

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form prospectus constitutes a public offering of securities only in those jurisdictions where such securities may be lawfully offered for sale and therein only by persons permitted to sell such securities. The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and, accordingly, may not be offered, sold or delivered, directly or indirectly, in the United States (as such term is defined in Regulation S under the U.S. Securities Act) except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States. See "Plan of Distribution".

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of Granite Oil Corp., at 432, 222 - 3rd Avenue S.W., Calgary, Alberta T2P 0B4, Telephone (587) 349-9113, and are also available electronically at www.sedar.com. See "Documents Incorporated by Reference".

SHORT FORM PROSPECTUS

New Issue

June 8, 2016



\$15,002,300
2,113,000 Common Shares
Price: \$7.10 per Common Share

Granite Oil Corp. (the "**Corporation**") is hereby qualifying for distribution 2,113,000 common shares in the capital of the Corporation (the "**Offered Shares**") at a price of \$7.10 per Offered Share (the "**Offering**").

This short form prospectus also qualifies the granting of the Over-Allotment Option (as defined herein) and the distribution of the Option Shares (as defined herein) that may be issued on the exercise thereof. See "Plan of Distribution".

On May 26, 2016, the last complete day of trading prior to the date of the announcement of the Offering, the closing price of the common shares of the Corporation (the "**Common Shares**") on the Toronto Stock Exchange (the "**TSX**" or the "**Exchange**") was \$7.40 per Common Share. On June 7, 2016, the last complete day of trading prior to the date hereof, the closing price of the Common Shares on the TSX was \$7.75 per Common Share. The offering price of the Offered Shares under this short form prospectus was determined by arm's length negotiations among the Corporation and National Bank Financial Inc. ("**National Bank**") on their own behalf and on behalf of Raymond James Ltd. (together, with National Bank, the "**Co-Lead Underwriters**"), Cormark Securities Inc., CIBC World Markets Inc., Dundee Securities Ltd., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc. (together with the Co-Lead Underwriters, the "**Underwriters**"). See "Plan of Distribution".

	Price to Public	Underwriters' Fee ⁽¹⁾	Net Proceeds to the Corporation ⁽²⁾⁽³⁾
Per Offered Share	\$7.10	\$0.3550	\$6.7450
TOTAL	\$15,002,300	\$750,115	\$14,252,185

Notes:

- (1) The Underwriters will be paid an aggregate cash fee equal to 5% of the gross proceeds of the Offering (the "**Underwriters' Fee**") and the Underwriters will also be reimbursed for their legal and other expenses. See "Plan of Distribution".
- (2) After deducting the Underwriters' Fee but before deducting the expenses of the Offering, estimated to be approximately \$300,000.
- (3) The Corporation has granted to the Underwriters an option (the "**Over-Allotment Option**") exercisable, in whole or in part, at the discretion of the Underwriters, at any time not later than the 30th day following the Closing Date (as hereinafter defined) for up to an additional 211,300 Common

Shares (the “**Option Shares**”) at a price of \$7.10 per Option Share on the same terms and conditions as the Offered Shares for aggregate proceeds of up to \$1,500,230. This short form prospectus qualifies the distribution of the Over-Allotment Option and the issuance and distribution of the Option Shares (and where the context requires, reference to the “Offered Shares” includes the Option Shares). A purchaser who purchases securities forming part of the Over-Allotment Option acquires those securities under this short form prospectus regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is fully exercised, the total “Price to Public”, “Underwriters’ Fee” and “Net Proceeds to the Corporation” (before deducting expenses of the Offering) will be \$16,502,530, \$825,126.50 and \$15,677,403.50, respectively. See “Plan of Distribution”.

The Underwriters, as principals with respect to the sale of the Offered Shares, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Corporation and delivered and accepted by the Underwriters in accordance with the conditions contained in the underwriting agreement referred to under “Plan of Distribution”, and subject to approval of certain legal matters relating to the qualification for distribution of the Offered Shares on behalf of the Corporation by DLA Piper (Canada) LLP and on behalf of the Underwriters by Burnet Duckworth & Palmer LLP.

The following table sets forth the number of Option Shares that may be issued by the Corporation pursuant to the Over-Allotment Option:

Underwriters’ Position	Maximum size or number of securities available	Exercise period	Exercise price
Over-Allotment Option	211,300 Option Shares	Until and including 30 days from the closing of the Offering	\$7.10 per Option Share

The Underwriters propose to offer the Offered Shares initially at the offering price specified above. After a reasonable effort has been made to sell the Offered Shares at such price, the Underwriters may offer the Offered Shares at a price lower than that stated above. Notwithstanding any reduction by the Underwriters in the offering price specified above, any such reduction will not affect the proceeds received by the Corporation. See “Plan of Distribution”.

The issued and outstanding Common Shares are listed on the TSX under the symbol “GXO”. The TSX has conditionally accepted the listing of the Offered Shares and the Option Shares offered under this short form prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

Subscriptions for Offered Shares and Option Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will occur on or about June 15, 2016, or such other date as may be agreed upon by the Corporation and the Underwriters but in any event not later than 42 days following the date of the receipt for this (final) short form prospectus (the “**Closing Date**”). Except in certain limited circumstances: (i) the Offering will be effected only through the book-based system administered by CDS Clearing and Depositary Services Inc. (“**CDS**”) or its nominee and the Offered Shares will be deposited with CDS on the Closing Date; (ii) no certificates evidencing the Offered Shares will be issued to purchasers of Offered Shares; and (iii) purchasers of Offered Shares will only receive a customer confirmation from the Underwriter or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares is purchased. Purchasers who are not issued a certificate evidencing the Offered Shares which are subscribed for by them at closing are entitled under the *Business Corporations Act* (Alberta) (“**ABCA**”) to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities are held at the time of the request. See “Plan of Distribution – Book-Entry Only System”.

Each of National Bank and Scotia Capital Inc. is, directly or indirectly, a wholly-owned subsidiary of a Canadian chartered bank that is member of the lending syndicate to the Credit Facility (as defined herein). Consequently, the Corporation may be considered to be a connected issuer of National Bank and Scotia Capital Inc. for the purposes of securities regulations in certain provinces. See “Relationship Between the Corporation and Certain Underwriters” and “Use of Proceeds” in this short form prospectus.

Subject to applicable laws in connection with the Offering, the Underwriters may effect transactions intended to stabilize or maintain the market price for the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser who acquires Common Shares forming part of the Underwriters’ over-allocation position acquires those Common Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases, if applicable. See “Plan of Distribution”.

The Offered Shares may be sold only in those jurisdictions where offers and sales of such securities are permitted. This short form prospectus is not an offer to sell or a solicitation of an offer to buy the Offered Shares in any jurisdiction where it is unlawful.

One of the directors of the Corporation, Kevin Andrus, resides outside of Canada. Mr. Andrus has appointed DLA Piper (Canada) LLP, 1000, 250 2nd Street S.W., Calgary, Alberta T2P 0C1, as his agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person, including Mr. Andrus, that resides outside of

Canada even if said party has appointed an agent for service of process.

In this short form prospectus, all dollar figures are in Canadian dollars.

An investment in the Offered Shares involves a high degree of risk. An investment in the Offered Shares is speculative due to the stage of the Corporation's development and the nature of its activities and, as a result, is suitable for only those investors who can afford the loss of their entire investment. Investors should carefully consider the risks described under "*Risk Factors*" in this short form prospectus as well as the risk identified in the documents incorporated by reference herein prior to making an investment in the securities being offered hereunder. Please also see "*Special Note Regarding Forward-Looking Statements*".

A return on an investment in the Common Shares is not comparable to the return on an investment in a fixed-income security. The recovery by shareholders of their initial investment is at risk, and the anticipated return on that investment is based on many performance assumptions. Although the Corporation intends to pay monthly dividends to shareholders, those cash dividends may be reduced or suspended. The actual amount of cash distributed to shareholders will depend on numerous factors including: (i) the earnings of the Corporation; (ii) financial requirements for the Corporation's operations; (iii) the satisfaction by the Corporation of liquidity and insolvency tests described in the ABCA; and (iv) any agreements relating to the Corporation's indebtedness that restrict the declaration and payment of dividends. In addition, the market value of the Common Shares may decline if the Corporation is unable to meet its target cash dividend in the future, which decline may be significant. See "*Dividends*" and "*Risk Factors*" in this short form prospectus and "*Risk Factors*" in the AIF (as defined herein).

The Corporation's head office is located at 432, 222 - 3rd Avenue S.W., Calgary, Alberta T2P 0B4 and its registered office is located at 1000, 250 - 2nd Street S.W., Calgary, Alberta, T2P 0C1.

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DEFINITIONS

In this short form prospectus, the terms set forth below have the meanings indicated:

“**ABCA**” means the *Business Corporations Act* (Alberta);

“**affiliate**” or “**associate**” when used to indicate a relationship with a person or company, has the meaning set forth in the *Securities Act* (Alberta);

“**Alberta Bakken Properties**” means the Corporation’s oil and gas properties located in southern Alberta, as more particularly described in “*Principal Producing Properties*” in the AIF;

“**AIF**” means the annual information form of the Corporation dated March 21, 2016;

“**Board of Directors**” or “**Board**” means the board of directors of the Corporation, as constituted from time to time, including, where applicable, any committee thereof;

“**Boulder**” means Boulder Energy Ltd.;

“**Brazeau Belly River Properties**” means the petroleum and natural gas properties and related assets located in the Brazeau area of west central Alberta, transferred to Boulder in connection with the Reorganization;

“**Common Shares**” means the common shares in the capital of the Corporation;

“**Corporation**” means Granite Oil Corp.;

“**DeeThree**” means DeeThree Exploration Ltd., the name under which the Corporation was operating from January 1, 2010 until May 15, 2015;

“**EOR**” means Enhanced Oil Recovery;

“**GAAP**” means the generally accepted accounting principles in Canada of publically accountable enterprises as set by the Canadian Institute of Chartered Accountants and as permitted by National Instrument 52-107 *Financial Disclosure*, for the preparation of financial statements, which for Canadian reporting issuers is the International Financial Reporting Standards (“**IFRS**”), as in effect from time to time;

“**NI 51-101**” means National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities*;

“**Options**” means the stock options to purchase Common Shares of the Corporation;

“**OTCQX**” means the top tier of the United States Over-the-Counter market;

“**Reorganization**” means the plan of arrangement completed under section 193 of the ABCA involving the Corporation, the shareholders of the Corporation and Boulder, whereby the Corporation was reorganized into two independent, publicly traded energy companies, Boulder, who acquired the Brazeau Belly River Properties, and the Corporation, renamed from DeeThree Exploration Ltd. to Granite Oil Corp., whose sole asset became be the Alberta Bakken Properties; under the reorganization, shareholders of DeeThree received 0.5 shares of Boulder and 0.33 shares of the Corporation for each DeeThree common share held;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as may be amended from time to time;

“**Underwriting Agreement**” means the Underwriting Agreement dated effective May 26, 2016 among the Corporation and the Underwriters;

“**Underwriters**” means collectively, National Bank, Raymond James Ltd., Cormark Securities Inc., CIBC World Markets

Inc., Dundee Securities Ltd., RBC Dominion Securities Inc., Scotia Capital Inc. and TD Securities Inc.; and

“United States” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this short form prospectus, and in certain documents incorporated by reference into this short form prospectus, constitute forward-looking statements and forward-looking information (collectively referred to herein as “**forward-looking statements**”) within the meaning of applicable Canadian securities laws. Such forward-looking statements relate to future events or the Corporation’s future performance. All statements other than statements of historical fact may be forward-looking statements. Such forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes the expectations reflected in those forward-looking statements to be reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this short form prospectus should not be unduly relied upon. These forward-looking statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference into this short form prospectus, as the case may be.

In particular, this short form prospectus and the documents incorporated by reference, contain forward-looking statements, pertaining to the following:

- the expected use of proceeds from Offering;
- the obtaining of all required regulatory approvals in connection with the Offering;
- the Closing Date;
- the expected date of announcement and payment date for any dividends;
- the Corporation's capital expenditure and investment program and the timing and results therefrom;
- drilling inventory, drilling plans and timing of drilling, completion and tie-in of wells;
- plans for facilities construction and completion and the timing and method of funding such activities;
- productive capacity of wells, anticipated or expected production rates and anticipated cases of commencement of production;
- results of various projects of the Corporation;
- ability to lower cost structure in certain projects of the Corporation;
- productive capacity of wells, anticipated or expected production rates and anticipated dates of commencement of production;
- the impact of changes in oil and natural gas prices on cash flow;
- expectations regarding the ability to raise capital and to add to reserves;
- oil and natural gas production levels and sources of their growth;
- the estimated volumes and future net revenues related to the Corporation’s crude oil, natural gas and natural gas liquids reserves;
- the performance characteristics of the Corporation's oil and natural gas properties;
- timing of the development of undeveloped reserves;
- the existence, operation and strategy of the Corporation's commodity price risk management program;
- the Corporation's business, disposition and acquisition strategy, the criteria to be considered in connection therewith, and the benefits to be derived therefrom;
- the impact of Canadian federal and provincial governmental regulation on the Corporation relative to other oil and gas issuers of similar size;
- future development and growth prospects;
- expected levels of royalties, operating costs, general administrative costs, costs of services and other costs and expenses;
- determination of future quantities of oil and natural gas reserves and the size of and future net revenues therefrom;
- ability to meet current and future obligations;
- the tax horizon and taxability of the Corporation;

- treatment under governmental regulatory regimes and tax laws;
- projections of market prices and costs;
- weighting of production between different commodities;
- supply and demand for oil and natural gas;
- the ability to obtain equipment, services and supplies in a timely manner to carry out its activities;
- the ability to market oil and natural gas successfully to current and new customers;
- the timing and costs of pipeline, terminal and storage facility construction and expansion and the ability to secure adequate product transportation;
- the ability to obtain financing on acceptable terms or at all;
- currency exchange and interest rates;
- potential dispositions and acquisitions;
- the timely receipt of governmental approvals; and
- realization of the anticipated benefits of acquisitions and dispositions.

With respect to forward-looking statements contained in this short form prospectus and the documents incorporated by reference herein, the Corporation has made assumptions regarding, among other things:

- the success of the Corporation's operations including exploration and development activities;
- the legislative and regulatory environments of the jurisdictions where the Corporation carries on business or has operations;
- ongoing and future operating costs, general administrative costs, costs of services and other costs and expenses;
- future commodity prices;
- changes in royalty regimes and rates;
- the impact of increasing competition;
- availability of skilled labour;
- timing and amount of capital expenditures;
- future exchange rates;
- general economic conditions;
- conditions in the financial markets;
- availability of drilling and related equipment; and
- the Corporation's ability to obtain additional financing on satisfactory terms.

The actual results, performance or achievements of the Corporation could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this short form prospectus, and in certain documents incorporated by reference into this short form prospectus, including but not limited to:

- changes in the general economic, market and business conditions in Canada and globally;
- the occurrence of unexpected events such as war, terrorist threats and the instability resulting therefrom;
- the ability of management to execute its business plan;
- volatility of and assumptions regarding the price of oil and natural gas;
- fluctuations of interest and exchange rates;
- world market forces and political and economic conditions that impact global prices for oil and natural gas, including the ability of the Organization of Petroleum Exporting Countries ("OPEC") to influence oil supply levels;
- the risks of the oil and gas industry both domestically and internationally, including operational risks in exploring for, developing and producing crude oil and natural gas and the market demand for such commodities;
- governmental regulation of the oil and gas industry, including environmental regulation and royalty regimes;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- geological, technical, drilling and processing problems;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in marketing operations, including credit risk;

- inflationary pressures on operating costs, including labour, natural gas and other energy sources used in the Corporation's operations;
- the ability to enter into or renew leases;
- the uncertainty of reserves estimates and reserves life;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures;
- availability of sufficient financial resources to fund the Corporation's capital expenditures;
- uncertainty of finding reserves, and developing and marketing those reserves;
- unanticipated operating events or extreme weather conditions which could reduce production or cause production to be shut-in or delayed;
- incorrect assessments of the value of acquisitions or dispositions as well as possible failure to realize the anticipated benefits of such acquisitions or dispositions;
- ability to locate satisfactory properties for acquisition or participation;
- ability to secure adequate and cost-effective product transportation and storage facilities, including there being insufficient storage or transportation capacity;
- hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property, the environment or personal injury;
- encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations;
- the ability to add production and reserves through development and exploration activities;
- the possibility that government policies or laws, including laws and regulations related to the environment, may change or governmental approvals may be delayed or withheld;
- uncertainty in amounts and timing of royalty payments;
- uncertainties inherent in estimating quantities of oil and natural gas reserves and cash flows to be derived therefrom;
- failure to obtain industry partner and other third party consents and approvals, as and when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;
- the availability of capital on acceptable terms or at all; and
- the other factors considered under "*Risk Factors*" in the AIF which is incorporated by reference herein, and other filings with Canadian securities authorities.

Statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

The Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this short form prospectus in order to provide investors with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this short form prospectus, and the documents incorporated by reference herein, are expressly qualified by this cautionary statement. Except as required by applicable securities laws, neither the Corporation nor any of the Underwriters undertakes any obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this short form prospectus.

NON-GAAP MEASURES

Certain measures in this short form prospectus, which includes the documents incorporated by reference herein, such as "funds from operations", "funds from operations per share" and "netback", do not have any standardized meaning as prescribed by GAAP and therefore are considered non-GAAP measures. The term "netback" is used as a key performance indicator and it is used by the Corporation to evaluate the operating performance of our petroleum and natural gas assets and is determined by deducting royalties and operating expenses from petroleum and natural gas revenue. Readers are cautioned, however, that this measure should not be construed as an alternative to net earnings or cash flow from operating activities determined in accordance with GAAP in Canada as an indication of the Corporation's performance.

CONVENTIONS

All financial information herein has been presented in Canadian dollars and in accordance with GAAP.

NOTE TO READERS

Readers should rely only on the information contained or incorporated by reference in this short form prospectus. The Corporation has not authorized any person to provide different information. The Offered Shares may be sold only in those jurisdictions where offers and sales are permitted under applicable laws. This short form prospectus is not an offer to sell or a solicitation of any offer to buy Offered Shares in any jurisdiction where it is unlawful to do so. The information contained in this short form prospectus is accurate only as of the date of this short form prospectus, regardless of the time of delivery of this short form prospectus or of any sale of the Offered Shares offered hereunder.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with the securities commissions or similar authorities in each of the provinces of Canada, other than Québec. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation at 432, 222 - 3rd Avenue S.W., Calgary, Alberta T2P 0B4, Telephone (587) 349-9113, and are also available electronically on SEDAR at www.sedar.com.

The following documents of the Corporation are specifically incorporated by reference into and form an integral part of this short form prospectus:

- (a) audited annual financial statements of the Corporation as at and for the years ended December 31, 2015 and December 31, 2014, together with the notes thereto and the auditors' report thereon, filed on SEDAR on March 21, 2016;
- (b) management discussion and analysis of the Corporation for the year ended December 31, 2015, filed on SEDAR on March 21, 2016;
- (c) AIF of the Corporation, filed on SEDAR on March 21, 2016;
- (d) notice of meeting and management information circular of the Corporation dated April 11, 2016 regarding the annual general and special meeting of shareholders of the Corporation, filed on SEDAR on April 18, 2016;
- (e) notice of meeting and management information circular of the Corporation dated April 9, 2015 regarding the annual general and special meeting of shareholders of the Corporation, filed on SEDAR on April 17, 2015;
- (f) unaudited interim financial reports of the Corporation as at and for the three month period ended March 31, 2016 together with the notes thereto, filed on SEDAR on May 10, 2016;
- (g) management discussion and analysis of the Corporation for the three month period ended March 31, 2016, filed on SEDAR on May 10, 2016; and
- (h) the term sheet for the Offering, filed on SEDAR on May 31, 2016.

Any documents of the type required by National Instrument 44-101 - *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding confidential reports), interim financial statements, annual financial statements and the auditors' report thereon, management's discussion and analysis of financial conditions and results of operations, information circulars, annual information forms, marketing materials and business acquisition reports filed by the Corporation with the securities commissions or similar authorities in the each of the provinces of Canada, other than Québec, subsequent to the date of this short form prospectus and prior to the termination of this distribution, shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it

has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

MARKETING MATERIALS

Any “template version” of any “marketing materials” (as such terms are defined under applicable Canadian securities laws) that are utilized by the Underwriters in connection with the Offering are not part of this short form prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this short form prospectus. Any template version of any marketing materials filed after the date of this short form prospectus and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, any template version of any marketing materials) is deemed to be incorporated into this short form prospectus.

GRANITE OIL CORP.

Granite is a junior oil producer based in Calgary, Alberta with lands and operations located in southern Alberta. Originally incorporated pursuant to the provisions of the ABCA on November 22, 2007 as “Royal Capital Corp.”, the Corporation amended its Articles to consolidate its outstanding common shares on a 12 for one basis on June 25, 2009 and changed its name by Certificate of Amendment to “DeeThree Exploration Inc.” on June 25, 2009. On January 1, 2010, the Corporation completed a vertical amalgamation with its wholly-owned subsidiary, DeeThree Ltd. The name of the Corporation was changed to “DeeThree Exploration Ltd.” pursuant to the amalgamation that occurred on January 1, 2010. On May 15, 2015, the Corporation completed the Reorganization and changed its name to “Granite Oil Corp.”

The issued and outstanding Common Shares are listed and posted for trading on the TSX under the symbol “GXO” and on the OTCQX under the trading symbol “GXOCF”. The Corporation is a reporting issuer in every province of Canada except for Quebec.

The Corporation has no subsidiaries. The Corporation's head office is located at 432, 222 - 3rd Ave SW, Calgary, Alberta T2P 0B4, and the registered office is located at Suite 1000, 250 - 2nd Street, S.W., Calgary, Alberta, T2P 0C1.

SUMMARY DESCRIPTION OF THE BUSINESS

General Information

The Corporation is a dividend-paying, junior oil producer based in Calgary, Alberta that owns and operates a large, recently discovered Alberta Bakken oil pool in southern Alberta. Further details concerning the Corporation, including information with respect to the Corporation's assets, operations and history, are provided in the AIF and other documents incorporated by reference into this short form prospectus. Readers are encouraged to thoroughly review these documents as they contain important information about the Corporation. In particular, see “*General Development of the Business*” and “*The Ongoing Business of the Corporation*” in the AIF.

Recent Developments

In the first quarter of 2016, the Corporation achieved a 100% voidage replacement ratio in the core of its 100% owned Alberta Bakken oil pool ahead of schedule, reaching a significant milestone in the long-term development of the Corporation's gas injection EOR scheme. In addition, in the first quarter of 2016, the Corporation acquired a total of 7,275 gross acres (7,275 net) of crown lands, along with 3,840 gross acres (3,840 net) of freehold lands. The Corporation also acquired an option to purchase an additional 16,160 gross acres (16,160 net) of freehold lands over the western portion of the oil pool, approximately 20 miles west of the Corporation's main producing Alberta Bakken oil pool in April 2016. These newly acquired lands will allow the Corporation the opportunity to test the application of its successful EOR technology on its western land base.

On May 4, 2016, the Corporation issued 330,000 Common Shares on a “flow through” basis under the Tax Act at a price of \$9.10 per flow-through Common Share for total gross proceeds of \$3,003,000.

On May 16, 2016, the annual borrowing base redetermination under the Corporation's demand credit agreement (the “**Credit**

Facility”) was completed. The borrowing base was redetermined at \$60 million, consisting of a \$45 million revolving demand credit facility and a \$15 million revolving demand operating facility.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Corporation as at March 31, 2016.

Designation	As at March 31, 2016	As at March 31, 2016 after giving effect to this Offering	As at March 31, 2016 after giving effect to this Offering & exercise of the Over-Allotment Option
Credit Facility⁽¹⁾			
Authorized	\$80,000,000 ⁽³⁾	\$80,000,000 ⁽³⁾	\$80,000,000 ⁽³⁾
Drawn	\$39,014,000	\$25,061,815 ⁽⁴⁾	\$23,636,597 ⁽⁵⁾
Shareholder Capital			
Common Shares (unlimited) ⁽²⁾	\$389,037,000 (30,375,286 Common Shares ⁽⁶⁾⁽⁷⁾)	\$402,989,185 ⁽⁴⁾⁽⁶⁾⁽⁷⁾ (32,488,286 Common Shares ⁽⁴⁾⁽⁶⁾⁽⁷⁾)	\$404,414,403 ⁽⁵⁾⁽⁶⁾⁽⁷⁾ (32,699,586 Common Shares ⁽⁵⁾⁽⁶⁾⁽⁷⁾)

Notes:

- (1) As at March 31, 2016 the Corporation had the Credit Facility with a syndicate of lenders with an authorized borrowing base of \$80,000,000 with interest charged at a rate per annum equal to the Canadian prime rate during said period plus the applicable margin, being a range of 0.5% to 2.5%, as determined by the Corporation’s debt to cash flow ratio. Standby fees associated with this facility are charged based on the applicable rate, being within a range of 0.2% to 0.45% per annum on the undrawn portion of the facility, as determined by the Corporation’s debt to cash flow ratio. Under the Credit Facility, the Corporation is required to maintain a current ratio of not less than 1:1. The current ratio is calculated as current assets (excluding derivative financial instruments) plus any undrawn availability in the Credit Facility vs. current liabilities (excluding derivative financial instruments and any amounts outstanding in the Credit Facility). The Corporation was in compliance with the financial covenants (including the maintenance of the 1:1 current ratio) under the Credit Facility as of March 31, 2016 and as of the date hereof. On May 16, 2016, the annual borrowing base redetermination under the Credit Facility was completed. The borrowing base was re-determined at \$60 million, consisting of a \$45 million revolving demand credit facility and a \$15 million revolving demand operating facility. See “Recent Developments” above.
- (2) See “Description of Share Capital”.
- (3) On May 16, 2016, the borrowing base of the Credit Facility was reduced from \$80,000,000 to \$60,000,000. See “Recent Developments” above.
- (4) Based on the issuance of 2,113,000 Offered Shares under this Offering for aggregate gross proceeds of \$15,002,300, less the Underwriters’ Fee of \$750,115 and estimated expenses of the Offering of \$300,000. See “Plan of Distribution”.
- (5) Based on the issuance of 2,113,000 Offered Shares and 211,300 Option Shares under this Offering for aggregate gross proceeds of \$16,502,530, less the Underwriters’ Fee of \$825,126.50 and the estimated expenses of the Offering of \$300,000. See “Plan of Distribution”.
- (6) Does not include the 174,224 Options issued and outstanding as at March 31, 2016 having a weighted average exercise price of \$4.00 per share. Also does not include the 829,103 performance based share awards and 115,892 time based share awards (collectively, the “Share Awards”) outstanding, granted under the Corporation’s share incentive plan.
- (7) Does not include the issuance of 330,000 flow-through Common Shares at a price of \$9.10 per flow-through Common Share for total gross proceeds of \$3,003,000, completed on May 4, 2016. See “Recent Developments” above.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares. The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Corporation’s shareholders and are entitled to one vote for each Common Share held (except at meetings where only the holders of another class of shares are entitled to vote). Subject to the rights attached to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if, as and when declared by the Board of Directors and are entitled to receive the remaining property upon liquidation of the Corporation.

As at the date hereof, there are 30,717,950 Common Shares in the capital of the Corporation issued and outstanding. In addition, 161,560 Common Shares are reserved for issuance upon the exercise of outstanding Options held by current or former directors, officers, employees and consultants of the Corporation.

DETAILS OF THE OFFERING

General

The Offering consists of the offering of 2,113,000 Offered Shares at a price of \$7.10 per Offered Share. In addition, the Corporation has granted to the Underwriters the Over-Allotment Option to purchase up to an additional 211,300 Option Shares on the same terms and conditions as the Offering. The Over-Allotment Option is exercisable, in whole or in part, at the discretion of the Underwriters, at any time not later than the 30th day following the Closing Date for purposes of covering the Underwriters' over-allocation position and for market stabilization purposes. The offering price of \$7.10 per Offered Share was determined by negotiation among the Corporation and National Bank, on their own behalf and on behalf of the other Underwriters.

Book-Entry Only System

Except in limited circumstances, the Offered Shares will be issued in “book-entry only” form and must be purchased or transferred through a participant with CDS (a “**Participant**”).

Unless the book-entry only system is terminated as described below, a purchaser acquiring a beneficial interest in the Offered Shares issued in “book-entry only” form (a “**Beneficial Owner**”) will not be entitled to receive a certificate representing the Offered Shares unless requested.

Beneficial interests in Offered Shares will be represented solely through the book-entry only system and such interests will be evidenced by customer confirmations of purchase from the registered dealer from which the applicable Offered Shares are purchased in accordance with the practices and procedures of that registered dealer. In addition, registration of interests in and transfers of Offered Shares will be made only through the depository service of CDS.

As indirect holders of Offered Shares, investors should be aware that they (subject to the situations described below): (a) may not have Offered Shares registered in their name; (b) may not have physical certificates representing their interest in the Offered Shares; (c) may not be able to sell the Offered Shares to institutions required by law to hold physical certificates for securities they own; and (d) may be unable to pledge Offered Shares as security. Purchasers who are not issued a certificate evidencing the Offered Shares which are subscribed for by them at closing are entitled under the ABCA to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities are held at the time of the request.

PRIOR SALES

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares for the 12-month period prior to the date hereof.

Date of Issuance	Description of Transaction	Number of Securities Issued	Price per Security / Exercise Price
June 10, 2015	Share Awards	944,995	-
October 26, 2015	Option Exercise	5,666	\$2.85
November 11, 2015	Option Exercise	2,666	\$2.85
November 17, 2015	Option Exercise	1,666	\$4.69
December 1, 2015	Option Exercise	3,333	\$6.74
January 18, 2016	Option Exercise	1,333	\$2.85
January 28, 2016	Option Exercise	2,666	\$2.85
February 23, 2016	Option Exercise	4,666	\$2.85
February 23, 2016	Option Exercise	2,333	\$3.22
February 23, 2016	Option Exercise	4,117	\$4.28
March 2, 2016	Option Exercise	5,147	\$4.28
May 4, 2016	Private Placement Offering ⁽¹⁾	330,000 ⁽¹⁾	\$9.10
May 5, 2016	Option Exercise	4,666	\$4.62
May 16, 2016	Option Exercise	1,666	\$4.94
May 16, 2016	Option Exercise	2,333	\$4.62
June 3, 2016	Option Exercise	3,999	\$3.82

Note:

(1) Common Shares were issued on a “flow-through” basis under the Tax Act. See “*Recent Developments*” above.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol “GXO” and on the OTCQX under the symbol “GXOCF”. The following table sets forth the price range (high and low prices) in Canadian dollars of Common Shares and volume traded on the TSX, for the periods indicated.

2015	High	Low	Volume
May	7.75	5.92	12,109,381
June	7.24	6.2	5,656,322
July	6.45	4.06	2,862,905
August	7.07	4.43	4,437,675
September	7.79	6.36	2,249,163
October	7.87	6.85	1,979,306
November	9.39	7.38	1,667,514
December	9.00	6.55	1,407,239
2016			
January	8.29	6.05	2,684,356
February	8.43	6.74	1,245,804
March	7.70	6.46	1,299,420
April	7.72	6.05	3,869,784
May	7.74	6.95	1,633,250
June 1 - June 7	7.75	7.15	223,618

DIVIDENDS

The Board initially adopted a dividend policy on May 15, 2015 upon the completion of the Reorganization of paying monthly dividends at a rate of \$0.03 per Common Share. On August 13, 2015, the Board approved an 8% increase to the monthly dividend to \$0.0325 per Common Share starting with the August 2015 dividend payable in September 2015. On November 4, 2015, the Board approved an additional increase of 8% to the monthly dividend to \$0.035 per Common Share starting with the November 2015 dividend payable in December 2015. The monthly dividend is paid on or about the 15th day of each month. The first dividend to which purchasers of the Offered Shares under the Offering will be entitled to participate will be for the dividend expected to be announced in mid-June, payable on or about July 15, 2016, to holders of record on or about June 30, 2016.

The Board of Directors carefully monitors the impact of all issues affecting the Corporation’s business and the necessity of adjusting the monthly dividends and capital programs as conditions evolve. The amount of future dividends, if any, will be in the sole discretion of the Board after considering a variety of factors and conditions existing from time to time, including current and future commodity prices, foreign exchange rates, the Corporation’s hedging program, current operations including production levels, operating costs, royalty burdens and debt service requirements, available investment opportunities and the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. Additionally, pursuant to the Credit Facility, the Corporation has covenanted that it shall not pay any dividends to its shareholders unless at the date of declaration and the date of payment of the dividend: (i) no demand for payment under the Credit Facility shall have been made and no default under the Credit Facility shall have occurred and is continuing which has not been waived by the Lenders (as hereinafter defined); (ii) the payment of the dividend would not reasonably lead to a default under the Credit Facility; and (iii) no borrowing base shortfall or material adverse effect on the Corporation exists or would reasonably be expected to result from the payment of such dividend.

The following monthly cash dividends on the Common Shares were declared by the Board for the periods indicated below:

Declaration Date	Payment Date	Cash Dividend per Common Share (\$ per Common Share)
May 16, 2016	June 15, 2016	0.0350
April 15, 2016	May 16, 2016	0.0350
March 14, 2016	April 15, 2016	0.0350
February 16, 2016	March 15, 2016	0.0350
January 18, 2016	February 15, 2016	0.0350
December 15, 2015	January 15, 2016	0.0350
November 16, 2015	December 15, 2015	0.0350

Declaration Date	Payment Date	Cash Dividend per Common Share (\$ per Common Share)
October 15, 2015	November 13, 2015	0.0325
September 15, 2015	October 15, 2015	0.0325
August 13, 2015	September 15, 2015	0.0325
July 15, 2015	August 17, 2015	0.0300
June 17, 2015	July 15, 2015	0.0300

USE OF PROCEEDS

The gross proceeds to be received by the Corporation from the Offering will be \$15,002,300 prior to the exercise of the Over-Allotment Option. The aggregate net proceeds to be received by the Corporation after payment of the Underwriters' Fee of \$750,115, and after deducting the Corporation's expenses of the Offering, estimated to be approximately \$300,000, will be \$13,952,185.

The Corporation intends to use the net proceeds from the Offering to temporarily reduce its indebtedness under the Credit Facility, thereby freeing up borrowing capacity which is intended to be redrawn and applied as needed to fund the Corporation's remaining 2016 capital program, to expand the Corporation's drilling program and for general corporate purposes. As of the date hereof, approximately \$38.3 million of indebtedness was outstanding under the Credit Facility and such indebtedness was incurred for the Corporation's exploration and development program. After applying the net proceeds from the Offering to the Credit Facility, the Corporation will have approximately \$25.5 million in available under its Credit Facility which will be used to fund the remainder of the 2016 capital program, which would include, among other things, the drilling of two (2.0) development wells in the third quarter of 2016 and two (2.0) exploration wells in the fourth quarter of 2016.

The Corporation's objectives in managing its capital structure are to utilize an appropriate amount of leverage to maximize return on shareholder equity and to provide the Corporation with borrowing and financial flexibility for its operating and capital requirements. As such, the Corporation may utilize any one of the following strategies to address its negative working capital deficiency and to fund its capital program: (i) issue new shares; (ii) issue new debt securities; (iii) amend, revise, renew or extend the terms of the Credit Facility; (iv) enter into agreements establishing new credit facilities; and (v) adjust its capital spending. In the event of the full exercise of the Over-Allotment Option, the additional net proceeds (estimated to be \$1,425,218.50) will be used by the Corporation for the furtherance of its capital program.

The use of the net proceeds of the Offering by the Corporation is consistent with the Corporation's stated business objective of creating sustainable and profitable growth as a participant in the oil and gas industry in Western Canada. To accomplish this, the Corporation intends to continue to implement a full cycle internal exploration and development program. There is no particular significant event or milestone that must occur for the Corporation's business objectives to be accomplished. While the Corporation believes that it has the skills and resources necessary to accomplish its stated business objective, participation in the exploration for, and development of, oil and natural gas has a number of inherent risks. See "*Risk Factors*" herein and in the AIF and the other documents incorporated by reference into this short form prospectus.

As a result of the nature of the petroleum and natural gas exploration, development and exploitation industry, the Corporation reviews its budgets with respect to both the success of expenditures and other opportunities that become available. Accordingly, while it is currently intended by management of the Corporation that the net proceeds of the Offering will be expended by the Corporation as set forth above, there may be circumstances that are not known at this time where a reallocation of the proceeds may be advisable for business reasons that management believes are in the Corporation's best interests, subject to contractual obligations, including those under the Underwriting Agreement.

PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Corporation has agreed to issue and sell an aggregate of 2,113,000 Offered Shares to the Underwriters at a price of \$7.10 per Offered Share and the Underwriters have severally agreed to purchase (or arrange for the purchase of) such Offered Shares on or about June 15, 2016 or such other dates as may be agreed to by the Corporation and the Underwriters, but in any event not later than 42 days following the date of the receipt for the (final) short form prospectus. Delivery of the Offered Shares is conditional upon payment at closing of \$7.10 per Offered Share by the Underwriters to the Corporation. The Underwriting Agreement provides that the Corporation will pay the Underwriters' Fee of \$0.355 per Offered Share for an aggregate fee payable by the Corporation of \$750,115, in consideration for their services in connection with the Offering. The terms of the Offering, including, but not limited to, the offering price of \$7.10, were

determined by negotiation between the Corporation and National Bank their own behalf and on behalf of the other Underwriters. The TSX has conditionally accepted the listing of the Offered Shares and the Option Shares offered under this short form prospectus on the TSX. Listing will be subject to the Corporation fulfilling all of the listing requirements of the TSX.

The Corporation has granted the Underwriters an Over-Allotment Option, exercisable, in whole or in part at the sole discretion of the Underwriters, at any time and from time to time, until and including 30 days following the Closing Date, to purchase up to an additional 211,300 Option Shares at a price of \$7.10 per Over-Allotment Share for aggregate proceeds of up to \$1,500,230 for the purposes of covering the Underwriters' over-allotments, if any, and for market stabilization purposes. If the Underwriters exercise the Over-Allotment Option in full, the total Offering proceeds, Underwriters' Fee and net proceeds to the Corporation (before deducting expenses of the Offering) will be \$16,502,530, \$825,126.50 and \$15,677,403.50, respectively. This short form prospectus also qualifies the distribution of the Option Shares. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires those Common Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases, if applicable.

The obligations of the Underwriters under the Underwriting Agreement are several and not joint nor joint and several and may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to:

- i. any order to cease or suspend trading in any securities of the Corporation or prohibiting or restricting the distribution of any of the Common Shares is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority, the Exchange or any other competent authority, and has not been rescinded, revoked or withdrawn;
- ii. any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Corporation or any of the directors or senior officers of the Corporation is announced, commenced, threatened or advanced by any securities commission or similar regulatory authority, the TSX or any other competent authority or there is a change in law, regulation or policy or the interpretation or administration thereof, if, in the reasonable opinion of the Underwriters or any one of them, the change, announcement, commencement, threatening or advancement thereof adversely affects, or may adversely affect, the trading or distribution of the Common Shares or any other securities of the Corporation;
- iii. there shall have occurred or be discovered any adverse change, as determined by the Underwriters or any one of them in their sole discretion, acting reasonably, in the business, operations, revenues, properties results of operations, affairs, assets, capitalization, condition (financial or otherwise), prospects, rights or liabilities (absolute, accrued, contingent or otherwise), cash flow or income of the Corporation which in the opinion of the Underwriters or any one of them, could reasonably be expected to have a significant adverse effect on the market price or value of the Common Shares or the marketability of the Common Shares or any other securities of the Corporation;
- iv. there should develop, occur or come into effect or existence, or be announced, any event, action, state, condition or occurrence of national or international consequence, including any act of terrorism, war or like event or any law, action, regulation, which, in the sole opinion of the Underwriters or any one of them, acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets generally or the business, operations or affairs of the Corporation;
- v. there should occur any material change, change of a material fact, occurrence or event or any development that could result in a material change or change of a material fact in which, in the sole opinion of the Underwriters, or anyone of them, as determined by the Underwriters, or any one of them, in their sole discretion, acting reasonably, could reasonably be expected to have a material adverse effect on the business, operations or affairs of the Corporation or the market price or value or the marketability of the Common Shares;
- vi. The Corporation shall be in breach of, default under or non-compliance in any material respect with any material representation, warranty, covenant, term or condition of this agreement; or
- vii. the Underwriters shall become aware, as a result of their due diligence review or otherwise, of any adverse material change with respect to the Corporation (in the sole opinion of the Underwriters, or anyone of them,

acting reasonably) which had not been publicly disclosed or disclosed to the Underwriters prior to the date hereof and which would have a material adverse effect on the market price or value of the Offered Shares.

The Underwriting Agreement also provides that the Corporation will indemnify and save each of the Underwriters, and each of the Underwriters' affiliates, and their respective directors, officers, managers, members, partners, employees, agents, advisors, shareholders, controlling persons (within the meaning of Section 15 of the U.S. Securities Act or Section 20 of the U.S. Exchange Act) and each other person controlling an Underwriter or any of their respective affiliates (individually, an **"Indemnified Person"**) harmless against and from all liabilities, claims, demands, losses (other than losses of profit), costs (including, without limitation, legal fees and disbursements on a full indemnity basis), the reasonable fees and expenses of the Indemnified Person's counsel may incur.

The issued and outstanding Common Shares are listed on the TSX under the symbol "GXO". On May 26, 2016, the last complete day of trading prior to the date of announcement of the Offering, the closing price of the Common Shares on the TSX was \$7.40 per Common Share. On June 7, 2016, the last complete day of trading prior to the date hereof, the closing price of the Common Shares on the TSX was \$7.75 per Common Share.

Pursuant to the Underwriting Agreement, the Corporation has agreed that, from the date of the Underwriting Agreement and ending on the date that is 90 days following the Closing Date that it will not, directly or indirectly, offer, or announce the issuance or offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible or exchangeable into Common Shares without the prior consent of National Bank (on behalf of the Underwriters), such consent not to be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may, without such consent: (i) issue the Offered Shares; (ii) grant share incentives to directors, officers, consultants or employees of the Corporation and issue Common Shares on exercise thereof subject to the current board approved option incentive program and in accordance with the rules of the TSX; and (iii) issue Common Shares or exercise of other outstanding instruments as of the date of the Underwriting Agreement.

The Underwriters propose to offer the Offered Shares initially at the offering price specified on the cover page of this short form prospectus. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the price specified on the cover page, the offering price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the price paid by the Underwriters to the Corporation. Notwithstanding any reduction by the Underwriters in the offering price specified on the cover page, the proceeds received by the Corporation will not be affected.

Pursuant to policy statements of certain Canadian provincial securities commissions, the Underwriters may not, throughout the period of distribution, bid for or purchase Common Shares for their own account or for accounts over which they exercise control or direction. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. Such exceptions include a bid or purchase permitted under the Universal Market Integrity Rules for Canadian Marketplaces administered by Market Regulation Services Inc. relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Subject to applicable laws, pursuant to the first-mentioned exception, in connection with this Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at a level above that which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. A purchaser who acquires Option Shares acquires those Option Shares under this short form prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Offered Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. The Offered Shares may not be offered, sold or delivered, directly or indirectly, within the United States (as such term is defined in Regulation S under the U.S. Securities Act), except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement permits the Underwriters through their U.S. registered broker-dealer affiliates to offer and sell Offered Shares in the United States to "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act and similar exemptions under applicable state securities laws. This short form prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the Offered Shares or Option Shares in the United States. Moreover, the Underwriting Agreement provides that the Underwriters will offer and sell the Offered Shares and Option Shares outside of the United States only in accordance with Rule 903 of Regulation S under the U.S. Securities Act. The Offered Shares that are sold in the United States will be

restricted securities within the meaning of Rule 144(a)(3) of the U.S. Securities Act.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Offered Shares within the United States by any dealer, whether or not participating in the Offering, may violate the registration requirement of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with an applicable exemption from registration under the U.S. Securities Act.

RELATIONSHIP BETWEEN GRANITE AND CERTAIN UNDERWRITERS

Each of National Bank and Scotia Capital Inc. is a direct wholly-owned subsidiary of a Canadian chartered bank (the “**Lenders**”) which is one of the lenders to the Corporation pursuant to the Credit Facility. See Note (1) to the table under the heading “*Consolidated Capitalization*” for a description of the Credit Facility. Consequently, the Corporation may be considered a “connected issuer” of National Bank and Scotia Capital Inc. within the meaning of applicable Canadian securities legislation. The Corporation anticipates that it will draw down amounts under the Credit Facility from time to time to fund the Corporation's ongoing capital program and for general corporate purposes. As at the date hereof, the Corporation had approximately \$38.3 million owing under the Credit Facility. The Corporation is in compliance with all terms of the Credit Facility and none of the lenders thereunder has waived any breach by the Corporation of any agreements relating thereto since the execution of the Credit Facility. Collateral for the Credit Facility consists of a general security agreement, providing a security interest over all present and subsequently acquired personal property and a floating charge on all present and subsequently acquired land interests of the Corporation. Under the terms of the Credit Facility, the Corporation is required to meet certain financial and reserve reporting requirements. Neither the financial position of the Corporation nor the value of the security under the Credit Facility has changed substantially since the indebtedness of the Corporation under the Credit Facility was incurred, other than in the ordinary course of the Corporation's business. It is anticipated that a portion of the net proceeds of the Offering may be used to reduce the outstanding balance of the Credit Facility, including its indebtedness to the Lenders. In addition, the Corporation anticipates that it will draw down amounts under the Credit Facility to fund its on-going capital expenditure program and for general corporate purposes. See “*Use of Proceeds*” and “*Consolidated Capitalization*”. The decision to distribute the Offered Shares and the determination of the terms of the Offering were made through negotiations between the Corporation and National Bank on their own behalf and on behalf of the other Underwriters. On completion of the Offering, National Bank Financial Inc. will receive its share of the Underwriters' fees payable by the Corporation to the Underwriters in accordance with the Underwriting Agreement. In addition, the Lenders may receive a portion of the net proceeds of the Offering from the Corporation to reduce outstanding indebtedness under the Credit Facility.

ELIGIBILITY FOR INVESTMENT

In the opinion of DLA Piper (Canada) LLP, counsel to the Corporation, and Burnet Duckworth & Palmer LLP, counsel to the Underwriters, subject to the provisions of any particular plan and provided that the Common Shares are listed at all relevant times on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), as of the date of issuance of the Offered Shares, the Common Shares will be “qualified investments” under the Tax Act, for trusts governed by registered retirement savings plans (“**RRSPs**”), registered education savings plans, registered retirement income funds (“**RRIFs**”), deferred profit sharing plans, registered disability savings plans and tax-free savings accounts (“**TFSAs**”) (each a “**Deferred Plan**”).

Notwithstanding that the Common Shares may be qualified investments for a Defined Plan, the annuitant or holder (“**annuitant**”) of the RRSP, RRIF or TFSA, as the case may be, will be subject to adverse tax consequences on Common Shares held in the RRSP, RRIF or TFSA if such Common Shares are “prohibited investments” for the purposes of the Tax Act. The Common Shares will generally be “prohibited investments” if the holder or annuitant (i) does not deal at arm's length with the Corporation for the purposes of the Tax Act, (ii) has a “significant interest” (within the meaning of the Tax Act) in the Corporation, or (iii) has a “significant interest” (within the meaning of the Tax Act) in a corporation, partnership or trust with which the Corporation does not deal at arm's length for the purposes of the Tax Act. Proposed amendments to the Tax Act contained in Bill C-4 propose to delete the condition in (iii) above. **Prospective subscribers who intend to hold Common Shares in their RRSPs, RRIFs or TFSAs should consult their own tax advisers with respect to their individual circumstances.**

RISK FACTORS

An investment in the Offered Shares offered hereby is highly speculative due to the high risk nature and stage of development of the Corporation's business, including the nature of the Corporation's involvement in the exploration for and the acquisition, development and production of oil and natural gas.

The Corporation continually works to identify and evaluate significant risks and to develop and maintain appropriate strategies to mitigate the impact of potential risks to its business. The Corporation's approach to risk management is integrated into its overall approach to decision making (both formal and informal) and also includes formal risk reviews with respect to certain matters.

All statements regarding the Corporation's business should be viewed in light of these risk factors. Before making an investment decision, investors should consider carefully whether an investment in the Offered Shares and Option Shares is suitable for them in light of the information set out in this short form prospectus and in the documents incorporated by reference and the risks attaching to an investment in the Corporation, including in particular but not limited to the factors set out under "*Risk Factors*" in the AIF. Such information does not purport to be an exhaustive list. If any of the identified risks were to materialize, the Corporation's business, financial position, results and/or future operations may be materially affected. Additional risks and uncertainties not presently known to the Corporation, or which the Corporation currently deems not to be material, may also have an adverse effect upon the Corporation or the Offered Shares.

Investors should consult with their own professional advisors where necessary.

Forward-Looking Statements May Prove to be Inaccurate

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumptions and uncertainties surrounding forward-looking statements are found in this short form prospectus under the heading "*Special Note Regarding Forward-Looking Statements*".

Significant Fluctuations in Market Price of Common Shares

The trading price of the Common Shares has been and may continue to be subject to significant fluctuations, which may be based on factors unrelated to its financial performance or prospects. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Common Shares may also be significantly affected by changes in commodity prices, currency exchange fluctuation or in the Corporation's financial condition or results of operations. Other factors unrelated to the performance of the Corporation that may have an effect on the price of the securities of the Corporation include the following: the extent of analytical coverage available to investors concerning the business of the Corporation may be limited if investment banks with research capabilities do not follow the Corporation's securities; lessening in trading volume and general market interest in the Corporation's securities may affect an investor's ability to trade significant numbers of securities of the Corporation; and the size of the Corporation's public float may limit the ability of some institutions to invest in the Corporation's securities. If an active market for the securities of the Corporation does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Corporation may decline.

Risks Associated with Acquisitions

Acquisitions of oil and gas properties or companies are dependent in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of the Corporation. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although title and environmental reviews are conducted prior to any purchase of resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat the Corporation's title to certain assets or that environmental defects or deficiencies do not exist.

Payment of Dividends

The amount of future cash dividends, if any, will be subject to the discretion of the board of directors of the Corporation and

may vary depending on a variety of factors and conditions existing from time to time, including fluctuations in commodity prices, the amount of taxes payable by the Corporation, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates and the satisfaction of the liquidity and solvency tests imposed by applicable corporate law for the declaration and payment of dividends. Depending on these and various other factors, many of which will be beyond the control of the board of directors of the Corporation and management of the Corporation, the dividend policy of the Corporation could change from time to time and, as a result, future cash dividends could be reduced or suspended entirely. The market value of the Common Shares may deteriorate if cash dividends are reduced or suspended. Furthermore, the future treatment of dividends for tax purposes will be subject to the nature and composition of dividends paid by the Corporation and potential legislative and regulatory changes. Dividends may be reduced during periods of lower funds from operations, which result from lower commodity prices and any decision by the Corporation to finance capital expenditures using funds from operations.

The timing and amount of capital expenditures of the Corporation will directly affect the amount of income available for dividends. Dividends may be reduced, or even eliminated, at times when significant capital or other expenditures are planned. To the extent that external sources of capital, including the issuance of additional Common Shares, become limited or unavailable, the ability of the Corporation to make the necessary capital investments to maintain or expand petroleum and natural gas reserves and to invest in assets, as the case may be, will be impaired. To the extent that the Corporation is required to use funds from operations to finance capital expenditures or property acquisitions, the cash available for dividends will be reduced.

Future Sales or Issuances of Securities

The Corporation may sell additional Common Shares or other securities in subsequent offerings. The Corporation may also issue additional securities to finance future activities. The Corporation cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial number of Common Shares, or the perception that such sales could occur, may adversely affect the prevailing market price of the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to the Corporation to which the Corporation, or any of its respective properties are subject, nor are there any such proceedings known to be contemplated.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts entered into by the Corporation within the most recently completed financial year, or before the most recently completed financial year but which are still in effect are the Credit Facility and the Arrangement Agreement. The Arrangement Agreement was entered into as part of the Reorganization, see the Corporation's AIF for a detailed description of the Reorganization.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditors of the Corporation are KPMG LLP, Chartered Accountants, 3100, 205 - 5th Ave S.W., Calgary, Alberta, T2P 4B9.

Computershare Trust Company of Canada is the transfer agent and registrar for the Common Shares at its principal office in Calgary, Alberta.

INTEREST OF EXPERTS

Certain legal matters in connection with the Offering will be passed upon by DLA Piper (Canada) LLP, on behalf of the Corporation, and by Burnet Duckworth & Palmer LLP, on behalf of the Underwriters.

As at the date hereof, the partners and associates of each of DLA Piper (Canada) LLP and Burnet Duckworth & Palmer LLP, as a group, beneficially own, directly, or indirectly, less than 1% of the securities of the Corporation and its associates and affiliates. Mr. Daniel Kenney, Corporate Secretary of the Corporation, is a partner of DLA Piper (Canada) LLP, which law firm provides legal services to the Corporation.

Sproule Associates Limited, the Corporation's independent reserves evaluator, as a group, beneficially own, directly or

indirectly, less than 1% of the outstanding Common Shares.

KPMG LLP are the auditors of the Corporation and have confirmed with respect to the Corporation, that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

PURCHASER'S STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain provinces of Canada provide purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE CORPORATION

Dated: June 8, 2016

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, other than Québec.

(signed) "Michael Kabanuk"

Michael Kabanuk
Chief Executive Officer and a Director

(signed) "Gail Hannon"

Gail Hannon
Chief Financial Officer

On behalf of the Board of Directors

(signed) "Bradley Porter"

Bradley Porter
Director

(signed) "Martin Cheyne"

Martin Cheyne
Director

CERTIFICATE OF UNDERWRITERS

Dated: June 8, 2016

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation in each of the provinces of Canada, other than Québec.

**NATIONAL BANK
FINANCIAL INC.**

(signed) "Chris Muldoon"

Chris Muldoon
Director

RAYMOND JAMES LTD.

(signed) "Jason Holtby"

Jason Holtby
Senior Managing Director

**CORMARK SECURITIES
INC.**

(signed) "Dion Degrand"

Dion Degrand
Managing Director

**CIBC WORLD MARKETS
INC.**

(signed) "John Peltier"

John Peltier
Executive Director

DUNDEE SECURITIES LTD.

(signed) "Tony P. Loria"

Tony P. Loria
Managing Director, Head of
Energy Investment Banking

**RBC DOMINION
SECURITIES INC.**

(signed) "Darrell Law"

Darrell Law
Managing Director

SCOTIA CAPITAL INC.

(signed) "David Baboneau"

David Baboneau
Managing Director

TD SECURITIES INC.

(signed) "Scott W. Barron"

Scott W. Barron
Managing Director