

PAINTED PONY PETROLEUM LTD.
Policy Regarding
Disclosure And Confidentiality

This Policy provides Painted Pony Petroleum Ltd.'s (the "*Corporation*") approach to disclosure of material information and maintaining the confidentiality of information. This Policy is intended to complement the Corporation's "Confidentiality of Information, Employee Trading and Insider Trading and Reporting Policy" (the "Insider Trading Policy").

This Policy, together with the Insider Trading Policy, is intended to assist the Corporation in complying with securities laws governing corporate disclosure, confidentiality and employee trading as well as the policy of the TSX Venture Exchange on timely disclosure (collectively, the "Disclosure Rules"). The Corporation believes that compliance with the Disclosure Rules is essential to maintaining investor confidence in management of the Corporation and the integrity of the market for the Corporation's securities.

Overview

The Corporation is committed to timely and factual disclosure, consistent with legal and regulatory requirements, to enable orderly behaviour in the market. Disclosure will occur whether information is deemed to be positive or negative and will be disseminated so that access to information is fair and equal for all market participants.

This policy covers all employees of the Corporation, as well as the Board of Directors. It covers all shareholder documents, including the annual and quarterly reports, press releases, analyst briefings, analyst conference calls, investor presentations, media interviews, etc.

Disclosure Policy Committee

A Disclosure Policy Committee or (the "Committee") consisting of the Chief Executive Officer and the Chief Financial Officer will review and monitor the Corporation's disclosure activity and determine whether particular information is material and must therefore be disclosed, or may be kept confidential in compliance with the Disclosure Rules. The Committee shall monitor effectiveness and compliance with the Policy and also decide if and when the Disclosure Policy requires updating. Further, the Committee shall be responsible for ensuring that all appropriate employees and company officials are educated with respect to the Policy.

Material Corporate Developments

A press release will be issued for new material developments. If a material statement is made to a selective group, the Corporation will immediately issue a press release in order to ensure full public disclosure of that information, and advise any members of such a select group that the information is material and has not yet been generally disclosed. As a result, those individuals shall be further advised that they should refrain from trading until the information has been properly disclosed.

Definition of Materiality

A *material change* would include any change in the business, operations or capital of the Corporation that would reasonably be expected to have a significant effect on the market price or value of any of the Corporation's securities and includes a decision to implement such a change made by the Board of Directors or by senior management with the belief that confirmation of the decision by the Board of Directors is probable.

Material information is any information relating to the business and affairs of the Corporation that results in or would reasonably be expected to result in a significant change in the market price or value of any of the Corporation's listed securities. Material information consists of both material facts and material changes. Examples of material information would include quarterly results, acquisition of new assets, equity or debt issues, etc.

In order to assist the Disclosure Policy Committee in deciding on what information is material, the following developments are likely to require prompt disclosure:

Changes in Corporate Structure

- changes in share ownership that may affect control of the company major reorganizations, amalgamations, or mergers
- take-over bids, issuer bids, or insider bids

Changes in Capital Structure

- the public or private sale of additional securities
- planned repurchases or redemptions of securities
- planned splits of common shares or offerings of warrants or rights to buy shares
- any share consolidation, share exchange, or stock dividend
- changes in a company's dividend payments or policies
- the possible initiation of a proxy fight
- material modifications to rights of security holders

Changes in Financial Results

- a significant increase or decrease in near-term earnings prospects
- unexpected changes in the financial results for any periods
- shifts in financial circumstances, such as cash flow reductions, major asset write-offs or write-downs
- changes in the value or composition of the company's assets
- any material change in the company's accounting policy

Changes in Business and Operations

- any development that affects the company's resources, technology, products or markets
- a significant change in capital investment plans or corporate objectives
- major labour disputes or disputes with major contractors or suppliers significant new contracts,

products, patents, or services or significant losses of contracts or business

- significant discoveries by resource companies
- changes to the board of directors or executive management, including the departure of the company's CEO, CFO, COO or president (or persons in equivalent positions)
- the commencement of, or developments in, material legal proceedings or regulatory matters
- waivers of corporate ethics and conduct rules for officers, directors, and other key employees
- any notice that reliance on a prior audit is no longer permissible
- de-listing of the company's securities or their movement from one quotation system or exchange to another

Acquisitions and Dispositions

- significant acquisitions or dispositions of assets, property or joint venture interests
- acquisitions of other companies, including a take-over bid for, or merger with, another company

Changes in Credit Arrangements

- the borrowing or lending of a significant amount of money
- any mortgaging or encumbering of the company's assets
- defaults under debt obligations, agreements to restructure debt, or planned enforcement procedures by a bank or any other creditors
- changes in rating agency decisions
- significant new credit arrangements

In order to ensure that the Disclosure Policy Committee is able to fully comply with the Disclosure Rules and this Policy, it is important that:

- Each member be completely familiar with the operations of the Corporation and up to date on any pending material developments; and
- Each member has a sufficient understanding of the Disclosure Rules to be able to decide whether or not particular information is material.

To this end, each member of the Disclosure Policy Committee shall maintain a file containing all relevant public information about the Corporation, including the following documentation produced since the commencement of the last completed fiscal year of the Corporation:

- Annual Report;

- Management Information Circular;
- Annual Information Form;
- News Releases;
- Analysts' Research Reports;
- Articles appearing in newspapers, periodicals and other publications; and
- Conference / Investor presentations.

Designated Spokespeople

The Chief Executive Officer and the Chief Financial Officer are designated as the primary spokespersons for the Corporation and the TSX Venture Exchange, all employees, agents and representatives of the Corporation shall be notified as such. Others within the Corporation, and outside counsel as specified by the Disclosure Committee, may from time to time be designated by an authorized spokesperson to speak on behalf of the Corporation or to respond to specific inquiries from the investment community, analysts or the media.

Employees, other than the authorized spokespersons, are not to respond under any circumstances to inquiries from the investment community, analysts or the national media, unless specifically asked to do so by an authorized spokesperson. In certain situations regional management will be requested by an authorized spokesperson to respond to inquiries from their local media. These situations will generally occur after a local news release has been issued on a local issue.

It is essential that the spokesperson(s) as well as the Disclosure Committee continue to be fully apprised of the Corporation's public disclosure record for all material developments and analyst reports in order that they be in a position to evaluate and discuss those events that may impact the disclosure process, e.g. the status of any material operational developments, extraordinary transactions, major management changes, etc.

The Corporation's spokespersons shall continue to be integrally involved in approving, scheduling and developing presentations for all meetings and other communications with analysts, institutional investors and shareholders, arranging appropriate interviews with the Corporation's management and responding to inquiries from the public for additional information. After public dissemination, all of the Corporation's disclosure will be monitored by the Corporation spokespersons to track the impact of disclosure on the market and to ensure accurate reporting with a view toward taking corrective measures, if and when necessary. Employees who are not authorized spokespersons will be instructed to refer calls to an authorized spokesperson.

Procedure for Corporate Communications and Disclosure Documents

The Corporation has developed and intends to maintain a routine procedure for the disclosure of all material corporate communications. The procedure consists of drafting a press release, circulating it for review to the members of the Disclosure Policy Committee, and other officers and the Board of Directors, as appropriate, alerting the appropriate stock exchange and disseminating the release through a national wire service and other distribution channels so as to effect broad dissemination to all public entities. Further, all public disclosures are added to the Corporation's web site.

The Corporation shall endeavor to include, where appropriate, in its press releases and other disclosure documents (i) appropriate cautionary information, (ii) specific time references, e.g., "as of (specific time and date rather than indefinite time references such as 'currently') no merger discussion have taken place" to minimize the duty to update, and (iii) information sufficient to answer likely questions to minimize further

inquiry. The execution of this disclosure policy will help to ensure compliance with the rules and regulations applicable to public companies and will help reduce volatility, improve market valuation, increase liquidity, increase the Corporation's credibility and enhance shareholder value.

Under normal circumstances a press release will be transmitted during non-trading hours. If the release is being made during TSX Venture Exchange trading hours a telephone call will be made to the Market Surveillance department prior to release, informing them of the release and allowing them an opportunity to determine whether a trading halt is necessary. Further, if the disclosure involves a material change, the Corporation will file a report of such material change in accordance with the Regulations made under relevant securities legislation as soon as practicable and in any event within ten days of the date on which the change occurs. With respect to planned periodic disclosures, such as scheduled quarterly or annual financial releases, a news release shall be issued containing the information (for example, quarterly financial results) through a widely circulated news or wire service. The Disclosure Policy Committee shall recommend to the Board of Directors whether a conference call is appropriate and, if so

- advance public notice shall be provided by news release of the date and time of a conference call to discuss the information, the subject matter of the call and the means for accessing it;
- the conference call shall be held in an open manner, permitting investors and others to listen either by telephone or through Internet web casting; and
- a dial-in and/or web replay or transcripts of the call shall be available for a reasonable period of time after the analyst conference call.

Maintaining the Confidentiality of Information

Securities legislation permits a company to delay disclosure of a material change and to keep it temporarily confidential in restricted circumstances where immediate disclosure of such material information would be unduly detrimental to the interests of the Corporation. In such cases the Corporation shall make a confidential filing with the appropriate securities commissions and where applicable, shall renew the confidential filing every 10 days if the Corporation wishes to maintain the confidentiality of such information.

To the extent possible, the Disclosure Policy Committee shall consult with respect to any decision as to whether disclosure may be delayed. In the event of the failure of the Disclosure Policy Committee to reach consensus on the decision, the President and Chief Executive Officer shall be responsible for the final determination.

In order to assist the Disclosure Policy Committee in making an appropriate determination, the following are examples of circumstances in which the Disclosure Policy Committee may conclude that the disclosure would be unduly detrimental to the Corporation's interests:

- Release of the information would prejudice the ability of the Corporation to pursue specific and limited objectives or to complete a transaction or series of transactions that are currently underway. For example, premature disclosure of the fact that the Corporation intends to purchase a significant asset may increase the cost of making the acquisition.
- Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be confidential if the detriment to the Corporation resulting from disclosure would outweigh the detriment to the market in not having access to the information. Such information should not be withheld if it is available to competitors from other sources.

- Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. Disclosure should be made once “concrete information” is available, such as a final decision to proceed with a transaction, and at a later point in time, announcing the finalization of the terms of the transaction.

In order to keep material information confidential, the Disclosure Policy Committee should ensure that:

- The information is not disclosed to any other person in or outside the Corporation, except in the necessary course of business. The necessary course of business exception would generally cover communications with:
 - vendors, suppliers, or strategic partners on issues such as research and development, sales and marketing, and supply contracts;
 - employees, officers, and board members;
 - lenders, legal counsel, auditors, underwriters, and financial and other professional advisors to the company;
 - parties to negotiations;
 - labour unions and industry associations;
 - government agencies and non-governmental regulators; and
 - credit rating agencies (provided that the information is disclosed for the purpose of assisting the agency to formulate a credit rating and the agency’s ratings generally are or will be publicly available).
- If the information is required to be disclosed in the necessary course of business, the Corporation shall advise persons receiving such information that until such information is generally disclosed, it is to be kept confidential and that to the extent possible, such persons should enter into agreements with the Corporation prohibiting disclosure or use of the information in any way (including trading or further tipping) other than for the purposes of the particular transaction, project or proceeding under discussion or negotiation, if any.
- There is no selective disclosure of confidential information to third parties including, without limitation, media, brokers, research analysts, investors or other market professionals.
- Any such information is publicly disclosed at the earliest opportunity.

In the event that selective disclosure of confidential information inadvertently occurs, the Disclosure Policy Committee shall ensure that the Corporation immediately contacts relevant stock exchanges to determine whether a trading halt may be necessary and shall further disclose such information publicly by issuing a news release and reporting the inadvertent disclosure to the Corporate Governance Committee of the Corporation (the “Governance Committee”). Pending public release as described, the Corporation shall contact any parties who have received such information to advise that it is material and that it has yet to be publicly disclosed.

In order to assist the Disclosure Policy Committee to maintain confidentiality of information, particularly in the context of a proposed or ongoing transaction, the Disclosure Policy Committee should ensure that:

- Only those persons directly responsible for the negotiation or implementation of a transaction are permitted access to confidential documents and other information relating to the transaction.
- All such documentation and information be clearly marked “Confidential” and be maintained in places that other persons do not have access to.
- Ensure that confidential documents being prepared or maintained on the Corporation’s computer systems are “password protected” in order to avoid electronic access from third parties.
- All staff are advised in writing at the outset of a particular transaction that all information and documentation respecting such transaction is to be kept confidential and that communications of any kind regarding investment in the Corporation’s securities should cease, in order to avoid influencing the investment decisions of third parties in circumstances where the persons are prohibited from trading in the Corporation’s securities.

Board and Audit Committee Review of Certain Disclosure

The Board of Directors or the Audit Committee shall review all disclosures containing financial information based on the Corporation’s financial statements prior to the public release of such statements.

Responding to Market Rumours

The Corporation’s policy is not to comment on market rumours. So long as it is clear that the Corporation is not the source of the market rumour, the spokespersons will respond consistently to those rumours, saying, “It is our policy not to comment on market rumours or speculation.” However, if market activity indicates that trading is being unduly influenced by rumours, the Corporation will respond to any request from the TSX Venture Exchange to disseminate a clarification.

Release of Earnings Projections

The Corporation will provide non-material forward-looking information to analysts in their fact-checking and efforts to develop earnings estimates and generally to enable the investment community to better evaluate the Corporation and its prospects for performance.

Guidance of Analysts

It is the Corporation’s policy, when analysts inquire with respect to their earnings estimates to limit responses to identifying publicly disclosed factual information that may affect an analyst’s model and to point out any inaccuracies or omissions with reference to publicly available information about the Corporation. The spokesperson may correct factual errors in analysts’ reports or models but shall refrain from making any selective disclosures through implied guidance by indicating whether an analyst’s estimate is “on target”, “too high” or “too low”.

Review of Analyst Reports

It is the Corporation's policy to review upon request analysts' models or reports. However, the spokesperson will comment only on factual information contained in the report or model and will not comment on analysts' conclusions or soft information contained in the report or model.

With regard to responding to financial models or drafts of analysts' research reports, it will continue to be the Corporation's policy to review for publicly disclosed, factual content and to only give guidance when assumptions have been made on the basis of incorrect data that render the conclusions reached unrealistic. A written statement will be provided with each review stating that the Corporation reviewed the report/model for factual errors only and this review does not necessarily embrace the soft information or conclusions. It is imperative that the control of this process is centralized through the Disclosure Policy Committee.

Differential Disclosure

It is the Corporation's policy to refrain from providing differential disclosure to members of the investment community. It is recognized however that analysts and portfolio managers require more detailed information to make their analyses and assessments regarding a Corporation's performance and prospects. To ensure equal access to information, the Corporation utilizes its regular periodic disclosures to disclose details about the Corporation of interest to analysts. In particular, the Corporation prepares and discloses a comprehensive management discussion and analysis to assist analysts in their forecasting.

Distributing or Referring to Analysts' Reports

It is the Corporation's policy, if requested, to provide a list of all analysts that cover the Corporation, as well as provide a list of all reports that have been issued over the last 12 month period. This information shall be, to the extent possible, provided on the Corporation's website as well as its investor fact sheet.

Analyst Conference Calls and Industry Conferences

It is the Corporation's policy that if an analyst conference call or industry conference is to be held, it is to be held in an open manner which allows all interested parties to listen either by telephone and/or through a web cast. Detailed records and/or transcripts of any conference call, meeting or industry conference presentation shall be kept and reviewed to determine whether any unintentional selective disclosure has occurred. If so, immediate steps shall be taken to ensure that a full public announcement is made, including contacting the relevant stock exchanges to discuss whether a trading halt is necessary pending the issuance of a news release.

Maintenance of Web Site and Electronic Communications Disclosure

The Committee is responsible for content of investor-related information on the Corporation's Internet Web site and responsible for ensuring that all press releases are immediately added to the investor section of the Web site.

The Corporation recognizes that dissemination of information via electronic mail, the Corporation's website or otherwise through the Internet is subject to the Disclosure Rules and is viewed by the Corporation as an extension of its formal corporate disclosure record. However, the Corporation also recognizes that the responsible use of electronic media will permit the Corporation to make information accessible, accurate and timely for shareholders and prospective investors.

The following Disclosure Rules are applicable to all corporate disclosure by the Corporation through electronic communications:

- The Corporation must ensure that material information posted on its website and the websites of its subsidiaries is not misleading. Material information is misleading if it is incomplete, incorrect or omits facts so as to make another statement misleading. In this regard, the Corporation and its subsidiaries shall regularly review and update or correct the information on applicable websites. In addition, since providing incomplete information or omitting material facts may also be misleading, the Corporation shall include on its website all news releases, not just favourable ones. To the extent possible, documents posted on a website should be posted in their entirety.
- The Corporation's directors, officers and employees are prohibited from using the Internet to "tip" or discuss in any form undisclosed material information about the Corporation. The Corporation shall not participate in, host or link to chat rooms or bulletin boards. Further, the Corporation's employees shall not discuss corporate matters in these forums. In addition, the Corporation shall not post a material news release on its website or distribute the news release by electronic mail before it has been disseminated on a news wire service in accordance with the Disclosure Rules.
- If the Corporation is considering a public distribution of its securities, the Corporation should carefully review its website in consultation with the Corporation's legal advisors in advance of and during the offering. Documents related to the public distribution of securities should only be posted on the website if they are filed with and receipted by the appropriate securities regulator. All promotional materials related to the distribution should be reviewed before they are posted on the website to ensure that such materials are consistent with the disclosure made in the offering documents.

The Committee shall be primarily responsible for compliance with the Corporation's policy on electronic communications. This responsibility includes ensuring that the websites of the Corporation and its subsidiaries are properly reviewed and updated. The following guidelines apply to the Corporation's website:

- All material public documents shall be posted on the website as soon as practicable following dissemination, which public documents include the annual report (including financial statements), the interim financial statements, the annual information form, news releases, material change reports, management proxy circular and any other formal communications to shareholders.
- All supplemental information provided to analysts and other market observers but not otherwise distributed publicly should be posted on the website as soon as practicable following its distribution. Supplemental information includes such material as fact sheets, highlighted financial information, brochures or other materials distributed to such persons.
- The website shall contain an e-mail link for investors to communicate directly with an authorized spokesperson of the Corporation. The only information that may be transmitted electronically is information that is currently posted on the website or that has otherwise been publicly disclosed in a proper manner.

The Corporation recognizes that all correspondence received and sent via e-mail by employees of the Corporation and its subsidiaries is corporate correspondence. As such, employees are prohibited from participating through Internet chat rooms, bulletin boards or news groups in discussions relating to the Corporation or its securities.

- As a general rule, the Corporation shall not post any investor relations information on its website that is not authored by the Corporation. In particular, the Corporation shall not post or distribute reports prepared by security analysts with respect to the Corporation or its securities.

To the extent that the Corporation establishes links between its website and third party sites, a disclaimer should be included that the user is leaving the Corporation's website and that the Corporation is not

responsible for the contents of the other website. In addition, the Corporation's website shall clearly distinguish the section containing investor relations information from sections containing other information, particularly those related to suppliers or customers to the business of the Corporation or its subsidiaries. For this purpose, the website shall maintain links to the websites of the Corporation's subsidiaries.

Investor relations information shall be recorded on the Corporation's website such that the most recent information appears first. News releases and material change reports shall be maintained on the website for a minimum period of one year from the date of issue. Financial statements shall be maintained for a minimum period of three years from the date of issue. The minimum retention period for all other investor relations information posted on the website shall be determined by the Corporate Secretary after consultation with the Disclosure Policy Committee.

The Corporation's employees are required to report to the Committee any discussion on the internet that involves undisclosed material information, or incorrect information. If the Corporation becomes aware of a rumour on a chat room, news group or any other source that may have a material influence on the price of its common shares, one of the Disclosure Policy Committee members shall immediately contact TSX Market Surveillance to consult on whether it is necessary or advisable in the circumstances to issue a clarifying news release.

The Corporation shall establish procedures to assure maximum security of its website and electronic mail. In particular, the Corporation shall ensure that up to date encryption technology is applied to all electronic communications containing material non-public information sent both internally (through a network or otherwise) and externally to third parties. To ensure the security of its electronic communication, the Corporation shall establish the following procedures:

- The securities systems implemented to protect the integrity of the Corporation's website and electronic mail shall be reviewed quarterly, and
- The Corporation's website shall be monitored weekly to ensure that the site is accessible and has not been altered.

Review of Corporate Material

The Corporation's Disclosure Policy Committee should review all speeches, written statements, presentations to securities analysts and institutional investors (including conference calls) and other external communications prior to their use. The Committee should also be informed of any regulatory or litigation matters in order to ensure that such disclosure is accurate and complete. The Committee must react quickly to developments and make recommendations to the Board of Directors, if appropriate, and will meet as conditions dictate. The Disclosure Policy Committee will systematically review the Corporation's prior disclosures, regulatory filings and other public information to determine whether any updating or correcting is appropriate. Those who are authorized to speak on behalf of the Corporation should be in positions where they will at all times be fully apprised of Corporation developments. It is the responsibility of the Disclosure Policy Committee to ensure that these individuals are fully briefed.

Forward-looking Information

It is the Corporation's policy to provide forward-looking information to enable the investment community to better evaluate the Corporation and its prospects. Whenever making such forward-looking statements, the Corporation shall clearly indicate its practice for updating those statements. The Corporation will make statements and respond to inquiries with respect to, for example: revenue projections, income or income loss projections, pricing and profit margin trends, significant new product developments, projected demand or market potential for products or services. If there is any question regarding the audience's or potential

audience's understanding that these are forward-looking/prospective statements, the Corporation will ensure that such statements are identified as forward-looking. In certain circumstances, however, the Corporation will refrain from making specific quantifiable projections or disclosing information with respect to, for example: pricing, margins, contract or project details, customer identities or other information for competitive reasons. Moreover, all statements will be accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statement.

Example:

Note: This press release may contain forward-looking statements that involve risks, estimates, and uncertainties. Therefore, actual results may differ materially. Examples of such risks, estimates and uncertainties include those associated with product sales and installation, demand for the Corporation's products and services, continued growth of the industry, and others associated with the Corporation's business. For an expanded discussion on such risks, estimates, and uncertainties, please see the documents filed by the Corporation with the Alberta Securities Commission and the TSX Venture Exchange.

The Corporation will endeavor to update forward-looking statements which change materially to the extent possible.

Update Material Changes in Information

If the Corporation discovers that a statement it made was, in fact, materially incorrect at the time it was disclosed, the Corporation will publicly issue a correction of the prior misstatement as soon as the error is discovered. The Corporation will make an effort to continually update the forward-looking statements if and when necessary.