

GRAYD RESOURCE CORPORATION

WHISTLE BLOWER POLICY

Grayd Resource Corporation (the "**Company**") has adopted this Whistle Blower Policy (the "**Policy**") as required under Multilateral Instrument 52-110, "Audit Committees", to set out the procedure and contact information for employees and others to report any wrong-doings or suspected wrong-doings within the Company.

This Policy applies to all employees of the Company. For the purposes of this Policy, the term "**employees**" includes all permanent, contract, secondment and temporary agency employees who are on long term assignments with the Company, as well as to consultants and contractors to the Company. This Policy is also intended to provide a method for other stakeholders (eg. suppliers, customers, shareholders) to voice any concerns regarding the Company's business conduct.

BACKGROUND

1. What is wrong doing?

Wrong doing involves any unlawful or otherwise improper behaviour and can include:

- An unlawful act whether civil or criminal;
- Breach of or failure to implement or comply with any approved Company policy;
- Knowingly breaching federal or provincial laws or regulations;
- Unprofessional conduct or conduct that is below recognized, established standards of practice;
- Questionable accounting or auditing practices;
- Dangerous practice likely to cause physical harm / damage to any person/property;
- Failure to rectify or take reasonable steps to report a matter likely to give rise to a significant and avoidable cost or loss to the Company;
- Abuse of power or authority;
- Unfair discrimination in the course of employment or provision of services.

This list is not definitive, but is intended to give an indication of the kind of conduct which might be considered as "wrong doing".

2. Who is protected?

This Policy is set in the context of the regulatory provisions of the Multilateral Instrument 52-110, "Audit Committees". Any employee who makes a disclosure or raises a concern under this Policy will be protected if the employee:

- Discloses the information in good faith;
- Believes it to be substantially true;
- Does not act maliciously or make knowingly false allegations; and
- Does not seek any personal or financial gain.

REPORTING CONCERNS

3. Seek Guidance

Any one with a complaint or concern about the Company should first seek guidance from the person in charge of the group which provides the relevant service to the Company. This depends however, on the seriousness and sensitivity of the issues involved and who is suspected of wrong doing.

4. Communication Alternatives

With respect to matters relating to this Policy, any officer or employee may communicate with the Company's legal counsel, Mr. David R. Reid, of Davis & Company LLP in writing (which may be done anonymously as set forth below in section 6), addressed as follows:

- (a) by mail or delivery: Mr. David R. Reid
Davis & Company LLP
2800 Park Place
666 Burrard Street
Vancouver, British Columbia
V6C 2X7
(Marked "Confidential")
- (b) by facsimile: Mr. David R. Reid
Fax No.: 604-605-3768
(anonymity cannot be maintained for facsimiles)
- (c) by email: Mr. David Reid
Email address: dreid@davis.ca
(anonymity cannot be maintained for emails)

5. Reporting Accounting and Similar Concerns

Any concerns or questions regarding potential violations of any Company policy or procedure or applicable law, rules or regulations involving accounting, internal accounting controls or auditing matters should be directed to Mr. John E. Robins, Chair of the Audit Committee of the Company, in writing (which may be done anonymously as set forth below in section 6), addressed as follows:

- (a) by mail or courier: John E. Robins
Suite 900, 475 Howe Street
Vancouver, British Columbia
V6C 2B3
(marked "Confidential")
- (b) by facsimile: John E. Robins
Fax No.: 604-684-9877
(anonymity cannot be maintained for facsimiles)
- (c) by email: John E. Robins
Email: hunter_exploration@telus.net
(anonymity cannot be maintained for emails)

6. Misuse of Reporting Channels

Employees must not use these reporting channels in bad faith or in a false or frivolous manner.

7. Time Frames

Concerns will be investigated as quickly as possible. It should be borne in mind that it may be necessary to refer a matter to an external agency and this may result in an extension of the investigative process. It should also be borne in mind that the seriousness and complexity of any complaint may have an impact on the time taken to investigate a matter. A designated person will indicate at the outset the anticipated time frame for investigating the complaint.

8. Reporting; Anonymity

When reporting concerns, the Company prefers that officers and employees identify themselves in order to facilitate the Company's ability to take appropriate steps to address the report, including conducting any appropriate investigation. However, the Company also recognizes that some people may feel more comfortable reporting a suspected violation anonymously.

If an officer or employee wishes to remain anonymous, he or she may do so, and the Company will use reasonable efforts to protect the confidentiality of the reporting person subject to applicable law, rule or regulation or to any applicable legal proceedings. In the event the report is made anonymously, however, the reports should provide as much detail as is reasonably necessary to permit the Company to evaluate the matter(s) set forth in the anonymous report and, if appropriate, commence and conduct an appropriate investigation.

COMPLAINTS; CORRECTIVE ACTION AND PROTECTION OF EMPLOYEES

9. Treatment of Complaints

Upon receipt of the complaint by the Chair of the Audit Committee, (the "Investigating Officer"), the Investigating Officer shall make a determination, in his reasonable judgment, whether a reasonable basis exists for commencing an investigation into the complaint. To assist in making this determination, the Investigating Officer may conduct an initial, informal inquiry. At the request of the Investigating Officer, other parties may become involved in the inquiry based on their oversight responsibility or expertise.

To the extent possible, all complaints should be handled in a confidential manner. In no event should information concerning the complaint be released to persons without a specific need to know basis. Investigation of complaints should be prompt. The determination by the Investigating Officer will be communicated to the employee who brought the complaint, unless anonymous, to the Audit Committee and to relevant management, as appropriate.

Upon making a determination to recommend a formal investigation, the Investigating Officer will promptly notify the members of the Audit Committee or its member designee. The Audit Committee or its member designee will then determine, in its reasonable judgment, whether a reasonable basis exists for commencing a formal investigation into the complaint. If the Audit Committee or its member designee makes such a determination, then it shall instruct the Investigating Officer to proceed with a formal investigation. The Investigating Officer shall oversee all investigations under the authority of the Audit Committee. The Audit Committee shall ensure coordination of each investigation and shall have overall responsibility for implementation of this policy. The Audit Committee shall have the authority to retain outside legal or accounting expertise in any investigation, as it deems necessary to conduct the investigation in accordance with its charter and this policy.

At each meeting of the Audit Committee, the Corporate Secretary shall prepare a report to the Audit Committee stating the nature of each complaint submitted during the quarter, if any, immediately preceding the meeting of the Audit Committee, whether or not the complaint resulted in the commencement of a formal investigation, and the status of each investigation.

10. Corrective Action

The Audit Committee, with the input of the Investigating Officer and the Company management, if requested, will determine the validity of a complaint and any corrective action, as appropriate. It is the responsibility of the Audit Committee to report to the full Board and to Company management any non-compliance with legal and regulatory requirements and to assure that management takes corrective action including, where appropriate, reporting any violation to the relevant federal, provincial or regulatory authorities. Directors, officers and employees that are found to have knowingly violated any laws, governmental regulations or Company policies will face appropriate, case specific disciplinary action.

11. Protection of Employees

The Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions or such employee with respect to good faith reporting of complaints regarding Accounting Matters.

12. Unsubstantiated Allegations

If an employee makes a complaint in good faith pursuant to this policy and any facts alleged are not confirmed by subsequent investigation, no action will be taken against the employee making the complaint. In making a complaint, an employee should exercise due care to ensure the accuracy of the information disclosed. If after investigation a matter raised under this procedure is found to be without substance and to have been made not in good faith but for malicious or frivolous reasons, the employee making the complaint could be subject to disciplinary action.

Where alleged facts disclosed pursuant to this policy are not substantiated the conclusions of the investigation will be made known both to the person who made the complaint and to the person(s) against whom any allegation was made in the complaint. The finding that the allegations were not substantiated will be made a part of the record.

13. Retention of Complaints and Documents

At the direction of the Audit Committee, the Corporate Secretary will maintain a log of all complaints, tracking their receipt, investigation and resolution. All complaints submitted by an employee regarding an alleged violation or concern will remain confidential to the extent practicable. In addition, all written statements, along with the results of any investigations relating thereto, shall be retained by the Company for a minimum of three years.

GENERAL

Nothing in this Policy should be construed or interpreted as limiting, reducing or eliminating the obligation of any director, officer or employee of the Company to comply with all applicable laws.

Conversely, nothing in this Policy should be construed or interpreted as expanding applicable standards of liability under provincial or federal law for directors or officers of the Company.

Approved and adopted by the Board effective January 30, 2006