

**CODE OF BUSINESS CONDUCT
FOR
ITERATION ENERGY LTD.
(the "Company")**

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CODE OF BUSINESS CONDUCT FOR ITERATION ENERGY LTD.
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Accuracy of Company Records and Reporting

Honest and accurate recording and reporting of information is critical to our ability to make responsible business decisions. The Company's accounting records are relied upon to produce reports for the Company's management, shareholders, creditors, governmental agencies and others. Our financial statements and the books and records on which they are based must accurately reflect all corporate transactions and conform to all legal and accounting requirements and our system of internal controls.

Conduct of Employees etc.

Employees, consultants, officers and directors (referred to in this Code of Conduct as "Employees") are expected to familiarize themselves with the contents of this policy and generally be aware of the contents of all policies and procedures of general application within the Company and any specific policies and procedures relating to carrying out their responsibilities and duties with the Company.

In addition to complying with all policies and procedures of the Company (whether or not mentioned specifically in this Code of Conduct), Employees are expected to conduct themselves in a way which will tend to enhance and not detract from the reputation of the Company. In that regard, Employees are expected to comply with all laws, rules and regulations applicable to our business and avoid even the appearance of impropriety.

Compliance Procedures

This Code is not intended to address all of the situations you may encounter. There may 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. We encourage you to use your common sense as a guide. If a situation arises where you have any questions about the interpretation or application of any policy or procedure of the Company, you should speak, in the first instance, with your supervisor. If there is some reason why it is not appropriate for you to speak with your supervisor, you should speak with your supervisor's supervisor or the person in the Company handling human resource issues from time to time.

The Company also has a Treatment of Complaints Policy to facilitate reporting by Employees of the Company of violations of Company policies and procedures. You should familiarize yourself with the contents of the Treatment of Complaints Policy.

Compliance with Environmental Laws

The Company is sensitive to the environmental, health and safety consequences of its operations. Accordingly, the Company strives to be in compliance with all applicable environmental laws

and regulations at all times. You should be aware of the contents of any specific policies and procedures of the Company in place from time to time respecting the environment.

Confidentiality

Employees must maintain the confidential information entrusted to them by the Company or that otherwise comes into their possession in the course of their employment. The obligation to preserve confidential information continues even after you leave the Company.

Confidential information includes all data and information relating to the activities of the Company that has not been made public. It also includes any data and information that has been entrusted to the Company.

From time to time, confidential information must be disclosed to potential business partners. However, such disclosure should never be done without carefully considering the potential benefits and risks. If you determine, in consultation with your supervisor and other appropriate management of the Company, that disclosure of confidential information is necessary, you should consider, in conjunction with your supervisor, whether a written non-disclosure agreement is required – before any disclosure takes place. Do not accept a third party's non-disclosure agreement unless you have been authorized to do so.

The Company has a Corporate Disclosure Policy which addresses the communication of information to the press and the financial analyst community. You are expected to be familiar with the Corporate Disclosure Policy and to adhere strictly to its guidelines. Refer to this policy where appropriate.

Conflicts of Interest

A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, with the interests of the Company. A conflict situation can arise when an Employee takes actions or has interests outside of the Company that may make it difficult to perform his or her work effectively. Conflicts of interest also arise when an Employee, or a member of his or her family or any other person, receives improper benefits as a result of the Employee's position in the Company. Loans to, or guarantees of obligations of, such persons are likely to pose conflicts of interest, as are transactions of any kind between the Company and any other organization in which you or any member of your family have an interest.

You should not engage in any business outside of the Company if it interferes with your performance or responsibilities to the Company. Simultaneous employment with a supplier, customer, or competitor of the Company is not tolerated. It is also a conflict of interest to serve as a director of any organization in competition with the Company without prior approval by the Company. Employees that are consultants to the Company may perform services for other entities provided that there is a clear discussion and understanding with management of the Company as to the scope and area of their services for the other entities.

Activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by management or the Board of Directors. It is not always easy to determine whether

a conflict of interest exists, so any potential conflict of interest must be reported immediately to your supervisor.

Corporate Opportunities

Employees are prohibited from taking for themselves personally opportunities that arise through the use of corporate property, information or position and from using corporate property, information or position for personal gain.

Dealings with Public Officials

The Company will make no illegal payments of any kind, directly or indirectly. Even the appearance of impropriety in dealing with public officials is to be avoided and is considered by the Company to be improper and unacceptable. Any participation in or acquiescence of, whether directly or indirectly, any bribes, kickbacks, indirect contributions or similar payments is expressly forbidden, whether or not they might further the interests of the Company.

Disciplinary Action

The Company will take appropriate action against any Employee whose actions are found to violate the policies set out in this Code, including the application of other policies and procedures of the Company. Disciplinary actions may include the immediate termination of employment or the business relationship. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will cooperate fully with the appropriate authorities.

Discrimination and Harassment

The Company's values include ethical actions, honesty, respect for others, and teamwork. This requires an environment that is open, supportive, and interdependent. No action could be more contrary to our values than discrimination.

Discrimination, harassment, slurs, or jokes based on a person's race, colour, creed, religion, national origin, citizenship, age, sex, marital status, sexual orientation or mental or physical disability will not be tolerated. Employees are encouraged to speak out when a coworker's conduct makes them uncomfortable, and to report harassment when it occurs.

Fair Dealing

Each Employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and Employees. No Employee should take unfair advantage of anyone through illegal conduct, manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

Gifts and Entertainment

Business gifts and entertainment are customary courtesies designed to build goodwill among business partners. These courtesies include such things as meals and beverages, tickets to

sporting or cultural events, discounts not available to the general public, travel, accommodation and other merchandise or services. In some cultures, they play an important role in business relationships. However, a problem may arise when such courtesies compromise - or appear to compromise - our ability to make objective and fair business decisions. The same rules apply to Employees offering gifts and entertainment to our business associates.

Offering or receiving any gift, gratuity or entertainment that might be perceived to unfairly influence a business relationship should be avoided. These guidelines apply at all times, and do not change during traditional gift-giving seasons. The value of gifts should be modest, both with respect to frequency and amount. Gifts that are repetitive (no matter how small) may be perceived as an attempt to create an obligation to the giver and are therefore inappropriate. Likewise, business entertainment should be moderately scaled and intended only to facilitate business goals.

If you are having difficulty determining whether a specific gift or entertainment item lies within the bounds of acceptable business practice, ask yourself these guiding questions:

- It is legal?
- Is it clearly business related?
- Is it moderate, reasonable, and in good taste?
- Would public disclosure embarrass the company?
- Is there any pressure to reciprocate or grant special favors?

Strict rules apply when we do business with governmental agencies and officials, whether in Canada or in other countries. Because of the sensitive nature of these relationships, talk with your supervisor before offering or making any gifts or hospitality to governmental Employees.

Insider Trading and Other Trading in Company Shares

Insider trading is unethical and illegal. Material undisclosed information about the Company's business is called "inside" information and can include financial information, drilling activity and results, acquisition or divestiture plans, or other information that could affect the price of the Company's shares. If you have material inside information about the Company, you may not trade in the Company's shares from the moment you receive that information until that information has been disseminated to the public and there has been a reasonable opportunity for the markets to react to the information. It is not acceptable or wise for you to assume that the release by the Company of a Press Release automatically makes it proper for you to act on inside information. It is your responsibility to ensure that any action taken by you is in full compliance with all applicable laws. Additionally, you must not assist anyone else to trade in the Company's shares by improperly disclosing inside information to him or her.

The Company may also impose "blackout periods" affecting certain Employees from time to time. Trading blackout periods generally apply to those Employees with access to material undisclosed information during periods when financial statements are being prepared but results have not yet been publicly disclosed. Refer to the Corporate Disclosure Policy for details on these blackout periods.

The Company does not permit Employees to engage in “day trading” in the shares of the Company even if such trades are made at a time when the Employee is not in possession of insider information. Any trades made by Employees in shares of the Company should be made based on a longer term investment horizon consistent with the Employee’s personal planning goals.

Political Activities and Contributions

We respect and support the right of our Employees to participate in political activities. However, these activities should not be conducted on Company time or involve the use of any Company resources such as telephones, computers or supplies. Employees will not be reimbursed for personal political contributions. Your political views are not an acceptable excuse for less than acceptable performance of your duties and are not a valid reason for interfering with the rights of others around you.

We may occasionally express Company views on local and national issues that affect our operations. In such cases, Company funds and resources may be used, but only when permitted by law and approved of by the Company. The Company may also make limited contributions to political parties or candidates in jurisdictions where it is legal and customary to do so. The Company may pay related administrative and solicitation costs for political action committees formed in accordance with applicable laws and regulations. No Employee may make or commit to political contributions on behalf of the company without prior approval.

Protection and Proper Use of Company Assets

All Employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incidents of fraud or theft should be immediately reported for investigation. Except for the limited use of phones, computers etc. as described below, Company assets, such as funds, products or computers, may only be used for legitimate business purposes or other purposes approved by management. Company assets may never be used for illegal purposes.

The obligation to protect Company assets includes proprietary information. Proprietary information includes any information that is not generally known to the public or would be helpful to our competitors. Examples of proprietary information are intellectual property, business and marketing plans and Employee information. The obligation to preserve proprietary information continues even after you leave the Company.

Modest personal use of the Company’s phones, computers and the like are permitted within ordinary business practices, however, the Company will not tolerate the use of its property or systems for inappropriate purposes, such as the dissemination of junk e-mail, spam, viruses and the like or offensive, racial, nuisance or pornographic material. You should be aware of all policies of the Company respecting its computer and information systems and ensure that you are in compliance with such policies.

Reporting of any Illegal or Unethical Behavior

We have a strong commitment to conduct our business in a lawful and ethical manner. 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 violations of laws, rules, regulations or this Code (reporting will be kept confidential). The Company has a specific policy called the Treatment of Complaints Policy that requires the Company to investigate complaints made by Employees and members of the public and prohibits retaliatory action against any Employee who, in good faith, reports a possible violation. You should familiarize yourself with the Treatment of Complaints Policy.

Safety and Health

We are all responsible for maintaining a safe workplace by following safety and health rules and practices. The Company is committed to keeping its workplaces free from hazards. Please report any accidents, injuries, unsafe equipment, practices or conditions immediately to a supervisor or other designated person. Threats or acts of violence or physical intimidation are prohibited.

In order to protect the safety of all Employees, Employees must report to work free from the influence of any substance that could prevent them from conducting work activities safely and effectively.

Privacy of Voice Mail, E-Mail and the Like

Like Company files, your voice mail, e-mail and computer information are considered company property and you should not have any expectation of privacy. Unless prohibited by law, the company reserves the right to access and disclose this information as necessary for business purposes. Use good judgment, and do not access, send messages or store any information that you would not want to be seen or heard by other individuals.

APPENDIX I

Contact List

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Secretary

**ACKNOWLEDGEMENT AND CERTIFICATION
OF CODE OF BUSINESS CONDUCT FOR ITERATION ENERGY LTD.**

I have received and read the Code of Business Conduct for Iteration Energy Ltd. dated November 2005 (the "Code"). I understand the standards and policies contained in the Code. I believe the provisions of the Code are reasonable and I agree to comply with the Code for as long as I am subject thereto.

If I have any questions concerning the meaning or application of the Code or any of the Company's policies, I know I can contact my supervisor or any other officer of the Company or any of the persons set out on Appendix I to the policy.

I understand that if I know of any events or transactions that violate the Code, my responsibility is to communicate the information promptly to my supervisor or otherwise in accordance with the Treatment of Complaints policy of the Company.

I understand that this acknowledgement and certification will be placed in my personnel file for permanent reference.

Name

Signature

Date