

Bow Valley Energy Ltd.

Policy on Trading in Securities by Directors, Officers, Employees and Consultants

Purpose

The purpose of this Policy is to ensure: (a) compliance with provincial securities laws governing trading in securities of Bow Valley Energy Ltd. (the "Corporation") while in possession of material non-public information concerning the Corporation, and tipping or disclosing material non-public information to outsiders; and (b) avoidance of embarrassment by preventing the appearance of improper trading or tipping.

In conjunction with regulatory requirements, it is the policy of the Corporation that, once a person becomes an insider, his or her security holdings in the Corporation, and any change therein, must be reported to the appropriate securities commissions. The responsibility for compliance with insider reporting obligations rests with the insiders and not with the Corporation. However, the Corporation has an interest in monitoring the holdings of its insiders and ensuring that insider holdings are accurately reported, as the identity of insiders and the size of their holdings may be relevant in determining whether the Corporation is permitted, under applicable securities laws and stock exchange rules, to undertake certain corporate transactions.

Scope

This policy covers all directors, officers, employees and consultants of the Corporation, except the sections entitled "Insiders" and "Reporting by Insiders" which apply only to insiders of the Corporation. Directors, officers, employees and consultants are responsible for ensuring compliance by their families and other members of their households.

This policy applies to any transactions in any securities of the Corporation, including options, warrants, preferred shares and debentures, as well as exchange-traded options or other derivative securities that are not issued by the Corporation but are based on securities of the Corporation.

This policy applies not only to the securities of the Corporation which a director, officer, employee or consultant owns, but also those over which control or direction is exercised (for example as a trustee or executor of an estate) and also to the securities of the Corporation that are indirectly owned (for example by a corporation controlled by a director, officer, employee or consultant).

These procedures may be changed or other procedures adopted in the future as considered appropriate in order to carry out the purposes of this policy.

Insiders

The directors and officers of the Corporation are considered to be insiders of the Corporation and as such are subject to a higher standard of scrutiny and disclosure requirements than other people who may trade in securities of the Corporation. *Insiders should contact the President and Chief Executive Officer or Vice President, Finance and Chief Financial Officer when considering a transaction in securities of the Corporation to ensure that there is no material non-public information which has not been widely disseminated.*

Reporting By Insiders

Initial Reports

An initial report must be filed within ten days of the date on which a person or corporation becomes an insider. An initial report is not required, however, when a person becomes an insider if he or she has no direct or indirect beneficial ownership, control or direction over securities of the Corporation.

Changes in Beneficial Ownership

A person or corporation who is an insider must report any changes in his or her direct or indirect beneficial ownership of, or control over, securities of the Corporation within ten days of the date such change takes place.

Stock Options

Insiders are reminded that the grant of an option, or the exercise of an option, gives rise to reporting obligations and an insider report must be filed with respect to these matters within ten days of the date such transaction takes place.

Filing

Insiders of the Corporation are required to use the System for Electronic Disclosure by Insiders ("SEDI") for reporting insider trades. Reporting through SEDI can be completed by insiders themselves through the internet or through an agent, such as the Corporation's legal counsel. Insiders are referred to the internet website for SEDI at www.sedi.ca. As well, insiders are encouraged to contact the Vice President, Finance and Chief Financial Officer or the Corporate Secretary with respect to any questions about filing through the SEDI system.

Definition of "Material Non-Public Information"

Material Information

Securities legislation and this policy make frequent reference to material information. In this policy, information about the Corporation is "material" if it would be expected to affect the investment decisions of a reasonable shareholder or investor, or if the information would reasonably be expected to significantly affect the market price of securities of the Corporation.

Both positive and negative information may be material. The following are some examples of types of information that would ordinarily be considered material:

- financial performance, especially quarterly and year-end earnings, and significant changes in financial performance or liquidity;
- company projections and strategic plans;
- potential mergers and acquisitions;
- public or private securities/debt offerings; and
- actual or threatened litigation, or the resolution of such litigation.

Non-public Information

Material information is "non-public" if it has not been widely disseminated to the public through a major newswire service. For the purposes of this policy, information will be considered public; i.e., no longer non-public, after the close of trading on the first full trading day following public release of the information.

If you are unsure whether the information that you possess is material or non-public, please consult the President and Chief Executive Officer or Vice President, Finance and Chief Financial Officer of the Corporation before trading in any securities of the Corporation.

Statement of Corporate Policy and Procedures

Prohibited Activities

1. No insider, employee or consultant may trade in securities of the Corporation while in possession of material non-public information concerning the Corporation.
2. No insider, employee or consultant may trade in securities of the Corporation outside of the "trading windows" described below, or during any designated special trading blackout periods.
3. No insider, employee or consultant may disclose material non-public information concerning the Corporation to any outside person (including family members, analysts, individual investors and members of the investment community and news media) unless necessary in the course of business. In any instance where such information is disclosed to outsiders, the outsider should be advised that they must not disclose the information to anyone else, other than in the necessary course of business, and they may not trade in securities of the Corporation until the information has been generally disclosed.
4. No insider, employee or consultant may give trading advice of any kind about the Corporation to anyone while possessing material non-public information about the Corporation, except that insiders, employees and consultants should advise others not to trade if doing so might violate the law or this policy.

5. No insider, employee or consultant may (a) trade in securities of any other public company while possessing material non-public information concerning that company; (b) "tip" or disclose material non-public information concerning any other public company to anyone; or (c) give trading advice of any kind to anyone concerning any other public company while possessing material non-public information about that company that such insider, employee or consultant learned in the course of their service to the Corporation.
6. In order to avoid possible inadvertent conflict with this policy, it is recommended that, outside of any stock option or employee share ownership plans, no insider, employee or consultant leave with a broker any outstanding sell or purchase orders.

Definition of "Blackout Period" and "Trading Window"

A "blackout period" is any time where an insider, employee or consultant is restricted by the terms of this policy or applicable securities law from trading in securities of the Corporation. Alternatively, a "trading window" is the period of time between blackout periods where an insider, employee or consultant is not restricted by the terms of this policy or applicable securities law from trading in securities of the Corporation.

Designation of Blackout Periods

The Corporation will use reasonable efforts to notify insiders, employees and consultants by e-mail when a general blackout period is in effect. However, it is the obligation of every insider, employee or consultant to ensure, prior to effecting a trade, that a blackout period is not in effect or such person is not otherwise restricted from trading in securities of the Corporation. In the event that an insider, employee or consultant is unsure whether they may trade in securities of the Corporation, they should contact the President and Chief Executive Officer or the Vice President, Finance and Chief Financial Officer of the Corporation to determine if a general blackout period is in effect or if the insider, employee or consultant is in possession of material undisclosed information.

Trading Windows

Insiders, employees and consultants may trade in securities of the Corporation only during the period beginning after the close of business one day following widespread public release of quarterly or year-end financial results or oil and gas reserves related information and ending at the close of trading on the tenth day preceding a Board, Audit Committee or Reserves Committee meeting to approve any financial statements reflecting such financial results or engineering report, as the case may be.

No Trading During Trading Windows While in Possession of Material Non-public Information

No insider, employee or consultant possessing material non-public information concerning the Corporation may trade in securities of the Corporation even during applicable trading windows.

Persons possessing such information may trade during a trading window only after the close of trading on the next full trading day following the widespread public release of such information.

No Trading During Blackout Periods

No insider, employee or consultant may trade in securities of the Corporation outside of applicable trading windows or during any designated special blackout periods. No insider, employee or consultant may disclose to any outside third party that a special blackout period has been designated.

Priority of Statutory or Regulatory Trading Restrictions

The trading prohibitions and restrictions set forth in this policy will be superseded by any greater prohibition or restrictions prescribed by provincial securities laws and regulations.

Enforcement Policies

Compliance Officer

The Vice President, Finance and Chief Financial Officer shall be responsible for responding to questions from directors, officers, employees and consultants and assisting such persons in complying with the terms of this policy and applicable securities laws.

Penalties Under Securities Laws

The consequences of prohibited insider trading or tipping can be severe. Generally, under securities laws, persons violating insider trading or tipping rules may be required to disgorge the profit made or the loss avoided by trading, pay the loss suffered by the persons who purchased securities from or sold securities to the insider tippee, pay fines up to the greater of \$1,000,000 and three times the profit made or loss avoided, pay administrative penalties of up to \$500,000 and serve a jail term of up to five years less a day. The Corporation may also be required to pay penalties and could, under certain circumstances, be subject to private lawsuits by traders for damages suffered as a result of illegal insider trading or tipping by persons under the Corporation's control.

Discipline

Violation of this policy or federal or provincial insider or tipping laws by any insider or employee may subject such person to disciplinary action up to and including termination for cause.

If it is discovered that anyone subject to these policies has violated securities laws, the matter may be referred to the appropriate regulatory authorities.

Approval

This policy has been approved by the board of directors of the Corporation.