occur.

Conflicts of interest occur as a result of Employees:

- a) serving as director, officer, or consultant of any outside concern which does business with, or is a direct competitor of Cathedral, except with the written consent of the President and Chief Executive Officer, which consent shall not be unreasonably withheld, providing this relationship is not materially adverse to Cathedral;
- b) competing with Cathedral either directly or indirectly;
- c) owning or controlling a significant interest in and participating directly or indirectly in the profits of any outside concern which does business with or is a direct competitor of Cathedral (securities of publicly-owned corporations which are traded regularly on open stock markets may be owned if they are not purchased as a result of confidential knowledge about the operations, intentions or negotiations of Cathedral with such parties or others); or
- d) participating in activities which would tend:
 - (i) to deprive Cathedral of the time or attention required to perform their duties properly; or
 - (ii) to create an obligation which would affect their judgment or ability to act solely in Cathedral's best interests.

Related Party Transactions

Cathedral has an obligation to ensure all business transactions are on an arm's length basis. Cathedral shall not do business with an Employee or Employee related party without executive level management approval.

Confidentiality

In the normal course of our business, Employees may become aware of confidential information. Confidential information includes non-public information of a proprietary, technical, business, or financial nature, and includes all non-public information that might be of use to Cathedral's competitors, or be harmful to Cathedral's or its customers, if disclosed.

Confidential information may be our own or may be information from partners, suppliers, or business associates. In all cases, Employees must not disclose confidential information to any person outside of Cathedral unless authorized to do so or legally mandated and must take reasonable care to protect confidential information from theft or unauthorized access. Employees are obligated to preserve the confidentiality of information entrusted to them even after they leave Cathedral, except when disclosure is authorized or legally mandated.

Privacy

In conducting our business, Cathedral needs to maintain records and information about its Employees, agents, vendors, landowners, shareholders and other business associates. We value and respect the rights of these individuals to personal privacy. We collect and use only information that is necessary for us to administer our business effectively, efficiently and in a safe and reliable fashion. This information is only for the appropriate internal use of Cathedral and will not be shared or used for other purposes unless permitted or required by law.

Insider Trading

The market price of Cathedral's common shares is based on public knowledge about our results and prospects. The markets rely on all participants having equal access to all public information. Employees, from time-to-time, may have material knowledge about Cathedral or another company with whom Cathedral conducts business with, which has not yet been disclosed to the general public. Insider trading legislation prohibits individuals from trading on this information, or providing this information to others. Cathedral's directors, officers and Employees are expected to comply with Cathedral's Disclosure Policy, Insider Information Policy, and Blackout Policy which addresses insider information.

Protection and Proper Use of Cathedral Assets

Employees are each entrusted with Cathedral's assets that must be protected from loss, damage, misuse or theft. Cathedral's assets may only be used for legitimate business purposes and may never be sold, lent, given away or disposed of, regardless of condition or value without proper authorization. The use of Cathedral's assets for illegal purposes is strictly prohibited. All Cathedral's assets must be returned upon termination of employment. The obligation to protect Cathedral's assets is not limited to physical assets but extends to proprietary information. Proprietary information includes any information that is not generally known to the public, would be helpful to our competitors, or harmful to our competitive positions. They can include manuals, documents, lists of customers, pricing, policies, technical drawings, or equipment specifications (collectively known as "business information"). Employees are prohibited, during and after their employment from disclosing business information to any person or organization.

A similar obligation to protect Cathedral's assets includes the protection of intellectual property. Intellectual property includes anything that can be patented, protected as a trade secret, protected by copyright, or any other legislative statute related to intellectual or industrial property rights. Cathedral controls all right, title, ownership, and interest in any intellectual property designed, created or improved (otherwise known as "works for hire") by any Employee during the employment relationship. It is Cathedral's intent to avoid any misstatement of fact or misleading impression in any advertising, literature, exhibits or other public statement. All statements made in support of our products and services should be true and supported by documentation.

Cathedral demands that its workplace be free from the influence of any products or substances that could impair, or reasonably be considered to impair, the orderly, safe and effective conduct of its business.

Compliance with Laws, Rules and Regulations

Compliance with both the letter and the spirit of all laws, rules and regulations applicable to our business is critical to Cathedral's reputation and continued success. All Employees must respect and obey the laws of all jurisdictions in which Cathedral operates.

Compliance with Antitrust Laws

Cathedral believes in fair and open competition, and strictly adheres to the requirements of antitrust laws. These laws generally prohibit collusion between firms and other unfair business

conduct that would lessen competition.

Compliance with Environmental Laws

Cathedral takes its responsibility to conduct its business in a safe and reliable manner with respect for the environment very seriously. Cathedral will strictly comply with all environmental legislation in all aspects of our work. Cathedral will monitor its environmental performance and will look for ways to reduce and prevent waste, emissions, spills and other releases from our operations so as to minimize, wherever possible, our impact on the environment.

Gifts and Entertainment

The exchange of gifts and entertainment is a common practice in most business communities and is designed to develop and foster goodwill among business partners. Accepting gifts and entertainment can cause problems when they compromise – or appear to compromise – our ability to make fair and objective business decisions. No gift or entertainment should be accepted, or offered, if it will unfairly influence a business relationship in any way.

There are many factors that influence whether a gift or entertainment is normal and customary. Gifts or entertainment should be moderate, reasonable and in good taste, be of a style or value commonly accepted for business occasions and should not be unusual for the recipient's job or community. The exchange must create no obligation or sense of obligation and should occur infrequently.

Business entertainment can present situations where discretion is required since some commonly accepted business invitations can include recreational opportunities or event tickets that are of development reason for attending and that there will be representation from other business executives at the event. If the invitation is for an event where the aggregate value to be received by the individual recipient may be significant, officer approval is required. As transportation costs for events can also be significant, payment of these costs by another party is not acceptable and will be covered by Cathedral if there is a valid business reason to accept the invitation.

Use of Cathedral IT and Electronic Equipment and Data and Software

Cathedral provides computers, electronic equipment, internet access, software and electronic data to assist officers and Employees in their work. Incidental and occasional personal use is permitted, but never for personal gain or any improper purpose. All Employees are expected to comply with Cathedral's Information Technology Usage Policy.

Political Activities and Contributions

Cathedral respects and supports the right of our Employees to participate in political activities of their choice provided that their involvement is kept separate from their role as an Employee. Employees must take care to represent their views as their own and not those of Cathedral. These activities should not be conducted on Cathedral time or involve the use of any company resources such as telephones, computers or supplies unless specifically approved by an officer of Cathedral.

There are laws and regulations pertaining to political contributions made both in dollars and in "kind". Where Cathedral deems appropriate, it may occasionally choose to make such contributions but only when authorized by the President and Chief Executive Officer, and only when the contribution is legal and appropriate for entities such as Cathedral.

Payments to Domestic and Foreign Officials

Cathedral will not make payments of any sort to government officials to obtain a favourable decision or to attract or retain business. Cathedral will comply with the laws of Canada and other jurisdictions in which Cathedral may operate including but not limited to the Corruption of Foreign Public Officials Act (Canada) and the Foreign Corrupt Practices Act (U.S.) of prohibiting improper payments to domestic and foreign officials. These laws can be complicated and result in serious and adverse enforcement proceedings, including criminal charges, against Cathedral and individuals directly involved if violated. If you are in doubt about whether a particular practice may violate such a law you should contact a member of Cathedral's senior management for guidance on proper conduct.

Reporting of Illegal or Unethical Behaviour

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 any concerns they have about violations of laws, rules, regulations or this Code. Cathedral will not allow any retaliatory action against any Employee who, in good faith, reports a possible violation or concerns. Employees are encouraged to report a concern you might have about possible violations of this Code including questionable business and ethical practices of Cathedral. You should provide as much specific information as possible including names, dates, places and events that took place, and your perception of why the incident(s) may be an ethical violation and what action your would recommend be taken. There are two ways to make a report and such reports can be made on an anonymous basis. You can:

1. Contact a member of Cathedral's senior management; and/or

2. Contact Cathedral's Lead Director:
Rod Maxwell
StoneBridge Merchant Capital Corp.
2370, 255 - 5th Avenue SW
Calgary, Alberta T2P 3G6
403.216.2162
rodmaxwell@stonebridge.net

Procedures for Addressing Accounting Related Complaints

Employees having concerns with regards to questionable accounting, internal accounting controls, auditing or financial reporting or other concerns are asked to submit their concerns in confidence in accordance with the terms of Cathedral's Whistle Blower Policy (Auditing and Accounting Matters – Complaint Procedures). Complaints shall be dealt with in a confidential manner to the extent possible and will be promptly forwarded to the Audit Committee Chair. The Audit Committee will review all such complaints and communicate their findings and recommendations to the full Board of Directors.

Compliance Procedures

This Code is not intended to address all of the situations that may be encountered. There will be occasions where you are confronted by circumstances not covered by policy or procedure and where you must make a judgment as to the appropriate course of action. In those circumstances you are encouraged to use your common sense and to contact your supervisor, manager or other appropriate person for guidance. An Employee who fails to comply with this Code, or its intent, or who knowingly permits or directs an Employee or an agent under his or her leadership to not comply with this Code, will be subject to disciplinary action up to and including termination of employment with cause.

Waivers

Any waiver of this Code for Employees will be made only by the Board of Directors and will be promptly disclosed as required by law or stock exchange regulation.

Certification procedures

To assist with the communication of this Code and to ensure that all Employees understand and comply with it, the following certification procedures have been established:

- New Employees engaged by Cathedral for the first time will be required to certify their review, understanding of and agreement to be bound by, this Code as a condition of employment.
- All directors, officers and senior managers will be required to annually certify their review of, understanding of, and agreement to be bound by this Code annually for both the preceding year and the current time.
- This Code will be reviewed by Cathedral annually and revised as determined appropriate by the Board and senior management and reasonable efforts will be made to inform all
- Employees of revisions to this Code.
- The approved version of this Code is electronically stored on the intranet. This is an uncontrolled copy when printed. Employees are requested to ensure that the effective date on any printed version is the same as the electronic version.
- The following is the required certification required under this Code: I, (name), hereby acknowledge that I have read, understand and agree to comply at all times with the Code of
- Business Conduct and Ethics and all future revisions thereof. I am aware of where to access a copy of the Code when reference to it is required. I understand that non-compliance with the Code may result in disciplinary action up to and including termination of employment with cause and without notice or payment in lieu of notice.

The certificates will include descriptions as to where the Employee will find a full copy of this Code and other Employee policies.

Any questions or concerns with respect to this policy should be referred to the Chief Financial Officer.

Cathedral Energy Services Ltd.
Attention: Privacy Officer
Suite 1700, 715 5th Avenue S.W.
Calgary, Alberta, Canada T2P 2X6
Phone: 403.265.2560
Fax: 403.262.4682