

CARDIOL THERAPEUTICS INC.
(the “Corporation”)

INSIDER TRADING POLICY

The board of directors (the “**Board**”) of the Corporation has adopted this Insider Trading Policy (the “**Insider Trading Policy**”), which is designed to provide guidance to the directors, officers and employees of the Corporation and its subsidiaries (who are referred to collectively in the Insider Trading Policy as “**Corporate Personnel**”) with respect to stock trading. The Insider Trading Policy aims to assist Corporate Personnel in understanding their obligations and responsibilities under applicable securities laws and the rules of the Toronto Stock Exchange and the Nasdaq Stock Market LLC. The ultimate responsibility to avoid improper trading and compliance with insider trading laws rests with each individual. The Insider Trading Policy has been adopted in order to protect the reputation of the Corporation and to protect it and Corporate Personnel from any potential liability.

The provisions of the Insider Trading Policy will be supplemented by any greater prohibitions or restrictions prescribed by any applicable laws or the Toronto Stock Exchange and the Nasdaq Stock Market LLC. Any Corporate Personnel uncertain whether other prohibitions or restrictions apply should consult with the Corporation’s Chief Executive Officer or the Chief Financial Officer.

1. APPLICATION OF THE INSIDER TRADING POLICY

All Corporate Personnel are required to review and comply with the Insider Trading Policy. However, certain provisions, as specified, only apply to Reporting Insiders (as defined in Appendix A to the Insider Trading Policy) and Designated Persons. “**Designated Persons**” are directors, officers and employees of the Corporation who will have in specific instances, or will likely have on an ongoing basis, access to or be in possession of material non-public information concerning the Corporation. The Chief Executive Officer and/or the Chief Financial Officer will be responsible for determining who is a Designated Person from time to time. Those included on the Designated Persons list will be advised.

Corporate Personnel are responsible for ensuring that their Related Persons comply with this Policy, as applicable. For purposes of the Insider Trading Policy, “**Related Persons**” means, in relation to any individual, a member of his or her immediate family residing in the same household (including children temporarily living away from home while attending school), any entity in which the individual or his or her immediate family have an economic or personal interest and anyone acting on that individual’s behalf or on behalf of his or her immediate family or on behalf of that entity.

2. PROHIBITED ACTIVITIES AND BLACKOUT PERIODS

(a) Securities

For purposes of this Part 2, the term “**security**” includes:

- (a) a put, call, option or other right or obligation to purchase or sell securities of the Corporation;
- (b) a security, the market price of which varies materially with the market price of the securities of the Corporation; and
- (c) a derivative that is related to a security of the Corporation because the derivative’s market price, value, delivery obligations, payment obligations or settlement obligations are, in a material way, derived from, referenced to or based on the

market price, value, delivery obligations, payment obligations or settlement obligations of a security of the Corporation.

(b) Prohibition on Insider Trading

Securities legislation prohibits “**persons in a special relationship with the Corporation**” (as defined in Appendix A to the Insider Trading Policy) from purchasing or selling securities of the Corporation with knowledge of a “material fact” or “material change” about the Corporation that has not been “generally disclosed”. This prohibited activity is commonly known as “insider trading”. Corporate Personnel are prohibited from trading in securities of the Corporation or any third party about which they have material non-public information until that information has been fully disclosed and at least two clear and full trading days have elapsed, in order for the information to be disseminated effectively to the public markets. Corporate Personnel should consult the Confidentiality and Disclosure Policy for guidance on what constitutes “material information”.

(c) Prohibition on Tipping

Canadian securities legislation also prohibits the Corporation and any persons in a special relationship with the Corporation from informing, other than in the “necessary course of business”, anyone of a material fact or a material change (or “privileged information” in the case of Québec) before that “material information” has been generally disclosed. This prohibited activity is commonly known as “tipping”.

The tipping provisions generally apply to persons in a special relationship with the Corporation. Persons in a special relationship include, but are not limited to, anyone (a “**tippee**”) who learns of material information from someone that the tippee knows or should know is a person in a special relationship with the Corporation.

The “special relationship” definition is broad. The tipping prohibition is not limited to communications made by senior management, investor relations professionals and others who regularly communicate with analysts, institutional investors and market professionals. The tipping prohibition applies, for example, to unauthorized disclosures by non-management Corporate Personnel.

There is a potentially infinite chain of tippees who are caught by the prohibitions against tipping and insider trading. Because tippees are themselves considered to be in a special relationship with the Corporation, material information may be third or fourth hand and still be subject to the prohibitions.

Because the “special relationship” definition is so broad, the Corporation has established its Confidentiality and Disclosure Policy to clearly define who within the Corporation has responsibility for corporate communications.

U.S. securities legislation has similar prohibitions on “tipping” by anyone (regardless of relationship to the company in question) who tips material non-public information within the meaning of U.S. securities laws to a “tippee” who then trades on the information, even if the “tipper” did not trade and did not profit from the tippee’s trading.

(d) Prohibition on Speculation

Purchases of the Corporation’s securities should be for investment purposes only and not for short-term speculation. All dealings in puts and calls, all short sales and all buying or selling on the market with the intention of quickly reselling or buying back at a profit are prohibited. In addition, trading in securities of other public companies with the knowledge that the Corporation is contemplating or engaged in acquiring that Corporation or its securities or negotiating significant business arrangements with that

Corporation is prohibited. These prohibitions apply to all Corporate Personnel and their Related Persons.

- (e) Furthermore, Reporting Insiders are strongly discouraged from: (i) purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities of the Corporation granted as compensation or held, directly or indirectly, by them; or (ii) forward selling securities that may be delivered in the future upon the exercise or redemption of securities granted under the Corporation's security-based incentive award plans, or otherwise monetizing those securities, if the interest of the Reporting Insider in those securities has not yet vested.

(f) Limitation on Margin Accounts

Securities held in a margin account can present problems if the individual does not have sufficient funds to meet a margin call and the securities are sold by the broker. Because such a sale may occur at a time when the individual is in possession of material non-public information or when otherwise not permitted to trade in the Corporation's securities, Corporate Personnel and their Related Parties are cautioned against operating a margin account for the purpose of purchasing or holding the Corporation's securities if they will be at risk of being forced to sell the Corporation's securities at a time when trading is prohibited.

(g) Use of Discretionary Accounts

Corporate Personnel and their Related Persons who have a discretionary account with a broker must advise their broker in writing that there are to be no purchases or sales of the Corporation's securities by that discretionary account without first discussing it with that person in order to ensure compliance with the Insider Trading Policy and insider trading laws.

(h) Trades in Securities of Customers

Corporate Personnel are prohibited from purchasing shares in customers and their subsidiaries or direct affiliates if the Corporation's relations with those customers could be considered to have a material impact on the securities of those customers.

(i) Quarterly Blackout Periods

The Corporation's securities may not be purchased or sold by Corporate Personnel, and their Related Persons beginning on the 1st day following the end of the fiscal quarters, and ending after the second clear and full trading day following the quarterly financial results or the annual results being made public by news release. This period is referred to as a "**quarterly blackout period**". The period starting after the second clear and full trading day following the news release until the start of the next quarterly blackout period is referred to as a "**trading window**". For clarification, no trading is permitted even during a trading window if an individual is in possession of material non-public information.

(j) Exercising Options

Corporate Personnel are prohibited from exercising options during a blackout period or if the option holder is in possession of any material non-public information concerning the Corporation or its subsidiaries.

Under the Corporation's stock option plan, should the expiry date for an option fall within a blackout period or within nine business days following the expiration of a blackout period, such expiry date shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the blackout period, such tenth business day to be considered the expiry date for such option for all purposes under the stock option plan.

(k) Special Blackout Periods

Other "**special blackout periods**" may be prescribed from time to time by the Chief Executive Officer or the Chief Financial Officer as a result of special circumstances relating to the Corporation which could give rise to material information. Everyone with knowledge of that material information will be subject to the special blackout period. In the case of a special blackout period, involved individuals will be informed by the Chief Executive Officer or the Chief Financial Officer. No person subject to a special blackout period may disclose to anyone that a special blackout period has been designated.

(l) Quiet Periods

The Corporation observes a quarterly quiet period, during which no earnings guidance or comments with respect to the current quarter's operations or expected results will be provided to analysts, investors or other market professionals. The quiet period runs from the beginning of the 14th day before the end of the fiscal quarter and ending the second clear and full trading day following the disclosure of the quarterly or annual financial results.

The Corporation does not need to stop all communications with analysts or investors during the quiet period. However, communications should be limited to responding to inquiries concerning publicly available or non-material information. The purpose of this quiet period is to avoid the potential for, or perception of, selective disclosure.

(m) Pre-clearance Requirements

At no time may Designated Persons or Reporting Insiders trade, directly or indirectly, in Corporation securities unless the prior approval of the Chief Executive Officer or the Chief Financial Officer has been obtained. This provision has been adopted as a means of providing assistance in preventing inadvertent violations and avoiding situations that could have the appearance of improper trading.

Clearance is only valid for such period as the then current trading window remains open, unless otherwise specified by the Chief Executive Officer or the Chief Financial Officer. If the trade is not completed before that time, the transaction will not be completed and clearance of the transaction must be re-requested. If clearance is denied, the fact of that clearance request and subsequent refusal must be kept confidential.

The pre-clearance request must specify the amount and nature of the proposed trades. In addition, the applicant must attest that he or she is not in possession of material non-public information concerning the Corporation.

3. INSIDER REPORTING REQUIREMENTS

(a) Reporting Requirements for Reporting Insiders

Under Canadian securities laws, Reporting Insiders are generally required to disclose to applicable regulatory authorities the fact of becoming a Reporting Insider. Thereafter, Canadian securities laws require a Reporting Insider to disclose any change in direct or indirect beneficial ownership of, or control or direction over, securities and any change in any interest in, or right or obligation associated with, a related financial instrument. Reporting Insiders must file an insider report electronically through the “System for Electronic Disclosure by Insiders”, usually within 5 days after the trade occurs.

A “**related financial instrument**” generally means an agreement, arrangement or understanding to which a Reporting Insider is a party, the effect of which is to alter, directly or indirectly, the Reporting Insider’s economic interest in a security of the Corporation or economic exposure to the Corporation.

(b) Procedure for Reporting

Filing of insider reports is the responsibility of each Reporting Insider. However, the Corporation will provide advice and assistance with respect to those filings, if specifically requested to do so within 2 days of the occurrence of the event that gave rise to the reporting obligation.

4. MONITORING COMPLIANCE

(a) Initial Certification of Compliance with Insider Trading Policy

The Corporation expects compliance with the Insider Trading Policy and applicable laws by all Corporate Personnel. In order to ensure knowledge and understanding of the Insider Trading Policy, all Corporate Personnel will be required to sign a certificate concerning compliance with the Insider Trading Policy upon commencement of employment.

(b) Periodic Certification of Compliance with Insider Trading Policy

In order to ensure ongoing compliance with the Insider Trading Policy and with applicable laws, all Corporate Personnel will be required to sign a certificate concerning compliance with the Insider Trading Policy periodically.

(c) Periodic Survey of Reporting Insiders

Periodically, the Chief Executive Officer or the Chief Financial Officer will request confirmation from Reporting Insiders as to whether reported results remain current. This monitoring is intended to assist the Corporation and Reporting Insiders to detect any inadvertent breaches of the Insider Trading Policy and to remedy those situations promptly.

(d) Compliance Responsibilities

The Chief Executive Officer and the Chief Financial Officer are responsible for compliance matters related to the Insider Trading Policy. The responsibilities include:

- (i) administering the Insider Trading Policy and monitoring and enforcing compliance with its provisions, including:
 - (A) monitoring reporting by Reporting Insiders (see Section 4(c)); and
 - (B) upon learning of any violation of the prohibitions against insider trading or tipping, determining what measures the Corporation should take, if any;
- (ii) designating and announcing, in their discretion, as applicable:
 - (A) quarterly blackout periods and trading windows relating to the Corporation's securities; and
 - (B) special blackout periods relating to the Corporation's securities or the securities of other public companies;
- (iii) organizing training sessions to educate Corporate Personnel on insider trading;
- (iv) responding to all inquiries relating to the Insider Trading Policy;
- (v) providing copies of the Insider Trading Policy to all Corporate Personnel;
- (vi) proposing revisions to the Insider Trading Policy as necessary to reflect changes in applicable insider trading laws;
- (vii) preparing periodic reports on the Insider Trading Policy's implementation and preparing documentation of compliance efforts;
- (viii) implementing procedures which may be through the Corporation's Code of Business Conduct and Ethics reporting procedures for Corporate Personnel to report suspected breaches within the Corporation without fear of retribution;
- (ix) maintaining as Corporation records originals or copies of all required reports relating to insider trading;
- (x) reporting to the Board on all matters that arise with respect to the Insider Trading Policy and the Corporation's procedures relating to the Insider Trading Policy; and
- (xi) such other responsibilities as may be delegated to the Chief Executive Officer and/or Chief Financial Officer by the Board from time to time.

The Chief Executive Officer and the Chief Financial Officer may designate one or more individuals who may perform certain of his or her duties hereunder.

5. **CONSEQUENCES OF NON-COMPLIANCE**

(a) **Civil, Quasi Criminal and Criminal Liability**

Violation of insider trading and tipping prohibitions can result in severe consequences under Canadian securities laws, applicable corporate legislation and the *Criminal Code*, including fines, civil liability and imprisonment.

(b) **Disciplinary Sanctions**

Violation of the Insider Trading Policy or insider trading laws or tipping prohibitions by any Corporate Personnel may subject that person to disciplinary action by the Corporation, up to and including termination.

Issue Date: October 22, 2018

Authorized By: Board of Directors

Review: Annually

Revised Date: January 28, 2019; July 28, 2021

APPENDIX A TO INSIDER TRADING POLICY

“insiders” of the Corporation generally include a director or officer of the Corporation or of any subsidiary of the Corporation, any significant shareholder of the Corporation, and a director or officer of any significant shareholder of the Corporation.

“major subsidiary” means a subsidiary of the Corporation if:

- (a) the assets of the subsidiary, as included in the Corporation’s most recent annual audited or interim statement of financial position, are 30% or more of the consolidated assets of the Corporation reported on that statement of financial position; or
- (b) the revenue of the subsidiary, as included in the Corporation’s most recent annual audited or interim statement of comprehensive income, is 30% or more of the consolidated revenue of the Corporation reported on that statement.

“person” generally includes:

- (a) an individual;
- (b) a corporation;
- (c) a partnership or trust; and
- (d) an association, syndicate or organization, whether incorporated or not.

“persons in a special relationship with the Corporation” generally include an employee of the Corporation or of any subsidiary of the Corporation, an insider of the Corporation, any person engaging in, proposing to engage in, or considering or evaluating whether to engage in, any business or professional activity with or for the Corporation, and any person who obtains material non-public information from one of the foregoing persons. Insiders of the Corporation can be deemed to be in a special relationship with another public Corporation if the Corporation is considering or proposing a take-over bid or similar combination transaction with that public Corporation or is considering or proposing a purchase of a substantial portion of that public Corporation’s assets.

“Reporting Insiders” of the Corporation include:

- (a) the chief executive officer, chief financial officer and chief operating officer of the Corporation, of a significant shareholder of the Corporation or of a major subsidiary of the Corporation (or individuals performing similar functions);
- (b) a director of the Corporation, of a significant shareholder of the Corporation or of a major subsidiary of the Corporation;
- (c) an officer responsible for a principal business unit, division or function of the Corporation;
- (d) the Corporation itself, if it has purchased, redeemed or otherwise acquired a security of its own issue, for so long as it continues to hold that security; and

- (e) any other insider that:
 - (i) in the ordinary course receives or has access to information as to material facts or material changes concerning the Corporation before the material facts or material changes are generally disclosed; and
 - (ii) directly or indirectly exercises, or has the ability to exercise, significant power or influence over the business, operations, capital or development of the Corporation.