



ENER-CORE, INC.

WHISTLEBLOWER POLICY

Adopted September 24, 2013

This document sets forth the whistleblower policy of Ener-Core, Inc. (the “Company”), a Nevada corporation. All references to the “Company” in the document include any subsidiaries, branches, or divisions of Ener-Core, Inc. The Company is committed to providing a workplace conducive to open discussion of its business practices. It is our policy to comply with all applicable laws that protect our employees, including the employees of our subsidiaries, against unlawful retaliation as a result of their lawful, good-faith and reasonable reporting of or participation in investigations involving corporate fraud or other violations of federal and state law. Specifically, this policy is designed to prevent retaliation in the event an employee engages in any of the following:

- Disclosing information to a government or law enforcement agency, where the employee has a good faith, reasonable belief that the information demonstrates a violation or possible violation of federal or state law, or federal or state regulation;
- Providing information, filing or otherwise participating in or assisting with an investigation or proceeding regarding any conduct that an employee reasonably and in good faith believes involves a violation or possible violation of federal or state law, or federal or state regulation;
- Providing information to the Company representatives (as designated below) where the employee has a good faith, reasonable belief that the information discloses a violation or possible violation of any of the Company’s employee or other policies; or
- Providing information to the Company representatives (as designated below) where the employee has good-faith, reasonable complaints or concerns regarding accounting practices, internal controls, financial statements and audit matters.

We will refer to the suspected violations described above as “Compliance Concerns.”

We want our employees to raise appropriate Compliance Concerns. However, this policy is not meant to protect employees who file reports or provide information without a good-faith, reasonable belief in the truth and accuracy of the information. In addition, except to the extent required by applicable law, this policy is not intended to protect employees who violate their confidentiality obligations with regard to our confidential or proprietary information.

POLICY APPLIES TO EMPLOYEES OF CERTAIN SUBSIDIARIES AND AFFILIATES



This policy covers employees of any subsidiary or affiliate whose financial information is included in the consolidated financial statements of the Company.

POLICY APPLIES TO U.S. EMPLOYEES

This policy is designed to comply with the laws that apply to U.S. based employees. Employees based in other countries are subject to the laws of those countries which generally have different compliance requirements. Employees in other countries should consult with their human resources representatives for the applicable requirements in their country.

HOW TO RAISE A COMPLIANCE CONCERN

If you have a good-faith, reasonable belief that an employee or the Company has engaged in conduct giving rise to a Compliance Concern, you should promptly report it. If you have a Compliance Concern, please contact one of the following individuals:

1. Your Supervisor or Manager. You are encouraged to discuss Compliance Concerns with your manager first, since he or she will often be in the best position to resolve the issue quickly.
2. Your Next Level of Management. If, under the circumstances, reporting to your manager is not appropriate, please report your Compliance Concerns to the next level of management.
3. Our Corporate Compliance Officer. The Company has appointed a Compliance Officer who is responsible for administering this policy. Our Compliance Officer is Boris Maslov, President, who may be reached at (949) 616-3333 or boris.maslov@ener-core.com. Our Compliance Officer is responsible for receiving and reviewing complaints and overseeing investigative procedures (under the direction and oversight of the Audit Committee) under this policy. In his discretion, the Compliance Officer will refer appropriate complaints to the Board of Directors or the Audit Committee.

If the matter to be discussed involves the Compliance Officer, or if for any reason you are uncomfortable discussing the matter with any of the people described above, you may raise the matter with the Chairman of our Audit Committee.

PROCEDURES FOR RECORDING COMPLIANCE CONCERNS

We will record all reports of Compliance Concerns in a log (the "Compliance Log") which, to the extent possible, will indicate the following information for each Compliance Concern: (1) a description of the Compliance Concern; (2) the date of the report; (3) the persons responsible for reviewing the Compliance Concern; and (4) the disposition of the matter.

PROCEDURES FOR INVESTIGATING COMPLIANCE CONCERNS

The Audit Committee of our Board of Directors will have access to all Compliance Concerns that involve our accounting practices, internal controls, financial statements,



and audit matters. In addition, the Compliance Officer will refer appropriate Compliance Concerns to the Audit Committee on a periodic, as-needed basis. For each Compliance Concern, the Compliance Officer (under the direction and oversight of the Audit Committee) will assess the planned course of action, including whether to commence an investigation.

The responsibilities of the Compliance Officer and the Audit Committee with respect to investigations of Compliance Concerns will include the following:

1. Assign a Review Team. Ensure that appropriate resources and expertise are brought into the investigation so that reports of all allegations may be reviewed in a timely and thorough manner. Ensure that no one assigned to an investigation has a conflict of interest relating to the investigation.
2. Conduct Investigation. Ensure that the proper investigative channels are used. Coordinate and facilitate communications across investigative channels as necessary to ensure a comprehensive investigation.
3. Determine Actions. Assure that the appropriate executive officers and the Board of Directors are apprised of the allegations as appropriate and necessary, and determine further action, if any.
4. Improve Process. Monitor the significant elements and the progress of investigations to ensure that any action taken to address the reported violation is appropriate for the circumstances.
5. Provide Feedback. The Compliance Officer will make himself or available to discuss with employees any complaints raised or reports filed by them (except to the extent that a complaint is filed anonymously) and provide feedback as necessary or appropriate.