



Notice of Annual General Meeting of Shareholders & Management Information Circular

The Annual Meeting of Shareholders
of Granite Oil Corp. will be held:

Thursday, May 12, 2016, 2:30 p.m. Calgary Time
Livingston Place Conference Centre
222 3rd Avenue SW
Calgary, AB
T2P 0B4

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF GRANITE OIL CORP. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF GRANITE OIL CORP. TO BE HELD ON THURSDAY, MAY 12, 2016.



Notice of Annual General Meeting of Shareholders to be held on May 12, 2016

April 11, 2016

NOTICE IS HEREBY GIVEN THAT an annual general meeting (the "**Meeting**") of the holders of Common Shares ("**Shareholders**") of Granite Oil Corp. ("**Granite**" or the "**Corporation**") will be held at Livingston Place Conference Centre, 222 - 3rd Avenue SW, Calgary, Alberta T2P 0B4 on Thursday, May 12, 2016 at 2:30 p.m. (Calgary time) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2015 and the report of the auditors thereon;
2. to fix the number of directors for the ensuing year at seven;
3. to elect directors for the ensuing year as described in the management information circular (the "**Circular**") accompanying this notice;
4. to appoint KPMG LLP as auditors for the ensuing year and to authorize the directors to fix the remuneration to be paid to the auditors; and
5. to transact such further or other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Circular which forms a part of this Notice.

The board of directors of the Corporation has fixed the record date for the Meeting at the close of business on Thursday, April 7, 2016 (the "**Record Date**"). Only shareholders of record as at that date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares owned as at the Record Date, unless any such Shareholder transfers such Shareholder's Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

Shareholders who are unable to attend the Meeting in person are requested to date and sign the enclosed form of proxy and to mail it to or deposit it with the Corporation, c/o Computershare Trust Company of Canada, 600, 530 - 8 Avenue S.W., Calgary, Alberta, T2P 3S8. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Shareholders are cautioned that the transmission of proxies by mail is at each Shareholder's risk.

Your participation as a Shareholder is very important to the Corporation. Please ensure your Common Shares are represented at the Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

"Michael Kabanuk"

Michael Kabanuk
President & Chief Executive Officer



Management Information Circular

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR (THE "CIRCULAR") IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT AND THE BOARD OF DIRECTORS (THE "BOARD") OF GRANITE OIL CORP. ("GRANITE" OR THE "CORPORATION") of proxies from the holders (the **"Shareholders"**) of common shares (the **"Common Shares"**) for the annual general meeting of the Shareholders of the Corporation (the **"Meeting"**) to be held on Thursday, May 12, 2016 at 2:30 p.m. Calgary time at Livingston Place Conference Centre, 222 - 3rd Avenue SW, Calgary, Alberta T2P 0B4, or at any adjournment(s) thereof for the purposes set out in the accompanying notice of meeting (the **"Notice of Meeting"**).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 - *Communication with Beneficial Owner of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

Accompanying this Circular is a form of proxy for holders of Common Shares. The persons named (the **"Management Designees"**) in the enclosed form of proxy have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the Shareholder who appoints them.

A Shareholder may appoint another person (who need not be a Shareholder) to represent such Shareholder at the Meeting, other than the persons designated in the accompanying form of proxy, and may do so either by inserting such person's name in the blank space provided in the accompanying form of proxy or by completing another form of proxy and, in either case, sending or delivering the completed proxy to the offices of Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxy and should provide instructions on how the Shareholder's Common Shares are to be voted. The nominee should bring personal identification with him or her to the Meeting. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a Shareholder personally attending at the Meeting and voting his or her Common Shares.

A form of proxy will not be valid for the Meeting or any adjournment or postponement thereof unless it is completed and delivered to the Corporation c/o Computershare Trust Company of Canada, Proxy Tabulation Department, 8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment thereof. Shareholders are cautioned that the transmission of proxies by mail is at each Shareholder's risk. Late proxies may be accepted or rejected by the Chairman of the Meeting, in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or by his authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or to Computershare Trust Company of Canada, 600, 530 - 8 Avenue S.W., Calgary, Alberta, T2P 3S8, at any time up to and including the

last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the Shareholder personally attending the Meeting and voting his shares.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold their Common Shares in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in the Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records maintained by the Corporation’s registrar and transfer agent as the registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder’s name on the records of Granite. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers and their agents and nominees are prohibited from voting Common Shares for their clients. Granite does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Applicable regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.

Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the form of proxy provided to registered Shareholders by the Corporation; however, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares and mails a machine-readable voting instruction form (or “**VIF**”) in lieu of the form of proxy. The Beneficial Shareholder is requested to complete and return the VIF to Broadridge by mail or facsimile, or to otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a VIF cannot use that VIF to vote Common Shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker or other intermediary, a Beneficial Shareholder may attend at the Meeting as a proxyholder for the registered holder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the applicable form of proxy provided to them and return the document to their broker (or other intermediary or the agent of such broker or other intermediary) in accordance with the instructions provided by such broker, intermediary or agent, well in advance of the Meeting.

All reference to Shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

VOTING OF PROXIES

Each Shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the form of proxy accompanying this Circular (the “**Instrument of Proxy**”). All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.

The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting, the Management Designees will then intend to vote in accordance with the judgment of management of the Corporation.

QUORUM

The by-laws of the Corporation provide that a quorum of Shareholders is present at a meeting of Shareholders of the Corporation if at least two persons holding or representing by proxy not less than 5% of the outstanding shares entitled to vote at the meeting are present.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Granite is authorized to issue an unlimited number of Common Shares, without nominal or par value. As at the effective date of this Circular (the “**Effective Date**”), the Corporation has 30,375,286 Common Shares issued and outstanding.

The Common Shares are entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held. Holders of Common Shares of record at the close of business on April 7, 2016 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than ten (10) days before the day of the Meeting that his name be included on the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, other than as disclosed below, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying ten percent (10%) or more of the voting rights attached to any class of voting securities of the Corporation.

Name and Municipality of Residence	Nature of Ownership ⁽¹⁾	Number and Percentage of Common Shares Held ⁽¹⁾
GMT Capital Corp.	Indirect ⁽²⁾	4,734,518 15.6%
Connor, Clark & Lunn Investment Management Ltd.	Direct	3,425,035 11.3%

Notes:

(1) Based on alternative monthly reports filed on Granite's SEDAR profile at www.sedar.com.

(2) GMT Capital Corp. beneficially owns, directly or indirectly, or controls or directs, voting securities held by Bay II Resource Partners LP, Bay Resource Partners LP, Bay Resource Partners Offshore Master Fund LP, Lyxor/Bay Resource Partners Offshore Fund Ltd. and Thomas E. Clausus.

PARTICULARS OF THE MATTERS TO BE ACTED UPON

To the knowledge of the Granite Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

ITEM 1. REPORT AND FINANCIAL STATEMENTS

At the Meeting, Shareholders will receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2015 and the auditor's report on such statements. A copy of the Corporation's financial statements for the year ended December 31, 2015 and the auditor's report thereon are also available under the Corporation's SEDAR profile at www.sedar.com, and will be tabled at the Meeting.

ITEM 2. FIXING THE NUMBER OF DIRECTORS

The term of office of each of the present directors expires at the Meeting. At the Meeting, Shareholders will be asked to consider passing an ordinary resolution fixing the number of directors of Granite to be elected at seven members, as may be adjusted between Shareholder meetings by way of resolution of the Board in accordance with Granite's articles.

The resolution to fix the number of directors of Granite for the present time at seven must be approved by a simple majority of the aggregate votes cast by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the ordinary resolution in favour of fixing the number of directors to be elected at the Meeting at seven.**

ITEM 3. ELECTION OF DIRECTORS

The Shareholders will be asked to consider a resolution electing the directors of the Corporation to hold office until the next annual meeting of Shareholders. The persons nominated are, in the opinion of management, qualified to direct the activities of the Corporation until the next annual meeting of the Shareholders of the Corporation. All nominees have indicated their willingness to stand for election. Each director elected will hold office until the next annual meeting of the Shareholders of the Corporation or until his successor is duly elected or appointed, unless his office is earlier vacated in accordance with the Corporation's articles or by-laws.

The Corporation currently has seven directors. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominees, the nominee's municipality and province or country of residence, principal occupation at the present time and during the preceding five years (where required), the period during which the nominee has served as a director, and the number and percentage of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to Board. The Corporation does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by Management Designees will be voted for another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed, all as the case may be, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the *Business Corporations Act* (Alberta) (the "**ABCA**") to which the Corporation is subject.

Nominees for Election as Directors

Name, Municipality of Residence and Office	Present Occupation and Position Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the date hereof ⁽¹⁾⁽²⁾
Brendan Carrigy Nanoose Bay, British Columbia, Canada <i>Chairman & Director</i>	Mr. Carrigy is an independent businessman and has been a director of Granite since March 23, 2009. He was the Vice President, Exploration of Granite from July 2009 to August 2011 following which he served as Executive Vice President until March 2012. Mr. Carrigy was Vice-President, Exploration for Cyries Energy Inc. from inception in July 2004 to July 2007. Prior thereto, Mr. Carrigy was Exploration Manager of Cequel Energy Inc. from January 2002 to July 2004 and Exploration Manager at Primewest Energy Trust from March 2001 to January 2002.	365,822 1.2%
Michael Kabanuk Cochrane, Alberta, Canada <i>Chief Executive Officer, President & Director</i>	Mr. Kabanuk has served as the President and Chief Executive Officer of Granite since May 15, 2015 and has been a director of Granite since July 22, 2008. He served as the Executive Chairman of Granite from January 2010 to May 14, 2015. Mr. Kabanuk was Chief Operating Officer and Vice-President, Operations at Cyries Energy Inc. from May 2004 to March 2008. Prior thereto, Mr. Kabanuk was Vice-President, Operations of Cequel Energy Inc. from July 2003 to May 2004, and prior thereto was the Operations Manager of Cequel Energy Inc. from January 24, 2002 to August 7, 2003.	430,737 1.4%
Martin Cheyne Calgary, Alberta, Canada <i>Director</i>	Mr. Cheyne has served as the Chief Executive Officer of Boulder Energy Ltd. since May 15, 2015. He has been a director of Granite since January 24, 2007. Mr. Cheyne was the President and Chief Executive Officer of Granite from January 24, 2007 through May 14, 2015. Mr. Cheyne has been a director of Phoenix Oilfield Hauling, a public company listed on the Toronto Stock Exchange ("TSX"), since May 2006. Mr. Cheyne was President, CEO and a director of Dual Exploration Inc. from July 2005 to December 2006. Prior thereto, Mr. Cheyne was President, CEO and a director of Devlan Exploration Inc. from November 1995 to July 2005.	495,448 1.6%
Henry Hamm Grand Prairie, Alberta, Canada <i>Director</i>	Mr. Hamm owns and operates a number of private companies in the Grande Prairie region including Prudential Lands Corporation, a land development company formed in 1995 and Dirham Homes Inc., a home building company formed in 1976. Mr. Hamm also owns and operates Prudential Energy Services Inc., an oil and gas service company. Mr. Hamm has been a director of Granite since January 25, 2010. <i>Member of the Audit Committee, Reserves Committee, Corporate Governance & Compensation Committee and Nominating Committee (Chair).</i>	782,777 2.6%
Dennis Nerland Calgary, Alberta, Canada <i>Director</i>	Mr. Nerland has been a partner with the law firm Shea Nerland Calnan LLP ⁽³⁾ since 1990 practicing primarily in the areas of tax and trust law. He is a current and past director of a number of private and public companies listed on the TSX and the TSX Venture Exchange ("TSXV") and is currently a trustee of a number of private investment trusts. Mr. Nerland has been a director of Granite since November 22, 2007. Mr. Nerland has a Bachelor of Laws degree from the University of Calgary, a Master of Arts degree (Economics) from Carleton University and a Bachelor of Science degree (Economics and Mathematics) from the University of Calgary. He is a member of the Law Society of Alberta and holds the ICD.D designation from the Institute of Corporation Directors. <i>Member of the Audit Committee (Chair), Reserves Committee and Corporate Governance & Compensation Committee.</i>	77,589 0.3%

Name, Municipality of Residence and Office	Present Occupation and Position Held During the Last Five Years	Number and Percentage of Common Shares Held or Controlled as at the date hereof ⁽¹⁾⁽²⁾
Bradley Porter Okotoks, Alberta, Canada <i>Director</i>	Mr. Porter is an independent businessman serving as a board member for a number of private and public corporations in both the service and producing sectors of the oil and gas industry. He has been a director of Granite since January 24, 2007. <i>Member of the Audit Committee, Reserves Committee (Chair), Corporate Governance & Compensation Committee (Chair) and Nominating Committee.</i>	425,759 1.4%
Kevin Andrus Centennial, Colorado, United States <i>Director</i>	Mr. Andrus is the Portfolio Manager of Energy Investments with GMT Capital Corp., a private investment company based in Atlanta, Georgia. Mr. Andrus has been a director of Granite since June 21, 2013. <i>Member of the Audit Committee, Reserves Committee, Corporate Governance & Compensation Committee and Nominating Committee.</i>	4,223 <0.1%

Notes:

- (1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as of the Effective Date, based upon information furnished to the Corporation by the above individuals.
- (2) Based on 30,375,286 Common Shares issued and outstanding as of the Effective Date.
- (3) The law firm of "Shea Nerland Calnan LLP" is changing its name to "Shea Nerland LLP" effective April 25, 2016.

In accordance with policies of the TSX, the Board has adopted a majority voting policy in director elections that will apply at any meeting of the Corporation's Shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of proxy votes withheld for a particular director nominee is greater than the votes for such director, the director nominee will be required to submit his or her resignation to the Chairman of the Board promptly following the applicable Shareholders' meeting. Following receipt of resignation, the Compensation Committee will consider whether or not to accept the offer of resignation and make a recommendation to the Board. Within 90 days following the applicable Shareholders' meeting, the Board shall publicly disclose their decision whether to accept the applicable director's resignation or not, including the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to this policy will not be permitted to participate in any meeting of the Board or the Compensation Committee at which the resignation is considered.

Cease Trade Orders or Bankruptcies

To the best of the Corporation's knowledge, and other than as described below, no proposed director is, as at the Effective Date, or has been within the ten (10) years before the Effective Date, a director or executive officer of any company (including Granite), that:

- (a) was subject to: (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Mr. Dennis Nerland, a director of the Corporation, was appointed as a director of Alston Energy Inc. ("**Alston**") on July 17, 2012. Alston, an oil and gas exploration and production company, is a reporting issuer in Alberta, British Columbia and Saskatchewan with its common shares listed on the TSX Venture Exchange. On December 9, 2013, Alston obtained an order under the *Companies Creditors' Arrangement Act* (Canada) from the Court of Queen's Bench of Alberta, protecting Alston from its creditors, with a Monitor being appointed by the Court. On May 6, 2014, and May 8, 2014, the common shares of Alston were cease traded by the Alberta Securities Commission and the British Columbia Securities Commission, respectively, as a result of the failure by Alston to

file audited annual financial statements and related management's discussion and analysis for the period ended December 31, 2013, together with the related certification of filings. On May 9, 2014, Alston announced that a receiver has been appointed by the Court of Queen's Bench of Alberta. All of the directors and officers of Alston, including Mr. Nerland, resigned on May 14, 2014.

No proposed director, within ten (10) years before the Effective Date, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Personal Bankruptcies

No proposed director has, within ten (10) years before the Effective Date, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director.

Penalties and Sanctions

To the best of the Corporation's knowledge, no proposed director has, as at the Effective Date, been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director, other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

ITEM 4. APPOINTMENT OF AUDITOR

KPMG LLP are the current auditors of the Corporation. Management proposes that KPMG LLP be re-appointed as auditors of the Corporation to hold office until the earlier of the next annual meeting of Shareholders or their removal by the Corporation, at a remuneration to be fixed by the Board of the Corporation. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote the proxies in favour of an ordinary resolution appointing KPMG LLP as auditor of the Corporation and to authorize the Board to fix the remuneration of KPMG LLP.**

ITEM 5. OTHER BUSINESS

The Board and offices of the Corporation are not aware of any matters, other than those indicated above, which may be submitted to the Meeting for action. **However, if any other matters should properly be brought before the Meeting, the enclosed proxy confers discretionary authority to vote on such other matters according to the best judgment of the person holding the proxy at the Meeting.**

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

STATEMENT OF EXECUTIVE COMPENSATION FOR GRANITE

COMPENSATION DISCUSSION AND ANALYSIS

I. ROLE AND COMPOSITION OF THE CORPORATE GOVERNANCE & COMPENSATION COMMITTEE

The Corporation's executive compensation program is administered by the Corporate Governance and Compensation Committee (the "**Compensation Committee**") of the Board. The Compensation Committee's mandate includes reviewing and making recommendations to the Board in respect of the compensation matters relating to the Corporation's executive officers, employees and directors, including the "Named Executive Officers" who are identified in the "*Summary Compensation Table*", below.

For the year ended December 31, 2015, the Compensation Committee was composed of Messrs. Bradley Porter (Chair), Dennis Nerland, Henry Hamm and Kevin Andrus. All of whom are independent within the meaning of Canadian securities legislation. All of the members of the Compensation Committee are experienced participants in the business world who have sat on the board of directors (including compensation committees) of other companies, charities or business associations, in addition to the Board, and are well versed in the areas of corporate governance and compensation matters.

The responsibilities of the Compensation Committee in respect of compensation matters include reviewing and recommending to the Board the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives, reviewing and approving corporate goals and objectives relevant to Chief Executive Officer ("**CEO**") compensation; non-CEO officer and director compensation; the review of executive compensation disclosure; succession plans for officers and for key employees; and material changes and trends in human resources policy, procedure, compensation and benefits. See "*Corporate Governance Disclosure*" section, below, for additional information regarding the responsibilities of the Compensation Committee. The Compensation Committee has unrestricted access to the Corporation's personnel and documents and is provided with the resources necessary, including, as required, the engagement and compensation of outside advisors, to carry out its responsibilities.

II. COMPENSATION PRINCIPLES AND OBJECTIVES

The Corporation's compensation program supports its commitment to deliver strong performance for its shareholders. The compensation policies are designed to attract, recruit and retain quality and experienced people. In addition, the compensation program is intended to create an alignment of interests between the Corporation's executive officers and other employees with the long term interests of the Corporation's shareholders to ultimately enhance share value. In this way, a significant portion of each executive's compensation is linked to maximizing shareholder value.

At the same time, the Compensation Committee also recognizes that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and gas industry and the impact of internal and market-related occurrences from time to time. As such, the Compensation Committee is given the discretion to award compensation absent attainment of specific performance-related goals, and to increase or reduce the size of any such payout in alignment with the overall pay-for-performance philosophy.

The compensation program supports the Corporation's long-term growth strategy and is designed to accomplish the following objectives:

- align executive compensation with corporate performance and appropriate peer group comparisons;
- produce long-term, positive results for the Corporation's shareholders;
- provide market competitive compensation and benefits to attract and retain highly qualified management; and
- provide incentives that encourage superior corporate performance to support the Corporation's overall business strategy and objectives.

The Compensation Committee has adopted a compensation program that covers the following key short term elements: (i) a base fixed amount of salary and benefits; (ii) a performance based cash bonus; and the following key long term element: (iii) share incentive plan.

The Corporation has reviewed the public disclosure available for other comparable oil and gas companies to assist in determining the competitiveness of base salary, bonuses, benefits and share-based compensation paid to each of the executive officers of the Corporation. In particular, the Corporation selected the following peer group as measured by market capitalization and production volume and with operations in the Western Canadian Sedimentary Basin: Surge Energy Inc., TORC Oil & Gas Ltd., Bonterra Energy Corp. and Cardinal Energy Ltd. The Corporation believes the aforementioned peer group list is comprised of companies that have similar characteristics in common with the Corporation and that would compete for similar executive talent and as such, provides a good basis for assessing the competitiveness of the Corporation's compensation.

While the Compensation Committee does not formally consider the implications of the risks associated with the Corporation's compensation policies and practices, the Compensation Committee takes into consideration the various components of the Corporation's compensation program when assessing whether the program supports the Corporation's principles and objectives and reviews the Corporation's compensation policies on a regular basis. The Corporation has a policy in place to prohibit an executive officer or director from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of Common Shares granted as compensation or held, directly or indirectly, by the executive officer or director.

The Corporation does not expect to make any significant changes to its compensation policies and practices in the coming financial year.

III. ELEMENTS OF COMPENSATION

Named Executive Officers ("NEOs")

Individuals who are acting in a capacity similar to a CEO, CFO and the three most highly compensated executive officers whose total compensation exceeds \$150,000 per annum are the "**Named Executive Officers**" or "**NEOs**". As at December 31, 2015, the NEOs of the Corporation were Michael Kabanuk, Gail Hannon, Jonathan Fleming and Tyler Klatt. Martin Cheyne, the former CEO and President of Granite, was also an NEO of the Corporation in 2015.

Base Salary

The objective of base salary compensation is to reward and retain Named Executive Officers. The compensation program is designed to reward Named Executive Officers for maximizing shareholder value in a volatile commodity-based business in a safe, environmentally responsible, regulatory compliant and ethical manner. In setting base compensation levels, consideration is given to such factors as level of responsibility, experience, expertise and the amount of time devoted to the affairs of the Corporation. Subjective factors such as leadership, commitment and attitude are also considered. It is the goal of the Corporation to pay base salary compensation in the range of industry peers in order to retain the Named Executive Officers while maintaining the overall goal that total compensation should be weighted toward variable and long term performance based components.

Bonus Compensation Plan

The objective of performance based bonuses is to incentivize the maximization of shareholder value by the Named Executive Officers, taking into consideration the operating and financial performance by both the Corporation and the efforts and results of the Named Executive Officers. Increases in the value of the Corporation will result in increases in the amounts paid to the Named Executive Officers.

In March 2012, Granite adopted a bonus compensation plan which consisted of a total bonus pool as well as individual discretionary bonuses for all employees of the Corporation. Pursuant to the bonus structure, the CEO, CFO and the Compensation Committee establish a total bonus pool on an annual basis based on the Corporation's overall performance and taking into consideration factors such as the Corporation's growth in production, reserves, cash flow, its debt level in comparison with other oil and gas companies, and its record in meeting or exceeding budgeted targets and published public guidance. Once the total bonus pool is established,

it is distributed on both a team basis and on an individual basis based on the overall performance of the team and the individual in question. The CEO and CFO are responsible for making recommendations to the Compensation Committee with respect to the amount of bonus that should be paid to an individual and the Compensation Committee is responsible for making recommendations to the Board with respect to the bonuses that shall be awarded to the CEO and CFO. In making its recommendations to the Board with respect to the bonuses to be paid to the CEO and CFO, the Compensation Committee not only considers the overall performance of the Corporation and the leadership demonstrated by these individuals, but also considers market and economic trends, any extraordinary internal and market-driven events, unanticipated developments and other circumstances for an analysis of the total mix of available information on a qualitative and quantitative basis. The Corporation's bonus compensation plan also permits the granting of individual bonuses at the discretion of the CEO, provided that the CEO may not grant any single employee with a discretionary bonus of more than \$25,000 per year or grant discretionary bonuses in an aggregate amount of greater than \$150,000 per year without prior approval from the Compensation Committee.

Granite Options

Termination of Stock Option Plan

On May 15, 2015, the Corporation completed a reorganization by way of plan of arrangement involving Boulder Energy Ltd. ("**Boulder**"), Granite and the Shareholders (the "**Arrangement**"). Concurrently with the Arrangement, the name of the Corporation was changed from "DeeThree Exploration Ltd." ("**DeeThree**") to "Granite Oil Corp." The Corporation's stock option plan (previously defined as the "DeeThree Stock Option Plan", referred to herein as the "**Stock Option Plan**") was terminated on May 15, 2015 in connection with the Arrangement.

Each of the holders of DeeThree options (the "**DeeThree Optionholders**") entered into an Option Exercise and Termination Agreement with Granite (the "**Option Exercise and Termination Agreements**") whereby he/she agreed to conditionally: (i) exercise his/her vested in-the-money options (the "**DeeThree Options**") on a cash or cashless basis; (ii) exchange his/her unvested in-the-money DeeThree Options for Replacement Options (as defined below), and (iii) surrender his/her vested and unvested out-of-money DeeThree Options to Granite for cancellation in consideration of \$0.001 per each such out-of-money DeeThree Option so surrendered.

All vested and unvested out-of-money options outstanding under the Stock Option Plan as at May 15, 2015 were terminated in connection with the Arrangement for consideration of \$0.001 per out-of-money option so terminated. Neither Granite nor Boulder have any further liabilities or obligations to the former Granite optionholders with respect to such terminated out-of-money options. All outstanding in-the-money options ("**DeeThree Options**") as at May 15, 2015 were exchanged for replacement options entitling the holder to receive, upon due exercise of such replacement option, one-third (0.3333) of one Common Share and one-half (0.5) of one (1) common share of Boulder (together, the "**Replacement Options**"). The Replacement Options were exchanged in such a manner that: (a) holders of the DeeThree Options received no consideration for the exchange of their DeeThree Options other than the Replacement Options; (b) the original exercise price of each DeeThree Option was allocated to the Replacement Option such that an amount equal to the Exercise Price Proportion (as defined in the Corporation's Circular dated April 9, 2015 and available on the Corporation's SEDAR profile) of such original exercise price (rounded down to the nearest whole cent) will be payable to Boulder for each one-half (0.5) of one (1) Boulder common share acquired under the Replacement Options and an amount equal to the remainder of the original exercise price (rounded down to the nearest whole cent) will be payable to Granite for each one-third (0.3333) of one Common Share acquired under the Replacement Options; (c) the expiry date of the Replacement Options is the same as that of the corresponding DeeThree Option; and (d) the other material commercial terms and conditions of the Replacement Options generally parallels those of the DeeThree Options. All outstanding in-the-money DeeThree Options were cancelled upon the foregoing exchange.

Boulder announced on February 24, 2016 that it has entered into an arrangement agreement that provides for a going private transaction and has also announced that the transaction is expected to be completed on or about April 13, 2016. The directors of the Corporation who also serve as directors of Boulder Energy Ltd. have notified the Corporation that all Boulder Replacement Options will be terminated concurrently with the completion of the transaction.

Share Incentive Plan

The Shareholders approved and adopted a share incentive plan at the meeting of Shareholders held on May 14, 2015 (the “**Share Incentive Plan**”). A copy of the Share Incentive Plan is included as Appendix “G” to the Corporation’s circular dated April 9, 2015.

The principal purposes of the Share Incentive Plan are: (i) to retain and attract the qualified directors, officers, employees and other service providers that the Corporation requires; (ii) to promote a proprietary interest in the Corporation by such persons and to encourage such persons to remain in Granite’s employ and put forth maximum efforts for the success of Granite’s business; and (iii) to focus Granite’s management on operating and financial performance and long-term total Shareholder return.

The purpose of the Share Incentive Plan is intended to maintain Granite’s competitiveness within the Canadian oil and gas industry and to facilitate the achievement of Granite’s long-term goals. In addition, this incentive-based compensation program is intended to reward Granite’s directors, officers, employees and other service providers for meeting certain predefined operational and financial goals which have been identified for increasing long-term total Shareholder return.

The Share Incentive Plan is administered by the Board, although the Board retains the authority to appoint a committee of the Board to administer the Share Incentive Plan.

Two types of share awards may be granted under the Share Incentive Plan: (1) time-based awards and (2) performance-based awards (“**Awards**”). In determining the persons to whom awards may be granted, the number of Common Shares to be covered by each award and the allocation of the award between time-based awards and performance-based awards, the Board may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors:

- compensation data for comparable benchmark positions among Granite’s peer comparison group;
- the duties, responsibilities, position and seniority of the grantee;
- various corporate performance measures for the applicable period compared with internally established performance measures approved by Granite’s Board and/or similar performance measures of members of Granite’s peer comparison group for such period;
- the individual contributions and potential contributions of the grantee to Granite’s success;
- any bonus payments paid or to be paid to the grantee, and any previous share incentive award grants made to the grantee, in respect of his or her individual contributions and potential contributions to Granite’s success;
- the fair market value or current market price of Granite’s Common Shares at the time of such award; and
- such other factors as the Board deems relevant in its sole discretion in connection with accomplishing the purposes of the Share Incentive Plan.

Each time-based award entitles the holder to an amount computed by the value of a notional number of Common Shares designated in the award (plus dividend equivalents). Each performance-based award entitles the holder to an amount computed by the value of a notional number of Common Shares designated in the award (plus dividend equivalents) multiplied by a payout multiplier.

The payout multiplier for performance-based awards will be determined by the Board based on an assessment of the achievement of predefined corporate performance measures in respect of the applicable period. These corporate performance measures may include: relative total Shareholder return; activities related to Granite’s growth; average production volumes; unit costs of production; total proved reserves; recycle ratio, health, safety and environmental performance; the execution of Granite’s strategic plan and such additional measures as the Board considers appropriate in the circumstances. The payout multiplier for a particular period will be determined by Granite’s Board from time to time but is initially expected to be one of 0x (for fourth quartile ranking), 1x (for third quartile ranking), 1.5x (for second quartile ranking) or 2x (for first quartile ranking). On the payment date, the award amount shall also be adjusted for any dividends declared after the initial grant date.

The Share Incentive Plan contains the following restrictions:

- the maximum number of Common Shares reserved for issuance from time to time pursuant to outstanding awards under the Share Incentive Plan shall not exceed 5.0% of the aggregate number of Granite's issued and outstanding Common Shares (including Common Shares issuable upon exchange of exchangeable shares and other fully paid securities of Granite's affiliates exchangeable into Common Shares) ("**Total Common Shares**");
- the number of Common Shares issuable to insiders at any time, under all of Granite's security based compensation arrangements, may not exceed 10% of the Total Common Shares;
- the number of Common Shares issued to insiders, within any one year period, under all of Granite's security based compensation arrangements, may not exceed 10% of the Total Common Shares;
- the number of Common Shares issued to any single holder shall not exceed 1% of the Total Common Shares; and
- the number of Common Shares issuable pursuant to non-management directors, in aggregate, to a maximum of 0.25% of the Total Common Shares and the value of all awards granted to any non-management director during a calendar year, as calculated on the date of grant, cannot exceed \$100,000 (for purposes of monitoring compliance with these limitations, a payout multiplier of 1x will be assumed for any performance-based awards).

Payment arrangements under the Share Incentive Plan are as follows unless otherwise directed by the Board: (i) as to 1/3 of the award value of such award, on the first anniversary of the date of grant of the award; (ii) as to 1/3 of the award value of such award, on the second anniversary of the date of grant of the award; and (iii) as to the remaining 1/3 of the award value of such award, on the third anniversary of the date of grant of the award. If the holder is on a leave of absence before any of the payment dates, such payment date(s) shall be extended by that portion of the duration of the leave of absence that is in excess of three (3) months. In the event that any payment date falls during a black-out period, such payment date shall be amended to the date that is three (3) business days following the date the black-out is lifted. In the event of a change of control (as defined in the Share Incentive Plan), the payment date for the award value of those incentive awards that have not yet been paid as of such time shall be the closing date of the change of control and the payout multiplier applicable to any performance-based awards shall be determined by the board. In no event shall a payment date be later than December 15th of the third year following the year in which the award was granted.

On the payment date, Granite has sole and absolute discretion in settling the value of the notional Common Shares underlying the award, by any of the following methods or by a combination of such methods: (i) payment in Common Shares issued from treasury; (ii) payment in cash; or (iii) payment in Common Shares acquired by Granite on the Toronto Stock Exchange (the "**TSX**"). The Share Incentive Plan does not contain any provisions for financial assistance by Granite in respect of any awards granted thereunder.

Unless otherwise determined by the Board or unless otherwise provided in an award agreement pertaining to a particular award or any written employment or consulting agreement, the following provisions apply in the event that a holder ceases to be a director, officer, employee or other service provider:

Death or Disability – In the case of the death or disability of a holder, all outstanding awards have been made and which have vested shall be terminated on earlier of: (i) the expiry date of the applicable award; and (ii) date that is six months from the date of death or disability. All awards which have not vested at the date of death or disability shall immediately terminate and, in the case of a holder who is not a director or officer, Granite's President and CEO and Granite's Board in all other cases, taking into consideration the performance of such grantee and Granite's performance since the date of grant of the award(s), may determine the payout multiplier to be applied to any performance awards held by the holder.

Other Termination – In all other cases, all outstanding awards which have vested shall be terminated and all rights to receive common shares thereunder shall be forfeited by the holder effective as of the date that is 30 days from the cessation date, provided that, upon the termination of any employee for cause, Granite's Board may, in its sole discretion, determine that all outstanding vested awards shall immediately terminate and become null and void. All awards which have not vested at the cessation date shall immediately terminate and become null and void.

Except in the case of death, the right to receive Common Shares pursuant to an award granted to a holder may only be exercised personally. Except as otherwise provided in the Share Incentive Plan, no assignment, sale, transfer, pledge or charge of an award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such award shall terminate and be of no further force or effect.

The Share Incentive Plan and any awards granted pursuant thereto may, subject to any required approval of the TSX, be amended, modified or terminated without the approval of Granite's Shareholders. Notwithstanding the foregoing, the Share Incentive Plan or any award may not be amended without the approval of Granite's Shareholders to: (a) increase the percentage of Common Shares reserved for issuance pursuant to awards in excess of the 5% limit currently prescribed; (b) extend the expiry date of any awards held by insiders; (c) permit a grantee to transfer awards to a new beneficial holder other than for estate settlement purposes; (d) change the limitations on the granting of awards described above; and (e) change the amending provision of the Share Incentive Plan.

The Share Incentive Plan contains anti-dilution provisions which allow the Board to make such adjustments to the Share Incentive Plan, to any awards as Granite's Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to holders thereunder.

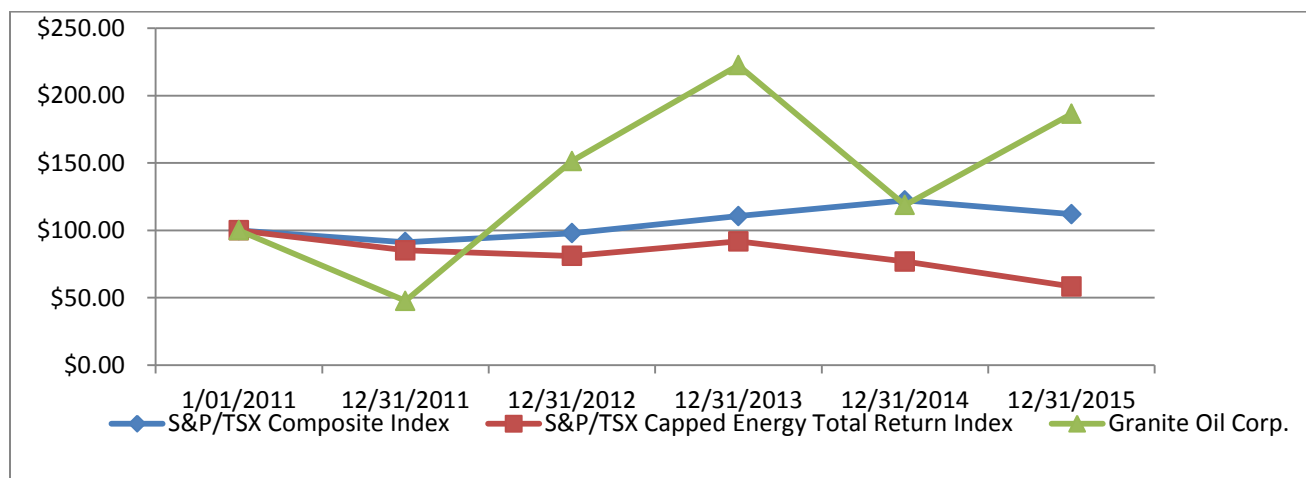
Employee Share Purchase Plan

In March 2013, the board of directors of Granite approved the implementation of the Employee Share Purchase Plan (the "ESPP"), which provided that all full-time employees, including executive officers and directors, were eligible to participate in the ESPP by acquiring the Corporation's Common Shares through regular payroll deductions and the Corporation's matching contribution, so that participating directors, officers and employees could have the opportunity to benefit from the growth in the value of the Corporation through ongoing Share ownership.

The ESPP was terminated concurrently with the completion of the Arrangement on May 15, 2015. The corporate contributions to the ESPP for the Named Executive Officers and directors prior to the termination of the ESPP are included in "All Other Compensation" in the summary compensation tables below.

IV. PERFORMANCE GRAPH

Upon completion of the Arrangement, the DeeThree common shares were delisted from trading on the TSX on May 15, 2015. The Common Shares of Granite were listed for trading on the TSX under the symbol "GXO" on May 21, 2015. The following graph shows the cumulative shareholder return for a holder of Granite Common Shares over the five most recently completed financial years, assuming that \$100 was invested in DeeThree common shares on the first day of the five-year period. The following graph also compares such shareholder return against the S&P/TSX Composite Index and the S&P/TSX Capped Energy Total Return Index.



	1/01/2011	12/31/2011	12/31/2012	12/31/2013	12/31/2014	12/31/2015
S&P/TSX Composite Index	\$ 100.00	\$ 91.29	\$ 97.85	\$ 110.56	\$ 122.23	\$ 112.06
S&P/TSX Capped Energy Total Return Index	\$ 100.00	\$ 85.20	\$ 81.08	\$ 91.88	\$ 76.87	\$ 58.32
Granite Oil Corp.	\$ 100.00	\$ 47.67	\$ 151.40	\$ 222.56	\$ 118.84	\$ 186.46

Notes:

- (1) The aforementioned graph takes into consideration all dividends paid to holders of Common Shares for the financial year ended December 31, 2015.
- (2) The aforementioned graph also takes into consideration the distribution of common shares of Boulder (on the basis of 0.5 of a Boulder common share for each DeeThree common share held immediately prior to the Arrangement) pursuant to the Arrangement, with the value of the Boulder common share being determined based on the volume weighted average price of the Boulder common shares on the first five trading days post-Arrangement.

The Corporation's executive compensation programs are designed to align the financial, operating and market performance of the Corporation, both long-term and short-term, with the compensation that the Named Executive Officers ultimately receive. Over the period from December 31, 2014 to December 31, 2015, total compensation for all of the NEOs increased approximately 140.8% while the total shareholder return was a gain of over 156.9% (compared to a negative return of approximately 75.9% for the S&P/TSX Capped Energy Total Return Index).

The Corporation's cumulative shareholder return performance reflects both operational and financial performance within the Corporation's control as well as volatile commodity prices, economic and market prices that are beyond the Corporation's control with the impact of the sustained decline in world crude oil and natural gas prices.

Compensation of the Corporation's NEOs is determined based on a number of factors including corporate and individual considerations, as further described above, and does not necessarily track the changes in the market value of the Common Shares. The Corporation's share incentive plan is designed to align the interests of all employees with Shareholders by linking a component of compensation to the performance of the Common Shares.

V. SUMMARY COMPENSATION TABLE OF NEOs

The following table sets forth all annual and long-term compensation for the financial year ended December 31, 2015 for services in all capacities to the Corporation and its subsidiaries, if any, in respect of individual(s) who were considered NEOs.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year Ended December 31	Salary (\$)	Share-Based Awards ⁽¹⁾ (\$)	Option-Based Awards ⁽²⁾ (\$)	Annual Compensation Plans	Non-Equity Incentive Stock Option Plan Compensation ⁽³⁾ (\$)	Pension Value ⁽⁴⁾ (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
						Long-Term Incentive Stock Option Plans			
Michael Kabanuk⁽⁶⁾ <i>President and CEO</i>	2015	262,500	1,750,000	0	0	N/A	N/A	12,562	2,025,062
	2014	267,100	N/A	413,000	233,500	N/A	N/A	23,703	937,303
	2013	210,000	N/A	218,000	152,500	N/A	N/A	14,249	594,749
Martin Cheyne⁽⁷⁾ <i>Director</i>	2015 ⁽⁸⁾	0	99,995	0	0	N/A	N/A	0	99,995
	2015 ⁽⁹⁾	112,500	0	0	0	N/A	N/A	10,592	123,092
	2014	267,100	N/A	380,000	133,500	N/A	N/A	27,141	807,741
	2013	210,000	N/A	218,000	152,500	N/A	N/A	17,938	598,438
Gail Hannon⁽¹⁰⁾ <i>CFO</i>	2015	207,206	1,050,000	0	0	N/A	N/A	14,796	1,272,002
	2014	220,000	N/A	330,000	106,609	N/A	N/A	24,414	681,023
	2013	194,250	N/A	175,000	141,063	N/A	N/A	17,854	528,167
Jonathan Fleming⁽¹¹⁾ <i>Executive VP</i>	2015	185,000	840,000	0	0	N/A	N/A	11,348	1,036,348

Name and Principal Position	Year Ended December 31	Salary (\$)	Share-Based Awards ⁽¹⁾ (\$)	Option-Based Awards ⁽²⁾ (\$)	Non-Equity Incentive Stock Option Plan Compensation ⁽³⁾ (\$)		Pension Value ⁽⁴⁾ (\$)	All Other Compensation ⁽⁵⁾ (\$)	Total Compensation (\$)
					Annual Compensation Plans	Long-Term Incentive Stock Option Plans			
Tyler Klatt ⁽¹²⁾ VP Exploration	2015	159,844	840,000	0	0	N/A	N/A	11,398	1,011,242

Notes:

- (1) **"Share-Based Award"** means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock. This column reflects the grant date fair value of the awards, based on a \$7.00 5-day VWAP of Common Shares through the grant date. The awards vest in 1/3 upon each anniversary of the grant date over the three years subsequent to the grant. This calculation assumes a payout multiplier of 1x and does not include the value of the dividend equivalents. This calculation does not include any adjustment for dividends. **These amounts are not necessarily reflective of actual amounts that may be realized.**
- (2) As of May 15, 2015, the Corporation's Stock Option Plan was terminated and the Corporation no longer grants any option-based awards. **"Option-Based Award"** means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. This does not include Replacement Options issued on May 15, 2015 pursuant to the Arrangement in exchange for the cancellation of previously issued stock options, see "Outstanding Share-Based Awards and Option-Based Awards" below. **These amounts are not necessarily reflective of actual amounts that may be realized.**
- (3) The Corporation does not currently have any non-equity long-term incentive plans. The Corporation's only non-equity incentive plan is its bonus plan. See "Bonus Compensation Plan" discussion above.
- (4) The Corporation does not currently have any pension plans or pension awards.
- (5) Includes Corporation paid contributions to the ESPP, parking, health benefits and fitness club memberships. The ESPP was terminated on May 14, 2015.
- (6) Mr. Kabanuk was appointed President and CEO effective May 15, 2015. From January 1, 2015 through May 14, 2015, he served as Executive Chairman of the Corporation. Mr. Kabanuk voluntarily reduced his salary in May 2015 by 20%.
- (7) Mr. Cheyne served as the President and CEO of the Corporation from January 24, 2007 through May 14, 2015.
- (8) For the period beginning May 15, 2015 through December 31, 2015.
- (9) For the period beginning January 1, 2015 through May 14, 2015.
- (10) Ms. Hannon's salary was prorated to 90% effective September 1, 2014. Ms. Hannon voluntarily reduced her salary by 20% in May 2015 and by another 12% in September 2015.
- (11) Mr. Fleming was appointed Executive Vice President on May 15, 2015. Mr. Fleming voluntarily reduced his salary by 12% in May 2015.
- (12) Mr. Klatt was appointed Vice President, Exploration on May 15, 2015.

During the financial year ended December 31, 2015:

- Michael Kabanuk was paid an average monthly salary of \$21,875 and a discretionary bonus of \$0. His current annual salary is \$240,000. He was granted 250,000 Awards, being a certain number of Common Shares, pursuant to the Share Incentive Plan.
- Martin Cheyne was paid an average monthly salary of \$25,000 while he served as CEO and President and a discretionary bonus of \$0. He was granted 14,285 Awards, being a certain number of Common Shares, pursuant to the Share Incentive Plan.
- Gail Hannon was paid an average monthly salary of \$17,267 and a discretionary bonus of \$0. Her current annual salary is \$176,000. She was granted 150,000 Awards, being a certain number of Common Shares, pursuant to the Share Incentive Plan.
- Jonathan Fleming was paid an average monthly salary of \$15,417 and a discretionary bonus of \$0. His current annual salary is \$176,000. He was granted 120,000 Awards, being a certain number of Common Shares, pursuant to the Share Incentive Plan.
- Tyler Klatt was paid an average monthly salary of \$13,320 and a discretionary bonus of \$0. His current annual salary is \$162,750. He was granted 120,000 Awards, being a certain number of Common Shares, pursuant to the Share Incentive Plan.

VI. INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all share-based and option-based awards outstanding for each Named Executive Officer of the Corporation as of the financial year ended December 31, 2015, including awards granted before the most recently completed financial year and the Replacement Options granted.

GRANITE OPTION-BASED AND SHARE-BASED AWARDS

Name and Title	Option-Based Awards ⁽¹⁾				Share-Based Awards	
	Number of Common Shares Underlying Unexercised Option-Based Awards (#)	Exercise Price (\$)	Expiration Date	Value of Unexercised In-the-Money Option-Based Awards ⁽²⁾ (\$)	Award (Common Shares that have not vested) (#)	Estimated Payout value of awards not yet vested ⁽³⁾ (\$)
Michael Kabanuk, President & CEO	6,666	2.85	October 17, 2016	34,863	250,000	2,020,000
	5,147	4.28	February 16, 2017	19,559		
Martin Cheyne Director	7,665	2.85	October 17, 2016	40,088	14,285	115,423
	5,147	4.28	February 16, 2017	19,559		
Gail Hannon CFO	6,999	2.85	October 17, 2016	36,605	150,000	1,212,000
	5,147	4.28	February 16, 2017	19,559		
Jonathan Fleming Executive Vice President	Nil	Nil	Nil	Nil	120,000	969,600
Tyler Klatt VP Exploration	3,999	2.85	October 17, 2016	20,915	120,000	969,600
	2,333	3.22	January 26, 2017	11,338		
	5,147	4.28	February 16, 2017	19,559		

Notes:

- (1) As of May 15, 2015, the Corporation's Stock Option Plan was terminated and the Corporation no longer grants any option-based awards. All option-based awards listed are Replacement Options. See "Granite Options" above.
- (2) Calculated based on the difference between the closing price of \$8.08 per Common Share on the TSX on December 31, 2015, the last day the Common Shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (3) Calculated by multiplying the number of share incentive awards by the market price of the Common Shares at December 31, 2015 (\$8.08). This calculation assumes a payout multiplier of 1x for the performance awards and does not include the value of the dividend equivalents received on the awards or any adjustment for dividends. **These amounts are not necessarily reflective of actual amounts that may be realized.**

Incentive Plan Awards - Value Vested or Earned During the Year

For each NEO, the following table sets forth: (1) the value of option-based awards which vested or were earned during the financial year ended December 31, 2015, (2) the value of non-equity incentive plan compensation earned during the year ended December 31, 2015, and (3) the value of share-based awards which vested or were earned during the financial ended December 31, 2015.

Name and Title	Option-Based Awards - Value of in-the-money vested during the year ⁽¹⁾⁽²⁾ (\$)	Non-Equity Incentive Stock Option Plan Compensation - Value Earned During the Year (\$)	Share-Based Awards - Value vested during the year ⁽³⁾ (\$)
Michael Kabanuk President & CEO	29,997	0	0
Martin Cheyne Director	34,493	0	0

Name and Title	Option-Based Awards - Value of in-the-money vested during the year⁽¹⁾⁽²⁾ (\$)	Non-Equity Incentive Stock Option Plan Compensation - Value Earned During the Year (\$)	Share-Based Awards - Value vested during the year⁽³⁾ (\$)
Gail Hannon <i>CFO</i>	31,496	0	0
Jonathan Fleming <i>Executive Vice President</i>	0	0	0
Tyler Klatt <i>VP Exploration</i>	17,996	0	0

Notes:

- (1) As of May 15, 2015, the Corporation's Stock Option Plan was terminated and the Corporation no longer grants any option-based awards. All option-based awards are Replacement Options.
- (2) Calculated based on the difference between the market price of the Common Shares underlying the option-based award at the vesting date and the exercise price of the option-based award on the vesting date. In connection with the Arrangement, holders of option-based awards agreed to one of the following: (i) exercise all of the holder's vested In-the-Money options, effective as of the effective time of the Arrangement on a cash or cashless basis; (ii) exchange all of the holder's unvested In-the Money Options for Replacement Options; of (iii) surrender all of the holder's unvested and vested Out-of-Money DeeThree Options to DeeThree for cancellation in consideration for \$0.001 per each unvested and vested Out-of-Money DeeThree Option so surrendered. All capitalized terms find their meaning in the Management Information Circular dated April 9, 2015.
- (3) The Corporation's only share-based awards are granted under the Share Incentive Plan. See "Share Incentive Plan" discussion above.

Pension Plan Benefits

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

VII. TERMINATION AND CHANGE OF CONTROL BENEFITS

The Corporation has entered into executive employment agreements with the NEOs (the "**Employment Agreements**"), namely Michael Kabanuk, Gail Hannon, Jonathon Fleming and Tyler Klatt, with such Employment Agreements bearing an effective date of May 15, 2015, the effective date of the Arrangement. Each of the Employment Agreements provides for the NEO's annual base salary, vacation entitlement and benefits. The Employment Agreements have entitlements on a termination without just cause and change of control as follows:

- Mr. Kabanuk is entitled to 24 months of compensation in the event of termination without just cause and is entitled to 24 months of compensation plus two times 40% of his annual salary upon triggering event, in the event of a change of control.
- Ms. Hannon is entitled to 24 months of compensation in the event of termination without just cause and is entitled to 24 months of compensation plus two times 40% of her annual salary upon triggering event, in the event of a change of control.
- Mr. Fleming is entitled to 12 months of compensation in the event of termination without just cause and is entitled to 12 months of compensation plus 40% of his annual salary upon triggering event, in the event of a change of control.
- Mr. Klatt is entitled to 12 months of compensation in the event of termination without just cause and is entitled to 12 months of compensation plus 40% of his annual salary upon triggering event, in the event of a change of control.

For the financial year ended December 31, 2015, the NEOs would have been entitled to the following payments upon termination without cause: Michael Kabanuk - \$480,000, Gail Hannon - \$440,000, Jonathan Fleming - \$176,000, Tyler Klatt - \$162,750. Upon termination without cause in connection with a change of control, the NEOs would have been entitled to the following payments: Michael Kabanuk - \$672,000, Gail Hannon - \$492,800, Jonathan Fleming - \$246,400, Tyler Klatt - \$227,850.

Each of the Employment Agreements also contains non-competition and non-solicitation clauses.

VIII. OTHER COMPENSATION

Other than as set forth herein, the Corporation did not pay any other compensation to NEOs (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the financial year ended December 31, 2015, other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

STATEMENT OF DIRECTOR COMPENSATION

For the financial year ended December 31, 2015, the Corporation had seven directors, one of whom, Michael Kabanuk (President and CEO) was also an executive officer as at December 31, 2015. Another director, Martin Cheyne, was an executive officer during the period January 1, 2015 through May 14, 2015. Executive officers of the Corporation who also act as directors of the Corporation do not receive any additional compensation for services rendered in such capacity. For a description of the compensation paid to Michael Kabanuk and Martin Cheyne, see “*Statement of Executive Compensation*” section above.

I. DIRECTORS’ SUMMARY COMPENSATION TABLE

The following table sets forth all compensation provided to directors who are not also NEOs (“**Outside Directors**”) of the Corporation for the financial year ended December 31, 2015.

SUMMARY COMPENSATION TABLE

Name	Fees Earned (\$)	Share-Based Awards ⁽¹⁾ (\$)	Option-Based Awards ⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation ⁽²⁾ (\$)	Pension Value ⁽²⁾ (\$)	All Other Compensation ⁽³⁾ (\$)	Total (\$)
Brendan Carrigy	29,750	99,995	0	Nil	Nil	2,622	132,367
Dennis Nerland	29,750	99,995	0	Nil	Nil	2,100	131,845
Bradley Porter	29,750	99,995	0	Nil	Nil	2,622	132,367
Henry Hamm	29,750	99,995	0	Nil	Nil	2,100	131,845
Kevin Andrus	29,750	99,995	0	Nil	Nil	2,100	131,845

Notes:

- (1) This column reflects the grant date fair value of the awards, based on a \$7.00 5-day VWAP of Common Shares through the grant date. The awards vest in 1/3 upon each anniversary of the grant date over the three years subsequent to the grant. This calculation assumes a payout multiplier of 1x and does not include the value of the dividend equivalents or any adjustment for dividends. **These amounts are not necessarily reflective of actual amounts that may be realized.**
- (2) The Corporation does not have any option-based awards, non-equity incentive plans or pension plans for Outside Directors. The Corporation’s Stock Option Plan was terminated on May 14, 2015. This does not include Replacement Options granted on May 15, 2015, see “*Outstanding Share-Based Awards and Option-Based Awards*” below.
- (3) Includes Corporation paid contributions to the ESPP. The ESPP was terminated on May 14, 2015.

II. INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth details of all share-based and option-based awards outstanding for each Outside Director of the Corporation as of the financial year ended December 31, 2015, including awards granted before the most recently completed financial year and the Replacement Options granted.

DIRECTOR OPTION-BASED AND SHARE-BASED AWARDS

Name and Title	Option-Based Awards ⁽¹⁾				Share-Based Awards	
	Number of Common Shares Underlying Unexercised Option-Based Awards (#)	Exercise Price (\$)	Expiration Date	Value of Unexercised In-the-Money Option-Based Awards ⁽²⁾ (\$)	Award (Common Shares that have not vested) (#)	Estimated Payout value of awards not yet vested ⁽³⁾ (\$)
Brendan Carrigy	2,999	2.85	October 17, 2016	15,685	14,285	115,423
	2,059	4.28	February 16, 2017	7,824		
	4,606	4.52	May 14, 2017	16,397		
Dennis Nerland	2,999	2.85	October 17, 2016	15,685	14,285	115,423
	1,029	4.28	February 16, 2017	3,910		
	5,636	4.52	May 14, 2017	20,064		
Bradley Porter	2,999	2.85	October 17, 2016	15,685	14,285	115,423
	1,544	4.28	February 16, 2017	5,867		
	5,121	4.52	May 14, 2017	18,231		
Henry Hamm	2,999	2.85	October 17, 2016	15,685	14,285	115,423
	1,029	4.28	February 16, 2017	3,910		
	5,636	4.52	May 14, 2017	20,064		
Kevin Andrus	Nil	Nil	Nil	Nil	14,285	115,423

Notes:

- (1) As of May 15, 2015, the Corporation's Stock Option Plan was terminated and the Corporation no longer grants any option-based awards. All option-based awards listed are Replacement Options. See "Granite Options" above.
- (2) Calculated based on the difference between the closing price of \$8.08 per Common Share on the TSX on December 31, 2015, the last day the Common Shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (3) Calculated by multiplying the number of share incentive awards by the market price of the Common Shares at December 31, 2015 (\$8.08). This calculation assumes a payout multiplier of 1x for the performance awards and does not include the value of the dividend equivalents received on the awards or any adjustment for dividends. **These amounts are not necessarily reflective of actual amounts that may be realized.**

None of the awards disclosed in the table above have been transferred at other than fair market value.

Incentive Plan Awards - Value Vested or Earned During the Year

For each Director, the following table sets forth: (1) the value of option-based awards which vested or were earned during the financial year ended December 31, 2015, (2) the value of non-equity incentive plan compensation earned during the year ended December 31, 2015, and (3) the value of share-based awards which vested or were earned during the financial ended December 31, 2015.

Name and Title	Option-Based Awards - Value of in-the-money vested during the year ⁽¹⁾⁽²⁾ (\$)	Non-Equity Incentive Stock Option Plan Compensation - Value Earned During the Year ⁽³⁾ (\$)	Share-Based Awards - Value vested during the year ⁽⁴⁾ (\$)
Brendan Carrigy	13,496	0	0
Dennis Nerland	13,496	0	0
Bradley Porter	13,496	0	0
Henry Hamm	13,496	0	0
Kevin Andrus	0	0	0

Notes:

- (1) As of May 15, 2015, the Corporation's Stock Option Plan was terminated and the Corporation no longer grants any option-based awards. All option-based awards are Replacement Options.
- (2) Calculated based on the difference between the market price of the Common Shares underlying the option-based award at the vesting date and the exercise price of the option-based award on the vesting date. In connection with the Arrangement, holders of option-based awards agreed to one of the following: (i) exercise all of the holder's vested In-the-Money options, effective as of the effective time of the Arrangement on a cash or cashless basis; (ii) exchange all of the holder's unvested In-the-Money Options for Replacement Options; or (iii) surrender all of the holder's unvested and vested Out-of-Money DeeThree Options to DeeThree for cancellation in consideration for \$0.001 per each unvested and vested Out-of-Money DeeThree Option so surrendered. All capitalized terms find their meaning in the Management Information Circular dated April 9, 2015.
- (3) The Corporation's only non-equity incentive plan is its bonus plan. See "*Bonus Compensation Plan*" discussion above.
- (4) The Corporation's only share-based awards are granted under the Share Incentive Plan. See "*Share Incentive Plan*" discussion above.

III. OTHER COMPENSATION

Other than as set forth herein, the Corporation did not pay any other compensation to directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the financial year ended December 31, 2015, other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation's financial year ended December 31, 2015. As at December 31, 2015, the Share Incentive Plan is the only compensation plan under which any Common Shares may be issued.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)
Equity compensation plans approved by Shareholders	826,103	N/A	689,661
Equity compensation plans not approved by Shareholders	Nil	N/A	N/A
Total	826,103	N/A	689,661

Notes:

- (1) The Share Incentive Plan reserves for issuance a maximum 5.0% of the Corporation's issued and outstanding Common Shares at any given time.
- (2) The number of Common Shares issuable pursuant to the Share Incentive Plan does not include the dividend equivalents that will accumulate on the underlying grants and assumes a payout multiplier of 1x for the performance awards.
- (3) Does not include 82,646 Common Shares reserved for issuance upon exercise of outstanding Replacement Options. See "*Granite Options - Termination of Stock Option Plan*". See "*Interests of Informed Persons in Material Transactions*" below. The average exercise price of the Replacement Options is \$3.13 per Common Share.

MANAGEMENT CONTRACTS

During the financial year ended December 31, 2015, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director, executive officer, or senior officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate of any one of them:

- (a) is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or any of its subsidiaries; or
- (b) was indebted to another entity, which such indebtedness is, or was at any time during the most recently completed financial year of the Corporation, the subject of a guarantee, support agreement, letter of credit, or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed below, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any Shareholder holding more than 10% of the voting rights attached to the Common Shares, or any associate or affiliate of any of the foregoing, in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

Certain members of Granite's management and the Board had certain interests in connection with the Arrangement. Pursuant to the Arrangement, the directors and officers of Granite received, in respect of each outstanding DeeThree common share held, one-third (0.3333) of one Common Share and one-half (0.5) of one (1) Boulder common share (the "**Consideration**"), as set out in the Plan of Arrangement attached as Appendix "B" to the Corporation's circular dated April 9, 2015 and available on its SEDAR profile (the "**Circular**"). The Consideration received was on the same terms and conditions as all other DeeThree shareholders. As of the effective date of the Circular, April 9, 2015, the directors and officers of Granite owned an aggregate of 7,437,550 (8.36%) DeeThree common shares.

Each of the DeeThree Optionholders, including directors and officers of Granite, entered into an Option Exercise and Termination Agreement in connection with the Arrangement whereby each individual agreed to conditionally: (i) exercise his/her vested in-the-money DeeThree Options on a cash or cashless basis; (ii) exchange his/her unvested in-the-money DeeThree Options for Replacement Options, and (iii) surrender his/her vested and unvested out-of-the-money DeeThree Options to the Corporation for cancellation in consideration of \$0.001 per each such out-of-the-money DeeThree Option so surrendered. Based on the fair market value of the DeeThree common shares as of April 9, 2015, directors and officers of the Corporation held 2,437,947 vested in-the-money DeeThree Options, 329,485 DeeThree unvested in-the-money Options, and 1,454,000 out-of-the-money DeeThree Options. Upon the Arrangement becoming effective and based on the fair market value of the DeeThree common shares as of April 9, 2015, 329,485 Replacement Options were issued to directors and officers of DeeThree, entitling them to purchase 109,817 Common Shares and 164,743 Boulder common shares.

Additionally, the directors, certain officers and employees of the Corporation remained directors, officers and employees of Granite and received remuneration for acting in such capacity during the year ended December 31, 2015, as more fully described above, and are entitled to receive awards under the Share Incentive Plan approved at the meeting of Shareholders held on May 14, 2015.

AUDIT COMMITTEE DISCLOSURE

Under National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), Granite is required to include in its Circular the disclosure required under Form 52-110F2. The disclosure required by Form 52-110F2 is set out below.

AUDIT COMMITTEE CHARTER

A copy of the Corporation's Audit Committee Charter can be found in the Corporation's Annual Information Form.

AUDIT COMMITTEE COMPOSITION

As at the Effective Date, the Audit Committee is comprised of the following members:

Dennis Nerland	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Bradley Porter	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Henry Hamm	Independent ⁽¹⁾	Financially literate ⁽¹⁾
Kevin Andrus	Independent ⁽¹⁾	Financially literate ⁽¹⁾

Note:

(1) As defined by NI 52-110.

The independent directors of Granite do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance, but have held informal meetings where such persons have not been present. To facilitate open and candid discussion among the independent directors, the independent directors may hold in camera sessions at Board meetings. The independent directors may in future consider holding regularly scheduled meetings at which non-independent directors and members of management are not in attendance.

Currently, the Board is satisfied that it exercises its responsibilities for independent oversight of management. The ability to establish ad hoc committees comprised of a majority of independent directors provides the Board of Directors with the ability to meet independently of management whenever deemed necessary or appropriate and the chair of each such ad hoc committee provides leadership for such committee.

RELEVANT EDUCATION AND EXPERIENCE

All of the members of the Audit Committee have been either directly involved in the preparation and/or oversight of the preparation of the financial statements, filing of the quarterly and annual financial statements, dealing with the auditors, or otherwise as a member of the Audit Committee. All members have the ability to read, analyze, and understand the complexities surrounding the issuance of financial statements. The following sets out the education and experience of each member of the Audit Committee relevant to the performance of his or her duties as a member of the Audit Committee.

Dennis Nerland

Mr. Nerland has been a partner with the law firm Shea Nerland Calnan LLP⁽¹⁾ since 1990 practicing primarily in the areas of tax and trust law. Mr. Nerland is a current and past director of a number of private and public companies listed on the TSXV and the TSX and is currently a trustee of a number of private investment trusts. Mr. Nerland has a Bachelor of Laws degree from the University of Calgary, a Master of Arts degree (Economics) from Carleton University and a Bachelor of Science degree (Economics and Mathematics) from the University of Calgary. He is a member of the Law Society of Alberta and holds the ICD.D designation from the Institute of Corporate Directors. See “*Board of Directors*” in the Section titled “*Disclosure of Corporate Governance Procedures – 1. Board of Directors*” for a discussion of Mr. Nerland’s independence.

Bradley Porter

Mr. Porter is an independent businessman and has been a founder, director and senior executive of several Calgary based private and public oil and gas companies, including Devlan Exploration Inc. and Dual Exploration Inc. Mr. Porter has served as a member of the Audit Committees of other issuers listed on the TSX and TSXV.

Henry Hamm

Mr. Hamm owns and operates a number of private companies in the Grande Prairie region including Prudential Lands Corporation, a land development company formed in 1995 and Dirham Homes Inc., a home building company formed in 1976. Mr. Hamm also owns and operates Prudential Energy Services Inc., an oil and gas service company.

(1) The law firm of “Shea Nerland Calnan LLP” is changing its name to “Shea Nerland LLP” effective April 25, 2016.

Kevin Andrus

Mr. Andrus is the Portfolio Manager of Energy Investments with GMT Capital Corp., a private investment company based in Atlanta, Georgia. A graduate of the Masters of Business Administration program from Regis University, Mr. Andrus is also a Chartered Financial Analyst charter holder who has spent the past two decades with various investment management companies. He also sits on the board of directors and audit committee of Blackbird Energy Inc.

AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Corporation's financial year ended December 31, 2015 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

RELIANCE ON CERTAIN EXEMPTIONS

At no time since the commencement of the Corporation's financial year ended December 31, 2015 has the Corporation relied on the exemption from NI 52-110, including Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption granted under Part 8 of NI 52-110.

PRE-APPROVAL POLICIES AND PROCEDURES

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services other than the general requirements under the heading "*External Auditors*" of the Audit Committee Charter which states that the Audit Committee must pre-approve any non-audit services to the Corporation and the fees for those services.

EXTERNAL AUDITOR SERVICE FEES

The aggregate fees billed by the Corporation's external auditors in each of the two fiscal years noted below for audit and other fees are as follows:

Financial Year Ending	Audit Fees ⁽¹⁾ (\$)	Audit Related Fees ⁽²⁾ (\$)	Tax Fees ⁽³⁾ (\$)	All Other Fees ⁽⁴⁾ (\$)
2015	100,000	60,000	59,064	316,500
2014	281,000	Nil	40,125	Nil

Notes:

- (1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of our financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "**Audit-Related Fees**" for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not reported as audit fees. The services provided in this category include due diligence assistance, accounting consultations on proposed transactions, and consultation on International Financial Reporting Standards conversion.
- (3) "**Tax Fees**" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice.
- (4) "**All Other Fees**" includes fees associated with the Plan of Arrangement completed on May 15, 2015.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that if management of an issuer solicits proxies from its security holders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101. The prescribed corporate governance disclosure for the Corporation is that contained in Form 58-101F1 which is attached to NI 58-101 (the "**Form 58-101F1 Disclosure**").

Set out below is a description of the Corporation's current corporate governance practices, relative to the Form 58-101F1 Disclosure.

1. Board of Directors

(a) Disclose the identity of directors who are independent.

The following directors of the Corporation are independent for purposes of NI 58-101:

Kevin Andrus
Henry Hamm
Dennis Nerland
Bradley Porter
Brendan Carrigy

Mr. Dennis Nerland was the President, CEO and a Director of Royal Capital Corp. ("**Royal**"), a Capital Pool Company and a predecessor entity to DeeThree and Granite. Royal had a market capitalization of \$1 million and pursuant to the TSXV policies governing Capital Pool Companies, Royal had no active business or operations, other than to look for a Qualifying Transaction. In 2009, Royal completed its Qualifying Transaction by combining with DeeThree. At the time of the transaction, Mr. Nerland had no relationships with DeeThree or any of its directors, officers or principal shareholders other than the relationship with DeeThree resulting from his service as the President and CEO of Royal, Mr. Nerland has not at any time had a relationship with Granite that could be considered material.

(b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Mr. Martin Cheyne acted as the President and CEO of the Corporation from January 24, 2007 through May 15, 2015. Mr. Cheyne now serves as a director on the Board, but can be considered to have had a material relationship with Granite within the last three years.

Mr. Michael Kabanuk is not independent as he is the President and CEO of the Corporation.

(c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

Currently, the Corporation has a majority of independent directors.

(d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

Individual	Name of Reporting Issuer	Individual	Name of Reporting Issuer
Martin Cheyne	Boulder Energy Ltd.	Dennis L. Nerland	Acceleware Ltd.
Bradley Porter	Boulder Energy Ltd.		Arkadia Capital Corp.
	DualEx Energy International Inc.		Avagenesis Corp.
Henry Hamm	Boulder Energy Ltd.		Avapecia Life Sciences Corp.
Brendan Carrigy	Boulder Energy Ltd.		Boulder Energy Ltd.
Kevin Andrus	Blackbird Energy Inc.		Crew Energy Inc.
	Boulder Energy Ltd.		Critical Control Energy Services Corp.
Michael Kabanuk	Boulder Energy Ltd.		Manitok Energy Inc.
			Olympia Financial Group Inc.
			Strata-X Energy Ltd.

Mr. Nerland has notified the Corporation that the size and operations of each of Accelware Ltd., Arkadia Capital Corp. and Avagenesis Corp. are very small at present and that the time requirements for his service to these companies as a director are limited when considered individually and when considered as a whole. As such, Mr. Nerland's service as a director of these companies has not, and is not expected to, limit his ability to carry out his duties and responsibilities as a director of the Corporation. Mr. Nerland has also notified the Corporation that he expects his tenure as a director of Arkadia Capital Corp. will end in April 2016.

Boulder Energy Ltd. announced on February 24, 2016 that it has entered into an arrangement agreement that provides for a going private transaction and has also announced that the transaction is expected to be completed on or about April 13, 2016. The directors of the Corporation who also serve as directors of Boulder Energy Ltd. have notified the Corporation that Boulder Energy Ltd. will make applications to the applicable securities regulatory authorities following the completion of the going private transaction for orders deeming Boulder Energy Ltd. to no longer be a reporting issuer.

- (e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.**

The independent directors do not hold regularly scheduled meetings and no such meetings were held in the year ended December 31, 2015. The Board has adopted the practice of following each meeting with an independent directors discussion. The Board ensures open and candid discussion among its independent directors by continuously monitoring situations where a conflict of interest or perceived conflict of interest with respect to a director may exist. In cases where such a conflict of interest or perceived conflict of interest is identified, it is addressed in accordance with the ABCA and the Board Mandate. The Board may determine that it is appropriate to hold an *in camera* session excluding a director with a conflict of interest or perceived conflict of interest or such director may consider that it is appropriate to recuse himself from considering and voting with respect to the matter under consideration.

- (f) **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.**

Mr. Brendan Carrigy is the Chairman of the Board and is independent. In accordance with the mandate of the Chairman, the Chairman presides at all meetings of the Board and, unless otherwise determined, at all meetings of Shareholders. Among other things, the Chairman is to endeavour to fulfill his Board responsibilities in a manner that will ensure that the Board is able to function independently of management and is to consider, and allow for, when appropriate, a meeting of independent directors, so that Board meetings can take place without management being present.

The Chairman is responsible to ensure that reasonable procedures are in place to allow directors to engage outside advisors at the expense of the Corporation in appropriate circumstances.

- (g) **Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of the directors of the Corporation for meetings and committee meetings held from January 1, 2015 is as follows:

Name	Board Meetings Attended / Held	Audit Committee Meetings Attended / Held	Reserves Committee Meetings Attended / Held	Corporate Governance and Compensation Committee Meetings Attended / Held	Nominating Committee Meetings Attended/Held
Martin Cheyne	6/6	N/A	N/A	N/A	N/A
Michael Kabanuk	6/6	N/A	N/A	N/A	N/A
Henry Hamm	6/6	4/4	2/2	2/2	2/2
Dennis Nerland	5/6	3/4	1/2	2/2	N/A
Bradley Porter	6/6	4/4	2/2	2/2	2/2
Brendan Carrigy	6/6	N/A	N/A	N/A	N/A
Kevin Andrus	6/6	4/4	2/2	2/2	2/2

2. Board Mandate – Disclose the text of the board’s written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The mandate of the Board is attached as Exhibit I to the Corporation’s management information circular dated April 8, 2014, a copy of which is available on SEDAR at www.sedar.com.

3. Position Descriptions

- (a) **Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

The Board has developed a written position description for the Chairman.

The Corporation has no written description for its committee chair positions; however, the Corporation has a mandate for each committee and the roles and responsibilities of each committee chair position are implied therein.

- (b) **Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.**

The Board, with the input of the President and CEO of the Corporation, has developed a written position description for the President and CEO.

4. Orientation and Continuing Education

- (a) **Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer’s business.**

While the Corporation does not currently have a formal orientation and education program for new recruits to the Board, the Corporation has historically provided such orientation and education on an informal basis. As new directors have joined the Board, management has provided these individuals with corporate policies, historical information about the Corporation, as well as information on the Corporation’s performance and its strategic plan with an outline of the general duties and responsibilities entailed in carrying out their duties. The Board believes that these procedures have proved to be a practical and effective approach in light of the Corporation’s particular circumstances, including the size of the Corporation, limited turnover of the directors and the experience and expertise of the members of the Board.

- (b) **Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

No formal continuing education program currently exists for the directors of the Corporation. The Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director. The Corporation has adopted a formal director evaluation process which is conducted on an annual basis.

5. Ethical Business Conduct

- (a) **Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**

The Corporation has a Code of Business Conduct and Ethics (the “**Code**”) for directors, officers and employees, which is available under the Corporation’s profile on SEDAR at www.sedar.com

- (i) **disclose how a person or company may obtain a copy of the code;**

A copy of the Code may be obtained under the Corporation’s profile on SEDAR at www.sedar.com.

- (ii) **describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and**

The Corporation’s Corporate Governance and Compensation Committee (previously defined as the “**Compensation Committee**”) is responsible for administering the Code. The day-to-day responsibility for administering and interpreting the Code is delegated to the CFO, who is responsible for reporting to the Compensation Committee.

- (iii) **provide a cross-reference to any material change report filed since the beginning of the issuer’s most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

Not applicable.

- (b) **Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the ABCA, directors who are a party to, or are a director or an officer of a person which is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. In certain cases, an independent committee of the Board may be formed to deliberate on such matters in the absence of the interested party.

- (c) **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

The Board has adopted a “Whistleblower Policy” wherein employees and consultants of the Corporation are provided with the mechanics by which they may raise concerns with respect to falsification of financial records, unethical conduct, harassment and theft in a confidential, anonymous process.

6. Nomination of Directors

- (a) **Describe the process by which the board identifies new candidates for board nomination.**

The Nominating Committee Terms of Reference states that the Nominating Committee is tasked with identifying qualified persons to serve as directors of the Corporation should the need or a vacancy arise. The Nominating Committee may engage a candidate search firm in assisting with identifying potential nominees. In selecting a candidate for recommendation to the Board, the Nominating Committee will consider the following attributes: high standards of personal and professional ethics, integrity and values, commitment to representing the long-term interest of shareholders, board experience at the policy-making level in business, government, education, technology or public interest, and sufficient time to effectively fulfill duties as a Board member.

- (b) **Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

The Corporation has a Nominating Committee comprised of independent directors, namely Messrs. Bradley Porter, Henry Hamm and Kevin Andrus.

- (c) **If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

See item 6(a) above.

7. Compensation

- (a) **Describe the process by which the board determines the compensation for the issuer's directors and officers.**

See "Statement of Executive Compensation for Granite – Compensation Discussion and Analysis" in the case of officers and "Statement of Executive Compensation – Director Compensation" in respect of directors.

- (b) **Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.**

The Compensation Committee is comprised of four independent directors, namely Messrs. Dennis Nerland, Henry Hamm, Bradley Porter and Kevin Andrus.

- (c) **If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

The Compensation Committee's responsibility is to formulate and make recommendations to the Board in respect of compensation issues relating to directors and employees of the Corporation. Without limiting the generality of the foregoing, the Committee has the following duties:

- (i) to review the compensation philosophy and remuneration policy for employees of the Corporation and to recommend to the Board changes to improve the Corporation's ability to recruit, retain and motivate employees;
- (ii) to review and recommend to the Board the retainer and fees to be paid to members of the Board;

- (iii) to review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of those corporate goals and objectives, and determine (or make recommendations to the Board with respect to) the CEO's compensation level based on such evaluation;
- (iv) to determine (or make recommendations) to the Board with respect to non-CEO officer and director compensation including to review management's recommendations for proposed stock option, share purchase plans and other incentive-compensation plans and equity-based plans for non-CEO officer and director compensation and make recommendations in respect thereof to the Board;
- (v) to administer the stock option plan approved by the Board in accordance with its terms including the recommendation to the Board of the grant of stock options in accordance with the terms thereof;
- (vi) to determine (or make recommendations) to the Board with respect to bonuses to be paid to officers and employees of the Corporation and to establish targets or criteria for the payment of such bonuses, if appropriate; and
- (vii) review the disclosure as to compensation matters included in the information circular and proxy statement of the Corporation as mandated by applicable securities laws including, without limitation, the Compensation Discussion and Analysis included therein, prior to the Corporation publicly disclosing the same.

The Compensation Committee is comprised of at least two directors, or such greater number as the Board may determine from time to time and a majority of the members of the Committee are required to be independent, as such term is defined for this purpose under applicable securities requirements. Pursuant to the mandate and terms of reference of the Compensation Committee, meetings of the Compensation Committee are to take place at least one time per year and at such other times as the Chair of the Compensation Committee may determine.

- (d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

A compensation consultant or advisor has not, at any time since the beginning of the Corporation's most recently completed financial year, been retained to assist in determining compensation for any of the Corporation's directors and officers.

8. Other Board Committees – If the board has standing committees other than the audit, compensation and nominating committees identify the committees and describe their function.

Other than the Audit Committee, the Compensation Committee and the Nominating Committee, the Corporation has established a Reserves Committee.

The Reserves Committee is responsible for various matters relating to reserves of the Corporation that may be delegated to the Reserves Committee pursuant to NI 51-101, including:

- (a) reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
- (b) reviewing the Corporation's procedures for providing information to the independent evaluator;

- (c) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in NI 51-101) (the “**Reserves Data**”) and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- (d) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- (e) providing a recommendation to the Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
- (f) reviewing the Corporation’s procedures for reporting other information associated with oil and gas producing activities; and
- (g) generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation’s reserves.

9. Assessments – Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

The Board has not implemented a formal process for assessing its effectiveness and contribution but is considering doing so. At this time, the Board considers a formal assessment process to be unnecessary. The Board plans to continue evaluating its own effectiveness on an *ad hoc* basis.

The Nominating Committee of the Board annually assesses the Board and its committees, reviewing the skills and experience of Granite’s current directors and assessing the knowledge and character of all nominees to the Board to ensure general compliance with the skills matrix as approved by the Nominating Committee. The Nominating Committee then discloses such skills matrix to the Board for their consideration and review in performing periodic self-evaluations.

10. Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

The Corporation has not adopted term limits for the directors on its Board. When considering the composition of the Board, the Chairman and the other members of the Board take into consideration the skill matrix of all Board members, as prepared and approved by the Nominating Committee, to ensure that the Board possesses the requisite experience, expertise and business and operational insight to effectively guide the Corporation.

11. (a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so; (b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy: (i) a short summary of its objectives and key provisions, (ii) the measures taken to ensure that the policy has been effectively implemented, (iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and (iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

The Corporation has not adopted a written policy relating to the identification and nomination of women directors. The Corporation is committed to a merit based system for board composition, while recognizing the benefits of providing diversity on its Board, be it in the form of gender, age, cultural heritage or

geographic representation. The Nominating Committee, when considering and recommending qualified director nominees, takes the background and diversity of all directors and nominees into consideration.

12. **Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.**

The Nominating Committee includes the gender of a potential candidate as one component in the overall list of factors it considers when considering director nominations for election and re-election.

13. **Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.**

When considering executive officer appointments, the CEO, the President, and the Nominating Committee consider the number of women currently employed in senior executive positions, both on an absolute basis and also on a relative basis compared to the number of senior executives. As in the director selection process, the gender of a potential candidate is one component in the overall list of factors that the Nominating Committee, the Chair and the President consider when selecting candidates

14. **(a) For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date; (b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so; (c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so; (d) If the issuer has adopted a target referred to in either (b) or (c), disclose (i) the target, and (ii) the annual and cumulative progress of the issuer in achieving the target.**

The Board has not adopted a target regarding women on the Board or in senior executive positions. Given the size of the Corporation, the number of senior executives, the stage of the Corporation's development, and the increasingly challenging market conditions facing companies in the oil and gas industry, the Board is committed to selecting candidates that the Board considers best suited to the Corporation's strategy, risk and operations.

15. **(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women; (b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.**

There are currently no women on the Board (0%). There is currently one executive officer who is a woman out of four executive officers (25%).

GENERAL

Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolutions set forth herein. All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information of the Corporation's most recently completed financial year is provided in the Corporation's comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the

Corporation at 2200, 520-3th Avenue SW, Calgary, AB, T2P 0R3, Attention: Chief Financial Officer, to obtain a copy of the Corporation's most recent financial statements and management discussion and analysis.

BOARD APPROVAL

The contents and the sending of this Circular have been approved by the Board.