

STONEHAM DRILLING LIMITED PARTNERSHIP

WHISTLE BLOWER POLICY

Introduction

Stoneham Drilling Limited Partnership and its subsidiaries and affiliates (collectively, "*Stoneham*") are committed to the highest possible standards of openness, honesty and accountability. In line with that commitment, we expect employees and others that we deal with who have serious concerns about any aspect of Stoneham's work to come forward and voice those concerns,

Employees are often the first to realize that there may be something seriously wrong within Stoneham. However, they may decide not to express their concerns because they feel that speaking up would be disloyal to their colleagues or to Stoneham. They may also fear harassment or victimization. In these circumstances, they may feel it would be easier to ignore the concern rather than report what may just be a suspicion of malpractice.

This policy document makes it clear that employees can do so without fear of victimization, subsequent discrimination or disadvantage. This Whistle Blowing Policy is intended to encourage and enable employees to raise serious concerns within Stoneham rather than overlooking a problem or seeking a resolution of the problem outside Stoneham.

This Policy applies to all employees and those contractors working for Stoneham. It is also intended to provide a method for other stakeholders to voice their concerns regarding Stoneham's business conduct.

The Policy is also intended as a clear statement that if any wrongdoing by Stoneham or any of its employees or by any of its contractors or suppliers is identified and reported to Stoneham, it will be dealt with expeditiously and thoroughly investigated and remedied. Stoneham will further examine the means of ensuring that such wrongdoing can be prevented in future.

A "whistleblowing" or reporting mechanism invites all employees and other stakeholders to act responsibly to uphold the reputation of their organization and maintain public confidence. Encouraging a culture of openness within the organization will also help this process. This policy aims to ensure that serious concerns are properly raised and addressed within Stoneham and are recognized as a key tool in enabling the delivery of good governance practices.

BACKGROUND

1. What is Whistleblowing?

Employees are usually the first to know when something is going seriously wrong. A culture of turning a "blind eye" to such problems means that the alarm is not sounded and those in charge do not get the chance to take action before real damage is done. Whistleblowing can therefore be described as giving information about potentially illegal and/or underhanded practices i.e. wrong doing.

2. What is wrong doing?

Wrong doing involves any unlawful or illegal behavior and can include:

- an unlawful act whether civil or criminal;
- breach of Stoneham Drilling Limited Partnership's Code of Business Conduct and Ethics;
- breach of or failure to implement or comply with any approved Stoneham policy;
- knowingly breaching federal or provincial laws or regulations;
- unprofessional conduct or conduct below, recognized, established standards of practice;
- questionable accounting or auditing practices;
- dangerous practice likely to cause physical harm, damage to any person or property;
- failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to Stoneham;
- abuse of power or authority for any unauthorized or ulterior purpose; and
- unfair discrimination in the course of the employment or provision of services.

This list is not definitive, but is intended to give an indication of the kind of conduct which might be considered as "wrong doing".

3. Who is protected?

Any employee who makes a disclosure or raises a concern under this policy will be protected if the employee:

- discloses the information in good faith;
- believes it to be substantially true;
- does not act maliciously or make false allegations, and
- does not seek any personal or financial gain.

4. Who should you contact?

- (a) Any one with a complaint or concern about Stoneham should try to contact their supervisor or manager. This depends however, on the seriousness and sensitivity of the issues involved and who is suspected of malpractice.
- (b) As an alternative, they could contact (i) Bruce Jones, President & Chief Executive Officer of Stoneham Drilling Inc. at (403) 264-7777; (ii) Jack Smart, Chief Financial Officer of Stoneham Drilling Inc. at (403) 264-7777 and (iii) Marty Abbott, Chairman of the Board of Directors of Stoneham Drilling Inc. at (403) 571-4477.

5. How Stoneham will respond?

Stoneham will respond positively to your concerns.. Do not forget that testing out your concerns is not the same as either accepting or rejecting them.

Where appropriate, the matters raised may:

- (a) be investigated by management, the Board of Directors of Stoneham Administration Inc. and/or Stoneham Drilling Inc., as applicable, internal audit, or through the disciplinary process;
- (b) be referred to the police;
- (c) be referred to the external auditor; or
- (d) form the subject of an independent inquiry.

In order to protect individuals and those accused of misdeeds or possible malpractice, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take.

The overriding principle which Stoneham will have in mind is the interest of Stoneham and its stakeholders.

Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

Within ten working days of a concern being raised, the responsible officer will write to you:

- (a) acknowledging that the concern has been received;
- (b) indicating how he/she proposes to deal with the matter;
- (c) giving an estimate of how long it will take to provide a final response;
- (d) telling you whether any initial enquiries have been made; and

- (e) telling you whether further investigations will take place and if not, why not.

The amount of contact between the officers considering the issues and you will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided. If necessary, Stoneham will seek further information from you.

Stoneham will take steps to minimize any difficulties which you may experience as a result of raising a concern. For instance, if you are required to give evidence in criminal or disciplinary proceedings, Stoneham will arrange for you to receive advice about the procedure.

Stoneham accepts that you need to be assured that the matter has been properly addressed. Thus, subject to legal constraints, we will inform you of the outcomes of any investigation.

6. Time Scale

Concerns will be investigated as quickly as possible. It should also be borne in mind that it may be necessary to refer a matter to an external agency and this may result in an extension of the investigative process. It should also be borne in mind that the seriousness and complexity of any complaint may have an impact upon the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time scale for investigating the complaint.

7. Prevention of recriminations, victimization or harassment

Stoneham will not tolerate an attempt on the part of anyone to apply any sanction or detriment to any person who has reported to Stoneham a serious and genuine concern that they may have concerning an apparent wrongdoing.

8. Confidentiality and Anonymity

Stoneham will respect the confidentiality of any whistle blowing complaint received by Stoneham where the complainant requests that confidentiality. However, it must be appreciated that it will be easier to follow up and to verify complaints if the complainant is prepared to give his or her name. In the event that anonymity is requested, the person will be given a case number and a time or times when he or she can call back for updates on the investigation of his or her complaint.

9. False and Malicious Allegations

Stoneham is proud of its reputation with the highest standards of honesty. It will therefore ensure that substantial and adequate resources are put into investigating any complaint which it receives. However, it is important to realize that Stoneham will view very seriously any allegations which prove not to be substantiated or which prove to have been made maliciously or knowing them to be false.

Stoneham will regard the making of any deliberately false or malicious allegations by any employee of Stoneham as a serious disciplinary offence which may result in disciplinary action, up to and including dismissal for cause.