



Insider Trading and Disclosure Policy for Employees, Consultants, Officers and Directors

Federal Securities Laws

Rule 10b-5 of the federal securities laws prohibits buying or selling of a company's stock by any person having knowledge of non-public material information concerning that company. In this context, material information is defined as information that a reasonable investor would want to know in making a decision to buy or sell that stock. Depending upon the circumstances, material information could include information about new products being developed, new contracts or arrangements with third parties, previously undisclosed financial information, internally generated revenue and/or income projections based on information not available to the public, previously undisclosed financial transactions, and other information that an investor would want to know in making an investment decision. If an individual having knowledge of material non-public information (an "insider") discloses that information to another individual who then trades in the company's stock, both the person who discloses the information and the person who trades in the stock have violated the antifraud provisions of the federal securities laws. In addition, purchases or sales of a company's stock by members of an insider's *immediate family or anyone residing in the same household* as an insider at a time when the insider would be prohibited from doing so also may be deemed to violate Rule 10b-5.

The federal securities laws also impose certain duties on companies whose stock is publicly traded to take appropriate measures, in advance, to prevent insider trading violations. Primarily for this reason, American Energy Production, Inc. (the "Company") should adopt policies and procedures to limit and restrict buying and selling of its stock by persons with access to non-public information in an effort to prevent violations of the antifraud provisions of the securities laws. In determining the policy, it is important to recognize that there often may be situations in which there exists material non-public information concerning the Company that a number of directors, officers, consultants and employees may not be aware of, but because of the nature of the non-public information or because of these individuals' apparent access to that information, they will be presumed to have had knowledge of the non-public information and therefore should be subject to the same limitations as if they actually have knowledge of the non-public material information.

Trading Policy

General Policy. No employee, consultant, officer, or director of the Company may buy or sell securities of the Company unless that individual has received a written memo or email from the Company's Insider Trading Compliance Officer, approving, for the period of time specified in the written memo or email, the specific trading activity that has been approved. At the present time and until further notice, Bryan Bulloch shall be the Company's Insider Trading Compliance Officer. Prior to approving any transaction, the Company's Insider Trading Compliance Officer may need to consult with certain Company officers or the Company's outside legal counsel.



Non-Trading Periods. It should be anticipated that no employee, consultant, officer or director of the Company will receive approval to buy or sell any securities of the Company during the period beginning on the 15th day of the last month of each fiscal quarter and ending at the commencement of business on the second business day after the date of filing with the Securities and Exchange Commission of the quarterly or annual report that includes the Company's financial statements for the most recently completed fiscal quarter or fiscal year. Purchases and sales between the individual and the Company may be excepted from this policy at any time.

All Periods: Approval Required. At any time, no employee, consultant, officer or director of the Company shall buy or sell any securities of the Company unless the employee, consultant, officer or director has received a written memo or email from the Company's Insider Trading Compliance Officer, stating, without indicating whether there exists any non-public material information concerning the Company, that the individual may buy or sell securities of the Company during a time period to be designated in the letter of approval. In determining that approval can be granted, the Insider Trading Compliance Officer must determine that, to the best of the knowledge and judgment of the Insider Trading Compliance Officer, the individual requesting stock trading approval does not have knowledge of any non-public material information concerning the Company. If approval is granted, the Insider Trading Compliance Officer also should determine that the individual does not have access to any non-public material information, which access is of such a nature that it could reasonably be presumed that the individual had actual knowledge of non-public information and the Company could unduly risk being sued and/or investigated for violation of federal securities laws for not taking appropriate steps to prevent an insider trading violation before it occurred.

Certain Exceptions to the Policy

For purposes of this policy, the Company considers that the exercise of stock options for cash under the Company's stock option plan and the purchase of shares from the Company (but *not* the sale of any shares issued upon such exercise or purchase and not a cashless exercise (accomplished by a sale of a portion of the shares issued upon exercise of an option)) are exempt from this policy, because the other party to these transactions is the Company itself and the purchase price does not vary with the market, but is fixed by the terms of the option agreement or plan, as applicable. In addition, for purposes of this policy, the Company considers that bona fide gifts of the securities of the Company are exempt from this policy.

Tipping

No employee, consultant, officer or director of the Company, who has access to material non-public information, nor *their immediate families* and *members of their households*, shall disclose ("tip") material non-public information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of companies to which such information relates, nor shall such persons or a related person that has knowledge of material non-public information make recommendations or express opinions concerning the advisability of purchasing or selling the Company's securities. The above persons are sometimes referred to in this policy as "insiders."



Confidentiality and Non-Disclosure of Non-Public Information to Friends, Family And Others

Non-public information relating to the Company is the property of the Company and the unauthorized disclosure of such information is forbidden. Except for the Chief Executive Officer and the Chief Financial Officer, or another person designated in writing by either of them, no employee, consultant, officer or director of the Company, shall discuss non-public information concerning the Company with any individual.

Except for the Chief Executive Officer and the Chief Financial Officer, or another person designated in writing by either of them, no employee, consultant, officer or director of the Company shall discuss the advantages or disadvantages of investing in the Company with any person or entity unless the discussion is pursuant to the disclosing individual's explicit responsibilities for and on behalf of the Company. In the event any officer, director, consultant or employee of the Company receives any inquiry from outside the Company, such as an inquiry from a stock analyst, for information (including financial results and/or projections) that may be non-public information, the inquiry should be referred to the Chief Executive Officer or Chief Financial Officer, who is responsible for coordinating and overseeing the release of such information to the investing public, analysts and others in compliance with applicable laws and regulations.

Potential Criminal and Civil Liability and/or Disciplinary Action

Liability for Insider Trading. Pursuant to federal and state securities laws, insiders may be subject to criminal and civil fines and penalties as well as imprisonment for engaging in transactions in the Company's securities at a time when they have knowledge of material non-public information regarding the Company.

Liability for Tipping. Employees, consultants, officers and directors of the Company, who have access to material non-public information, and *their immediate families and members of their households*, may also be liable for improper transactions by any person (commonly referred to as a "tippee") to whom they have disclosed material non-public information regarding the Company or to whom they have made recommendations or expressed opinions as to trading in the Company's securities at a time at which they had knowledge of material non-public information related to the Company. The Securities and Exchange Commission (the "SEC") has imposed large penalties even when the disclosing person did not profit from the trading. The SEC, the stock exchanges and the National Association of Securities Dealers, Inc. use sophisticated electronic surveillance techniques to uncover insider trading.

Possible Disciplinary Actions. Employees, consultants, officers and directors of the Company who violate this policy shall also be subject to disciplinary action by the Company, which may include ineligibility for future participation in the Company's equity incentive plans or termination of employment or affiliation.

Individual Responsibility. Every officer, director, consultant and employee has the individual responsibility to comply with this policy against insider trading. An insider may, from time to time, have to forego a proposed transaction in the Company's securities even if he or



she planned to make the transaction before learning of the material non-public information and even though the insider believes he or she may suffer an economic loss or forego anticipated profit by waiting.

Applicability of This Policy to Inside Information Regarding Other Companies

This policy and the guidelines described herein also apply to material non-public information relating to other companies, including the Company's vendors, suppliers and other business partners, when that information is obtained in the course of employment with, or the performance of services on behalf of, the Company. *Civil and criminal penalties*, and termination of employment and/or affiliation with the Company, may result from trading on inside information regarding the Company's vendors, suppliers and other business partners. All officers, directors, employees, and consultants should treat material non-public information about the Company's vendors, suppliers and other business partners with the same care required with respect to information related directly to the Company.

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