



HILLCREST
energy technologies

HILLCREST ENERGY TECHNOLOGIES LTD.

(formerly, Hillcrest Petroleum Ltd.)
1910 – 1030 West Georgia Street Vancouver,
British Columbia Canada V6E 2Y3
Tel: 604 609-0006

INFORMATION CIRCULAR

as at August 10, 2021
(except as otherwise indicated)

IN VIEW OF THE CURRENT AND RAPIDLY EVOLVING COVID-19 OUTBREAK, THE COMPANY REQUESTS THAT IF POSSIBLE ALL SHAREHOLDERS VOTE THEIR SHARES BY PROXY AND AVOID ATTENDING THE MEETING IN PERSON, HOWEVER, IF YOU CHOOSE TO ATTEND THE MEETING IN PERSON, SHAREHOLDERS ARE ASKED TO FOLLOW THE INSTRUCTIONS OF THE PUBLIC HEALTH AGENCY OF CANADA (canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection.html)

THE COMPANY RESPECTFULLY ASKS SHAREHOLDERS NOT TO ATTEND THE MEETING IN PERSON IF EXPERIENCING ANY OF THE DESCRIBED COVID-19 SYMPTOMS OF FEVER, COUGH OR DIFFICULTY BREATHING, OR IF THEY HAVE BEEN EXPOSED TO ANYONE EXHIBITING COVID-19 SYMPTOMS WITHIN THE LAST 14 DAYS.

THE COMPANY MAY TAKE ADDITIONAL PRECAUTIONARY MEASURES IN RELATION TO THE MEETING IN RESPONSE TO FURTHER DEVELOPMENTS IN THE COVID-19 OUTBREAK.

This Information Circular is furnished in connection with the solicitation of proxies by the management of HILLCREST ENERGY TECHNOLOGIES LTD. (formerly, Hillcrest Petroleum Ltd.) (the “Company”) for use at the annual general and special meeting (the “Meeting”) of its shareholders (the “Shareholders”) to be held on September 16, 2021, at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

In this Information Circular, references to “the Company”, “Hillcrest”, “we” and “our” refer to Hillcrest Energy Technologies Ltd. “Common Shares” means common shares without par value in the capital of the Company. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors and/or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

Registered Shareholders

Registered shareholders of the Company (the “**Registered Shareholders**”) may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders may choose one of the following options to submit their proxy:

- (a) complete, date and sign the Proxy and return it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) use a touch-tone phone to transmit voting choices to a toll-free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder’s account number and the control number; or
- (c) use the internet through the website of the Company’s transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder’s account number and the control number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting, or the adjournment thereof, at which the proxy is to be used.

Beneficial Shareholders

The following information is of significant importance to shareholders who do not hold Common Shares in their own name (the “Beneficial Shareholders”). Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder’s broker or an agent of that broker (an “intermediary”). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial owners – those who object to their name being made known to the issuers of securities which they own (called “OBOS” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called “NOBOs” for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 “*Communication with Beneficial Owners of Securities of a Reporting Issuer*” that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“VIF”) from our transfer agent. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Company. If you are a non-registered owner, and the Company or its agent sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

Beneficial Shareholders, who are OBOs, should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting, and the appointment of any shareholder’s representative.

If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted at the Meeting and to vote your Common Shares at the Meeting.

Notice to United States Shareholders

The solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by foreign private issuers as defined in Rule 3b-4 of the U.S. Exchange Act. Accordingly, this Circular has been prepared in accordance with applicable Canadian disclosure requirements. Residents of the United States should be aware that such requirements differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of the Company’s shares by shareholders. Shareholders in a jurisdiction outside of Canada should be aware that the disposition of shares by them may have tax consequences both in those jurisdictions and in Canada, and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws, and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards in Canada. Such consequences for the Shareholders who are resident in, or citizens of, the United States may not be described fully in this Information Circular.

The enforcement by the Company Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company is incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that the major assets of the Company are located outside the United States.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or to the address of the registered office of the Company at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or, otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Company has fixed August 10, 2021, as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is listed on the Canadian Securities Exchange under stock symbol "CSE" under stock symbol "HEAT". The Company also trades on the OTCQB based in the United States of America under the symbol "HLRTF".

The authorized capital of the Company consists of an unlimited number of Common Shares. As of August 10, 2021, there were 299,491,735 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

As of the date hereof, the directors, insiders, and executive officers of the Company, as a group, owned beneficially, directly or indirectly, or exercised control or direction over, approximately 39,872,646 sCommon Shares representing approximately 13.3% of the outstanding Common Shares.

To the knowledge of the directors and executive officers of the Company, as at August 10, 2021, no person or corporation beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. FINANCIAL STATEMENTS

The consolidated audited financial statements of the Company for the years ended December 31, 2020 and December 31, 2019, the report of the auditor thereon and the related management’s discussion and analysis were filed on SEDAR at www.sedar.com on April 30, 2021 and will be tabled at the Meeting and will be available at the Meeting.

No approval or other action needs to be taken at the Meeting in respect of these documents.

2. APPOINTMENT AND REMUNERATION OF AUDITOR

At the Meeting, DeVisser Gray LLP, Chartered Professional Accountants, located at 401-905 West Pender Street, Vancouver, British Columbia, V6C 1L6, will be recommended by management and the Board of Directors for re-appointment as auditor of the Company. DeVisser Gray LLP has been the Company’s auditor since March 26, 2020.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the appointment of DeVisserGray LLP, Chartered Professional Accountants, as auditor of the Company until the close of the next annual general meeting.

3. NUMBER OF DIRECTORS

Shareholders will be asked at the Meeting to approve an ordinary resolution to fix the number of directors of the Company at six. The Board of Directors recommends a vote "FOR" the approval of the resolution to fix the number of directors at six. **In the absence of instructions to the contrary, a properly executed and returned proxy will be voted "FOR" the approval of the resolution to fix the number of directors at six.**

4. ELECTION OF DIRECTORS

The Board presently consists of six directors. The Board has determined the number of directors to be elected for the ensuing year at six. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director’s office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) (“BCA”), each director elected at the Meeting will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following Table sets out the names of management’s six nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, the principal occupation, business or employment of each director nominee, the period of time during which each nominee has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at August 10, 2021.

Name of Nominee; Current Position with the Corporation and Province or State and Country of Residence	Position with and Name and Principal Business of each Corporation/Employer ⁽¹⁾	Current Position(s) with the Corporation	Director Since	Number of Common Shares beneficially owned, directly, or indirectly, or controlled or directed ⁽²⁾
MICHAEL KRZUS ⁽⁹⁾ British Columbia, Canada Executive Chairman and Director	Mr. Michael Krzus has been Executive Chairman of the Company since August 2015 and a Director since November 2013. He is a businessman and consultant across the energy sector.	Director and Executive Chairman	November 26, 2013 August 19, 2015	9,870,000 ⁽²⁾ Common Shares 3.30% undiluted 3.96% fully diluted

Name of Nominee; Current Position with the Corporation and Province or State and Country of Residence	Position with and Name and Principal Business of each Corporation/Employer ⁽¹⁾	Current Position(s) with the Corporation	Director Since	Number of Common Shares beneficially owned, directly, or indirectly, or controlled or directed ⁽²⁾
<p>DONALD J. CURRIE⁽⁸⁾ British Columbia Canada Chief Executive Officer and Director</p>	<p>Mr. Donald Currie is the founding CEO of Hillcrest Energy. Earlier in his career, Mr. Currie held various senior level positions including Director, Officer and VP of Corporate Communications with Enhanced Oil Resources Inc., an oil and gas exploration and production company based out of Houston, Texas. Prior to this, Don worked in other private and public ventures spanning the mining, gaming and technology sectors.</p>	<p>Director and Chief Executive Officer</p>	<p>July 10, 2010</p>	<p>18,495,813⁽³⁾ Common Shares 6.18% undiluted 7.69% fully diluted</p>
<p>THOMAS G. MILNE⁽⁷⁾⁽⁸⁾ British Columbia Canada Director</p>	<p>Mr. Thomas Milne is a senior financial management executive with extensive international experience in energy E&P, pipelines, oil sands and communication technology</p>	<p>Director</p>	<p>November 1, 2012</p>	<p>1,383,333⁽⁴⁾ Common Shares 0.46% undiluted 1.05% fully diluted</p>
<p>ROBERT LAMBERT⁽⁸⁾⁽⁹⁾ United Kingdom Director</p>	<p>Mr. Lambert is currently Deputy Chairman of Jadestone Energy Inc. Mr. Lambert was also the founder of Ipex Energy Ltd which provided strategic, corporate and technical consulting services to a variety of businesses.</p>	<p>Director</p>	<p>December 15, 2017</p>	<p>1,848,500⁽⁵⁾ Common Shares 0.62% undiluted 0.85% fully diluted</p>
<p>KYLIE DICKSON⁽⁷⁾ Director British Columbia Canada</p>	<p>Ms. Dickson is a Canadian CPA, CA with over 15 years experience with publicly traded companies. Ms. Dickson has held the position of CFO for various mining companies and prior to her work with public companies was an audit manager for a major audit firm. Ms. Dickson currently serves as a Director for Fortuna Silver Mines Inc. and Star Royalties Ltd.</p>	<p>Director</p>	<p>April 9, 2021</p>	<p>NIL⁽⁶⁾ Common Shares 0% undiluted 0.17% fully diluted</p>
<p>DAVID FARRELL Nominee Director British Columbia</p>	<p>Mr. Farrell is President of Davisa Consulting, a private consulting firm working with global junior & mid-tier companies.</p>	<p>Nominee Director</p>	<p>Nominee Director</p>	<p>Nominee Director</p>

Notes:

1. The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor thereof for the last five years.
2. Mr. Krzus holds a total of 2,000,000 stock options
3. Mr. Currie holds a total of 3,300,000 stock options and 1,250,000 warrants
4. Mr. Milne holds a total of 1,750,000 stock options
5. Mr. Lambert holds a total of 700,000 stock options
6. Ms. Dickson holds 500,000 stock options
7. Member of Audit Committee – Kylie Dickson is the Audit Committee Chair
8. Member of Compensation and Corporate Governance Committee.
9. Member of Reserves Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

A shareholder can vote for all of the above nominees, vote for some of the above nominees and withhold for other of the above nominees, or withhold for all of the above nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Company. At the Meeting the above persons will be nominated for election as director as well as any person nominated pursuant to the Advance Notice Provision (see below). Only persons nominated by management pursuant to this Information Circular or pursuant to the Advance Notice Provision will be considered valid director nominees eligible for election at the Meeting.**

Cease Trade Order, Bankruptcies, and Insolvency

Except as disclosed herein, no proposed director is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company, in respect of which the information circular is being prepared) that:

- a. was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- b. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- c. is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- d. has, within the 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Thomas G. Milne was a Director of Sefton Resources, Inc. (“**Sefton**”), a company listed on AIM (London Stock Exchange) when an Order was issued November 13, 2015. The United States Bankruptcy Court for the District of Colorado, The Honorable Michael E. Romero ordered that the Involuntary Bankruptcy Petition against Sefton be dismissed with prejudice. The Court also awarded Sefton its legal fees and costs to be paid by the Plaintiffs, as well as punitive damages. The Court, in awarding costs and damages, found that the Plaintiffs acted in bad faith.

Sefton now looks to have set aside the remaining lawsuit brought by the same plaintiffs, for the same amounts, in the US Federal Court and with the Bankruptcy petition dismissed, Sefton is now free, should it so wish, to dispose of its Kansas assets. Sefton is now a private company. Mr. Milne did not stand for re-election to the board of directors at the annual general meeting of Sefton Resources Inc. held on December 15, 2015.

On February 3, 2017, while Michael Krzus and Don Currie were Directors, the Company’s wholly owned subsidiary Hillcrest GOM Inc. (“**HGOM**”) was voluntarily placed into a Chapter 7 liquidation in the US Court for the Southern District of Texas. HGOM was the owner of a small number of non-operated oil and gas leases in the shallow waters of the Gulf of Mexico. This voluntary liquidation allowed the Company to more effectively allocate resources to capture and develop attractive, low cost onshore assets and to reduce the Company’s consolidated current and non-current liabilities. HGOM was subsequently dissolved and is no longer a subsidiary of the Company.

Advance Notice Provision

At the Company’s annual general and special meeting held on July 14, 2014, the shareholders of the Company approved the alteration of the Company’s Articles, to include advance notice provisions (the “**Advance Notice Provision**”). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board of directors of the Company are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) or (ii) a shareholder proposal made pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Provision fixes a deadline by which holders of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The Advance Notice Provision also requires all proposed director nominees to deliver a written representation and agreement that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision in the Company's Altered Articles, which is available under the Company's profile on SEDAR at www.sedar.com.

ABOUT THE DIRECTORS AND NOMINEE DIRECTOR

MICHAEL KRZUS- Chairman - Mr. Michael Krzus has been Executive Chairman of the Company since August 2015 and a Director since November 2013. He brings 35 years of energy industry experience, including senior executive management positions and directorships, managing technical and business aspects of conventional and unconventional oil and gas assets and integrated liquified natural gas (LNG) projects, international gas-to-power projects and geothermal in Australia, the United States, the Netherlands and Canada.

Mr. Krzus was a Director and the founding CEO of Emerald Oil Inc., a New York Stock Exchange listed operating oil company focused on the Williston Basin, Bakken shale oil play in the USA and was CEO and Managing Director of Emerald Oil and Gas NL, an oil and gas company listed on the Australian Stock Exchange. Prior to this, Mr. Krzus held various managerial and executive positions during his 22-year career with Woodside Petroleum Ltd. and Shell in Australia and the Netherlands, which he joined 3 years after he began working as a petroleum engineer with Home Oil Ltd in Canada.

Mr. Krzus holds a Diploma in Oil and Gas Technology from the British Columbia Institute of Technology and a Bachelor of Science in Petroleum Engineering from Tulsa University.

DONALD J. CURRIE - CEO Mr. Donald Currie is the founding CEO of Hillcrest Energy Technologies. Wanting to create an organization that could leverage his 30+ years of energy experience and still benefit from entrepreneurial thinking, he took the reins of Hillcrest in February 2010.

Don's success combines his reputation as a trusted relationship and business builder with decades of North American equity markets exposure and the financing of public companies. He's known for being a straight shooter who values, integrity and big picture thinking. True to form, Don has been leading the Company's successful transition into clean energy technologies by identifying early-stage prospects and converting these into a portfolio of business growth opportunities.

Earlier in his career, Mr. Currie held various senior level positions including Director, Officer and VP of Corporate Communications with Enhanced Oil Resources Inc., an oil and gas exploration and production company based out of Houston, Texas. Prior to this, Don worked in other private and public ventures spanning the mining, gaming and technology sectors.

THOMAS G. MILNE Mr. Tomas (Tom) Milne has been a Director of the Company since October 2012. Mr. Milne is a senior financial management executive with extensive international experience in energy E&P, pipelines, oil sands and communication technology. Career roles include: chief financial officer, treasurer, investment banker, senior partner (CA firm) and foreign exchange trader. He has been a director of both public and private companies including chairman of the audit committee for an AMEX-listed oil sands company. He is currently Chairman and Director of Precise Details Inc. (a family-owned company) and also a Director of Canshale Corp (a private company).

ROBERT LAMBERT Mr. Robert Lambert has been a Director of the Company since December 2017. Mr. Lambert is currently Deputy Chairman of Jadestone Energy Inc. and was the founder of Ipex Energy Ltd which provided strategic, corporate and technical consulting services to a variety of businesses.

Previously, Mr. Lambert was CEO of Petra Petroleum Inc from 2011 to 2015, Senior Independent Director of Eland Oil & Gas PLC from 2012 to 2015 and CEO of GB Petroleum Ltd from 2005 to 2010. Prior to that time, Mr. Lambert held a variety of executive management and senior operational roles with Conoco Inc. over a 25-year international career.

KYLIE DICKSON- Ms. Kylie Dickson became a Director of the Company in April 2021. Ms. Dickson is a Canadian Chartered Professional Accountant who has worked with companies throughout the mining lifecycle and played a pivotal role in multiple financings and M&A transactions. She was most recently the Vice President of Business Development at Equinox Gold Corp. and, before that, VP, Business Development at Trek Mining. Ms. Dickson previously worked as Chief Financial Officer for JDL Gold Corp., Anthem United Inc. and Esperanza Resources, and served as the Corporate Controller of Minefinders Corporation. Ms. Dickson is currently a Director and Audit Chair of Fortuna Silver (TSX: FVI) and Star Royalties Ltd. (TSX-V: STRR).

NOMINEE DIRECTOR

DAVID FARRELL Mr. David Farrell is President of Davisa Consulting, a private consulting firm working with global junior & mid-tier companies. He has over 25 years of corporate and investment banking experience, and has negotiated, structured and closed more than US\$25 billion worth of M&A and structured financing transactions. Prior to founding Davisa, he was Managing Director, Mergers & Acquisitions at Endeavour Financial working in Vancouver and London. Prior to Endeavour Financial, Mr. Farrell was a lawyer at Stikeman Elliott, working in Vancouver, Budapest and London. Mr. Farrell serves as a director of Fortuna Silver (TSX:FVI, NYSE:FSM), Northern Vertex Mining (TSXV:NEE), and Luminex Resources (TSXV:LR). Mr. Farrell is a society member and served for 12 years as a board and finance committee member of Yaletown House, a non-profit, critical-care seniors' residence in downtown Vancouver.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the election of the Nominees.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT EACH SHAREHOLDER VOTE “FOR” THE ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

5. APPROVAL OF NEW FORM STOCK OPTION PLAN

10% “rolling” Share Option Plan (Option-Based Awards)

The Company currently has in place a 10% “rolling” share option plan dated for reference November 4, 2010 under the policies of the TSX Venture Exchange (the “**2010 Share Option Plan**”). Effective on March 31, 2021, the Company commenced trading on the Canadian Securities Exchange. In connection with the move from the TSX Venture Exchange to the Canadian Securities Exchange, effective on July 28, 2021, the Board terminated the Company’s 2020 Share Option Plan and adopted a 10% “rolling” share option (the “New Stock Option Plan”). The New Stock Option Plan is substantially similar to the Company’s 2010 Share Option Plan, except that the New Stock Option Plan it does not contain references to the TSX Venture Exchange or its policies.

The New Share Option Plan was implemented in order to provide the Company with the flexibility necessary to attract and maintain the services of senior executives and other employees in competition with other businesses in the industry. The New Stock Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company.

The Compensation and Corporate Governance Committee (or such other committee the Board may appoint) is responsible for administering the New Stock Option Plan. The New Stock Option Plan provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

A copy of the New Stock Option Plan is attached as Schedule "B" to this Information Circular. At the date of this Information Circular, there were a total of 14,850,000 stock options outstanding.

The New Stock Option Plan provides that the number of Common Shares issuable under this Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of the Company's issued and outstanding Common Shares. Subject to the effectiveness of the New Stock Option Plan, all existing stock options of the Company issued under the 2010 Share Option Plan shall be amended such that they are governed by the terms of the New Stock Option Plan and no longer governed by 2010 Share Option Plan. If shareholders fail to approve the New Stock Option Plan, the Company confirms that its 2010 Share Option Plan will continue without interruption.

A number of Common Shares equal to ten (10%) percent of the issued and outstanding Common Shares in the share capital of the Company from time to time are reserved for the issuance of stock options pursuant to the New Stock Option Plan.

Material Terms to the New Stock Option Plan

The following information is intended to be a brief description of the New Stock Option Plan and is qualified in its entirety by the full text of the New Stock Option Plan:

- (a) persons who are consultants to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of Options under the New Stock Option Plan;
- (b) Options granted under the New Stock Option Plan are non-assignable, and non-transferable;
- (c) an Option granted to any consultants will expire within 30 days after the date the Option Holder (as defined in the New Stock Option Plan) ceases to be employed by or provide services to the Company unless the Option Holder ceases to hold such position as a result of (i) termination for cause; (ii) resigning his or her position; or (iii) an order made by any regulatory authority having jurisdiction to so order, in which case the expiry date of the date the Option Holder ceases to hold such position;
- (d) if an Option Holder dies, any Options held by such Option Holder shall pass to the personal representative of the Option Holder and shall be exercisable by the personal representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date;
- (e) the exercise price of each Option will be set by the Committee (as defined in the New Stock Option Plan) on the effective date of the Option and will not be less than the Market Value (as defined in the New Stock Option Plan);
- (f) the vesting schedule for an option, if any, shall be determined by the Board and shall be set out in the Option Certificate (as defined in the Option Plan) issued in respect of the option; and
- (g) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the New Stock Option Plan with respect to all New Stock Option Plan Common Shares in respect of options which have not yet been granted

New Stock Option Plan Resolution

Shareholders will be asked to consider and vote on an ordinary resolution to approve the adoption of the Company's New Stock Option Plan, with or without variation, as follows:

"BE IT RESOLVED THAT:

1. the Company's Rolling 10% Share Option Plan ("New Stock Option Plan") as described in the Company's information circular dated for reference August 10, 2021, including the reservation for issuance under the New Stock Option Plan at any time of a maximum of 10% of the issued and outstanding common shares in the capital of the Company as at a date of grant, be and is hereby approved, subject to the acceptance by the CSE Exchange, if required, such that it replaces the 2010 Share Option Plan in its entirety;
2. subject to the effectiveness of the New Stock Option Plan, all existing stock options of the Company issued under the 2019 Share Option Plan shall be amended such that they are governed by the terms of the New Stock Option Plan and no longer governed by the 2010 Share Option Plan;
3. the board of directors of the Company (the "Board") be and is hereby authorized, in its absolute discretion, to administer the New Stock Option Plan and amend or modify the New Stock Option Plan in accordance with its terms and conditions and with the policies of the CSE;
4. any two directors and/or officers of the Company be authorized to execute such treasury order or treasury orders as may be necessary to effect the issuance of Shares under the New Stock Option Plan; and
5. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal of the Company or otherwise all such deeds, documents, instruments and assurances as in their opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan as may be required by an applicable stock exchange or applicable securities regulatory authorities and to complete all transactions in connection with the implementation of the New Stock Option Plan."

The New Stock Option Plan requires approval by a majority of the votes cast by Shareholders present in person or by proxy at the Meeting.

The Board of Directors recommends a vote "FOR" the approval of the resolution approving the adoption of the New Stock Option Plan. In the absence of instructions to the contrary, a properly executed and returned proxy will be voted "FOR" the approval of the resolution approving the adoption of the New Stock Option Plan.

6. APPROVAL OF NEW RESTRICTED SHARE UNIT PLAN

10% "rolling" Restricted Share Unit Plan (Share-Based Awards)

The Company currently has in place a fixed restricted share unit plan dated for reference dated for reference August 13, 2015, as amended and restated on October 11, 2019 under the policies of the TSX Venture Exchange (the "2019 RSU Plan"). The Fixed RSU Plan allows the Company to award restricted share units ("RSUs"), under and subject to the terms and conditions of the Fixed RSU Plan, which may be exercised to purchase up to a maximum of 17,995,592 Shares.

As referenced above, effective on March 31, 2021, the Company commenced trading on the Canadian Securities Exchange. In connection with the move from the TSX Venture Exchange to the Canadian Securities Exchange, effective on July 28, 2021, the Board terminated the Company's fixed restricted share unit plan and adopted a 10% "rolling" restricted share unit plan (the "**New RSU Plan**") which conforms to the policies of the Canadian Securities Exchange.

At the date of this Information Circular, there were a total of 500,000 RSUs outstanding. The New RSU Plan allows the Company to grant RSUs under and subject to the terms and conditions of the New RSU Plan. A copy of the Restricted Share Unit Plan is attached as Schedule "C" to the Company's Information Circular.

The New RSU Plan is a plan which reserves for the grant of RSUs to a maximum of 10% of the issued and outstanding common shares. The New RSU Plan is a “rolling plan” and therefore when RSUs are cancelled (whether or not upon payment with respect to vested RSUs) or terminated, Common Shares shall automatically be available for issuance pursuant to the RSU Plan. Subject to the effectiveness of the New RSU Plan, all existing RSUs of the Company awarded under the 2019 RSU Plan shall be amended such that they are governed by the terms of the New RSU Plan and no longer governed by 2019 RSU Plan. If shareholders fail to approve the New RSU Plan, the Company confirms that its 2019 RSU Plan will continue without interruption.

The purpose of the RSU Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long-term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

Material Terms to the New RSU Plan

The following information is intended to be a brief description of the New RSU Plan and is qualified in its entirety by the full text of the New RSU Plan:

The common shares reserved for issuance under the New RSU Plan will not be deducted from the number of common shares issuable under the Company’s New Stock Option Plan.

All Directors, Employees and Consultants (as defined in the New RSU Plan) of the Company and its related entities (“**Eligible Persons**”) are eligible to participate in the New RSU Plan (as “**Participants**”), though the Company reserves the right to restrict eligibility or otherwise limit the number of persons eligible for participation in the New RSU Plan at any time. Eligibility to participate in the New RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Board can, from time to time, award RSUs in its discretion to any Eligible Persons. RSUs will be credited to an account maintained for each Participant on the books of the Company as of the award date. The number of RSUs to be credited to each Participant's account shall be determined at the discretion of the Board and pursuant to the terms of the RSU Plan.

Each award of RSUs vests on the date(s) specified by the Board and/or the satisfaction of the Performance Criteria (each a “**Vesting Date**”) specified by the Board on the award date.

Credit for Dividends

Unless otherwise determined by the Board, A Participant's Account will be credited with additional RSUs (the “**Dividend RSUs**”) as of each dividend payment date in respect of which cash dividends are paid on Common Shares. The number of Dividend RSUs credited to a Participant’s Account in connection with the payment of dividends on Common Shares will be based on the actual amount of cash dividends that would have been paid to such Participant had he or she been holding such number of Common Shares equal to the number of RSUs credited to the Participant’s Account on the date on which cash dividends are paid on the Common Shares and the market price of the Common Shares on the payment date. Note that the Company is not obligated to pay dividends on Common Shares.

Resignation, Termination, Leave of Absence or Death

Generally, if a Participant's employment or service is terminated, or if the Participant resigns from employment with the Company, then all RSUs held by the Participant (whether vested or unvested) shall terminate automatically upon the termination of the Participant’s service or employment.

In the event a Participant is terminated by reason of (i) termination by the Company other than for cause or (ii) the Participant’s death, the Participant’s unvested RSUs shall vest automatically as of such date. In the event the termination of the Participant’s services is by reason of voluntary resignation, only the Participant’s unvested RSUs shall terminate automatically as of such date.

Change of Control

In the event of a Change of Control (as defined in the New RSU Plan), the Board may, in its discretion, without the necessity or requirement for the agreement or consent of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit, the vesting date of any RSU; (ii) permit the conditional settlement of any RSU, on such terms as it sees fit; (iii) otherwise amend or modify the terms of the RSU, including for greater certainty permitting Participants to settle any RSU, to assist the Participants to tender the underlying Common Shares to, or participate in, the actual or potential Change of Control Event (as defined in the RSU Plan) or to obtain the advantage of holding the

underlying Common Shares during such Change of Control Event; and (iv) terminate, following the successful completion of such Change of Control Event, on such terms as it sees fit, the RSUs not settled prior to the successful completion of such Change of Control Event, including, without limitation, for no payment or other compensation. The determination of the Board in respect of any such Change of Control Event shall for the purposes of this RSU Plan be final, conclusive and binding.

Adjustments

In the event there is a change in the outstanding Common Shares by reason of any stock dividend or split, recapitalization, amalgamation, consolidation, combination or exchange of shares, or other corporate change, the Board shall make, subject to the prior approval of the CSE where necessary, appropriate substitution or adjustment in (i) the number or kind of Common Shares or other securities reserved for issuance pursuant to the RSU Plan, and (ii) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the RSU Plan.

New RSU Plan Resolution

Shareholders will be asked at the Meeting to consider and, if thought advisable, to pass by an ordinary resolution to approve the adoption of the Company's New RSU Plan, with or without variation, as follows:

“BE IT RESOLVED THAT:

1. the New RSU Plan is hereby approved for implementation as the New RSU Plan the Company, such that it replaces the 2019 RSU Plan in its entirety, effective as of the date hereof;
2. the Company's New RSU Plan, as more particularly described in the Company's Information Circular dated August 10, 2021, is approved, such that it replaces the 2019 RSU Plan in its entirety;
3. subject to the effectiveness of the New RSU Plan, all existing restricted share units of the Company awarded under the 2019 RSU Plan shall be amended such that they are governed by the terms of the New RSU Plan and no longer governed by the 2019 RSU Plan;
4. the maximum number of Shares to be authorized and reserved for issuance under the New RSU Plan, shall not exceed 10% of the issued and outstanding Common Shares from time to time, the issuance and release of such Shares subject to vesting terms to be determined at the discretion of the Board in accordance with the New RSU Plan;
5. the Company be and is hereby authorized to award as fully paid and non assessable that number of Shares specified in the Grant Agreement evidencing restricted share units awarded to Participants under the New RSU Plan;
6. any two directors and/or officers of the Company be authorized to execute such treasury order or treasury orders as may be necessary to effect the issuance of Shares under the RSU Plan; and
7. the Board is hereby authorized to make such amendments to the New RSU Plan from time to time, as may be required by the applicable regulatory authorities, or as may be considered appropriate by the Board, in its sole discretion, provided always that such amendments be subject to the approval of the regulatory authorities, if applicable, and in certain cases, in accordance with the terms of the New RSU Plan.”

The New RSU Plan requires approval by a majority of the votes cast by Shareholders present in person or by proxy at the Meeting.

The Board has concluded that adoption of the New RSU Plan is in the best interests of the Company and its Shareholders. Accordingly, the Board unanimously recommends that Shareholders to approve the adoption of the Company's New RSU Plan by voting FOR the New RSU Plan Resolution at the Meeting.

Proxies received in favour of management will be voted in favour of the New RSU Plan Resolution unless the Shareholder has specified in the Proxy that his or her Shares are to be voted against such resolution. In the absence of instructions to the contrary, the persons named in the enclosed form of Proxy intend to vote the Shares represented thereby in favour of passing the New RSU Plan Resolution.

STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of this Executive Compensation disclosure:

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

During financial year ended December 31, 2020, based on the definition above, the NEOs of the Company were: Michael Krzus, Executive Chairman and director, Donald J. Currie, CEO and director, Dale Miller Chief Operating Officer, and Aaron Triplett was appointed CFO and Corporate Secretary of the Company. The directors who were not NEOs during the financial year ended December 31, 2020, were Thomas Milne, David Stone and Robert Lambert.

Table of Compensation, Excluding Compensation Securities in Financial Years ended December 31, 2020

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company for the two completed financial years ended December 31, 2020. Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” in this Information Circular.

<i>Table of compensation excluding compensation securities</i>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Michael Krzus ⁽¹⁾ Executive Chairman and Director	2020	\$87,424	Nil	Nil	Nil	Nil	\$87,424
	2019	\$78,980	Nil	Nil	Nil	Nil	\$78,980
Donald J. Currie ⁽¹⁾ CEO, Director and former Chairman	2020	\$190,000	Nil	Nil	Nil	Nil	\$190,000
	2019	\$112,357	Nil	Nil	Nil	Nil	\$112,357
Aaron Triplett ⁽²⁾ CFO and Corporate Secretary	2020	\$60,000	Nil	Nil	Nil	Nil	\$60,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A

<i>Table of compensation excluding compensation securities</i>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Dale Miller ⁽³⁾ COO	2020	\$77,877	Nil	Nil	Nil	Nil	\$77,877
	2019	\$18,065	Nil	Nil	Nil	Nil	\$18,065
David M.R. Stone ⁽⁴⁾ Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Thomas J. Milne ⁽⁵⁾ Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Robert Lambert ⁽⁶⁾ Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	Nil	Nil	Nil	Nil	Nil	Nil
Sean McGrath ⁽⁸⁾ CFO and former Corporate Secretary	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	60,000	Nil	Nil	Nil	Nil	60,000

Notes:

- (1) Mr. Currie resigned as Chairman of the Company on August 19, 2015. Mr. Krzus was appointed Executive Chairman of the Company on August 19, 2015. Mr. Currie was appointed CEO and a director of the Company on July 10, 2010.
- (2) Mr. Triplett was appointed as the CFO and Corporate Secretary January 1, 2020
- (3) Dale Miller was appointed COO of the Company on June 13, 2018.
- (4) David M.R. Stone was appointed a director of the Company on July 10, 2010, and is not standing for re-election at the Meeting.
- (5) Thomas J. Milne was appointed a director of the Company on November 1, 2012.
- (6) Robert Lambert was elected a director of the Company on December 15, 2017.
- (7) Kylie Dickson was appointed a director of the Company on April 9, 2021.
- (8) Sean McGrath was appointed CFO of the Company on May 1, 2015. Mr. McGrath was appointed Corporate Secretary of the Company on August 13, 2015. Effective on January 1, 2020, Mr. McGrath resigned as CFO and Corporate Secretary of the Company.

Oversight and Description of Director and Named Executive Officer Compensation

Elements of the Compensation Program

Executive compensation is set to attract and retain the best available talent while efficiently utilizing available resources. The Company compensates executive management with a package typically including a base salary (“**Base Salary**”), an incentive compensation plan (“**Incentive Compensation**”) and equity compensation (the “**Equity Compensation**”) designed to be competitive with comparable employers. In considering executive management’s compensation, the Board takes into consideration the financial condition of the Company. The Base Salary is set in comparison to the comparable positions in the market and in the industry, the Incentive Compensation is used as a short-term incentive to achieve Company objectives, and the Equity Compensation is designed to allow the participants to enjoy the benefits of any increase in company valuation and share price, should such an increase occur. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company’s shareholders.

The Base Salary, Incentive Compensation and Equity Compensation for the Company’s NEOs, including the CEO and the CFO is determined by the Company’s Compensation and Corporate Governance Committee. The Compensation and Corporate Governance Committee sets the compensation of the NEOs using generally available market data and their combined industry experience. The Compensation and Corporation Governance Committee delegates to the NEOs the responsibility to set the compensation packages for all other senior management and staff.

The Compensation and Corporate Governance Committee is responsible for executive and director compensation, including reviewing and recommending director compensation, overseeing the Company’s base compensation structure and equity- based compensation program, recommending compensation of the Company’s officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives.

The Compensation and Corporate Governance Committee also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Compensation and Corporate Governance Committee reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

The current members of the Company's Compensation and Corporate Governance Committee are: Thomas J. Milne, Donald Currie and Robert Lambert.

Philosophy and Objectives

The Company is a junior exploration and production company with limited resources and sales that are greatly impacted by oil and gas commodity prices. The compensation program for the senior management of the Company is designed within this context with a view that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining qualified executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has employed a combination of base salary and equity participation through its Option Plan (described below) and its RSU Plan (described below). Recommendations for senior management compensation are presented to the Board for review.

Base Salary or Consulting Fees

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

Base salary ranges for the executive officers were initially determined upon a review of companies within the oil producing industry, which were of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

In determining the base salary of an executive officer, the Board considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the oil producing industry which were similar in size as the Company;
- (c) the experience level of the executive officer;
- (d) the amount of time and commitment which the executive officer devotes to the Company; and
- (e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

Financial Year ended December 31, 2020

Key management compensation

	<u>2020</u>	<u>2019</u>
	(\$)	(\$)
Management and consulting fees paid or accrued to directors, officers or corporations controlled by directors and officers of the Company	415,301	271,350
Share-based payments paid to certain directors and officers of the Company in connection with the extension of the expiry dates of share purchase warrants and amendment of exercise prices of share purchase options	271,706	5,700
	<u>687,007</u>	<u>277,050</u>

- (a) As at December 31, 2020, a total of \$Nil (December 31, 2019 - \$69,431) was included in accounts payable and accrued liabilities owing to the directors and officers or corporations controlled by directors and officers of the Company for unpaid consulting fees and reimbursable expenses. These liabilities are non-interest bearing and payable on demand.

- (b) As at December 31, 2020 the Company owed a total of \$Nil (December 31, 2018 - \$51,805) in loan principal and interest to the Chairman of the Company pursuant to a December 27, 2018 loan agreement where the Company borrowed \$45,000 from the Chairman. The loan bears interest at 15% and is repayable on demand.
- (c) During the year ended December 31, 2020, related parties forgave a net amount of \$Nil (2019 - \$235,850) in unpaid management and consulting fees accrued in prior years.
- (d) As at December 31, 2020, the Company was owed \$129,805 (2019 - \$Nil) from the CEO.

Bonus Incentive Compensation

The Company's objective is to achieve certain strategic objectives and milestones. The Board considers executive bonus compensation dependent upon the Company meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the CEO. Such recommendations are generally based on information provided by issuers that are similar in size and scope to the Company's operations.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's share option plan and its restricted share unit plan. Stock options and RSUs are granted to executives and employees taking into account a number of factors, including the amount and term of options and RSUs previously granted, base salary and bonuses and competitive factors. The amounts and terms of options and RSUs granted are determined by the Compensation and Corporate Governance Committee based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option and RSU grants to maintain executive motivation.

Compensation Review Process

Risks Associated with the Company's Compensation Program

The Company's directors have not considered the implications of any risks to the Company associated with decisions regarding the Company's compensation program. The Company intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with the Company's compensation program and how it might mitigate those risks.

The Company did not retain a compensation consultant during financial year ending December 31, 2020.

Benefits and Perquisites

The Company does not, as of the date of this Information Circular, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options and RSUs as otherwise disclosed and discussed herein.

Hedging by Directors or NEOs

The Company has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors. The Company is not, however, aware of any directors or officers having entered into this type of transaction.

As of the date of this Information Circular, entitlement to grants of incentive stock options under the Company's share option plan and restricted share unit awards under the Company's restricted share unit plan are the only equity security elements awarded by the Company to its executive officers and directors.

Stock Options and other Compensation Securities

The following table sets forth incentive stock options (option-based awards) pursuant to the Company's 2010 Share Option Plan that were outstanding to NEOs and directors of the Company as at December 31, 2020. There were no outstanding restricted share units awarded (share-based awards) pursuant to the Company's fixed restricted share unit plan to NEOs and directors of the Company during financial year ended December 31, 2020.

Compensation Securities								
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant (y/m/d)	Issue, conversion or exercise price (\$) ⁽¹⁾	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (y/m/d)	Restricted Share Units
Donald J. Currie ⁽²⁾ CEO and Director	Options	1,300,000	2020-07-08	\$0.050	\$0.050	\$0.065	2025-07-08	NIL
Michael Krzus ⁽³⁾ Executive Chairman and Director	Options	1,300,000	2020-07-08	\$0.050	\$0.050	\$0.065	2025-07-08	NIL
David M.R. Stone Director	Options	350,000 800,000	2017-02-21 2020-07-08	\$0.050 \$0.050	\$0.050 \$0.050	\$0.065 \$0.065	2022-02-21 2025-07-08	NIL
Thomas J. Milne ⁽⁴⁾ Director	Options	1,050,000	2020-07-08	\$0.050	\$0.050	\$0.065	2025-07-08	NIL
Robert Lambert Director	Options	300,000 800,000	2018-05-22 2020-07-08	\$0.050 \$0.050	\$0.050 \$0.050	\$0.065 \$0.065	2022-05-22 2025-07-08	NIL
Dale Miller ⁽⁵⁾ COO	Options	350,000	2020-07-08	\$0.050	\$0.050	\$0.065	2025-07-08	NIL
Aaron Triplett CFO and Corporate Secretary	Options	600,000	2020-07-08	\$0.050	\$0.050	\$0.065	2025-07-08	NIL

Notes:

- (2) Mr. Currie Exercised 450,000 options at \$0.05 on July 27, 2020
- (3) Mr. Krus Exercised 450,000 options at \$0.05 on July 27, 2020
- (4) Mr. Milne Exercised 350,000 options at \$0.05 on September 1, 2020
- (5) Mr. Miller Exercised 350,000 options at \$0.05 on July 28, 2020

Exercise of Compensation Securities by NEOs and Directors

Financial Year Ended December 31, 2020

The following table sets out each exercise by a director or NEO of compensation securities during the financial year ended December 31, 2020:

Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price of security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Donald J. Currie CEO and Director	Options	450,000	\$0.050	July 27, 2020	\$0.055	\$0.005	\$2,250
Michael Krzus Executive Chairman and Director	Options	450,000	\$0.050	July 27, 2020	\$0.055	\$0.005	\$2,250
Dale Miller COO	Options	350,000	\$0.050	July 28, 2020	\$0.055	\$0.005	\$1,750
Thomas J. Milne Director	Options	350,000	\$0.050	Sept. 1, 2020	\$0.085	\$0.035	\$12,250

Employment, Consulting and Management Agreements

The Company does not have any employment, consulting or management agreements or arrangements with any of the Company's current directors or NEOs.

Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has two equity compensation plans approved by shareholders of the Company: i) the Company's 2010 Share Option Plan and the Company's 2019 RSU Plan. Refer to 1. Adoption of New Form Share Option Plan and 2. Adoption of New Restricted Share Unit Plan as detailed above in this Information Circular.

The following table sets out equity compensation plan information as at the date of this Information Circular.

	Number of securities to be issued upon exercise of outstanding options and RSUs	Weighted-average exercise price of outstanding options and RSUs	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders – 2010 Share Option Plan and 2019 RSU Plan	14,850,000 options 500,000 RSU's	\$0.19	15,099,174 options 29,449,174 RSU's
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	15,350,000		44,548,348

Note: the 2010 Share Option Plan represents the limitation of 10% of the issued and outstanding Common Shares as at August 10, 2021, less issued options as listed in the second column of this table. (There were no restricted share units outstanding as at December 31, 2020.)

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

The Audit Committee’s Charter

The Company’s Audit Committee is attached as Schedule “A” to this Information Circular.

Composition of the Audit Committee

The current members of the Audit Committee are Thomas G. Milne (Chair), Kylie Dickson and Michael Krzus. Thomas G. Milne and Kylie Dickson independent. Michael Krzus (Executive Chairman) is not independent. All three members of the Audit Committee are considered to be financially literate.

Relevant Education and Experience

Thomas G. Milne, Kylie Dickson and David Stone have many years of practical business experience and have served for many years as directors of public companies, have experience reviewing financial statements of public companies and meet the criteria of “financially literate” as outlined in NI 52-110.

Thomas G. Milne

Thomas G. Milne is a senior financial and management executive with extensive international experience in energy E&P, pipelines, oilsands and communication technology. Career roles include: Chief Financial Officer, Treasurer, Investment Banker, Senior Partner (CA firm) and Foreign Exchange Trader. Mr. Milne has been a director of both public and private companies including chairman of the audit committee for an AMEX-listed oilsands company. Mr. Milne is currently Chairman and Director of Precise Details Inc (a family owned company) and also a Director of Canshale Corp (a private company).

Kylie Dickson

Kylie Dickson is a Canadian Chartered Professional Accountant who has worked with companies throughout the mining lifecycle and played a pivotal role in multiple financings and M&A transactions. She was most recently VP, Business Development at Equinox Gold and has been the CFO of a number of public companies. Prior to her work with public companies, she was audit manager at a major accounting firm. Ms. Dickson currently serves as a Director and Audit Chair for Fortuna Silver and Star Royalties.

Ms. Dickson was appointed to the Audit Committee on May 27, 2021.

David Stone

David M.R. Stone, Ph.D, MBA, P.Eng. is a mining engineer whose career spans over 30 years of engineering and financial consulting to underground and surface mines worldwide. Mr. Stone has managed and led multi-disciplinary project teams through pre-feasibility and feasibility level evaluations of development stage projects, and has contributed to the engineering, design and construction of several mines. Mr. Stone’s expertise includes scoping and feasibility studies for open pit and underground projects, and an extensive international knowledge of current mining best practices, environmental permitting, mine planning and production scheduling, capital and operating costs, equipment selection, and financial analyses.

Audit Committee Oversight

At December 31, 2020, the Audit Committee did not make any recommendations to the Board to nominate or compensate any auditor other than DeVisser Gray LLP.

Reliance on Certain Exemptions

At December 31, 2020 the Company’s auditor, DeVisser Gray LLP, did not provide any material non-audit services.

Pre-Approval Policies and Procedures

Refer to the Company’s Audit Committee Charter attached as Schedule “A” to this Information Circular, for specific policies for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by DeVisserGray LLP to ensure auditor independence. Fees incurred with DeVisserGray LLP, for audit and non-audit services in the last two fiscal years ended December 31 for audit fees are outlined in the following table:

Nature of services	Fees paid to DeVisserGray LLP for year ended December 31, 2020.	Fees paid to DeVisserGray LLP for year ended December 31, 2019.
Audit fees ⁽¹⁾	\$45,000 (Estimated)	\$40,000
Audit-related fees ⁽²⁾	\$Nil	\$Nil
Tax fees ⁽³⁾	\$12,500 (Estimated)	\$Nil
All Other Fees ⁽⁴⁾	\$Nil	\$Nil
Total	\$57,500	\$40,000

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

Exemption

The Company is relying on the exemption provided in section 6.1 of NI 52-110 *Audit Committees* as the Company is a “venture issuer” and is exempt from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Company’s Board of Directors, be reasonably expected to interfere with the exercise of a director’s independent judgment.

There are no special structures or processes in place to facilitate the functioning of the directors of the Company independently of management. However, the independent directors are given full access to management so that they can develop an independent perspective and express their views and communicate their expectations of management.

The Board facilitates its independent supervision over management by ensuring a majority of the Board are not officers of the Company. During the financial year ended December 31, 2020, the independent members of the Board were Thomas G. Milne, David Stone and Robert Lambert and the non-independent directors of the Board were Michael Krzus (Executive Chairman) and Donald J. Currie (Chief Executive Officer) of the Company.

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” which could, in the view of the Company’s Board, be reasonably expected to interfere with the exercise of a director’s independent judgement.

Directorships

The directors who are currently serving on boards of other reporting companies (or equivalent) are set out below:

Name of Director	Name of reporting company and Exchange listed
Robert Lambert	Jadestone Energy Inc. London-AIM
Don Currie	Newleaf Ventures Inc. - CSE

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business.

Ethical Business Conduct

The Company has not adopted a policies or codes of business conduct and ethics at this time. Given the experience of the Board, and their prior dealings, the Company, at this point in time, is not taking any additional steps to encourage and promote a culture of ethical business conduct.

Nomination of Directors

A Compensation and Corporate Governance Committee Charter was adopted by the Company on November 4, 2010. The current members of the Committee are Thomas G. Milne (Chair), Donald Currie and Robert Lambert.

In fulfilling its oversight responsibilities for the nominations to the Board, the Compensation and Corporate Governance Committee shall: 1) establish criteria for selecting new directors which shall reflect, among other facts, a candidate's integrity and business ethics, strength of character, judgment, experience, and independence, as well as factors relating to the composition of the Board, including its size and structure, the relative strengths and experience of current board members and principles of diversity; 2) consider and recruit candidates to fill new positions on the Board; 3) review any candidate recommended by the shareholders of the Company; 4) be responsible for conducting appropriate inquiries to establish a candidate's compliance with the independent and other qualification requirements established by the Compensation and Corporate Governance Committee; 5) assess the contributions of current directors in connection with the annual recommendation of a slate of nominees and at that time review the criteria for Board candidates in the context of the evaluation process and other perceived needs of the Board; and 6) recommend the director nominees for election by the shareholders.

Compensation

Pursuant to the Compensation and Corporate Governance Committee Charter, in discharging its oversight responsibilities for executive compensation and Board compensation, the Compensation and Corporate Governance Committee shall: 1) review and approve on an annual basis the corporate goals and objectives relevant to the CEO's compensation; 2) evaluate at least once a year the CEO's performance in light of established goals and objectives and, based on such evaluation, shall, together with all other independent members of the Board, determine and approve the CEO's annual compensation, including, as appropriate, salary, bonus, incentive, and equity compensation; 3) review and approve on an annual basis the evaluation process and compensation structure for the Company's executive officers, including parameters for salary adjustments (at the discretion of the CEO) for officers are established; and 4) review and make recommendations to the Board with respect to the adoption, amendment, and termination of the Company's management incentive-compensation and equity-compensation plans, oversee their administration and discharge any duties imposed on this Committee by any of those plans

Reserves Committee

The current members of the Reserves Committee are Robert Lambert (Chair), Michael Krzus and David M. R. Stone. The Reserves Committee is responsible for reviewing and approving the annual independent evaluation of the Company's reserves. The Reserves Committee's general mandate is to oversee and monitor the Company's process for calculating the reserves and procedures for compliance with applicable legislation and conformity with industry standards and disclosure of information. It reviews, reports and, when appropriate, makes recommendations to the Board on the Company's policies and procedures related to the Company's reserves estimates.

Other Board Committees

The Board has formally appointed three standing committees: the Audit Committee, the Compensation and Corporate Governance Committee, and the Reserves Committee.

Assessments

Pursuant to the Compensation and Corporate Governance Committee Charter, in discharging its oversight responsibilities for the performance review of the Board, committees, and directors, this Committee shall: 1) evaluate the performance of the Board on an annual basis; 2) solicit comments from all directors and report annually to the Board on its assessment of the Board's performance; and 3) evaluate the performance of individual directors and committees of the Board on a periodic basis.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than set out below, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than set out in this Information Circular, no informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

There are no management functions of the Company, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company.

ADDITIONAL INFORMATION

Additional information concerning the Company is available through the Internet on SEDAR which may be accessed under the Company's SEDAR profile at www.sedar.com, or may be obtained by a Shareholder upon request without charge from the Company; Vancouver office located at Suite 1910 - 1030 West Georgia Street, Vancouver, British Columbia, Canada. The Company may require the payment of a reasonable charge from any person or company who is not a securityholder of the Company, who requests a copy of any such document.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

DATED at Vancouver, British Columbia, August 10, 2021.

BY ORDER OF THE BOARD

"Donald J. Currie"

Donald J. Currie
Chief Executive Officer

**SCHEDULE “A” TO THE INFORMATION CIRCULAR OF
HILLCREST ENERGY TECHNOLOGIES LTD.
AUDIT COMMITTEE CHARTER**

PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors of the Company (the “**Board**”) in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls and management information systems established by the senior officers of the Company (“**Management**”) and the Company’s internal and external audit process and monitoring compliance with the Company’s legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain an open communication between the Company’s external auditors and the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of the Company’s financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of Management.

RESPONSIBILITIES

Subject to the powers and duties of the Board, the Board hereby delegates to the Audit Committee the following powers and duties to be performed by the Audit Committee on behalf of and for the Board. Nothing in this Charter is intended to or does confer on any member a higher standard of care or diligence than that which applies to the directors as a whole.

External Auditors

The Audit Committee has primary responsibility for the selection, appointment, dismissal, compensation and oversight of the external auditors, subject to the overall approval of the Board. For this purpose, the Audit Committee may consult with Management.

The external auditors shall report directly to the Audit Committee.

Also, the Audit Committee:

- a. recommends to the Board:
 - i. whether the current external auditors should be nominated for reappointment for the ensuing year and if applicable, select and recommend a suitable alternative for nomination; and
 - ii. the amount of compensation payable to the external auditors;
- b. resolves disagreements, if any, between Management and the external auditors regarding financial reporting;
- c. provides the Board with such recommendations and reports with respect to the financial statements of the Company as it deems advisable;
- d. takes reasonable steps to confirm the independence of the external auditors, including but not limited to pre-approving any non-audit related services provided by the external auditors to the Company or the Company’s subsidiaries, if any;
- e. confirms that the external auditors are a ‘participating audit’ firm for the purpose of National Instrument 52-108 *Auditor Oversight* and are in compliance with governing regulations;
- f. reviews the plan and scope of the audit to be conducted by the external auditors of the Company;
- g. reviews and evaluates the performance of the external auditors; and
- h. reviews and approves the Company’s hiring policy regarding partners, employees and former partners and employees of the Company’s present and former external auditors.

Audit and Review Process and Results

The Audit Committee has a duty to receive, review and make any inquiry regarding the completeness, accuracy and presentation of the Company’s financial statements to ensure that the financial statements fairly present the financial position and risks of the organization and that they are prepared in accordance with generally accepted accounting principles. To accomplish this, the Audit Committee:

- a. considers the scope and general extent of the external auditors’ review, including their engagement letter and major changes to the Company’s auditing and accounting principles and practices;
- b. consults with management regarding the sufficiency of the Company’s internal system of audit and financial controls, internal audit procedures and results of such audits;

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- c. ensures the external auditors have full, unrestricted access to required information and have the cooperation of management;
 - d. reviews with the external auditors the audit process and standards, as well as regulatory or Company-initiated changes in accounting practices and policies and the financial impact thereof, and selection or application of appropriate accounting principles;
 - e. reviews with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Company and the manner in which these matters are being disclosed in the financial statements;
 - f. reviews the appropriateness and disclosure of any off-balance sheet matters;
 - g. reviews disclosure of related-party transactions;
 - h. receives and reviews with the external auditors, the external auditors' audit report and the audited financial statements;
 - i. makes recommendations to the Board respecting approval of the audited financial statements;
 - j. meets with the external auditors separately from management to review the integrity of the Company's financial reporting, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates, any significant disagreements or difficulties in obtaining information, adequacy of internal controls over financial reporting, adequacy of disclosure controls and procedures, and the degree of compliance by the Company with prior recommendations of the external auditors;
 - k. directs management to implement such changes as the Audit Committee considers appropriate, subject to any required approvals of the Board arising out of the review; and
 - l. meets at least annually with the external auditors, independent of management, and reports to the Board on such meetings.

Interim Financial Statements

The Audit Committee:

- a. reviews and determines the Company's practice with respect to review of interim financial statements by the external auditors;
- b. conducts all such reviews and discussions with the external auditors and Management as it deems appropriate; and
- c. makes recommendations to the Board respecting approval of the interim financial statements.

Involvement with Management

The Audit Committee has primary responsibility for overseeing the actions of management in all aspects of financial management and reporting. The Audit Committee:

- a. reviews the Company's annual and interim financial statements, Management's Discussion and Analysis and earnings press releases, if any, before the Company publicly discloses this information;
- b. reviews all of the Company's public disclosure of financial information extracted from the Company's financial statements, if such financial statements have not previously been reviewed by the Committee, prior to such information being made public by the Company and for such purpose, the CFO assumes responsibility for providing the information to the Audit Committee for its review;
- c. reviews material financial risks with Management, the plan that Management has implemented to monitor and deal with such risks and the success of Management in following the plan;
- d. consults annually and otherwise as required with the Company's CEO and CFO respecting the adequacy of the internal controls over financial reporting and disclosure controls and procedures and reviews any breaches or deficiencies;
- e. obtains such certifications of annual and interim filings by the CEO and CFO attesting to internal controls over financial reporting and disclosure controls and procedures as deemed advisable;
- f. reviews Management's response to significant written reports and recommendations issued by the external auditors and the extent to which such recommendations have been implemented by Management;
- g. reviews with Management the Company's compliance with applicable laws and regulations respecting financial reporting matters, and any proposed regulatory changes and their impact on the Company; and
- h. reviews as required with Management and approves disclosure of the Audit Committee Charter, and Audit Committee disclosure required in the Company's Annual Information Form, Information Circular and on the Company's website.

PROCEDURAL MATTERS

The Audit Committee:

- a. invites the Company's external auditors, the CFO, and such other persons as deemed appropriate by the Audit Committee to attend meetings of the Audit Committee;
- b. reports material decisions and actions of the Audit Committee to the Board, together with such recommendations as the Audit Committee may deem appropriate;
- c. has the power to conduct or authorize investigations into any matter within the scope of its responsibilities;
- d. has the right to engage independent counsel and other advisors as it determines necessary to carry out its duties and the right to set the compensation for any advisors employed by the Audit Committee;
- e. has the right to communicate directly with the CFO and other members of Management who have responsibility for the internal and external audit process, as well as to communicate directly with the internal and external auditors; and
- f. pre-approves non-audit services to be performed by the external auditors in accordance with the provisions of National Instrument 52-110 - *Audit Committees* ("NI 52-110").

COMPOSITION

The Audit Committee is composed of a minimum of three directors, a majority of whom are independent, subject to any exemptions or relief that may be granted from such requirements under NI 52-110, and have relevant skills and/or experience in the Audit Committee's areas of responsibility as may be required by the securities laws applicable to the Company, including those of any stock exchange on which the Company's securities are traded.

Appointment of Committee Members and Vacancies

Members of the Audit Committee are appointed or confirmed by the Board annually and hold office at the pleasure of the Board. The Board fills any vacancy on, and may appoint any additional members to, the Audit Committee.

Committee Chair

The Board appoints a Chair for the Audit Committee.

STRUCTURE AND OPERATIONS

Meetings

The Chair of the Audit Committee or the Chair of the Board or any two of its members may call a meeting of the Audit Committee. The Audit Committee meets at least four times each fiscal year, and at such other times during each year as it deems appropriate.

Quorum

A majority of the members appointed to the Audit Committee constitutes a quorum.

Notice of Meetings

The Chair of the Audit Committee arranges to provide notice of the time and place of every meeting in writing (including by electronic means) to each member of the Audit Committee at least two (2) business days prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. The Chair also ensures that an agenda for the meeting and all required materials for review by the members of the Audit Committee are delivered to the members with sufficient time for their review, or that such requirement is waived.

Absence of Committee Chair

If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the other members of the Audit Committee will choose a Chair to preside at the meeting.

Secretary of Committee

At each meeting the Audit Committee appoints a secretary who need not be a director of the Company.

Attendance of the Company's Officers at Meetings

The Chair of the Audit Committee or any two members of the Audit Committee may invite one or more officers of the Company to attend any meeting of the Audit Committee.

Delegation

The Audit Committee may, in its discretion and where permitted by NI 52-110, delegate all or a portion of its duties and responsibilities to a subcommittee, management or, to the extent otherwise permitted by applicable plans, laws or regulations, to any other body or individual.

Procedure and Records

Subject to any statute or constating documents of the Company, the Audit Committee determines its own procedures at meetings and may conduct meetings by telephone and keeps records of its proceedings.

COMPLAINTS

The Audit Committee has established a whistle-blower policy as detailed in the Code of Business Conduct and Ethics and Whistle Blower Policy which sets out the procedures for:

- a. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- b. the confidential, anonymous submission to the Company of concerns regarding questionable accounting or auditing matters.

The Audit Committee reviews the whistle-blower policy annually.

REPORTING AND ASSESSMENT

The Audit Committee reports to the Board of Directors, and on an annual basis, presents to the Board a Committee Annual Report consisting of the Audit Committee's review of its charter, the Committee's and its Chair's performance over the past year, and any recommendations the Audit Committee makes in respect thereto.

SCHEDULE "B"
TO THE INFORMATION CIRCULAR OF
HILLCREST ENERGY TECHNOLOGIES LTD.

10% "ROLLING" SHARE OPTION PLAN

SCHEDULE "C"
TO THE INFORMATION CIRCULAR OF HILLCREST ENERGY
TECHNOLOGIES LTD.
10% "ROLLING" RESTRICTED SHARE UNIT PLAN
("RSU PLAN")