

Direct Complaint Process

FairWest Energy Corporation

April 26, 2010

All employees and consultants should report perceived or actual:

- Violations of the law;
- Violations of FairWest company policies;
- Danger to an employee's or the public's health, safety or security;
- Risk to FairWest-owned assets, property or resources; or
- Accounting or auditing irregularities.

All questions as to whether a particular past or proposed action is in violation of this Policy should be directed to the Chairman of the Audit Committee, who will consult with FairWest's legal counsel and/or the Chief Executive Officer of FairWest, as appropriate or required.

Direct Complaint Process

An employee or consultant with a concern regarding questionable ethical practices is encouraged to submit the concern (Complaint) to the Chief Executive Officer or the Chief Financial Officer. The Complaint shall then be reported to the Chairman of the Audit Committee to handle coordination and resolution of the Complaint. At the direction of the person making the Complaint, the Chairman of the Audit Committee will refer the Complaint to an Investigation Committee, which shall consist of three persons, as appropriate depending on the nature of the Complaint.

The Investigation Committee will designate an appropriate person responsible for investigating and resolving the Complaint in a prompt, fair and unbiased manner.

The Investigation

The investigation may proceed through an informal meeting with the person making the Complaint and any other person (s) who may be responsible for the matter giving rise to the Complaint, where each person will be given a full and fair opportunity to speak to the matter. If the Complaint cannot be resolved informally or if such a meeting is inappropriate, the person making the Complaint will be asked to sign a written complaint detailing the nature of the complaint, which will be made available to the other person(s). The investigator will then thoroughly and promptly investigate the matter in the manner directed by the Investigation Committee.

When the investigation is complete, the Investigation Committee will communicate its findings and intended actions to the person making the Complaint and the other person(s) regarding:

- **Corrective Action Measures** – if the Investigation Committee finds that improper conduct has taken place, any person responsible for such conduct will be subject to appropriate measures.
- **Unsubstantiated Complaints** – if the Investigation Committee determines that no questionable conduct occurred, this finding will be communicated to the person making the Complaint and any person(s) implicated in the alleged questionable conduct. All record of the Complaint shall be removed from the personnel file of any person(s) implicated in the alleged questionable conduct.
- **Protection Against Retaliation** – there will be no retaliation against any individual who makes a Complaint.
- **Confidentiality** – to protect the interests of the person making the Complaint and any person(s) complained against, confidentiality will be maintained throughout the investigation to the extent practical and appropriate under the circumstances.
- **Other Avenues of Recourse** – if a regulatory body becomes involved in a Complaint the Chief Executive Officer and the Chairman of the Audit Committee must be contacted immediately.

The Chairman and Chief Executive Officer shall ensure that there is a record of the nature and treatment of the Complaint and that the Board is provided with a copy of such Complaint, at the next scheduled Board meeting.

Complaint to Committee Chair

An employee with a concern regarding questionable ethical practices may also directly contact the Chairman of the Audit Committee.

Procedures for Addressing Accounting Related Complaints

An employee, consultant, or any other person with a concern regarding questionable accounting or auditing matters may submit that concern (“Accounting Related Complaint”) in one of the following ways:

- Refer the Accounting Related Complaint to the Chief Executive Officer; or
- Report to the Chairman of the Audit Committee. Any employee, consultant or any other person who wishes to make an Accounting Related Complaint anonymously or in confidence may do so by directing the Accounting Related Complaint in writing directly to the Chairman of the Audit Committee, in an envelope labeled: “To be opened by the Chairman of the Audit Committee only. Being submitted pursuant to the Ethics Policy” or similarly.

Upon receiving an Accounting Related Complaint and depending upon the apparent urgency, severity and materiality of the matter, the Chairman of the Audit Committee will take steps to:

- Notify the members of that Committee; and/ or
- Call a special meeting of that Committee; and/or
- Add the Accounting Related Complaint to the agenda for consideration at the next regularly scheduled meeting of that Committee.

The Audit Committee shall review and discuss the nature of the Accounting Related Complaint and the accounting, internal accounting controls or auditing matters that are called into question. The Audit Committee will hold an in camera session, without management present. That Committee may then, at its discretion, require any of the Chief Executive Officer, Chief Financial Officer, the independent auditor, the person making the Accounting Related Complaint (if known) and any other person(s) the Committee deems necessary, to attend a meeting of that Committee. The purpose of the meeting and the nature of the Accounting Related Complaint will be communicated to all attendees by notice before the meeting.

If the Audit Committee is satisfied, upon a preliminary review, that the Accounting Related Complaint has merit, that Committee shall authorize its Committee Chair to retain and consult with the following experts in order to review the Accounting Related Complaint:

- An appropriately qualified law firm; and
- A registered public accounting firm, as defined in applicable securities law, other than the independent auditor.

Following the conclusion of its inquiries, the Audit Committee shall meet to determine the merit of the Accounting Related Complaint. Minutes of the meeting shall be kept in order to ensure a record of the nature and treatment of the Accounting Related Complaint.

Upon reaching a determination, the Audit Committee will communicate its findings and recommendations to the Board. The Board shall consider and implement any recommendations it deems advisable to correct any deficiencies identified by the Accounting Related Complaint and shall communicate the recommendation to management.

The Audit Committee shall ensure that confidentiality is maintained throughout the investigatory process to the extent practical and appropriate under the circumstances and the person who makes the Accounting Related Complaint (if known) shall receive a written summary of the final determination.

The Audit Committee shall retain all documentation regarding the Accounting Related Complaint, its preliminary review, any investigation, determination and implementation of recommendations for a period of no less than ten years.

Administration

The Chief Executive Officer is responsible for communication of the Policy to all employees and consultants. The Chief Executive Officer shall provide annual reminders and periodic information seminars and other educational programs with respect to the scope and requirements of the Policy.

No Retaliation

FairWest will not allow or pursue retaliation of any kind for reports or Complaints, or for assistance or information provided to applicable authorities in connection with an investigation of breaches of applicable securities law, where the reports or Complaints are made or provided in good faith. In addition, no employee may be adversely affected because the employee refused to carry out a directive which, in fact, constitutes corporate fraud or is a violation of this Policy.

Changes or Waivers

Waivers, including implicit waivers by non-action, of this Policy for executive officers or directors may be made only by the Board. Any changes to or waivers of this Policy shall be disclosed as required by applicable securities law.

FairWest Contacts

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