

**HILLCREST ENERGY TECHNOLOGIES LTD.**  
(the "Company")

**MANDATE OF THE BOARD OF DIRECTORS**

**INTRODUCTION**

National Policy 58-201, Corporate Governance Guidelines, and National Instrument 58-101, Disclosure of Corporate Governance Practices, mandate corporate governance policies for reporting issuers and provide the framework for disclosure of these policies to the public.

The Board of Directors of the Company (the "Board") considers good corporate governance to be essential to the fulfilment of the fiduciary obligations of the directors and integral to the ongoing good management and development of the Company, and in this connection has developed this Mandate.

**COMPOSITION OF THE BOARD**

The Board has determined that in order to effectively manage the Company's affairs, the Company requires between five and eight directors, the majority of whom shall be independent.

**MEETINGS OF THE BOARD OF DIRECTORS**

The Board of Directors meets at least four times per year. The Board also holds additional scheduled and unscheduled meetings by conference call or web-based meetings from time to time as business needs require. The quorum necessary for the transaction of business at a Board meeting shall be a majority of the directors. The independent directors of the Board meet *in camera* as required and at least four times per year.

**MANDATE**

The mandate of the Board is to supervise the management of the Company and to act in the best interests of the Company. The Board acts in accordance with the British Columbia *Business Corporations Act*; the Company's Articles; the Company's Code of Business Conduct and Ethics; the Mandate of the Board, the charters of the Board's committees and other applicable laws and policies. The Board approves significant decisions that affect the Company before they are implemented. As a part of its overall responsibility for the stewardship of the Company, the Board assumes responsibility for the following:

a. *Stewardship*

The Board sets and supervises standards of corporate governance that create a culture of integrity throughout the Company and guides the operations of the Company and management in compliance with the Company's constating documents and British Columbia corporate law, securities legislation in each jurisdiction in which the Company is a reporting issuer and other applicable laws.

*b. Strategic Planning*

The Board monitors the Company's strategic planning process, including the opportunities and risks of the business. The senior officers of the Company ("Management") present materials relating to the strategic plan to the Board periodically throughout the year on current and proposed operations of the Company. The Board reviews the plan to assess its strengths, weaknesses, and overall results so that the plan can be adjusted in a timely manner.

*c. Dealing with Risks*

The Board, in its assessment of the strategic plan, reviews principal risks and considers Management's plans to monitor and manage risk. The principal risks to the Company have been identified as risks relating to intellectual property, the environment, safety, securities markets, legislative and regulatory issues arising from the Company's business. Management assists the Board in identifying risks and to promptly alert the Board when a risk has materialized or materially changed. The Board may from time to time appoint Management members, board members or advisors to assist in assessing different risks.

*d. Disclosure Policy*

The Disclosure Policy governs communication with shareholders, stakeholders and others and reflects the Company's commitment to timely, effective and accurate corporate disclosure in accordance with all applicable laws and with a view to enhancing the Company's relationship with its shareholders, stakeholders and others.

*f. Internal Control and Management Information Systems*

The effectiveness and integrity of the Company's internal control and management information systems contribute to the effectiveness of the Board and the Company. The Board, through its Audit Committee, oversees and monitors internal control and management information systems.

*g. Approach to Corporate Governance*

The Board has appointed a Compensation, Corporate Governance & Nominating Committee which has overall responsibility for developing the Company's approach to corporate governance including keeping informed of legal requirements and trends regarding corporate governance, monitoring and assessing the functioning of the Board and committees of the Board, and for developing, implementing, and monitoring good corporate governance practices. The Compensation, Corporate Governance & Nominating Committee is also responsible for identifying and recommending to the Board individuals qualified to become new board members.

*h. Feedback*

The Company's website facilitates feedback from shareholders and stakeholders by permitting requests for information and sending messages directly to the Company.

i. *Expectations and Responsibilities of Directors*

The Board is responsible for determining the committees of the Board that are required to effectively manage certain aspects of the Board's duties, and for ensuring that the committees have the requisite independence, competency, and skill. The Board approves and annually reviews the charters of the committees, and conducts, with the assistance of the Compensation, Corporate Governance & Nominating Committee, annual reviews of the performance of the committees.

Directors are responsible for attending Board meetings as well as meetings of committees of which the director is a member. Directors are responsible for reviewing meeting materials in advance of the meeting.

## **ORIENTATION AND CONTINUING EDUCATION**

The Board takes the following measures to ensure that all new directors receive a comprehensive orientation regarding the role of the Board and its committees, and the nature and operation of the Company's business. Each new director is provided with a copy of the Corporate Governance Manual, which contains the Company's policies and provides a comprehensive introduction to the Board and its committees. Based on the individual skill set and professional background of each new director, the Chair and CEO determine what orientation to the nature and operation of the Company's business will be necessary and relevant to each new director.

The Board ensures that proposed directors are able to devote sufficient time and energy to being a director of the Company. The Board provides continuing education opportunities for all the directors so that directors may maintain or enhance their skills and abilities as directors, as well as to ensure their knowledge and understanding of the Company's business remains current. The Board takes the following measures to provide continuing education for its directors in order that they maintain the skill and knowledge necessary for them to meet their obligations as directors:

- a. The Corporate Governance Manual is reviewed by the Board annually and any revisions thereto are given to each director.
- b. The Board may request from Management technical or other presentations focusing on a particular process or issue. The Q&A portions of these presentations are a valuable learning resource for non-technical directors.
- c. As requested and subject to cost-effectiveness, site visits to the Company's laboratories, drilling and production facilities, and joint venture partners' offices.

## **CODE OF BUSINESS CONDUCT AND ETHICS**

The Board has adopted a written code of business conduct and ethics (the "Code") applicable to directors, officers, employees and consultants ("Company Personnel" and "Covered Third Parties") of the Company. The Code sets standards designed to promote integrity and deter wrongdoing. The Board is responsible for monitoring compliance with the Code. Company Personnel and Covered Third Parties are instructed to report instances of non-compliance with the Code to the Chair of the Audit Committee.

## **NOMINATION OF DIRECTORS**

The Compensation, Corporate Governance & Nominating Committee is responsible for identifying individuals and recommending to the Board those qualified to become new board members. New nominees must have a track record in general business management, experience in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve.

The Board adheres to the following process, with the input and advice of the Compensation, Corporate Governance & Nominating Committee, prior to nominating or appointing individuals as directors:

- a. The Board determines the appropriate size of the Board, with a view to facilitating effective decision-making.
- b. The Board considers what competencies and skills the Board as a whole should possess. In doing so, the Board also considers the needs of each committee.
- c. The Board assesses what competencies and skills each existing director possesses.
- d. The Board considers diversity when reviewing potential candidates for appointment to the Board.

## **COMPENSATION**

The Board has appointed a Compensation, Corporate Governance & Nominating Committee which is responsible for reviewing and making recommendations to the Board regarding the CEO's and the CFO's compensation, evaluating the CEO's and CFO's performance, making recommendations to the Board with respect to CEO, CFO and director compensation, bonus plans for Management and key employees, incentive-compensation plans and equity-based plans, and reviewing executive compensation disclosure in advance of the disclosure becoming public.

The vesting period, if any, applicable to stock options and other stock-based compensation will be determined by the Board.

## **REGULAR BOARD ASSESSMENTS**

An annual assessment review of the Board, the Chair, the Lead Director (if any), the Board committees, the committee chairs and each individual director will be completed. The Compensation, Corporate Governance & Nominating Committee shall lead the Board assessment review process and report to the Board on an annual basis.

## **EFFECTIVE DATE**

This Mandate was approved by the Board on October 18, 2021.