



INSIDER TRADING AND REPORTING POLICY



GRANITE OIL CORP. (the "Corporation")

The purpose of the Insider Trading and Reporting Policy (the "**Policy**") is to summarize the insider trading restrictions to which directors, officers and certain employees are subject under applicable securities legislation, and to set forth a policy governing investments in the shares of the Corporation and the reporting thereof which is consistent with the applicable legislation.

This Policy is not intended to discourage investment in the Corporation's shares. Rather, it is intended to highlight the obligations and the restrictions imposed on insiders by relevant securities legislation.

1. Summary of Legislation

Securities legislation prohibits any person in a "special relationship" with the Corporation from either:

- (a) purchasing or selling the Corporation's shares with the knowledge of a material fact or material change concerning the Corporation that has not been generally disclosed to the public; or
- (b) informing (or "**tipping**"), other than when necessary in the course of business, another person or corporation of a material fact or material change concerning the Corporation before the material fact or material change has been generally disclosed. A material change to the business or affairs of the Corporation or a material fact is one which would reasonably be expected to have an effect on the market price or value of any securities of a public issuer. A material change is specifically defined to include any decision by a board of directors to implement a material change, as well as any decision made to implement such a change by senior management, if Board of Director approval is probable.

This prohibition applies to any of the following persons who are deemed to have a "special relationship" with the Corporation:

- (a) directors, officers, employees and consultants of the Corporation; and
- (b) persons or corporations who learn of a material fact or material change concerning the Corporation.

While the penalties for a breach of this prohibition vary among jurisdictions, a breach may render you personally liable to prosecution and, upon conviction, to a fine not exceeding one million dollars or two years in jail, or both. Further, you may be subject to civil actions at the instance of certain security holders, the companies whose securities were traded, various securities commissions, or any of these.

You should note that any person who is associated with you, including any member of your family, your spouse or any person living with you, is also deemed to be a person in a special relationship with the Corporation, and is subject to the same legal obligations and duties.

2. Trading Prohibitions

In light of the foregoing, all directors, officers and employees of the Corporation will be subject to the following prohibitions relating to investments in the Corporation's securities and securities of other public issuers:

- (a) If one has knowledge of a material fact or material change related to the affairs of the Corporation or any public issuer involved in a transaction with the Corporation which is not

generally known, no purchase or sale may be made until the information has been generally disclosed to the public and the blackout periods set forth below have expired;

- (b) Knowledge of a material fact or change must not be conveyed to any other person for the purpose of assisting that person in trading securities;
- (c) The practice of hedging, selling “short” securities of the Corporation at any time is not permitted;
- (d) The practice of buying or selling a “call” or “put” or any other prepaid forward contracts, equity swaps, collars, units of exchange funds, or derivative security in respect of any securities of the Corporation is not permitted; and
- (e) Trading is prohibited in the event that the Corporation has provided notice of a pending material fact or material change until the information has been generally disclosed to the public and the blackout periods set forth below have expired.

Notwithstanding the above, a director, officer or employee of the Corporation may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable, to the purchaser.

For purposes of this Policy, public issuer includes any issuer, whether a corporation or otherwise, whose securities are traded in a public market, whether on a stock exchange or “over the counter”.

The above prohibitions and the insider reporting obligations provided below applies equally to the trading or exercising of options of the public issuer.

3. Insider Reporting Obligations

Under current Alberta law, a person or Corporation who becomes an insider of the Corporation must file an insider report within 10 days of the date of becoming an insider. In addition, an insider whose direct or indirect beneficial ownership of or control or direction over securities of the Corporation changes, must file an insider report of the change within 5 days of the date of the change.

Some other Canadian jurisdictions require the filing of the Insider Report within 10 days of the end of the month during which the person became an insider or the change occurred. By complying with the Alberta legal requirements in this regard, insiders will also be in compliance with the laws of other relevant jurisdictions.

Generally, securities legislation defines Insiders as:

- (a) every director or “senior officer” (as defined below) of a public issuer;
- (b) every director or senior officer of an issuer that is itself an insider of a public issuer, which includes its subsidiaries;
- (c) any person or Corporation that:
 - (i) beneficially owns, directly or indirectly, voting securities of a public issuer, or
 - (ii) exercised control or direction over voting securities of a public issuer, or



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- (iii) beneficially owns, directly or indirectly, certain voting securities of a public issuer and exercises control or direction over certain other voting securities of a public issuer, carrying more than 10% of the voting rights attached to all voting securities of the public issuer for the time being outstanding other than voting securities held by the person or Corporation as underwriter in the course of distribution.

Generally, a “senior officer” is:

- (a) The Chairperson or Vice-Chairperson of the Board of Directors, the President, Vice-President, Secretary, Controller, Treasurer or General Manager or any other individual who performs functions for the issuer similar to those performed by an individual occupying that office; and
- (b) Each of the 5 highest paid employees of an issuer, including any individual referred to above.

A copy of the insider report may be obtained from the Corporation and is required to be filed electronically on SEDI.

It is each insider's personal responsibility to ensure that all requisite insider trading reports are filed with the appropriate securities commissions within the statutory time limits.

4. Blackout Periods

In order to ensure uniform compliance with securities legislation, the Corporation has made the following provision for blackout periods during which Insiders, senior officers, restricted persons, directors, officers and employees who are routinely in possession of undisclosed material information, are prohibited from trading in the Corporation's securities.

- (a) Periodic, Regular Disclosure (Quarterly and Annual Financial Results)
 - (i) For each quarter, the blackout period is the seven days immediately preceding the day of the Board or Audit Committee meeting at which the financial statements are to be reviewed and/or approved and terminating after the financial statements have been widely disseminated into the marketplace or at such time as the Board may determine at its discretion. If the Board has made no determination, then the blackout period is deemed to terminate at the end of one clear trading day following the release.
 - (ii) Financial results release dates are approximate and will vary on a yearly basis.

5. Unscheduled Developments

Unscheduled developments are significant corporate acquisitions, divestitures, contract negotiations, asset write downs, or similar transactions that will generally result in a material change in the affairs of the Corporation.

- (a) The blackout period begins as soon as management is aware of the development and has communicated such development to the Insiders, and continues until the information has been widely disseminated into the marketplace or at such time as the Board may determine at its discretion. If the Board has made no determination, then the blackout period is deemed to terminate at the end of one clear trading day following the release.



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- (b) If you are unsure whether or not you may trade in a given circumstance, you should contact the Chief Executive Officer or Chief Financial Officer to determine if the particular information is or is not material.

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