



## Related Person Transactions Policy

### A. Introduction

The Board of Directors (the "Board") of Bakken Resources, Inc. (the "Company" or "Bakken") recognizes that certain transactions present a heightened risk of conflicts of interest or the perception of such a conflict. The Board has determined that the independent directors of the Board are best suited to review and approve all Interested Transactions with Related Persons, and they may delegate such duties to an audit committee, according to the definition of the terms defined in this Related Person Transactions Policy (this "Policy"). Bakken's independent directors have adopted this Policy to ensure that all Interested Transactions with Related Parties shall be subject to approval or ratification in accordance with the procedures set forth below.

### B. Procedures

Prior to the entry of any Interested Transaction, or as soon as practicable after discovering that a prior transaction was an Interested Transaction, the transaction shall be reported to the Company's Counsel, and Counsel will undertake an evaluation of the Interested Transaction. If that evaluation indicates that the Interested Transaction would require the independent directors' approval, Counsel will report the Interested Transaction, together with a summary of material facts, to the independent directors or audit committee Chair (as applicable). At least quarterly the independent directors shall review the material facts of all Interested Transactions that require the independent directors' approval and either approve or disapprove of the entry into the Interested Transaction, subject to the exceptions described below. If advance independent directors approval of an Interested Transaction is not feasible, then the Interested Transaction shall be considered and, if the independent directors determine it to be appropriate, ratified at the independent directors' next regularly scheduled meeting or in connection with consideration of the Company's next quarterly report. In determining whether to approve or ratify an Interested Transaction, the independent directors will take into account, among other factors it deems appropriate, whether the Interested Transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the Related Person's interest in the transaction.

In the event the Company's Chief Executive Officer, Chief Financial Officer, or Counsel becomes aware of an Interested Transaction that was not previously approved or ratified under this Policy, such person shall promptly notify the independent directors, or to the audit committee Chair if the independent directors have delegated their duties outlined in this Policy to such committee, and the independent directors or, if it is not practicable for the Company to wait for the independent directors to consider the matter, the Chair of the audit committee, shall consider whether the Interested Transaction should

be ratified or rescinded or other action should be taken. If the independent directors delegate their duties under this Policy, the Chair of the audit committee shall report to the independent directors at their next meeting any actions taken under this Policy pursuant to the authority delegated in this Policy.

The independent directors have reviewed the Interested Transactions described below in "Standing Pre-Approval for Certain Interested Transactions" and determined that each of the Interested Transactions described therein shall be deemed to be pre-approved or ratified (as the case may be) by the independent directors under the terms of this Policy, unless specifically determined otherwise by the independent directors. In connection with each regularly scheduled meeting of the independent directors, a summary of each new Interested Transaction deemed pre-approved pursuant to paragraph (3) or (4) under Section E, "Standing Pre-Approval for Certain Interested Transactions," below and each new Interested Transaction pre-approved by the Chair of the audit committee in accordance with the previous paragraph shall be provided to the independent directors for review.

No director shall participate in any discussion or approval of an Interested Transaction for which he or she is a Related Person, except that the director shall provide all material information concerning the Interested Transaction to the independent directors.

If an Interested Transaction will be ongoing, the independent directors may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Person. Thereafter, the independent directors, on at least an annual basis, shall review and assess ongoing relationships with the Related Person to ensure that they are in compliance with the independent directors' guidelines and that the Interested Transaction remains appropriate.

Additionally, in the event that an Interested Transaction involving a member of the Board may constitute an actual or potential director conflict of interest, Counsel shall notify the remaining independent directors of such Interested Transaction.

## **C. Definitions**

An "Interested Transaction" is any transaction, arrangement, or relationship or series of similar transactions, arrangements, or relationships (including the incurrence or issuance of any indebtedness or the guarantee of indebtedness) in which (1) the aggregate amount involved will or may be reasonably expected to exceed the lesser of \$120,000 during any two consecutive fiscal years or one-percent (1%) of the Company's total assets averaged across that same period, (2) the Company or any of its subsidiaries is a participant, and (3) any Related Person has or will have a direct or indirect interest (other than solely as a result of being a director, officer, or a less than ten percent beneficial owner of another entity).

A "Related Person" is any person who is or was (since the beginning of the last fiscal year for which the Company has filed an Annual Report on Form 10-K and proxy statement, even if such person does not presently serve in that role) (1) an executive officer, director, or nominee for election as a director of the Company or any of its subsidiaries, (2) a greater than five percent beneficial owner of any class of the Company's Common Stock or other equity securities, or (3) an immediate family member of any of the foregoing individuals or entities identified in (1) or (2) of this paragraph. Immediate family member includes a person's spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers- in-law, sons- and daughters-in-law, and brothers- and sisters-in-law, and anyone residing in such person's home (other than a tenant or employee).

## **D. Standards for Review**

An Interested Transaction reviewed under this Policy will be considered approved or ratified if it is authorized by the independent directors or the Chair of the audit committee, as applicable, in accordance with the standards set forth in this Policy after full disclosure of the Related Person's interests in the transaction. As appropriate for the circumstances, the independent directors or the Chair of the audit committee, as applicable, shall review and consider:

- the Related Person's interest in the Interested Transaction;
- the approximate dollar value of the amount involved in the Interested Transaction;
- the approximate dollar value of the amount of the Related Person's interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of business of the Company;
- whether the transaction with the Related Person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to the Company of, the Interested Transaction;
- required public disclosure, if any; and
- any other information regarding the Interested Transaction or the Related Person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The independent directors will review all relevant information available to it about the Interested Transaction. The independent directors, or the Chair of the audit committee, as applicable, may approve or ratify the Interested Transaction only if the independent directors, or the Chair of the audit committee, as the case may be, determines in good faith that, under all of the circumstances, the transaction is fair as to the Company. The independent directors, in their sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Person in connection with approval of the Interested Transaction.

The review, approval, or ratification of a transaction, arrangement, or relationship pursuant to this Policy does not necessarily imply that such transaction, arrangement, or relationship is required to be disclosed under Item 404(a) of Regulation S-K promulgated by the Securities and Exchange Commission (the "SEC").

## **E. Standing Pre-Approval for Certain Interested Transactions**

The independent directors have reviewed the types of Interested Transactions described below and determined that each of the following Interested Transactions shall be deemed to be pre-approved by the independent directors, even if the aggregate amount involved will exceed \$120,000, unless otherwise specifically determined by the independent directors.

1. Employment of executive officers. Any employment by the Company of an executive officer of the Company or any of its subsidiaries if the related compensation is approved (or recommended to the Board of Directors for approval) by the independent directors or appropriate committee to

which such directors have delegated compensation duties;

2. Director compensation. Any compensation paid to a director if the compensation is consistent with the Company's director compensation policies and is required to be reported in the Company's proxy statement under Item 402;
3. Certain transactions with other companies. Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer or director) or beneficial owner of less than ten percent of that company's equity, if the aggregate amount involved does not exceed the greater of \$1,000,000, or two percent of that company's total annual revenues;
4. Certain charitable contributions. Any charitable contribution, grant, or endowment by the Company to a charitable organization, foundation, or university at which a Related Person's only relationship is as an employee (other than an executive officer or director), if the aggregate amount involved does not exceed the greater of \$1,000,000, or two percent of the charitable organization's total annual receipts; and
5. Transactions where all stockholders receive proportional benefits. Any transaction where the Related Person's interest arises solely from the ownership of the Company's Common Stock and all holders of the Company's Common Stock received the same benefit on a pro rata basis (e.g., dividends).

## **F. Disclosure**

All Interested Transactions that are required to be disclosed in the Company's filings with the SEC, as required by the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and related rules and regulations, shall be so disclosed in accordance with such laws, rules, and regulations.

The material features of this Policy shall be disclosed in the Company's Annual Report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules, and regulations.