

BUFFALO COAL CORP.

CODE OF BUSINESS CONDUCT AND ETHICS

This Code of Business Conduct and Ethics (the "Code") applies to the employees, consultants, officers and directors of Buffalo Coal Corp and the employees, consultants, officers and directors of the Corporation's subsidiaries, unless a comparable Code applies to such subsidiary ("Buffalo Coal" or the "Corporation"). The Code is intended to document the principles of conduct and ethics to be followed by Buffalo Coal Corporation and its employees, consultants, officers and directors. This Code is not intended to be a complete codification of all instances which might arise, but provides the basic principles to guide those to whom it applies to conduct business activities with integrity. The purpose of this Code is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest. All employees, consultants, officers and directors are also required to adhere to the various policies which are maintained by the Corporation, including the Corporation's Disclosure, Confidentiality and Insider Trading Policy.

I. CONFLICTS OF INTEREST

Employees, consultants, officers and directors of Buffalo Coal shall avoid situations where their personal interest could conflict with, or even appear to conflict with, the interests of the Corporation and its shareholders. Employees, consultants, officers and directors shall at all times act in the best interest of Buffalo Coal. An employee, consultant, officer and director who believes that a conflict of interest might exist, or that there is a potential for such conflict to exist, must immediately inform the Corporate Secretary thereof.

II. PROTECTION AND PROPER USE OF CORPORATE ASSETS AND OPPORTUNITIES

The Corporation's equipment, supplies, documents, intellectual property and other assets are intended for business use. Any such corporate property provided to employees, consultants, officers and directors in the course of their employment or tenure of office remains the property of the Corporation and shall be returned to the Corporation upon request or upon termination of their employment or office.

The Corporation's property or opportunities must not be used for personal gain or illegal activities. Any instances of misuse, theft or waste of assets or funds or any appropriation of an opportunity must be reported to the Chief Executive Officer, Chairman of the Audit Committee, Chairman of the Corporate Governance Committee or Chairman of the Board immediately.

III. DEALING WITH SUPPLIERS AND SERVICE PROVIDERS

All purchases of goods and services by the Corporation will be made exclusively on the basis of price, quality, service and suitability to the Corporation's needs. Employees, consultants, officers or directors are prohibited from accepting gifts of money or receiving any type of personal kickbacks, rebates or other "under-the-table" payments. Employees, consultants, officers and directors may accept unsolicited non-monetary gifts provided they are appropriate and customary client development gifts for the industry. Employees, consultants, officers and directors must disclose the receipt of gifts in accordance with and in the manner provided for in the relevant gifts policy of the Corporation.

To the extent that any supplier or service provider may obtain confidential information relating to Buffalo Coal, they are to be instructed regarding their obligations under applicable securities law that they cannot trade in the securities of Buffalo Coal while aware of undisclosed material information.

IV. DEALING WITH PUBLIC OFFICIALS

No employee, consultant, director or officer shall make any form of payment, direct or indirect, to any public official as inducement to procuring or keeping business or having a law or regulation enacted, defeated, or

violated or obtaining a license or permit. Any employee, consultant, director or officer dealing with any public official shall be aware of the applicable laws regarding lobbying and dealings with public officials.

V. EQUAL OPPORTUNITY

There shall be no discrimination against any employee, consultant, officer, director or applicant because of race, religion, color, sex, sexual orientation, age, national or ethnic origin, or physical handicap (unless demands of the position are prohibitive). The Corporation will maintain a work environment free of discriminatory practice of any kind, except where required by law.

VI. HEALTH, SAFETY, AND ENVIRONMENTAL PROTECTION

It is the Corporation's policy to pay special regard to the health and safety of its employees, consultants, officers, directors and others and to the state of the environment.

VII. CONFIDENTIALITY

No employee, consultant, director, or officer shall, either during the continuance of their engagement with Buffalo Coal, or at any time thereafter, disclose the private affairs of Buffalo Coal and/or its subsidiaries, or any secrets of Buffalo Coal and/or its subsidiaries, to any person other than the Directors of the Corporation and/or its subsidiaries or for Buffalo Coal's purposes and shall not (either during the continuance of their engagement or at any time thereafter) use, for their own purposes or for any purpose other than those of Buffalo Coal, any information the employee, consultant, director, or officer may acquire in relation to the business and affairs of Buffalo Coal and/or its subsidiaries.

VIII. USE OF AGENTS

Agents or other non-employees cannot be used to circumvent the law or to engage in practices that run contrary to this Code or the other policies of the Corporation.

IX. INTERNATIONAL OPERATIONS AND BUSINESS PRACTICES

Employees, consultants, officers and directors operating outside of Canada have a special responsibility to know and obey laws and regulations of countries where they act for the Corporation and to conduct themselves in accordance with local business practices. The Corporation recognizes that laws, regulations, business practices and customs vary throughout the world and that, in certain cases, may be different from laws, regulations, business practices and customs in Canada. The Corporation and its employees, consultants, officers and directors shall endeavour to comply with all applicable laws including those relating to foreign corrupt practices.

X. USING THE CODE OF CONDUCT AND REPORTING VIOLATIONS

It is the responsibility of all employees, consultants, officers and directors to understand and comply with this Code, and all (both existing and new) employees, consultants, officers and directors are required to sign the applicable acknowledgement substantially in the form set out at the end of this Code.

If you observe or become aware of an actual or potential violation of this Code or of any law or regulation, whether committed by Buffalo Coal employees or by others associated with Buffalo Coal, it is your responsibility to report the circumstances as outlined herein and to cooperate with any investigation by Buffalo Coal.

This Code is designed to provide an atmosphere of open communication for compliance issues and to ensure that employees acting in good faith have the means to report actual or potential violations.

For assistance with compliance matters and to report actual or potential compliance infractions, employees should contact their supervisor who will orally inform their manager or his/her delegate. If the supervisor is unable to resolve the issue or if the employee is uncomfortable discussing the issue with his/her supervisor or his/her manager, the employee may also submit reports of violations to this Code orally through a confidential telephone number. The report will be communicated directly to the Chief Financial Officer and reported to the Chairperson of the Corporate Governance or Audit Committee depending on the nature of the report.

Managers, officers and directors who become aware of any violation or potential violation of this Code are required to promptly report it to the Chairperson of the Corporate Governance Committee or Audit Committee openly or confidentially (in the manner described above).

Following the receipt of any complaints submitted hereunder, the Chairperson of the Corporate Governance Committee or Audit Committee will investigate each matter so reported and in consultation with the Corporate Governance Committee, or Audit Committee, and the Chief Executive Officer take corrective disciplinary actions, if appropriate, up to and including termination of employment.

There will be no reprisals against employees, consultants, officers and directors for good faith reporting of compliance concerns or violations. The Chairperson of the Corporate Governance Committee or Audit Committee will confidentially retain any complaints received hereunder for a period of six years from the date following resolution of the complaint or submission.

XI. DISCLOSURE

The Corporation is committed to consistent and fair disclosure practices aimed at informative, timely and broadly disseminated disclosure of information to the market in accordance with all applicable laws. Accordingly, the Corporation is subject to the requirements of the Toronto Stock Exchange and securities regulators on the public disclosure of information. Employees, consultants, officers and directors are expected to comply with the provisions of the Corporate Disclosure, Confidentiality and Insider Trading Policy which provides guidance on disclosure of financial information and designated spokespersons of the Corporation, among others.

XII. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

Employees must comply with applicable laws, rules and regulations at all times.

XIII. WAIVERS

Waivers of this Code may be granted only in a manner permitted or prescribed by law.