



## **HILLCREST ENERGY TECHNOLOGIES LTD.**

Suite 1170 – 1040 West Georgia Street  
Vancouver, British Columbia Canada V6E 4H1  
Telephone Number: 604 609-0006

### **INFORMATION CIRCULAR**

as at April 19, 2024  
(except as otherwise indicated)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Hillcrest Energy Technologies Ltd. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on June 5, 2024, 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**”, “**we**” and “**our**” refer to Hillcrest Energy Technologies Ltd. “**Common Shares**” means the 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. “**Registered Shareholders**” means a shareholder who holds Common Shares in their own name, and may be an intermediary who holds on behalf of a Beneficial Shareholder.

### **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 officers and/or directors 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 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, Odyssey Trust Company ("Odyssey"), by 10 o'clock a.m. (Pacific Time) Monday, June 3, 2024 via fax at (800) 517-4553, or email a copy of the fully signed proxy to Odyssey at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com); or
- (b) use the internet through Odyssey's website at <https://login.odysseytrust.com/pxlogin>. 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.** 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 Odyssey in the envelope provided or by facsimile. In addition, Odyssey 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.**

#### **Registered Shareholder sign up for electronic delivery of 2024 Annual Meeting proxy documents**

Odyssey is mailing to the Company’s Registered Shareholders an EMAIL CONSENT FORM with the mailing of the proxy form to Registered Shareholders, for completion by Registered Shareholders who wish to sign up for eDelivery. If any questions regarding the email consent form, please contact Odyssey Trust Company Attn: Securities Transfer via: [www.odysseycontact.com](http://www.odysseycontact.com) or via fax 1.800.517.4553.

#### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) and Canadian provincial securities laws. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this Information Circular has been prepared in accordance with the disclosure requirements of applicable Canadian provincial securities laws which differ from the disclosure requirements of United States federal securities laws. The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the BCBCA, certain of its directors and its executive officers are residents of Canada, and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

#### **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 emailing the proxy bearing a later date to Odyssey at [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) at any time up 10 o’clock a.m. (Pacific Time) Monday, June 3, 2024 or, if the Meeting is adjourned, the last business day that precedes 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, approval of the Company’s “rolling” stock option plan, as amended, and approval of the Company’s “rolling” restricted share unit plan, 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 April 19, 2024, as the record date (the “**Record Date**”) for the 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 “HEAT”. The Company also trades on the OTCQB based in the United States of America under the symbol “HLRTF” and on the Frankfurt Stock Exchange under the symbol FRA: “7HI”.

The authorized capital of the Company consists of an unlimited number of Common Shares. As of April 19, 2024, there were 78,641,290 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.

The Company is also authorized to issue an unlimited number of voting Preferred shares without par value, each carrying the right to one vote (“**Preferred Shares**”). At the date of this Information Circular, there are no Preferred Shares issued or outstanding.

There are special rights and restrictions attached to the Common Shares and Preferred Shares as set out in the Articles of the Company.

To the knowledge of the directors and executive officers of the Company, as at April 19, 2024, 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.

## FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the years ended December 31, 2023 and December 31, 2022, the report of the auditor, and related management discussion and analysis (the “**Financial Statements**”) were SEDAR+ filed under the Company’s profile at [www.sedarplus.ca](http://www.sedarplus.ca) on April 22, 2024. The Financial Statements will be tabled at the Meeting and will be available at the Meeting.

## ELECTION OF DIRECTORS

There are currently seven (7) directors of the Company. The Board has determined the number of directors to be elected to the Board at seven (7). 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) (the “**BCBCA**”), 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.

### Advance Notice Provision

At the Company’s annual general and special meeting held on July 14, 2014, the Shareholders 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 BCBCA, or (ii) a shareholder proposal made pursuant to the provisions of the BCBCA.

The purpose of the Advance Notice Provision is to foster a variety of interests of 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 Articles of the Company were SEDAR+ filed on January 5, 2015 and can be accessed under the Company’s SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

The Company did not receive notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

The following table sets out the names of management's seven (7) nominees for election as director, all major offices and positions with the Company and any of its significant affiliates each 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, at the date of this Information Circular.

Name of Nominee; Current Position with the Company and Province and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Company	Shares Beneficially Owned or Controlled <sup>(1)(2)</sup>
<b>DAVID FARRELL</b> <sup>(11)</sup> Independent Chairman and Director British Columbia Canada	Mr. Farrell is a corporate director with over 25 years of corporate and investment banking experience.  <i>Refer to Director Biographies below.</i>	Director Since September 16, 2021 Independent Chairman Since June 29, 2022	740,500 <sup>(3)</sup>
<b>DONALD J. CURRIE</b> <sup>(12)</sup> Chief Executive Officer, President and Director British Columbia Canada	Mr. Donald Currie is the founding CEO of the Company. He has over 30 years of equity markets and energy sector experience.  <i>Refer to Director Biographies below.</i>	CEO and Director Since July 10, 2010 President Since September 16, 2021	3,149,303 <sup>(4)</sup>
<b>MICHAEL KRZUS</b> Director Australia	Mr. Michael Krzus served as Executive Chairman from August 2015 to June 2022. He is a businessman and consultant across the energy sector.  <i>Refer to Director Biographies below.</i>	Director Since November 26, 2013	1,980,527 <sup>(5)</sup>
<b>THOMAS G. MILNE</b> <sup>(10)(11)</sup> Director British Columbia Canada	Mr. Thomas G. Milne is a senior financial management executive with extensive international experience in energy E&P, pipelines, oil sands and communication technology.  <i>Refer to Director Biographies below.</i>	Director Since November 1, 2012	213,889 <sup>(6)</sup>
<b>ROBERT LAMBERT</b> <sup>(10)(11)</sup> Director United Kingdom	Mr. Lambert is the former Deputy Chairman of Jadestone Energy Plc. with extensive experience as an executive and director in the energy sector.  <i>Refer to Director Biographies below.</i>	Director Since December 15, 2017	508,083 <sup>(7)</sup>

Name of Nominee; Current Position with the Company and Province and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Company	Shares Beneficially Owned or Controlled <sup>(1)(2)</sup>
<b>KYLIE DICKSON<sup>(10)</sup></b> Director British Columbia Canada	Ms. Dickson. CPA, CA, is a corporate director with extensive senior financial management and business development experience.  <i>Refer to <b>Director Biographies</b> below.</i>	Director Since April 7, 2021	20,833 <sup>(8)</sup>
<b>MICHAEL MOSKOWITZ<sup>(12)</sup></b> Director Ontario Canada	Mr. Moskowitz is currently founder and CEO of NorthStar Gaming and previously served as CEO and Chairman at Panasonic North America.  <i>Refer to <b>Director Biographies</b> below.</i>	Director Since May 10, 2022	83,333 <sup>(9)</sup>

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.
2. The Company completed a 6-to-1 share consolidation effective June 8, 2023 (the “**Consolidation**”). All Shares, warrants, options and RSUs are stated on a post-Consolidation basis.
3. Mr. Farrell holds i) 83,333 stock options to purchase 83,333 common shares at an exercise price of \$1.20 expiring on September 16, 2026; ii) 83,333 warrants to purchase 83,333 common shares at a warrant exercise price of \$0.90 expiring on July 14, 2025; and iii) 428,656 restricted share units.
4. Mr. Currie holds a total of i) 216,667 stock options to purchase 216,667 common shares at an exercise price of \$0.30 expiring on July 8, 2025; ii) 333,333 stock options to purchase 333,333 common shares at an exercise price of \$1.44 expiring on April 8, 2026; iii) 93,333 stock options to purchase 93,333 common shares at an exercise price of \$0.90 expiring on November 4, 2027; iv) 1,000,000 warrants to purchase 1,000,000 common shares at a warrant exercise price of \$0.90 expiring on May 15, 2025; v) 280,000 warrants to purchase 280,000 common shares at a warrant exercise price of \$0.50 expiring on October 4, 2025; vi) 440,000 warrants to purchase 440,000 common shares at a warrant exercise price of \$0.30 expiring on February 2, 2027; and v) 822,807 restricted share units.
5. Mr. Krzus holds a total of i) 333,333 stock options to purchase 333,333 common shares at an exercise price of \$1.44 expiring on April 8, 2026; ii) 46,667 stock options to purchase 46,667 common shares at an exercise price of \$0.90 expiring on November 4, 2027; and iii) 116,667 restricted share units.
6. Mr. Milne holds a total of i) 175,000 stock options to purchase 175,000 common shares at an exercise price of \$0.30 expiring on July 8, 2025; ii) 116,667 stock options to purchase 116,667 common shares at an exercise price of \$1.44 expiring on April 8, 2026; and iii) 230,994 restricted share units.
7. Mr. Lambert holds a total of i) 116,667 stock options to purchase 116,667 common shares at an exercise price of \$1.44 expiring on April 8, 2026; ii) 200,000 warrants to purchase 200,000 common shares at a warrant exercise price of \$0.90 expiring on July 14, 2025; and iii) 230,994 restricted share units.
8. Ms. Dickson holds a total of i) 83,333 stock options to purchase 83,333 common shares at an exercise price of \$1.44 expiring on April 8, 2026; and ii) 230,994 restricted share units.
9. Mr. Moskowitz holds a total of i) 100,000 stock options to purchase 100,000 common shares at an exercise price of \$1.44 expiring on May 19, 2026; ii) 116,667 stock options to purchase 116,667 common shares at an exercise price of \$1.20 expiring on August 30, 2026; and iii) 369,883 restricted share units.
10. Member of Audit Committee.
11. Member of Compensation, Corporate Governance & Nominating Committee.
12. Member of the Executive Steering Committee.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

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 a director.**

### ***Director Biographies***

#### **David Farrell, Independent Chairman and Director**

Mr. David Farrell is a corporate director with 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 for global junior and mid-tier companies.

Previously, Mr. Farrell was President of Davisa Consulting, a private consulting firm working with global junior and mid-tier companies. Prior to founding Davisa, Mr. Farrell 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 has also served for 12 years as a board and finance committee member of Yaletown House, a non-profit, critical-care seniors' residence in downtown Vancouver.

Mr. Farrell graduated from the University of British Columbia with a B.Comm. (Honours, Finance) and an LL.B. and has received the ICD.D designation from U of T Rotman School of Management and the Institute of Corporate Directors.

Mr. Farrell is Chair of the Compensation, Corporate Governance & Nominating Committee.

#### **Donald J. Currie, Chief Executive Officer, President and Director**

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

Mr. Currie's success combines his reputation as a trusted relationship and business builder with decades of North American equity markets exposure and in the financing of public companies. Mr. Currie 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.

Mr. Currie is a Member of the Executive Steering Committee.

#### **Michael Krzus, Director**

Mr. Michael Krzus is an engineer with a 40-year career in the international energy industry, including director and executive roles in Australia, the United States, the Netherlands and Canada. Mr. Krzus joined Hillcrest as a director in November 2013 and was executive chairman from August 2015 to June 2022. During this time, Mr. Krzus and Mr. Currie successfully transitioned Hillcrest to become a clean energy technology innovator.

Prior to joining Hillcrest, Mr. Krzus was the founding CEO and Director of Emerald Oil Inc., listed on the New York Stock Exchange and was CEO and Managing Director of Emerald Oil and Gas NL, listed on the Australian Stock Exchange.

Mr. Krzus previously held various executive and management roles with Woodside Petroleum Ltd. and Shell, involving large scale LNG and gas to power projects, technology development and international business dealings. Mr. Krzus also served as a director of the Australian CO2CRC, a collaboration between the Australian Government, industry and universities/research institutions to further CO2 carbon capture and storage research and applications and managed geothermal interests for an Australian listed company.

Mr. Krzus holds a Bachelor of Science in Petroleum Engineering from Tulsa University, a Diploma in Oil and Gas Technology from the British Columbia Institute of Technology and is a Member of the Australian Institute of Company Directors.

Mr. Krzus served as the Executive Chairman until June 2022.

#### **Thomas G. Milne, Independent Director**

Mr. Thomas (Tom) G. Milne is a senior financial management executive with extensive international experience in energy E&P, pipelines, oil sands, petrochemicals and communication technology. Mr. Milne's 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 oil sands company.

Mr. Milne is a Member of the Audit Committee and Compensation, Corporate Governance & Nominating Committee.

**Robert Lambert, Independent Director**

Mr. Robert Lambert was formerly the Deputy Chairman of Jadestone Energy Plc. 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.

Mr. Lambert is a Member of the Audit Committee and the Compensation, Corporate Governance & Nominating Committee.

**Kylie Dickson, Independent Director**

Ms. Kylie Dickson is a Canadian CPA, CA who has worked with companies throughout the mining lifecycle and played a pivotal role in multiple financings and M&A transactions. Ms. Dickson 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.

Until March 2020, she was Vice-President, Business Development of Equinox Gold Corp. and previously held the position of Chief Financial Officer of several mineral exploration and mining companies. Prior to her work with public companies, Ms. Dickson was an audit manager in the mining group of a major audit firm.

Ms. Dickson is Chair of the Audit Committee.

**Michael Moskowitz, Independent Director**

A veteran technology executive, Michael Moskowitz has more than 25 years of leadership experience in the consumer, communications, and technology industries. Mr. Moskowitz has led various companies through business and growth strategies as a leading provider of integrated technology solutions for businesses, government agencies and consumers across the region.

Before co-founding NorthStar Gaming (Ontario) Inc., Mr. Moskowitz served as CEO and Chairman at Panasonic North America. During his tenure at Panasonic Mr. Moskowitz also held roles as President of Panasonic Canada, and Panasonic Consumer Electronics Company USA where he focused on strategic growth, profitability and diversification including expanding Panasonic's offerings for B2B customers. Mr. Moskowitz also served as President and CEO of satellite radio operator XM Canada, and President, Americas International of Palm Inc. where he managed Canada, Latin America and the Caribbean region through a period of extensive growth.

In 2021, Mr. Moskowitz joined Hillcrest Energy Technologies Ltd. as Strategic Advisor. Mr. Moskowitz was previously named one of Canada's Top 40 Under 40, an award presented to exceptional leaders in their chosen fields who are shaping the country's future. Mr. Moskowitz is a member of the Board of Industry Leaders of the Consumer Technology Association, and a member of the Young Presidents Organization, the premier leadership organization of chief executives in the world. Mr. Moskowitz is a former Board member of Mobilicity, Hussmann Corporation and Panasonic Avionics Corporation.

Mr. Moskowitz is the Chair of the Executive Steering Committee.

**Cease Trade Orders and Bankruptcy**

Except as disclosed below, within the last 10 years before the date of this Information Circular no proposed nominee for election as a director of the Company was a director or executive officer of any company (including the Company in respect of which this Information Circular is prepared) acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) 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 has 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;

- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

*Exception*

Thomas G. Milne

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. Mr. Milne appeared at trial as a witness for Sefton, providing testimony contributing to The United States Bankruptcy Court for the District of Colorado, The Honorable Michael E. Romero ordering 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.

**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.**

**APPOINTMENT OF AUDITOR**

At the Meeting, DeVisser Gray LLP, Chartered Professional Accountants, located at 401-905 West Pender Street, Vancouver, British Columbia Canada V6C 1L6, will be recommended by management and the Board 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 DeVisser Gray LLP, Chartered Professional Accountants, as auditor of the Company until the close of the next annual general meeting.**

**AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 “*Audit Committees*” (“**NI 52-110**”) of the Canadian Securities Administrators 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.

*The Audit Committee’s Charter*

The Company adopted its Audit Committee Charter on August 26, 2021. The Company’s Audit Committee Charter is attached as Schedule “A” to this Information Circular.

*Composition of the Audit Committee*

The current members of the Audit Committee are Kylie Dickson (Chair), Thomas G. Milne and Robert Lambert. Kylie Dickson, Thomas G. Milne and Robert Lambert are all independent members of the Audit Committee. All three members of the Audit Committee are considered to be financially literate.

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

*Relevant Education and Experience*

Kylie Dickson, Thomas G. Milne and Robert Lambert 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. Refer to “**Director Biographies**” above.

### *Audit Committee Oversight*

At December 31, 2023, 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 no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-Audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 52-110.

### *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 DeVisser Gray LLP to ensure auditor independence. Fees incurred with DeVisser Gray LLP, for audit and non-audit services in the last two fiscal years ended December 31, 2023 and December 31, 2022 for audit fees are outlined in the following table:

<b>Nature of services</b>	<b>Fees paid to De Visser Gray LLP for year ended December 31, 2023.</b>	<b>Fees paid to De Visser Gray LLP for year ended December 31, 2022.</b>
Audit fees <sup>(1)</sup>	\$38,500 (estimated)	\$38,500
Audit-related fees <sup>(2)</sup>	Nil	\$Nil
Tax fees <sup>(3)</sup>	\$3,500 (estimated)	\$3,500
All Other Fees <sup>(4)</sup>	Nil	\$Nil
<b>Total</b>	<b>\$42,000 (estimated)</b>	<b>\$42,000</b>

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 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 Company’s 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, 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.

The current independent members of the Board are Thomas G. Milne, Robert Lambert, Kylie Dickson, David Farrell and Michael Moskowitz. Donald J. Currie (CEO and President of the Company) and Michael Krzus are non-independent members of the Board.

### **Board Mandate**

The Board adopted a Mandate of the Board of Directors (the “**Board Mandate**”) on October 18, 2021. A copy of the Board Mandate can be accessed on the Company’s corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](https://hillcrestenergy.tech/about-us/corporate-governance/).

The Board Mandate facilitates independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the Board will have access to the Company’s external auditors, legal counsel and to any of the Company’s officers.

The Board will have a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals.

The day-to-day management of the business and affairs of the Company will be delegated by the Board to the senior officers of the Company. The Board will give direction and guidance through the CEO to management and will keep management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

To facilitate open and candid discussion among its independent directors, such directors will be encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company.

The mandate of the Board, as prescribed by the BCBCA, is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

The Board recommends nominees to Shareholders for election as directors. Immediately following each annual general meeting, the Board is to appoint an Audit Committee and the chairperson of the Audit Committee. The Board establishes and periodically reviews and updates the Audit Committee mandates, duties and responsibilities, elects a chairperson of the Board and establishes their duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to management, evaluate management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the CEO to management and will keep management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board believes management is responsible for the effective, efficient and prudent management of the Company’s day-to-day operations subject to the Board’s stewardship. The CEO is responsible to lead and manage the Company within parameters established by the Board and its committees. The CEO also develops and recommends strategic plans to the Board and involves the Board in the early stages of developing such strategic plans. Additionally, the CEO is expected to successfully implement capital and operating plans, report regularly to the Board on the overall progress and results against the operating and financial objectives and initiate courses of action for improvement and develop and maintain a sound,

effective organizational structure, including progressive employee training and development programs. The CEO’s objectives will be discussed and reviewed at least annually with the Board.

The CEO is expected to set Board meeting schedules and agendas and oversee the process whereby the Board receives full, timely and relevant information to support the Board’s decision-making obligations. The chairperson of each Board committee is expected to be responsible for ensuring that any written mandate of the committee for which he or she serves as chairperson is adhered to and that the objectives of each committee are accomplished.

### Directorships

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

Name	Name of Reporting Issuer	Name of Exchange or Market
Kylie Dickson	Fortuna Silver Mines Inc.	TSX/NYSE
	Star Royalties Ltd.	TSXV
David Farrell	Fortuna Silver Mines Inc.	TSX/NYSE
	Adventus Mining Corporation	TSXV
Michael Moskowitz	Northstar Gaming Holdings Inc.	TSXV

### Compensation, Corporate Governance & Nominating Committee

A Compensation, Corporate Governance & Nominating Committee Charter was adopted by the Board effective August 28, 2021. This Charter can be accessed on the Company’s corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). The current members of the Company’s Compensation, Corporate Governance & Nominating Committee are: David Farrell (Chair), Thomas G. Milne and Robert Lambert.

### Nomination of Directors

In fulfilling its oversight responsibilities for the nominations to the Board, the Compensation, Corporate Governance & Nominating 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, Corporate Governance & Nominating 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.

### Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s 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.

The Company does not provide a formal orientation and education program for new directors of the Company. However, any new directors will be given the opportunity to: (a) familiarize themselves with the Company, the current directors and members of management; (b) review copies of recently publicly filed documents of the Company, technical reports and the Company’s internal financial information; (c) have access to technical experts and consultants; and (d) review a summary of significant corporate and securities legislation. Directors are also given the opportunity for continuing education.

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

## **Ethical Business Conduct**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Accordingly, the Board has adopted a Code of Business Conduct and Ethics and Whistle-Blower Policy (the “Code”) which is available on the Company’s website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). In addition, the Board must comply with conflict-of-interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

In order to monitor compliance with the Code and provide an avenue for stakeholders (employees, officers, directors, suppliers, and customers) to raise concerns and be reassured that they will be protected from reprisals or victimization for whistle-blowing in good faith, the Code establishes a procedure for the receipt and treatment of reports by the Company, on a confidential or anonymous basis, regarding accounting, internal controls, auditing matters, disclosure, fraud and unethical business practices, whether submitted by Company employees or third parties. Reports are reviewed by the Company’s Audit Committee.

## **Executive Steering Committee**

The Board adopted an Executive Steering Committee effective June 29, 2022. The current members of the Company’s Executive Steering Committee are: Michael Moskowitz (Chair), Donald Currie and Jamie Hogue. The purpose of the Executive Steering Committee is to provide review and comment on various business and competitive matters including new business and industry developments, corporate strategy and potential partnership and acquisition opportunities.

## **Other Board Policies and Assessments**

### Diversity, Equity and Inclusion Policy

The Board adopted a Diversity, Equity and Inclusion Policy (the “DEI Policy”) effective August 26, 2021, which can be accessed under the Company’s corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). The DEI Policy promotes diversity in the workplace by respecting and appreciating differences in gender, age, ethnic origin, religion, education, sexual orientation, political belief or disability. The Company respects and values the perspectives, experiences, cultures and essential differences that its Board, management and employees possess.

The Company currently has one executive officer who is a woman and has one female director. Women comprise 20% of the executives and 20% of independent directors on the Board.

The Company strives to meet or exceed all reasonable stakeholder expectations and to be the company of choice as a great place to work. The Company is successful at both because the Company recruits, retains, rewards and develops its people based upon their abilities and contributions. The Company does not condone engagement in actions that would violate any anti-discrimination, equal employment or other laws and regulations.

The Board is committed to fostering a diverse workplace environment where:

- individual differences and opinions are heard and respected;
- employment opportunities are based on the qualifications required for a particular position at a particular time, including training, experience, performance, skill and merit; and
- inappropriate attitudes, behaviors, actions and stereotypes are not tolerated and will be addressed and eliminated.

The Board proactively monitors company performance in meeting the standards outlined in the DEI Policy.

### Blackouts and Securities Trading Policy

The Board adopted a Blackouts and Securities Trading Policy (the “Blackout Policy”) effective October 18, 2021, which can be accessed under the Company’s corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). The purpose of the Blackout Policy is to encourage all employees, officers and directors to become shareholders of the Company on a long-term investment basis. These individuals will from time to time become aware of corporate developments or plans or other information that may affect the value of the Company’s securities before these developments, plans or information are made public. Trading securities of the Company while in possession of such information before it is generally disclosed (known as “insider trading”) or disclosing such information to third parties before it is generally disclosed (known as “tipping”), is against the law and may expose an individual to criminal prosecution or civil lawsuits. Such action will also result in a lack of confidence in the market for the Company’s securities, harming both the Company and its shareholders. Accordingly, the Company has established the Blackout Policy to assist its employees, consultants, officers and directors in complying with the prohibitions against insider trading and tipping.

The CEO may designate from time to time an Insider Trading Administrator for the purpose of administering the Blackout Policy.

#### Privacy Policy

The Board adopted a Privacy Policy effective August 26, 2021, which can be accessed under the Company's corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). The Privacy Policy has been prepared by the Company and sets out the manner in which the Company collects, uses, discloses and otherwise manages personal information, including the privacy practices on the Company's website: [www.hillcrestenergy.tech](http://www.hillcrestenergy.tech).

#### Disclosure Policy

The Board adopted a Disclosure Policy effective October 18, 2021 which can be accessed under the Company's corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). The Disclosure Policy was adopted in order to ensure that communications to the public regarding the Company, whether oral or written and including the Company's website and social media disclosures, are timely, factual, accurate, complete and broadly disseminated and, where necessary, filed with the regulators in accordance with applicable securities laws.

#### Environmental Policy

The Board adopted an Environmental Policy effective January 17, 2023 which can be accessed under the Company's corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). The Environmental Policy has been prepared by the Company to promote continual improvement in the Company's environmental performance and to ensure the Company's environmental principals are embedded in internal procedures, business systems and processes.

#### Health and Safety Policy

The Board adopted a Health and Safety Policy effective January 17, 2023 which can be accessed under the Company's corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/). This policy has been prepared by the Company to promote a safe and injury free workplace and is focused on the identification, understanding, management and commitment to operate a safe and injury free workplace for all employees, contractors and visitors.

#### Board and Committee Assessments

The Compensation, Corporate Governance & Nominating Committee annually assesses the effectiveness of the Board and how well it is meeting its objectives, and the performance of individual directors. In addition, each Committee conducts an annual assessment of the effectiveness of such Committee and its Chair.

The assessments are conducted through written questionnaires completed by the Committee members. The questionnaires include, as applicable, a Board appraisal, an evaluation of each director's performance, a Committee self-appraisal on responsibility and effectiveness, and an evaluation of the Committee Chair. The Committees then report the results of their reviews to the Board.

### STATEMENT OF EXECUTIVE COMPENSATION

For the purposes of the below 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;

**"external management company"** includes a subsidiary, affiliate or associate of the external management company;

**"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, as determined in accordance with Form 51-102F6V *Statement of Executive Compensation - Venture Issuers*, 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 COMPENSATION**

During financial year ended December 31, 2023, based on the definition above, the NEOs of the Company were: Donald J. Currie, Chief Executive Officer, President and Director, Samuel Yik, former Chief Financial Officer and former Corporate Secretary, Daryn Gordon, Chief Financial Officer, Jamie Hogue, Chief Operating Officer and Corporate Secretary, and Ari Berger, Chief Technology Officer. The directors who were not NEOs during the financial year ended December 31, 2023, were Michael Krzus, Thomas G. Milne, Robert Lambert, Kylie Dickson, David Farrell and Michael Moskowitz.

Samuel Yik was appointed Corporate Secretary of the Company on June 20, 2023. Mr. Yik resigned as Chief Financial Officer and Corporate Secretary on November 30, 2023. Daryn Gordon was appointed Chief Financial Officer on December 1, 2023.

During financial year ended December 31, 2022, based on the definition above, the NEOs of the Company were: Michael Krzus, Executive Chairman and Director, Donald J. Currie, Chief Executive Officer, President and Director, Raj Clair, Chief Financial Officer, and Aaron Triplett, former Chief Financial Officer and Corporate Secretary. The directors who were not NEOs during the financial year ended December 31, 2022, were Thomas G. Milne, Robert Lambert, Kylie Dickson and David Farrell.

Raj Clair resigned as Chief Financial Officer on November 22, 2022. Samuel Yik was appointed Chief Financial Officer on November 22, 2022.

#### **Table of Compensation, Excluding Compensation Securities in Financial Years ended December 31, 2023 and December 31, 2022**

The following table of compensation, excluding options and other compensation securities, provides a summary of the compensation paid by the Company to NEOs and directors of the Company who were not NEOs for the completed financial years ended December 31, 2023 and December 31, 2022. Options and other compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” of this Information Circular.

<b><u>Table of compensation excluding compensation securities</u></b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus(\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)<sup>(13)</sup></b>	<b>Total compensation (\$)</b>
Donald J. Currie <sup>(1)</sup> CEO, President and Director	2023	\$240,000	Nil	Nil	Nil	Nil	\$240,000
	2022	\$240,000	Nil	Nil	Nil	\$97,500	\$337,500
Daryn Gordon <sup>(2)</sup> CFO	2023	3,000	Nil	Nil	Nil	Nil	3,000
	2022	Nil	Nil	Nil	Nil	Nil	Nil
Samuel Yik <sup>(3)</sup> Former CFO and Corporate Secretary	2023	167,200	Nil	Nil	Nil	Nil	\$167,200
	2022	34,540	Nil	Nil	Nil	Nil	\$34,540
Raj Clair <sup>(4)</sup> Former CFO	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	\$125,245	\$7,500	Nil	Nil	\$14,625	\$147,370

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus(\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)<sup>(13)</sup></b>	<b>Total compensation (\$)</b>
Jamie Hogue <sup>(5)</sup> Chief Operating Officer and Corporate Secretary	2023	\$202,253	Nil	Nil	Nil	Nil	\$202,253
	2022	\$185,320	\$30,000	Nil	Nil	\$73,125	\$288,445
Ari Berger <sup>(6)</sup> Chief Technology Officer	2023	\$182,400	Nil	Nil	Nil	Nil	182,400
	2022	\$172,400	\$30,000	Nil	Nil	\$73,125	\$275,525
David Farrell <sup>(7)</sup> Independent Chairman and Director	2023	\$15,000	Nil	\$10,000	Nil	Nil	\$25,000
	2022	\$15,000	Nil	\$10,000	Nil	Nil	\$25,000
Thomas G. Milne <sup>(8)</sup> Director	2023	\$15,000	Nil	\$10,000	Nil	Nil	25,000
	2022	\$15,000	Nil	\$10,000	Nil	\$97,500	\$122,500
Michael Krzus <sup>(9)</sup> Director	2023	Nil	Nil	Nil	Nil	Nil	Nil
	2022	\$120,000	Nil	Nil	Nil	\$97,500	\$217,500
Robert Lambert <sup>(10)</sup> Director	2023	\$15,000	Nil	\$10,000	Nil	Nil	\$25,000
	2022	\$16,250	Nil	\$10,000	Nil	Nil	\$26,250
Kylie Dickson <sup>(11)</sup> Director	2023	\$17,500	Nil	\$10,000	Nil	Nil	\$27,500
	2022	\$20,500	Nil	\$10,000	Nil	Nil	\$30,500
Michael Moskowitz <sup>(12)</sup> Director	2023	\$15,000	Nil	\$10,000	Nil	Nil	\$25,000
	2022	\$8,750	Nil	\$5,833	Nil	Nil	\$14,583

Notes:

- (1) Mr. Currie was appointed CEO and a director of the Company on July 10, 2010. Mr. Currie was appointed President of the Company on September 16, 2021.
- (2) Mr. Gordon was appointed as the CFO of the Company on December 1, 2023.
- (3) Mr. Yik served as the CFO of the Company from November 22, 2022 to November 30, 2023 and served as Corporate Secretary of the Company from June 20, 2023 to November 30, 2023.
- (4) Ms. Clair served as the CFO of the Company from August 30, 2021 to November 22, 2022.
- (5) Ms. Hogue was appointed Chief Operating Officer of the Company on September 1, 2021, and Corporate Secretary on December 3, 2023.
- (6) Mr. Berger was appointed Chief Technology Officer of the Company on April 7, 2021.
- (7) Mr. Farrell was elected a director of the Company on September 16, 2021, and was appointed Independent Chairman of the Company on June 29, 2022.
- (8) Mr. Milne was appointed a director of the Company on November 1, 2012.
- (9) Mr. Krzus was appointed Executive Chairman of the Company on August 19, 2015, and served through June 29, 2022.
- (10) Mr. Lambert was appointed a director of the Company on December 15, 2017.
- (11) Ms. Dickson was appointed a director of the Company on April 7, 2021.
- (12) Mr. Moskowitz was appointed a director of the Company on May 10, 2022.
- (13) Value of all other compensation includes settlement of RSUs calculated as the number of RSUs settled times the



market price of the common shares at time of redemption.

## **Oversight and Description of Director and NEO Compensation**

As referenced in this Information Circular, a Compensation, Corporate Governance & Nominating Committee Charter was adopted by the Board effective August 28, 2021. This Charter can be accessed on the Company's corporate website at [hillcrestenergy.tech/about-us/corporate-governance/](http://hillcrestenergy.tech/about-us/corporate-governance/)

### 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, Corporate Governance, & Nominating Committee and approved by the Board. The Compensation, Corporate Governance & Nominating Committee sets the compensation of the NEOs using generally available market data and their combined industry experience. The Compensation, Corporate Governance & Nominating Committee delegates to the CEO the responsibility to set the compensation packages for all other senior management and staff other than the CEO and CFO.

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

### Philosophy and Objectives

The Company is in the business of developing and commercializing high-value, high-performance clean energy technologies. Revenue may not be achieved from the technology portfolio in the near term. 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 are determined upon a review of companies, 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.

## **Related Party Transactions**

### **Financial Year ended December 31, 2023**

The following summarizes the Company's related party transactions during the year ended December 31, 2023 and 2022. Key management personnel included the CEO, CFO, and directors and officers and companies controlled or significantly influenced by them:

#### Key management compensation

	<b>Year Ended</b>	
	<b>December 31, 2023</b>	<b>December 31, 2022</b>
	(\$)	(\$)
Management salaries, consulting fees and bonuses paid or accrued to officers or corporations controlled by officers of the Company	918,314	902,367
Director fees paid or accrued to directors	127,500	121,333
Share-based compensation	1,500,670	591,649
	<u>2,546,484</u>	<u>1,615,349</u>

- a) As at December 31, 2023, the Company was owed \$85,971 (December 31, 2022 - \$120,971) from officers of the Company. These amounts are non-interest bearing and are due on demand.
- b) As at December 31, 2023, a total of \$3,000 (December 31, 2022 - nil) was included in accounts payable and accrued liabilities in consulting fees that were payable to the Company's officers.
- c) As at December 31, 2023, a total of \$31,334 (December 31, 2022 - \$18,324) was included in accounts payable and accrued liabilities for director fees and reimbursable expenses payable to Company directors and officers.

#### 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, Corporate Governance & Nominating 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 consider the risks to the Company associated with decisions regarding the Company's compensation program. The Company intends to further 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 ended December 31, 2023.

### **Benefits and Perquisites**

The Company does not, as of the date of this Information Circular, offer any benefits or perquisites to its directors and NEOs other than potential grants of 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 Options under the Company's share option plan and RSUs 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**

### **10% "rolling" Stock Option Plan (Option-Based Awards)**

The Company has in place a 10% "rolling" stock option plan dated for reference July 28, 2021, which was approved for adoption by the shareholders of the Company at the Company's September 16, 2021 annual general and special meeting (the "**Option Plan**"). A copy of the Option Plan is attached as Schedule "B" to the Information Circular dated August 10, 2021 and can be accessed under Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

There are currently 3,744,303 issued and outstanding stock options at the date of this Information Circular.

The Option Plan provides for a total of 10% of the issued and outstanding Common Shares available for issuance thereunder.

The purpose of the Option Plan is to allow the Company to grant stock options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of the Company. The granting of such stock options ("**Options**") is intended to align the interests of such persons with that of the Company's shareholders.

### **Material Terms to the Option Plan**

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

- (1) 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 Option Plan;
- (2) Options granted under the Option Plan are non-assignable, and non-transferable;
- (3) an Option granted to any consultants will expire within 30 days after the date the Option Holder (as defined in the 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 is the date the Option Holder ceases to hold such position;
- (4) 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;
- (5) the exercise price of each Option will be set by the Board on the effective date of the Option and will not be less than the Market Value (as defined in the New Stock Option Plan); and

- (6) 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.

### **Amendment to the Option Plan**

On April 25, 2024, the Board approved an amendment to alter Section 11.1 (Termination of the Plan) of the Option Plan, by removing the automatic termination date of the Option Plan to be on the tenth anniversary of the date of the CSE's acceptance of the Option Plan. As amended, the Option Plan would allow the Board to amend, suspend, or terminate the Option Plan, providing greater flexibility to the Company in respect of continuation of the Option Plan.

The following Section 11.1 of the Option Plan was removed in its entirety:

#### 11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this section 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Exchange's acceptance of the Plan.

Section 11.1 of the Option Plan was replaced with the following:

#### 11.1 Termination of Plan

The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable law, and subject to any required regulatory approval.

The Option Plan, with proposed amendments inserted, is referred to herein as the "**Proposed Amended Option Plan**"

The Proposed Amended Option Plan is an "evergreen plan" (also known as a rolling plan) under the policies of the Canadian Securities Exchange (the "CSE"). In accordance with the policies of the CSE, an issuer that has a rolling stock option plan must have its shareholders approve the plan within three years after institution and within every three years thereafter. Accordingly, the Proposed Amended Option Plan shall be approved by the Shareholders at the Meeting and re-approved by the Shareholders no later than June 5, 2027.

Refer to "**PARTICULARS OF MATTERS TO BE ACTED UPON – A. Approval of Amended Stock Option Plan**", below.

A copy of the Proposed Amended Option Plan is attached as Schedule "B" to this Information Circular.

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

The Company has in place a 10% "rolling" Restricted Share Unit Plan effective as of July 28, 2021, which was approved for adoption by the shareholders of the Company at the Company's September 16, 2021 annual general and special meeting (the "**RSU Plan**") A copy of the RSU Plan is attached as Schedule "C" to the Information Circular dated August 10, 2021 and can be accessed under Company's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

There are currently 5,360,838 issued and outstanding restricted share units at the date of this Information Circular.

The maximum number of Common Shares made available for issuance pursuant to the RSU Plan shall be determined from time to time, subject to adjustments as provided in the RSU Plan, up to a maximum of 10% of the issued and outstanding Common Shares. The 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.

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 RSU Plan*

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

The Common Shares reserved for issuance under the RSU Plan will not be deducted from the number of Common Shares issuable under the Company's Option Plan. However, the percentage limitations on insiders (as a group), on any one eligible persons and on consultants apply to the RSU Plan and the Option Plan in aggregate. For insiders (as a group),

subject to approval by disinterested shareholders of the Company or other requirements of applicable CSE Policies, (i) the aggregate number of Common Shares reserved for issuance under the RSU Plan, the Option Plan and any other share based compensation arrangements for insiders (as a group) at any point in time may not exceed 20% of the issued and outstanding Common Shares from time to time, and (ii) the maximum number of RSUs and Options that may be granted to insiders (as a group) under the RSU Plan, the Option Plan, together with any other share-based compensation arrangements, within a 12-month period, may not exceed 20% of the issued and outstanding Common Shares calculated on the grant or award date. Subject to this 20% limitation, with the RSU Plan and the Option Plan available, the Company will have the flexibility to grant and award insiders any combination of RSUs and options as appropriate and determined by the Company.

All Directors, Employees and Consultants (as defined in the 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 RSU Plan at any time. Eligibility to participate in the RSU Plan does not confer upon any person a right to receive an award of RSUs.

Subject to certain restrictions, the Compensation, Corporate Governance & Nominating Committee (the “**Committee**”) 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 in respect of a fiscal year shall be determined by dividing: (a) the dollar amount of the portion of the Participant's compensation which the Committee, in its sole discretion, determines to be paid as RSUs; by (b) the Fair Market Value (as defined in the New RSU Plan) per Common Share on the award date.

Any fractional RSUs resulting from such calculations shall be rounded to the nearest whole number. For greater certainty, a fractional entitlement that is equal to or greater than 0.5 shall be rounded up to the next greater whole number and a fractional entitlement that is less than 0.5 shall be rounded down to the next lesser whole number.

The RSUs shall have a term, which shall be determined by the Committee on the date of award of the RSUs, which term shall not exceed ten years from the award date.

Each award of RSUs vests on the date(s) and/or the satisfaction of the Performance Criteria (each a “**Vesting Date**”) specified by the Committee on the award date and reflected in the applicable Award Notice (as defined in the RSU Plan).

The Company's RSU Plan is a an “evergreen plan” (also known as a rolling plan) under the policies of the CSE. In accordance with the policies of the CSE, an issuer that has a rolling restricted share unit plan must have its shareholders approve the plan within three years after institution and within every three years thereafter. Accordingly, the RSU Plan shall be approved by the Shareholders at the Meeting and re-approved by the Shareholders no later than June 5, 2027.

Refer to “**PARTICULARS OF MATTERS TO BE ACTED UPON – B. Approval of Restricted Share Unit Plan**”, below.

A copy of the RSU Plan is attached as Schedule “C” to this Information Circular.

### Outstanding Compensation Securities

The following table sets forth incentive stock options under the Company's Option Plan (option-based awards) and restricted share units under the Company's RSU Plan (share-based awards) that were outstanding to NEOs and directors of the Company as at December 31, 2023.

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant (y/m/d)	Issue, conversion or exercise price (\$) <sup>(1)</sup>	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)
David Farrell Independent Chairman and Director	Options	83,333 2%	2021-09-16	\$1.200	\$1.200	\$0.270	2026-09-16
	RSUs	77,778 2%	2022-07-18	N/A	\$0.720	\$0.270	2025-12-01
		350,878 7%	2023-06-14	N/A	\$0.570		2026-12-01

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant (y/m/d)	Issue, conversion or exercise price (\$) <sup>(1)</sup>	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expirydate (y/m/d)
Donald J. Currie CEO, President and Director	Options	216,667 6%	2020-07-08	\$0.300	\$0.300	\$0.270	2025-07-08
		333,333 9%	2021-04-08	\$1.440	\$1.440		2026-04-08
		93,333 2%	2022-11-04	\$0.900	\$0.900		2027-11-04
	RSUs	140,000 2%	2022-07-18	N/A	\$0.720	\$0.270	2025-12-01
		93,333 7%	2022-11-04	N/A	\$0.750		2025-12-01
		589,474 12%	2023-06-14	N/A	\$0.570		2026-12-01
Michael Krzus Director	Options	333,333 9%	2021-04-08	\$1.440	\$1.440	\$0.270	2026-04-08
		46,667 1%	2022-11-04	\$0.900	\$0.900		2027-11-04
	RSUs	70,000 1%	2022-07-18	N/A	\$0.720	\$0.270	2025-12-01
		46,667 1%	2022-11-04	N/A	\$0.750		2025-12-01
Thomas G. Milne Director	Options	175,000 5%	2020-07-08	\$0.300	\$0.300	\$0.270	2025-07-08
		116,667 3%	2021-04-08	\$1.440	\$1.440		2026-04-08
	RSUs	55,556 1%	2022-07-18	N/A	\$0.720	\$0.270	2025-12-01
		175,438 3%	2023-06-14	N/A	\$0.570		2026-12-01
Robert Lambert Director	Options	116,667 3%	2021-04-08	\$1.440	\$1.440	\$0.270	2026-04-08
	RSUs	55,556 1%	2022-07-18	N/A	\$0.720	\$0.270	2025-12-01
		175,438 3%	2023-06-14	N/A	\$0.570		2026-12-01
Kylie Dickson Director	Options	83,333 2%	2021-04-08	\$1.440	\$1.440	\$0.270	2026-04-08
	RSUs	55,556 1%	2022-07-18	N/A	\$0.720	\$0.270	2025-12-01
		175,438 3%	2023-06-14	N/A	\$0.570		2026-12-01
Michael Moskowitz Director	Options	100,000 3%	2021-05-19	\$1.440	\$1.440	\$0.270	2026-05-19
		116,667 3%	2021-08-30	\$1.200	\$1.200		2026-08-30
	RSUs	194,445 4%	2022-07-18	N/A	\$0.720	\$0.270	2025-12-01
		175,438 3%	2023-06-14	N/A			2026-12-01

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant (y/m/d)	Issue, conversion or exercise price (\$) <sup>(1)</sup>	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)
Daryn Gordon CFO	Options	102,000 3%	2023-12-05	\$0.350	\$0.350	\$0.270	2028-12-04
Jamie Hogue COO and Corporate Secretary	Options	83,333 2%	2021-04-08	\$1.440	\$1.440	\$0.270	2026-04-08
		83,333 2%	2022-07-18	\$0.900	\$0.900		2027-07-18
		41,667 1%	2022-11-04	\$0.900	\$0.900		2027-11-04
	RSUs	41,667 1%	2022-11-04	N/A	\$0.750	\$0.270	2025-12-01
		350,264 7%	2023-06-14	N/A	\$0.570		2026-12-01
Ari Berger CTO	Options	333,333 9%	2021-04-21	\$1.440	\$1.440	\$0.270	2026-04-21
		83,333 2%	2022-07-18	\$0.900	\$0.900		2027-07-18
		41,667 1%	2022-11-04	\$0.900	\$0.900		2027-11-04
	RSUs	41,667 1%	2022-11-04	N/A	\$0.750	\$0.270	2025-12-01
		315,790 6%	2023-06-14	N/A	\$0.570		2026-12-01

Note:

<sup>(1)</sup> All figures are stated on a post-Consolidation basis.

### Exercise of Compensation Securities by NEOs and Directors

No compensation securities were exercised by a director or NEO during the financial year ended December 31, 2023.

### Employment, Consulting and Management Agreements

#### Donald J. Currie, Chief Executive Officer and President

The Company has an employment agreement with Donald J. Currie, Chief Executive Officer and President, summarized below:

Executive Employment Agreement effective January 1, 2022 with Donald J. Currie to serve as the Company's CEO for a base salary of \$240,000 per annum plus eligibility to participate in the Company's benefits plan and Incentive Plans.

If Mr. Currie's employment is terminated without just cause or as a result of a Change of Control, he will be entitled to the equivalent of two years' notice of termination and all unvested incentive compensation awarded under the Incentive Plans at that time shall vest immediately.

#### Jamie Hogue, Chief Operating Officer and Corporate Secretary

The Company has an employment agreement with Jamie Hogue, Chief Operating Officer and Corporate Secretary, summarized below:

Executive Employment Agreement effective September 1, 2022 with Jamie Hogue to serve as the Company's COO for a base salary of USD\$150,000 per annum plus eligibility to participate in the Company's benefit plan and Incentive Plans.

If Ms. Hogue's employment is terminated without just cause or as a result of a Change of Control, she will be entitled to the equivalent of six months' notice of termination within the second year of employment and the equivalent of 12 months' notice

of termination during the third year of employment and beyond. Upon termination without cause, all unvested incentive compensation awarded under the Incentive Plans at that time shall vest immediately.

The Company has an employment agreement with Ari Berger, Chief Technology Officer, summarized below:

Ari Berger, Chief Technical Officer

Executive Employment agreement effective April 7, 2021 with Ari Berger to serve as the Company’s CTO for a base salary of \$180,000 per annum plus eligibility to participate in the Company’s benefit plan and Incentive Plans.

If Mr. Berger’s employment is terminated without just cause, or as a result of a Change of Control, he will be entitled to a sum equal to 1 month of base salary per each month of completed service of employment, up to a maximum of 24 months base salary. In addition, all unvested incentive compensation awarded under the Incentive Plans at that time shall vest immediately.

**Pension Disclosure**

The Company has no pension plan arrangements or benefits with respect to any of its NEOs, directors or employees.

**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 10% rolling Share Option Plan and ii) the Company’s 10% rolling RSU Plan.

**Equity Compensation Plan Information**

The following table sets out equity compensation plan information as at December 31, 2023.

	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)) <sup>(1)</sup>
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders –Share Option Plan and RSU Plan <sup>(2)</sup>	3,795,969 Options 5,051,634 RSUs	\$0.180 N/A	2,853,513 Options 1,597,848 RSUs
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>3,795,969 Options 5,051,634 RSUs</b>		<b>2,853,513 Options 1,597,848 RSUs</b>

Notes:

(1) The aggregate number of Common Shares reserved for issuance under the RSU Plan, the Option Plan and any other share-based compensation arrangements for insiders (as a group) at any point in time may not exceed 20% of the issued and outstanding Common Shares from time to time.

(2) All Options and RSUs are stated on a post-Consolidation basis.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than as set out in this Information Circular, 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 as set out in this Information Circular, to the knowledge of management of the Company, no informed person of the Company, proposed director of the Company, or any associate or affiliate of any informed person or proposed director of the Company has any interest, director or indirect, in any transaction since the commencement of the Company’s financial year ended December 31, 2023 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.



“**Informed Person**” means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

### MANAGEMENT CONTRACTS

Other than as set out in this Information Circular, 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.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### A. Approval of Amended Stock Option Plan

As set out in this Information Circular above, the Company’s Proposed Amended Option Plan is an “evergreen plan” (also known as a rolling plan) under the policies of the CSE. In accordance with the policies of the CSE, an issuer that has a rolling stock option plan must have its shareholders approve the plan within three years after institution and within every three years thereafter. Accordingly, the Proposed Amended Option Plan shall be approved by the Shareholders at the Meeting and re-approved by the Shareholders no later than June 5, 2027.

At the Meeting, Shareholders will be asked to pass an ordinary resolution (the “**Amended Stock Option Plan Resolution**”) confirming and approving the Company’s Proposed Amended Option Plan.

The Proposed Amended Option Plan is attached as Schedule “B” to this Information Circular. As of the date hereof, there are 3,744,303 issued and outstanding Options under the Proposed Amended Option Plan

#### *Resolution to Approve the Proposed Amended Option Plan*

The Shareholders will be requested at the Meeting to pass the following resolution:

#### “IT IS HEREBY RESOLVED THAT:

1. The Stock Option Plan, as Amended, in the form and substance attached as Schedule “B” to the Company’s Information Circular dated April 25, 2024, be and is hereby confirmed and approved.
2. The Company be and is hereby authorized to grant Options to acquire up to 10% of the issued and outstanding Shares in the capital of the Company from time to time in accordance with the terms of the Stock Option Plan, as amended and issue Shares pursuant to the exercise of such Options.
3. The options to be issued under the Stock Option Plan, as Amended, and all unallocated options and other option grants under the Stock Option Plan, as amended, be and are hereby approved.
4. The Stock Option Plan, as amended, shall be re-approved by the shareholders of the Company by no later than June 5, 2027 in accordance with the policies of the Canadian Securities Exchange.
5. Any one director or officer of the Company is hereby authorized for, on behalf of, and in the name of the Company to do and perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such agreements, documents and instruments, contemplated by, necessary or desirable in connection therewith, or as such director or officer in his discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolutions, and the doing of such things, the taking of such actions and the execution of such agreements, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby.”

*Recommendation of the Board*

**THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE AMENDED STOCK OPTION PLAN RESOLUTION.**

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form FOR the Amended Stock Option Plan Resolution.

*Approval*

The Amended Stock Option Plan Resolution must be approved by a majority of the votes cast by the Shareholders present at the Meeting in person or by proxy in order to become effective.

**B. Approval of Restricted Share Unit Plan**

As set out in this Information Circular above, the Company's RSU Plan is a an "evergreen plan" (also known as a rolling plan) under the policies of CSE. In accordance with the policies of the CSE, an issuer that has a rolling restricted share unit plan must have its shareholders approve the plan within three years after institution and within every three years thereafter. Accordingly, the RSU Plan shall be approved by the Shareholders at the Meeting and re-approved by the Shareholders no later than June 5, 2027.

At the Meeting, Shareholders will be asked to pass an ordinary resolution (the "**Restricted Share Unit Plan Resolution**") confirming and approving the Company's RSU Plan, which was last approved by the shareholders of the Company at the Company's September 16, 2021, annual general and special meeting.

The RSU Plan is attached as Schedule "C" to this Information Circular. As of the date hereof, there are 5,360,838 issued and outstanding restricted share units under the RSU Plan.

***Resolution to Approve the Restricted Share Unit Plan***

The Shareholders will be requested at the Meeting to pass the following resolution:

**"IT IS HEREBY RESOLVED THAT:**

1. The Restricted Share Unit Plan, in form and substance attached as Schedule "C" to the Company's Information Circular dated April 25, 2024, be and is hereby confirmed and approved.
2. The Company be and is hereby authorized to award Restricted Share Units to acquire up to 10% of the issued and outstanding Common Shares in the capital of the Company from time to time in accordance with the terms of the Restricted Share Unit Plan, and issue Common Shares pursuant to the exercise of such Restricted Share Units.
3. The restricted share units to be issued under the Restricted Share Unit Plan, and all unallocated restricted share units under the Restricted Share Unit Plan, be and are hereby approved.
4. The Restricted Share Unit Plan shall be re-approved by the shareholders of the Company by no later than June 5, 2027 in accordance with the policies of the Canadian Securities Exchange.
5. Any one director or officer of the Company is hereby authorized for, on behalf of, and in the name of the Company to do and perform or cause to be done or performed all such things, to take or cause to be taken all such actions, to execute and deliver or cause to be executed and delivered all such agreements, documents and instruments, contemplated by, necessary or desirable in connection therewith, or as such director or officer in his discretion may consider necessary, advisable or appropriate in order to give effect to the intent and purposes of the foregoing resolutions, and the doing of such things, the taking of such actions and the execution of such agreements, documents and instruments shall be conclusive evidence that the same have been authorized and approved hereby."

*Recommendation of the Board*

**THE BOARD UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE RESTRICTED SHARE UNIT PLAN RESOLUTION.**

Unless otherwise directed, it is the intention of the management designees to vote proxies in the accompanying form FOR the Restricted Share Unit Plan Resolution.

*Approval*

The Restricted Share Unit Plan Resolution must be approved by a majority of the votes cast by the Shareholders present at the Meeting in person or by proxy in order to become effective.

### **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.sedarplus.ca](http://www.sedarplus.ca) or may be obtained by a Shareholder upon request without charge from the Company; Vancouver office located at Suite 1170 - 1040 West Georgia Street, Vancouver, British Columbia, Canada by contacting the Company at telephone number: 604 609-0006. 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, May 2, 2024.

### **BY ORDER OF THE BOARD**

*"Donald J. Currie"*

**Donald J. Currie**  
**Chief Executive Officer**

**SCHEDULE “A”  
HILLCREST ENERGY TECHNOLOGIES LTD.**

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**Audit Committee Charter**

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**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;
- 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.

**EFFECTIVE DATE**

This Charter was approved by the Board on August 26, 2021.



**SCHEDULE "B"**  
**HILLCREST ENERGY TECHNOLOGIES LTD.**  
**PROPOSED AMENDED OPTION PLAN**

**HILLCREST ENERGY TECHNOLOGIES LTD.**

**STOCK OPTION PLAN**

**DATED FOR REFERENCE JULY 28, 2021, WITH PROPOSED AMENDMENT**

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## STOCK OPTION PLAN

### SECTION 1 DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “**Administrator**” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) “**Associate**” means, where used to indicate a relationship with any person:
  - (i) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
  - (ii) any partner, other than a limited partner, of that person;
  - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
  - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) “**Black-Out**” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
- (d) “**Board**” means the board of directors of the Company.
- (e) “**CSE**” means the Canadian Securities Exchange.
- (f) “**Change of Control**” means an occurrence when either:
  - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the *Securities Act*), becomes a “control person” of the Company; or
  - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (g) “**Committee**” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself.
- (h) “**Company**” means Hillcrest Energy Technologies Ltd.
- (i) “**Consultant**” means an individual who:
  - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a “distribution” (as that term is described in the *Securities Act*);
  - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);

- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
- (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (i) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”); or
  - (ii) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
- (j) “**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment which cannot be accommodated under applicable human rights laws without imposing undue hardship on the Company or any Subsidiary employing or engaging the Person, that the Committee, acting reasonably, determines constitutes a disability.
- (k) “**Employee**” means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
  - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (i) a corporation wholly-owned by such individual; and
  - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (l) “**Exchange**” means the stock exchange upon which the Company’s shares principally trade.
- (m) “**Executive**” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and
  - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (n) “**Exercise Notice**” means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, or by written notice in the case of uncertificated Shares, duly executed by the Option Holder.
- (o) “**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that the Option has Vested pursuant to the terms and conditions of this Plan and any additional terms and conditions imposed by the Committee, and that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.

- (p) “**Exercise Price**” means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (q) “**Expiry Date**” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (r) “**Expiry Time**” means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (s) “**Grant Date**” means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (t) “**Insider**” means an insider as that term is defined in the *Securities Act*.
- (u) “**Investor Relations Activities**” means any activities, by or on behalf of the Company or shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
  - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
    - (A) to promote the sale of products or services of the Company, or
    - (B) to raise public awareness of the Company,that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
  - (ii) activities or communications necessary to comply with the requirements of:
    - (A) applicable securities laws;
    - (B) Exchange requirements or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
    - (A) the communication is only through the newspaper, magazine or publication, and
    - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (iv) activities or communications that may be otherwise specified by the Exchange.
- (v) “**Market Value**” means the market value of the Shares as determined in accordance with section 5.3.
- (w) “**NI 45-106**” means National Instrument 45-106—*Prospectus Exemptions*.
- (x) “**Option**” means an incentive share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company.
- (y) “**Option Certificate**” means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (z) “**Option Holder**” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.

- (aa) **“Outstanding Issue”** means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (bb) **“Person or Entity”** means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (cc) **“Personal Representative”** means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (dd) **“Plan”** means this stock option plan as from time to time amended.
- (ee) **“Regulatory Approvals”** means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (ff) **“Regulatory Authorities”** means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (gg) **“Regulatory Rules”** means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (hh) **“Related Entity”** means a Person that is controlled by the Company. For the purposes of this Plan, a Person (first person) is considered to control another Person (second person) if the first Person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of
  - (i) ownership of or direction over voting securities in the second Person,
  - (ii) a written agreement or indenture,
  - (iii) being the general partner or controlling the general partner of the second Person, or
  - (iv) being a trustee of the second Person.
- (ii) **“Related Person”** means:
  - (i) a Related Entity of the Company;
  - (ii) a partner, director or officer of the Company or Related Entity;
  - (iii) a promoter of or Person who performs Investor Relations Activities for the Company or Related Entity; and
  - (iv) any Person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Company or Related Entity.



- (jj) “**Securities Act**” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (kk) “**Share**” or “**Shares**” means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (ll) “**Subsidiary**” means a wholly-owned or controlled subsidiary corporation of the Company.
- (mm) “**Triggering Event**” means:
  - (i) the proposed dissolution, liquidation or wind-up of the Company;
  - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
  - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
  - (iv) a proposed Change of Control of the Company;
  - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
  - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (nn) “**Vest**”, “**Vesting**” or “**Vested**” means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

## 1.2 **Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

## 1.3 **Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

# **SECTION 2 GRANT OF OPTIONS**

## 2.1 **Grant of Options**

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

## 2.2 **Record of Option Grants**

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Option;
- (d) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e) the vesting and other additional terms, if any, attached to the Option; and
- (f) the particulars of each and every time the Option is exercised.

## 2.3 **Effect of Plan**

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

## 2.4 **Hold Period**

Pursuant to Exchange Policies, where a hold period is applicable, the Option Certificate will include a legend stipulating that the Option is and the Shares upon the exercise of the Option are subject to a four-month hold period commencing on the date of distribution of the Option.

# **SECTION 3 PURPOSE AND PARTICIPATION**

## 3.1 **Purpose of Plan**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

## 3.2 **Participation in Plan**

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted.

## 3.3 **Limits on Option Grants**

The Company shall only grant Options under this Plan in accordance with Section 10 hereof and, for greater certainty, may not grant any Options under this Plan unless a prospectus exemption under NI 45-106 is available. Section 2.24 of NI 45-106 shall not apply to the Plan and all Options granted thereunder to any Employees or Consultants who are engaged in

Investor Relations Activities for the Company, any associated Consultant, any executive officer of the Company, any director of the Company or any permitted assign of those Persons if, after the grant:

- (a) the number of securities, calculated on a fully diluted basis, reserved for issuance under options granted to
  - (i) Related Persons, exceeds 10% of the outstanding securities of the Company, or
  - (ii) a Related Person, exceeds 5% of the outstanding securities of the Company, or
- (b) the number of securities, calculated on a fully diluted basis, issued within 12 months to
  - (i) Related Persons, exceeds 10% of the outstanding securities of the Company, or
  - (ii) a Related Person and the associates of the Related Person, exceeds 5% of the outstanding securities of the Company;

unless the Company obtains security holder approval and otherwise satisfies all other requirements of Section 2.25(3) of NI 45-106 in accordance with the Regulatory Rules.

### **3.4 Limits on Option Grants for Investor Relations Activities**

The maximum number of Options which may be granted within an 12 month period to Employees or Consultants engaged in Investor Relations Activities must not exceed 1% of the Outstanding Issue.

### **3.5 Notification of Grant**

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

### **3.6 Copy of Plan**

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

### **3.7 Limitation on Service**

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

### **3.8 No Obligation to Exercise**

Option Holders shall be under no obligation to exercise Options.

### **3.9 Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

### 3.10 **Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

### 3.11 **Representation**

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

## **SECTION 4 NUMBER OF SHARES UNDER PLAN**

### 4.1 **Committee to Approve Issuance of Shares**

The Committee shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

### 4.2 **Number of Shares**

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan will not exceed 10% of the Outstanding Issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

### 4.3 **Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

## **SECTION 5 TERMS AND CONDITIONS OF OPTIONS**

### 5.1 **Exercise Period of Option**

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option.

### 5.2 **Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

### 5.3 **Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. Notwithstanding the foregoing, the Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows:

- (a) if the Company's Shares are listed on the CSE, and the Committee determines the CSE to be the Company's primary Exchange, Market Value will be the greater of the closing trading price of the Shares on (i) the trading day prior to the Grant Date and (ii) the Grant Date;
- (b) subject to subparagraph (a) above, for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (c) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraphs (a) or (b) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (d) subject to subparagraph (a), if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (e) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

#### 5.4 **Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
  - (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
  - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee, the 30th day following the date the Option Holder ceases to hold such position, 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 shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

### **5.5 Vesting of Option and Acceleration**

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

### **5.6 Additional Terms**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

## **SECTION 6 TRANSFERABILITY OF OPTIONS**

### **6.1 Non-transferable**

Except as provided otherwise in this section 6, Options are non-assignable and non-transferable.

### **6.2 Death of Option Holder**

In the event of the Option Holder's death, 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.

### **6.3 Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

#### 6.4 **Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

#### 6.5 **Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

#### 6.6 **Deemed Non-Interruption of Engagement**

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

### **SECTION 7 EXERCISE OF OPTION**

#### 7.1 **Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, or by written notice in the case of uncertificated Shares, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

#### 7.2 **Black Out Period**

If an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to section 5.4(a)(i), (ii) or (iii) or section 5.4(b)(i), (ii) or (iii) above) within or immediately after a Black-Out, the Option Holder may elect for the term of such Option to be extended to the date which is ten (10) business days after the last day of the Black-Out; provided, that, the expiration date as extended by this section 7.2 will not in any event be beyond the later of: (i) December 31 of the calendar year in which the Option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire.

#### 7.3 **Issue of Share Certificates**

As soon as reasonably practicable following the receipt of the notice of exercise as described in section 7.1 and payment in full for the Shares being acquired, the Administrator will direct its transfer agent to issue to the Option Holder the appropriate number of Shares in either certificate form or at the election of the Option Holder, on an uncertificated basis pursuant to the instructions given by the Option Holder to the Administrator. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Shares.

#### 7.4 **No Rights as Shareholder**

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the Shares, the decision of the Committee shall be final, conclusive and binding.

#### 7.5 **Tax Withholding and Procedures**

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in section 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

### **SECTION 8 ADMINISTRATION**

#### 8.1 **Board or Committee**

The Plan shall be administered by the Administrator with oversight by the Committee.

#### 8.2 **Powers of Committee**

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
  - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;



- (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
- (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
- (iv) determine when Options shall be granted; and
- (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

### 8.3 **Administration by Committee**

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

### 8.4 **Interpretation**

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## **SECTION 9 APPROVALS AND AMENDMENT**

### 9.1 **Shareholder Approval of Plan**

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

### 9.2 **Amendment of Option or Plan**

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

## **SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES**

### **10.1 Compliance with Laws**

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates for the Shares or the written notice in the case of uncertificated Shares representing such Shares accordingly.

### **10.2 Regulatory Approvals**

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

### **10.3 Inability to Obtain Regulatory Approvals**

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

## **SECTION 11 ADJUSTMENTS AND TERMINATION**

### **11.1 Termination of Plan**

The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable law, and subject to any required regulatory approval.

### **11.2 No Grant During Suspension of Plan**

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

### **11.3 Alteration in Capital Structure**

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

#### 11.4 **Triggering Events**

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

#### 11.5 **Notice of Termination by Triggering Event**

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject. Furthermore, if any of the Options granted under this Plan are cancelled prior to their Expiry Date, the Company shall not grant new Options to the same Persons or Entities until thirty (30) days have lapsed from the date of cancellation.

#### 11.6 **Determinations to be Made By Committee**

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

## SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

### HILLCREST ENERGY TECHNOLOGIES LTD.

#### STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of Hillcrest Energy Technologies Ltd. (the “**Company**”) and evidences that ♦ [Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ♦ common shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$ ♦ per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ●; and
- (b) subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is ♦, 20♦.

To exercise this Option, the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, or written notice in the case of uncertificated Shares, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

[Include legends on the certificate or the written notice in the case of uncertificated shares prescribed by Regulatory Authorities, if required.]

The Option Holder acknowledges and agrees that:

- (a) Option and the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any U.S. state securities laws;
- (b) the Option may not be exercised by or for the account or benefit of a person in the United States or a U.S. person unless the Shares are registered under the U.S. Securities Act and any applicable state securities laws, or unless an exemption from such registration requirements is available; and
- (c) “**United States**” and “**U.S. person**” are as defined in Regulation S under the U.S. Securities Act.

**HILLCREST ENERGY TECHNOLOGIES LTD.**  
by its authorized signatory:

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The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date signed:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Address

\_\_\_\_\_

## OPTION CERTIFICATE – SCHEDULE

**[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]**

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. The Options will not be exercisable unless and until they have vested and then only to the extent that they have vested. The Options will vest in accordance with the following:
  - (a) ◆ Shares (◆%) will vest and be exercisable on or after the Grant Date;
  - (b) ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];
  - (c) ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];
  - (d) ◆ additional Shares (◆%) will vest and be exercisable on or after ◆ [date];
  
2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.4(a) or 5.4(b) of the Plan, the Expiry Date of the Option shall be ◆ **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

**SCHEDULE B**

**HILLCREST ENERGY TECHNOLOGIES LTD.**

**STOCK OPTION PLAN**

**NOTICE OF EXERCISE OF OPTION**

TO: The Administrator, Stock Option Plan  
1910 - 1030 West Georgia Street  
Vancouver, British Columbia Canada V6E 2Y3  
(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the “**Plan**”) of Hillcrest Energy Technologies Ltd. (the “**Company**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (a) all of the Shares; or
- (b) \_\_\_\_\_ of the Shares;
- (c)

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**). The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to the Company in an amount equal to the aggregate Exercise Price of the aforesaid Shares and directs the Company to issue a certificate OR a written notice in the case of uncertificated Shares evidencing said Shares in the name of the undersigned to be issued to the undersigned [in the case of issuance of a share certificate, at the following address (**provide full complete address**)]:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The undersigned acknowledges the Option is not validly exercised unless this Notice is completed in strict compliance with this form and delivered to the required address with the required payment prior to 4:00 p.m. local time in Vancouver, BC on the Expiry Date of the Option.

**DATED** the day \_ of \_\_\_\_\_, 20\_\_\_\_ .

\_\_\_\_\_  
**Signature of Option Holder**

**SCHEDULE "C"**  
**HILLCREST ENERGY TECHNOLOGIES LTD.**  
**RSU PLAN**



**HILLCREST ENERGY TECHNOLOGIES LTD.**

**RESTRICTED SHARE UNIT PLAN**

EFFECTIVE AS OF JULY 28, 2021

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## SCHEDULE “A”

### RESTRICTED SHARE UNIT AGREEMENT CERTIFICATE

TO: [Name of Participant] (the “Participant”)

Dear [•],

Hillcrest Energy Technologies Ltd. (the “Company”) hereby confirms a grant of restricted share units (“RSUs”) described in the table below to the Participant pursuant to the Company’s Restricted Share Unit Plan (the “RSU Plan”), as amended from time to time. The RSU Plan is incorporated herein by reference and made a part of this letter agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the RSU Plan.

Each RSU granted to the Participant named herein represents the right of the Participant to receive one common share in the share capital of the Company (an “RSU Share”) or, at the Company’s election, an amount in cash, in each case net of

applicable taxes and contributions to government sponsored plans, equal to the Market Price of one RSU Share for each RSU then being settled, on the date(s) or pursuant to the terms specified below. Upon each Vesting Date, the Participant may deliver a written notice in the form attached hereto as Appendix "1" specifying the number of RSUs to be denominated or settled, in the Company's discretion, in Common Shares or cash.

Subject to any further vesting conditions noted herein or the RSU Plan, the following number of RSUs are awarded with the following Grant Date(s), Expiry Date(s) and Vesting Date(s):

No. of RSUs	Service Year*	Grant Date	Vesting Date(s)	Expiry Date**
[•]	[•]	[•]	[•]	[•]

**[Any additional vesting conditions/Performance Criteria (if any) here or attached hereto]**

*\*the year in which the Participant services were/are rendered for which the RSU grant is awarded*

*\*\*the Expiry Date must be set no later than December 1st of the third year after the end of the Service Year*

The Participant hereby acknowledges and agrees that:

1. The Participant has received a copy of the RSU Plan and has read, understands and agrees to be bound by the provisions of the RSU Plan, including provisions relating to the tax treatment, tax withholding obligations and tax reassessment risks that apply or may apply in certain circumstances;
2. The Participant is, under the terms and conditions of the RSU Plan, a bona fide Eligible Person, entitled to receive RSUs under the RSU Plan and Applicable Law;
3. The RSUs granted hereunder shall vest, be redeemed and terminate in accordance with the provisions set out in this Agreement and the provisions of the RSU Plan;
4. RSU Shares will be subject to restrictions on disposition for a period of four (4) months from the Grant Date and, if issued before the date that is four (4) months after the Grant Date, will be legended accordingly and, in any event, will comply with the restrictions on disposition of Applicable Securities Laws and Stock Exchange Policy;
5. The RSUs and the RSU Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and the RSUs may not be redeemed by or for the account or benefit of a person in the United States or a U.S. person unless the RSU Shares are registered under the U.S. Securities Act and any applicable state securities laws, or unless an exemption from such registration requirements is available;
6. "**United States**" and "**U.S. person**" are as defined in Regulation S under the U.S. Securities Act; and
7. The Participant acknowledges and consents to the Company collecting the Participant's personal information for the purposes of this Certificate; retaining the personal information for as long as permitted or required by Applicable Law or business practices; and providing to various governmental and regulatory authorities, as may be required by Applicable Securities Laws, Stock Exchange rules, including Stock Exchange

Policy, and the rules of the Investment Industry Regulatory Organization of Canada (IIROC) or to give effect to this agreement any personal information provided by the Participant.

*[Signature page follows.]*

**DATED** \_\_\_\_\_, 20\_\_.

**HILLCREST ENERGY TECHNOLOGIES LTD.**

Per: \_\_\_\_\_

Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Participant under the RSU Plan, agrees to be bound by the provisions thereof and agrees that the RSU Plan will be effective as an agreement between the Company and the undersigned with respect to the RSUs granted or otherwise issued to the undersigned.

**DATED** \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Name of Participant (print)

**APPENDIX "1"**  
**RSU NOTICE FORM**

**To:       The Board of Directors of Hillcrest Energy Technologies Ltd. (the "Company")**

1. The undersigned (the "**Participant**"), being the holder of restricted share units ("**RSUs**") of the Company pursuant to the RSU plan of the Corporation (the "**RSU Plan**"), hereby elects, in accordance with and subject to the RSU Plan and the Certificate granting the RSUs to the Participant, to acquire \_\_\_\_\_ common shares in the capital of the Company (each, an "**RSU Share**") on a basis of, and at the Company's election, either: (a) one (1) RSU Share for each vested RSU held by the RSU Holder, or (b) an amount in cash, net of applicable taxes, equal to the Market Price of one RSU Share for each vested RSU.
  
2. The Participant acknowledges and agrees that the issuance of the RSU Shares, if applicable, is subject to the terms and conditions of the Certificate representing the RSUs and the RSU Plan.
  
3. If the Company elects to denominate or settle the RSUs on the basis of RSU Shares, the Participant directs the Company to register and deliver certificates or DRS Statements evidencing the RSU Shares as follows:

\_\_\_\_\_

\_\_\_\_\_

4. If the Company elects to denominate or settle the RSUs on the basis of cash, the Participant directs the Corporation to issue and deliver a cheque as follows in respect of the portion of the RSU Shares settled in cash:

\_\_\_\_\_

\_\_\_\_\_

All capitalized terms not defined herein shall have the meanings attributable to such terms as in the RSU Plan.

**DATED** the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Name of Witness (please print)

\_\_\_\_\_  
Name of Participant (please print)

ERROR! REFERENCE SOURCE NOT FOUND.

## RESTRICTED SHARE UNIT PLAN

### Article 1 PURPOSE AND INTERPRETATION

#### Section 1.1 Purpose

The purpose of the Plan is to promote and advance the interests of the Company by (i) providing Eligible Persons with additional incentive through an opportunity to receive bonuses in the form of Common Shares of the Company, (ii) encouraging stock ownership by such Eligible Persons, (iii) increasing the proprietary interest of Eligible Persons in the success of the Company, and (iv) increasing the ability to attract, retain and motivate Eligible Persons.

#### Section 1.2 Definitions

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “**Account**” means a notional account maintained for each Participant on the books of the Company which will be credited with Restricted Share Units and Dividend RSUs, in accordance with the terms of the Plan;
- (b) “**Affiliate**” means any person that controls or is controlled by the Company or that is controlled by the same person that controls the Company;
- (c) “**Affiliated Company**” means a company that is a subsidiary of another company or if two or more companies are subsidiaries of the same company or two or more companies are controlled by the same person or company;
- (d) “**Associate**” has the meaning ascribed to that term in Section 2.22 of NI 45-106;
- (e) “**Applicable Law**” mean any applicable law, including without limitation: (i) the BCBCA; (ii) Applicable Securities Laws; (iii) the ITA; (iv) any other applicable corporate, securities, tax or other laws, statutes, rules, requirements or regulations, whether federal, provincial, state, local or foreign; and (v) Stock Exchange Policy;
- (f) “**Applicable Securities Law**” means the BCSA and the equivalent thereof in each province and territory of Canada in which the Company is a “reporting issuer” or the equivalent thereof, together with the regulations, rules and blanket orders of the securities commission or similar regulatory authority in each of such jurisdictions.
- (g) “**BCBCA**” means the *Business Corporations Act* (British Columbia), together with the regulations thereto, as may be amended from time to time. Any reference to any section of the BCBCA shall also be a reference to any successor provision promulgated thereunder.
- (h) “**BCSA**” means the *Securities Act* (British Columbia), together with the regulations thereto, as may be amended from time to time. Any reference to any section of the BCSA shall also be a reference to any successor provision promulgated thereunder.
- (i) “**Black-Out Period**” means a period when the Participant is prohibited from trading in the Company’s securities, including the Common Shares, pursuant to Applicable Securities Laws or the policies of the Company;
- (j) “**Board**” means the board of directors of the Company or such delegate as set out in Section 3.1(1);
- (k) “**Business Day**” means any day other than a Saturday, Sunday or a statutory or civic holiday in the City of Vancouver, British Columbia, on which the Stock Exchange is open for trading;

- (l) **“Cause”** means:
  - (i) if the Participant has a written agreement with the Company or a subsidiary of the Company in which cause is defined, “cause” as defined therein; or
  - (ii) if the Participant has no written agreement with the Company or a subsidiary of the Company in which cause is defined,
    - (A) in the case of employee, director or officer Participants: (I) the inability of the Participant to perform their duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (II) the failure of the Participant to follow the Company’s reasonable instructions with respect to the performance of their duties; (III) any material breach by the Participant of their obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (IV) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (V) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee;
    - (B) in the case of Consultant Participants, for any reason, upon one (1) week’s notice, provided there is no conflict with Applicable Law;
- (m) **“Certificate”** has the meaning given to that term in Section 3.1(3);
- (n) **“Change of Control Event”** means:
  - (i) the acquisition of a sufficient number of voting securities in the capital of the Company so that the acquiror, together with Persons or Entities acting jointly or in concert with the acquiror, becomes entitled, directly or indirectly, to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company (provided that, prior to the acquisition, the acquiror was not entitled to exercise more than 50% of the voting rights attaching to the outstanding voting securities in the capital of the Company);
  - (ii) the completion of a consolidation, merger, arrangement or amalgamation of the Company with or into any other entity whereby the voting securityholders of the Company immediately prior to the consolidation, merger, arrangement or amalgamation receive less than 50% of the voting rights attaching to the outstanding voting securities of the consolidated, merged, arranged or amalgamated entity;
  - (iii) the complete liquidation or dissolution of the Company or the completion of a sale, lease, exchange or other transfer (in one transaction or a series of transactions) whereby all or substantially all of the Company’s undertakings and assets become the property of any other entity and the voting securityholders of the Company immediately prior to the sale hold less than 50% of the voting rights attaching to the outstanding voting securities of that other entity immediately following that sale; or
  - (iv) an occurrence when a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent Board.
- (o) **“Common Shares”** means the common shares in the share capital of the Company;
- (p) **“Company”** means Hillcrest Energy Technologies Ltd., a company incorporated under the *Business Corporations Act* (British Columbia);
- (q) **“Consultant”** has the meaning ascribed to that term in Section 2.22 of NI 45-106;



- (r) “**control**” has the meaning ascribed to that term in Section 1.4 of NI 45-106;
- (s) “**Controlled Company**” means a company controlled by another person or company or by two or more companies;
- (t) “**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Board, acting reasonably, determines constitutes a disability.
- (u) “**Dividend RSUs**” means a bookkeeping entry credited to a Participant’s Account equivalent in value to the dividend, if any, paid on a Common Share in accordance with Section 4.2 of the Plan;
- (v) “**Eligible Person**” means:
  - (i) any director, officer, or employee of the Company or any Affiliate;
  - (ii) subject to confirmation of the receipt of independent tax advice having been obtained by the recipient Consultant, any Consultant of the Company or any Affiliate; and
  - (iii) subject to confirmation of the receipt of independent tax advice having been obtained by the recipient Personal Holding Company, any Personal Holding Company of any of the persons listed in Section 1.2(v)(i) above;

who is designated by the Board as eligible to participate in the Plan;

- (w) “**Expiry Date**” means the expiry date set out by the Board on the date of approval of a grant and as described in the applicable Certificate (which for greater certainty may vary between RSUs granted from time to time), following which an RSU is expired and is thereafter incapable of settlement, and is of no value whatsoever, provided however that any RSU shall be deemed to have expired no later than December 1<sup>st</sup> of the third year after the Service Year, unless extended in accordance with Section 4.3(4)(a) of the Plan;
- (x) “**Grant Date**” means any date determined from time to time by the Board as a date on which a grant of RSUs will be made to one or more Eligible Persons under this Plan;
- (y) “**ITA**” means the *Income Tax Act* (Canada) and any regulations thereunder, each as amended from time to time. Any reference to any section of the ITA shall also be a reference to any successor provision and any regulation promulgated thereunder.
- (z) “**Investor Relations Activities**” means any activities, by or on behalf of the Company or Shareholder, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:
  - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Company
    - (A) to promote the sale of products or services of the Company, or
    - (B) to raise public awareness of the Company,that cannot reasonably be considered to promote the purchase or sale of securities of the Company;
  - (ii) activities or communications necessary to comply with the requirements of:
    - (A) Applicable Securities Laws;

- (B) Stock Exchange requirements, including Stock Exchange Policy, or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;
  - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
    - (A) the communication is only through the newspaper, magazine or publication, and
    - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
  - (iv) activities or communications that may be otherwise specified by the Stock Exchange.
- (aa) “**Market Price**” means, unless otherwise required by Applicable Law or by any applicable accounting standard for the Company’s desired accounting for RSU Awards, with respect to any particular date, the last available closing market price of the Common Shares on the Stock Exchange. In the event that the Common Shares are not listed and posted for trading on any Stock Exchange, the Market Price shall be the fair market value of such Common Shares as determined by the Board in its discretion;
  - (bb) “**NI 45-106**” means National Instrument 45-106 - *Prospectus Exemptions*, as may be amended from time to time. Any reference to any section of the NI 45-106 shall also be a reference to any successor provision promulgated thereunder.
  - (cc) “**Outstanding Issue**” means the number of Common Shares that are outstanding (on a non-diluted basis) immediately prior to the Common Share issuance or grant of RSUs in question, as applicable.
  - (dd) “**Participant**” means an Eligible Person to whom RSUs have been granted and are outstanding;
  - (ee) “**Performance Criteria**” means such corporate and/or personal performance criteria as may be determined by the Board in respect of the grant and/or vesting of Restricted Share Units to any Participant, which criteria may be applied to either the Company and its Related Entities as a whole or a Related Entity individually or in any combination, and measured either in total, incrementally or cumulatively over a calendar year or such other performance period as may be specified by the Board in its sole discretion, on an absolute basis or relative to a pre-established target, to previous years’ results or to a designated comparison group;
  - (ff) “**Personal Holding Company**” means a personal holding company that is either wholly owned, or controlled by, any director, executive officer or employee of the Company or an Affiliated Entity, and the shares of which are held directly or indirectly by any such person or the person’s spouse, minor children and/or minor grandchildren;
  - (gg) “**Person**” or “**Entity**” means an individual, natural person, company, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity;
  - (hh) “**Plan**” means this Restricted Share Unit plan of the Company, as amended from time to time;
  - (ii) “**Related Entity**” means a Person that is controlled by the Company. For the purposes of this Plan, a Person (first person) is considered to control another Person (second person) if the first Person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of
    - (i) ownership of or direction over voting securities in the second Person,
    - (ii) a written agreement or indenture,

- (iii) being the general partner or controlling the general partner of the second Person, or
  - (iv) being a trustee of the second Person;
- (jj) **“Related Person”** means:
- (i) a Related Entity of the Company;
  - (ii) a partner, director or officer of the Company or Related Entity;
  - (iii) a promoter of or Person who performs Investor Relations Activities for the Company or Related Entity; and
  - (iv) any Person that beneficially owns, either directly or indirectly, or exercises voting control or direction over at least 10% of the total voting rights attached to all voting securities of the Company or Related Entity.
- (kk) **“Reporting Insider”** means a reporting insider as defined under National Instrument 55-104 – *Insider Reporting Requirements*, as may be amended from time to time;
- (ll) **“Restricted Share Unit”** or **“RSU”** means a bookkeeping entry equivalent in value to a Common Share credited to a Participant’s Account and representing the right of a Participant to whom a grant of such restricted share units is made to receive one Common Share (or, pursuant to Section 4.3, an amount of cash equal to the Market Value thereof), pursuant and subject to the terms and conditions set forth in this Plan and in the applicable Certificate;
- (mm) **“RSU Award”** means the number of RSUs determined by the Board to be awarded to the Participant and credited to a Participant’s Account, as evidenced by a Certificate;
- (nn) **“Service Year”** means the year in which an Eligible Person’s services were or are rendered that give rise to the grant of an RSU Award;
- (oo) **“Settlement Date”** means the Business Day during the Settlement Period on which a Participant elects to settle an RSU in accordance with Section 4.3;
- (pp) **“Settlement Notice”** has the meaning set out in Section 4.3;
- (qq) **“Settlement Period”** means the period starting on the Vesting Date and ending on the Expiry Date;
- (rr) **“Shareholder”** means a holder of a Common Share in the capital of the Company;
- (ss) **“Share Compensation Arrangement”** means any stock option, stock option plan, employee stock purchase plan, restricted share unit, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including a share purchase from treasury which is financially assisted by the Company by way of a loan, guarantee or otherwise including, without limitation, this Plan;
- (tt) **“Stock Exchange”** means the Canadian Securities Exchange or if the Common Shares are not listed on the Canadian Securities Exchange, any stock exchange on which the Common Shares are listed or traded, as determined by the Board;
- (uu) **“Stock Exchange Policy”** means the rules and policies of the Stock exchange, as may be amended from time to time;

- (vv) “**subsidiary**” means a person or company that is:
- (i) controlled directly or indirectly by:
    - (A) that other, or
    - (B) that other and one or more persons or companies each of which is controlled by that other, or
    - (C) two or more persons or companies, each of which is controlled by that other; or
  - (ii) a subsidiary of a person or company that is the other’s subsidiary;
- (ww) “**Termination Date**” means the date on which a Participant ceases to be an Eligible Person or otherwise on such date on which the Company terminates its engagement of the Participant. For greater certainty, in the case of a Participant whose employment or term of office with the Corporation or any Subsidiary Company terminates in the circumstances set out in Section 4.4(1)(a), Section 4.4(1)(b) or Section 4.4(1)(c), the date that is designated by the Corporation or any Subsidiary Company, as the last day of the Participant’s employment or term of office with the Corporation or such Subsidiary Company, provided that in the case of termination of employment or term of office by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not include any period of reasonable notice that the Corporation or any Subsidiary Company may be required at law to provide to the Participant; and
- (xx) “**Vesting Date**” or “**Vesting Dates**” means the date or dates (as applicable) on which an RSU is vested and/or the satisfaction of the Performance Criteria for the purposes of the Plan.

### **Section 1.3 Interpretation**

Words importing the singular number only shall include the plural and vice versa and words importing the masculine shall include the feminine.

### **Section 1.4 Headings**

The headings of all Articles, Sections, and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan.

### **Section 1.5 References to this RSU Plan**

The words “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to the Plan as a whole and not to any particular article, Section, paragraph or other part hereof.

### **Section 1.6 Canadian Funds**

Unless otherwise specifically provided, all references to dollar amounts in the Plan are references to lawful money of Canada.

## Article 2 **SHARE CAPITAL**

### **Section 2.1 Shares Reserved**

- (1) Subject to adjustment under Section 5.3(1), the securities that may be acquired by Participants pursuant to RSUs granted under this Plan shall consist of authorized but unissued Common Shares.

- (2) The Company shall at all times during the term of this Plan ensure that the number of Common Shares it is authorized to issue shall be sufficient to satisfy the requirements of RSUs granted under this Plan.
- (3) The aggregate maximum number of Common Shares made available for issuance under the Plan, subject to adjustment under Section 5.3(1), shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Outstanding Issue from time to time, subject to adjustments as provided in the Plan.
- (4) The Plan shall be 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 RSUs granted under the Plan.

## **Section 2.2 Limits on RSU Grants**

- (1) The Company shall only grant RSU Awards under this Plan in accordance with Section 3.2 hereof. For greater certainty, all RSU Awards granted under the Plan which may be denominated or settled in Common Shares, and all such Common Shares issued under the Plan, will be issued pursuant to the prospectus and registration requirements of Applicable Securities Laws or an exemption from such prospectus and registration requirements.
- (2) The Company shall only grant RSU Awards under this Plan in compliance with Section 2.24 of NI 45-106. Until such time as the Corporation obtains shareholder approval of this RSU Plan and other Share Compensation Arrangements in accordance with section 2.24 of NI 45-106, such compliance shall be evidenced by a Compliance Certificate executed by the Company, in substantially the form attached hereto as Schedule “B”, as may be amended by the Board from time to time.
- (3) The maximum number of listed securities of the Company (either issued directly or issuable on settlement of any RSUs or other convertible securities) which may be granted within any 12 month period to Persons engaged in Investor Relations Activities for the Company must not exceed 1% of the Outstanding Issue.

## **Article 3 ADMINISTRATION**

### **Section 3.1 General**

- (1) This Plan shall be administered by the Board, in its discretion. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate (to the extent permitted by Applicable Law) the administration and operation of this Plan, in whole or in part, to a committee of the Board and/or to any member of the Board. Any delegation pursuant to this Section 3.1 shall be documented in a resolution of the Board.
- (2) Subject to the terms and conditions set forth herein and Applicable Law, the Board is authorized to provide for the granting, vesting, settlement and method of settlement of RSUs, all on such terms (which may vary between RSUs granted from time to time) as it shall determine. In addition, the Board shall have the authority to:
  - (a) select any directors, officers, employees or Consultants of the Company or subsidiary of the Company to participate in this Plan; provided that RSUs granted to any Participant shall be approved by the Shareholders if the rules of the Stock Exchange require such approval;
  - (b) construe and interpret this Plan and all agreements entered into hereunder;
  - (c) prescribe, amend and rescind rules and regulations relating to this Plan; and
  - (d) make all other determinations necessary or advisable for the administration of this Plan. All determinations and interpretations made by the Board shall be binding on all Participants and on their legal, personal representatives and beneficiaries.
- (3) An RSU Award shall be evidenced by an Restricted Share Unit Grant Agreement Certificate (“**Certificate**”), in substantially the form attached hereto as Schedule “A”, as may be amended by the Board from time to time. Each such Certificate shall include the following terms and conditions and such additional terms and conditions (in either case not

inconsistent with the provisions of the Plan and such provisions of the Plan shall prevail in the event of a conflict between the Plan and a Certificate or any other communications) as the Board shall determine, in its discretion:

- (a) the number of RSUs subject to the RSU Award to be credited to the Participant's Account;
- (b) the Grant Date;
- (c) the Vesting Date, Vesting Dates applicable to the RSUs subject to the RSU Award;
- (d) Performance Criteria (if any);
- (e) the Settlement Period and Expiry Date applicable to an RSU subject to the RSU Award;
- (f) the nature and duration of the restrictions, if any, to be imposed upon the sale or other disposition of Common Shares acquired upon settlement of the RSU; and
- (g) such other terms, conditions and limitations permitted by and not inconsistent with this Plan as the Board may determine.

(4) No member of the Board (or person acting under delegated authority) nor the Company, will be liable for any action or determination taken or made in the administration, interpretation, construction or application of this Plan, any Certificate or any RSU issued pursuant to this Plan, or otherwise in any way in respect of any Participant's participation in this Plan or the holding or settlement of RSUs. To the fullest extent permitted by Applicable Law, the Company shall indemnify and save harmless, and shall advance and reimburse the expenses of, each Person made, or threatened to be made, a party to any action or proceeding in respect of the Plan by reason of the fact that such Person is or was a member of the Board or is or was a member of the committee responsible for administering and operating the Plan in respect of any claim, loss, damage or expense (including legal fees) arising therefrom.

### **Section 3.2 Compliance with Legislation**

(1) The Plan, the terms of the issue or grant and the settlement of RSUs hereunder and the Company's obligation to sell and deliver Common Shares upon settlement of RSUs shall be subject to all Applicable Law and to such approvals by any regulatory or governmental agency as may, in the opinion of counsel to the Company, be required. The Company shall not be obliged by any provision of the Plan or the grant of any RSU hereunder to issue or sell Common Shares in violation of such laws, rules and regulations or any condition of such approvals.

(2) No RSU shall be granted and no Common Shares issued or sold thereunder where such grant, issue or sale would require registration of the Plan or of Common Shares under the securities laws of any foreign jurisdiction and any purported grant of any RSU or issue or sale of Common Shares hereunder in violation of this provision shall be void.

(3) The Company shall have no obligation to issue any Common Shares pursuant to the Plan unless such Common Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Common Shares issued to Participants pursuant to the settlement of RSUs may be subject to restrictions or limitations on sale or resale under Applicable Securities Laws.

(4) If Common Shares cannot be issued to a Participant upon the settlement of an RSU due to legal or regulatory restrictions, the obligation of the Company to issue such Common Shares under the Plan shall terminate, at no cost to the Company nor obligation to otherwise compensate a Participant in any way.

### **Section 3.3 Miscellaneous**

(1) Nothing contained herein shall prevent the Board from adopting other or additional compensation arrangements, subject to any required Shareholder or Stock Exchange approval.

(2) Nothing contained in the Plan nor in any RSU granted hereunder shall be deemed to give any Participant any interest or title in or to any Common Shares of the Company or any rights as a Shareholder or any other legal or equitable right against the Company whatsoever other than as set forth in the Plan and pursuant to the settlement of any RSU.

(3) The Plan does not give any Participant or any employee of the Company or any of its Affiliated Companies or Controlled Companies or subsidiaries the right or obligation to continue to serve as a Consultant, director, officer or employee of, or be engaged by, as the case may be, the Company or any of its Affiliated Companies or Controlled Companies or subsidiaries. The awarding of RSUs to any Eligible Person is a matter to be determined solely in the discretion of the Board. The Plan shall not in any way fetter, limit, obligate, restrict or constrain the Board with regard to the allotment or issue of any Common Shares or any other securities in the capital of the Company or any of its subsidiaries other than as specifically provided for in the Plan.

(4) The existence of any RSUs shall not affect in any way the right or power of the Company or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Company or to create or issue any bonds, debentures, shares or other securities of the Company or the rights and conditions attaching thereto or to affect the dissolution or liquidation of the Company or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar nature or otherwise.

(5) No fractional Common Shares shall be issued upon the settlement of RSUs granted under the Plan and, accordingly, if a Participant would become entitled to a fractional Common Share upon the settlement of an RSU, or from an adjustment pursuant to Section 5.3(1) such Participant shall only have the right to receive the next lowest whole number of Common Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

#### Article 4 **RESTRICTED SHARE UNITS**

##### **Section 4.1 Granting of RSUs**

(1) Where the Board determines to grant an RSU Award to an Eligible Person under the terms and conditions applicable to such RSU Award, the Company shall deliver to the Eligible Person a Certificate, containing the terms and condition applicable to such RSU Award.

(2) On the grant of an RSU Award, the Company will credit the Participant's Account with the number of RSUs granted to such Participant under the terms of the RSU Award.

(3) The grant of an RSU Award shall entitle the Participant to the conditional right to receive for each RSU credited to the Participant's Account, at the election of the Company, either one Common Share or an amount in cash, in each case net of applicable taxes and contributions to government sponsored plans, as determined by the Board, equal to the Market Price of one Common Share on the Settlement Date for each RSU credited to the Participant's Account, subject to the conditions set out in the Certificate and in the Plan, and subject to all other terms of this Plan.

(4) An Eligible Person may receive an RSU Award on more than one occasion under the Plan and may receive separate RSU Awards on any one occasion.

(5) RSUs granted under this Plan to an Eligible Person in a calendar year will (subject to any applicable terms and conditions, and subject to any determination made by the Board, including as may be reflected in the Certificate) represent a right to a bonus or similar award to be received for services rendered by such Eligible Person to the Company or an Affiliate, as the case may be, in the fiscal year ending in or coincident with (or, where determined by the Board, before) such calendar year.

##### **Section 4.2 Dividends**

(1) Unless the Board determines otherwise, additional RSUs ("**Dividend RSUs**") will be credited to a Participant's Account where the Company declares and pays a dividend 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 they been holding such number of 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.

(2) Dividend RSUs credited to a Participant's Account shall vest and be settled in the same manner and on the same date as the RSUs to which they relate.

### **Section 4.3 Settlement of Restricted Share Units**

(1) Subject to the provisions of the Plan and in particular Section 4.4 and Section 5.2 and any vesting limitations, including any Performance Criteria, imposed by the Board in its sole unfettered discretion at the time of grant, RSUs subject to an RSU Award may be settled by a Participant during the Settlement Period applicable to the RSU by delivery to the Company of a notice (the "**Settlement Notice**") in a form attached to the Certificate. As soon as practicable following the receipt of the Settlement Notice, RSUs will be settled by the Company through the delivery by the Company of such number of Common Shares equal to the number of RSUs then being settled or, at the Company's election, an amount in cash, in each case net of applicable taxes and contributions to government sponsored plans, equal to the Market Price at the Settlement Date of one Common Share for each RSU then being settled. Where, prior to the Expiry Date, a Participant fails to elect to settle an RSU, the Participant shall be deemed to have elected to settle such RSUs on the day immediately preceding the Expiry Date.

(2) Notwithstanding the foregoing, if the Company elects to issue Common Shares in settlement of RSUs:

- (a) the Company may arrange for such number of the Common Shares to be sold as it deems necessary or advisable to raise an amount at least equal to its determination of such applicable taxes, with such amount being withheld by the Company; or
- (b) the Company may elect to settle for cash such number of RSUs as it deems necessary or advisable to raise funds sufficient to cover such withholding taxes with such amount being withheld by the Company; or
- (c) the Company may, as a condition of settlement in the form of Common Shares, require the Participant to pay the applicable taxes as determined by the Company or make such other arrangement acceptable to the Company in its discretion (if at all) as it deems necessary or advisable.

(3) Subject to the terms of the Plan, as soon as practicable after receipt of any of the amount, undertaking or election listed in Section 4.3(2), the Company will forthwith cause the transfer agent and registrar of the Common Shares to deliver to the Participant a certificate or certificates in the name of the Participant or a statement of account, at the discretion of the Company, representing in the aggregate Common Shares issued to the Participant.

(4) Notwithstanding any other provision of the Plan:

- (a) no RSU shall be capable of settlement after the Expiry Date, provided, however, that if the Expiry Date in respect of an RSU falls on a date upon which such Participant is prohibited from exercising such RSU due to a Black-Out Period or other trading restriction imposed by the Company or under Applicable Securities Law, then the Expiry Date of such RSU shall be automatically extended to the fifth (5th) Business Day following the date the relevant Black-Out Period or other trading restriction imposed by the Company or Applicable Securities Law is lifted, terminated or removed but in no event shall the Expiry Date be extended beyond December 31<sup>st</sup> of the third year after the Service Year. The foregoing extension applies to all RSUs regardless of the Grant Date and shall not be considered an extension of the term thereof as otherwise referred to in the Plan. In addition, the Participant acknowledges that such an extension may result in less favourable tax consequences to the Participant than if the RSUs had been settled on the original Expiry Date;
- (b) the Settlement Period shall be automatically reduced in accordance with Section 4.4 upon the occurrence of any of the events referred to therein; and



- (c) no RSU in respect of which Shareholder approval is required under the rules of the Stock Exchange shall be settled until such time as such RSU has been so approved.

#### **Section 4.4 Termination of Service**

- (1) Except as otherwise determined by the Board:
  - (a) all RSUs held by the Participant (whether vested or unvested) shall terminate automatically on the Termination Date for any reason other than as set forth in paragraph (b) and (c) below;
  - (b) in the case of a termination of the Participant's service by reason of (A) termination by the Company or any subsidiary of the Company other than for Cause, or (B) the Participant's death or Disability, the Participant's unvested RSUs shall vest automatically as of such date, and on the earlier of the original Expiry Date and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant (or their executor or administrator, or the person or persons to whom the Participant's RSUs are transferred by will or the applicable laws of descent and distribution) will be eligible to request that the Company settle their vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;
  - (c) in the case of a termination of the Participant's services by reason of (A) voluntary resignation, or (B) death or Disability, only the Participant's unvested RSUs shall terminate automatically as of such date, and any time during the ninety (90) day period commencing on the date of such termination of service (or, if earlier, the Termination Date), the Participant will be eligible to request that the Company settle their vested RSUs. Where, prior to the 90th day following such termination of service (or, if earlier, the Termination Date) the Participant fails to elect to settle a vested RSU, the Participant shall be deemed to have elected to settle such RSU on such 90th day (or, if earlier, the Termination Date) and to receive Common Shares in respect thereof;
  - (d) for greater certainty, where a Participant's employment, term of office or other engagement with the Company terminates by reason of termination by the Company or any subsidiary of the Company for Cause then any RSUs held by the Participant (whether unvested or vested) at the Termination Date, immediately terminate and are cancelled on the Termination Date or at a time as may be determined by the Board, in its discretion;
  - (e) a Participant's eligibility to receive further grants of RSUs under this Plan ceases as of the earliest of the date the Participant resigns from or terminates its engagement with the Company or any subsidiary of the Company and the date that the Company or any subsidiary of the Company provides the Participant with written notification that the Participant's employment, term of office or engagement, as the case may be, is terminated, notwithstanding that such date may be prior to the Termination Date; and
  - (f) for the purposes of the Plan, a Participant shall not be deemed to have terminated service or engagement where: (i) the Participant remains in employment or office within or among the Company or any subsidiary of the Company or (ii) the Participant is on a leave of absence approved by the Board.

#### **Section 4.5 Non-transferability of RSUs**

- (1) RSUs shall not be transferable or assignable by the Participant otherwise than by will or the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by the Participant and after death only by the Participant's legal representative.

Article 5  
**TERMINATION, AMENDMENTS AND ADJUSTMENTS**

**Section 5.1 Amendment and Termination**

- (1) The Board may amend, suspend or terminate the Plan or any portion thereof at any time in accordance with applicable law, and subject to any required regulatory approval.
- (2) No such amendment, suspension or termination shall alter or impair any RSUs or any rights pursuant thereto granted previously to any Participant without the consent of such Participant.
- (3) If the Plan is terminated, the provisions of the Plan and any administrative guidelines, and other rules and regulations adopted by the Board and in force at the time of the Plan termination shall continue in effect during such time as an RSU or any rights pursuant thereto remain outstanding.
- (4) With the consent of the affected Participant, the Board may amend or modify any outstanding RSU in any manner to the extent that the Board would have had the authority to initially grant such award as so modified or amended, including without limitation, to change the date or dates as of which the RSU becomes exercisable, subject to the prior approval of the Stock Exchange where necessary.

**Section 5.2 Change of Control**

- (1) Notwithstanding any other provision of this Plan, in the event of an actual or potential Change of Control Event, 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 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.
- (2) The determination of the Board in respect of any such Change of Control Event shall for the purposes of this Plan be final, conclusive and binding.

**Section 5.3 Adjustments**

- (1) If 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 Stock Exchange where necessary, appropriate substitution or adjustment in
  - (a) the number or kind of Common Shares or other securities reserved for issuance pursuant to the Plan, and
  - (b) the number and kind of Common Shares or other securities subject to unsettled and outstanding RSUs granted pursuant to the Plan;

provided, however, that no substitution or adjustment shall obligate the Company to issue fractional RSUs or shares. If the Company is reorganized, amalgamated with another company or consolidated, the Board shall make such provisions for the protection of the rights of Participants as the Board in its discretion deems appropriate.

- (2) For greater certainty, no amount will be paid to, or in respect of, a Participant under the Plan or pursuant to any other arrangement, and no additional RSUs, Common Shares or other securities of the Company will be granted to a Participant to compensate the Participant for any downward fluctuations in the Market Price of a Common Share nor will any other form of benefit, cash or otherwise, be conferred upon, or in respect of, a Participant for such a purpose.

Article 6  
**GENERAL**

**Section 6.1 Effective Date**

The Plan shall be effective upon the approval of the Plan by the Board.

**Section 6.2 Notice**

Any Notice required to be given by this Plan shall be in writing and shall be given by registered mail, postage prepaid, or delivered by courier or by electronic transmission addressed, if to the Company, to the operations office of the Company in Vancouver, British Columbia, Attention: **CEO**; or if to a Participant, to such Participant at their address as it appears on the books of the Company or in the event of the address of any such Participant not so appearing, then to the last known address of such Participant; or if to any other person, to the last known address of such person.

**Section 6.3 Tax Withholdings**

The Company shall be entitled to withhold such number of Common Shares or amount of cash payable to a Participant, either under this Plan or otherwise, or make or require the Participant to make, such other arrangement, including an arrangement as contemplated under Section 4.3(2), as it may deem necessary or advisable so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding or remittance of tax or other relevant amounts. It is the responsibility of the Participant to complete and file any tax returns which may be required within the periods specified under applicable laws as a result of the Participant's participation in the Plan. The Company shall not be responsible for any tax consequences to a Participant as a result of the Participant's participation in the Plan.

**Section 6.4 Rights of Participants**

No person entitled to settle any RSU granted under this Plan shall have any of the rights or privileges of a Shareholder in respect of any Common Shares issuable upon settlement of such RSU until such Common Shares have been issued to such person. Subject to Section 4.2 and Section 5.3, no holder of any RSUs shall be entitled to receive, and no adjustment shall be made for, any dividends, distributions or any other rights declared for Shareholders for which the record date is prior to the date on which Common Shares are issued in satisfaction of a Participant's RSUs.

**Section 6.5 Right to Funds**

- (1) Neither the establishment of this Plan nor the granting of RSUs under this Plan shall be deemed to create a trust.
- (2) Amounts payable to any Participants under this Plan shall be a general, unsecured obligation of the Company.
- (3) The right of the Participant to receive payment pursuant to this Plan shall be no greater than the right of other unsecured creditors of the Company.

**Section 6.6 Right to Issue Other Shares**

The Company shall not by virtue of this Plan be in any way restricted from declaring and paying stock dividends, issuing further Common Shares, varying or amending its share capital or corporate structure or conducting its business in any way whatsoever.

**Section 6.7 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the legal representatives of such Participant or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

**Section 6.8 Funding of the Plan**

The Plan shall be unfunded. No funds will be set aside to guarantee the payment of RSUs, which will remain an unfunded liability recorded on the books of the Company.

**Section 6.9 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan.

**Section 6.10 Governing Law**

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

**Section 6.11 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

SCHEDULE "A"

**RESTRICTED SHARE UNIT AGREEMENT CERTIFICATE**

TO: [Name of Participant] (the "Participant")

Dear [•],

Hillcrest Energy Technologies Ltd. (the "Company") hereby confirms a grant of restricted share units ("RSUs") described in the table below to the Participant pursuant to the Company's Restricted Share Unit Plan (the "RSU Plan"), as amended from time to time. The RSU Plan is incorporated herein by reference and made a part of this letter agreement. Capitalized terms not otherwise defined herein shall have the same meanings as in the RSU Plan.

Each RSU granted to the Participant named herein represents the right of the Participant to receive one common share in the share capital of the Company (an "RSU Share") or, at the Company's election, an amount in cash, in each case net of applicable taxes and contributions to government sponsored plans, equal to the Market Price of one RSU Share for each RSU then being settled, on the date(s) or pursuant to the terms specified below. Upon each Vesting Date, the Participant may deliver a written notice in the form attached hereto as Appendix "1" specifying the number of RSUs to be denominated or settled, in the Company's discretion, in Common Shares or cash.

Subject to any further vesting conditions noted herein or the RSU Plan, the following number of RSUs are awarded with the following Grant Date(s), Expiry Date(s) and Vesting Date(s):

No. of RSUs	Service Year*	Grant Date	Vesting Date(s)	Expiry Date**
[•]	[•]	[•]	[•]	[•]

**[Any additional vesting conditions/Performance Criteria (if any) here or attached hereto]**

*\*the year in which the Participant services were/are rendered for which the RSU grant is awarded*

*\*\*the Expiry Date must be set no later than December 1<sup>st</sup> of the third year after the end of the Service Year*

The Participant hereby acknowledges and agrees that:

8. The Participant has received a copy of the RSU Plan and has read, understands and agrees to be bound by the provisions of the RSU Plan, including provisions relating to the tax treatment, tax withholding obligations and tax reassessment risks that apply or may apply in certain circumstances;
9. The Participant is, under the terms and conditions of the RSU Plan, a bona fide Eligible Person, entitled to receive RSUs under the RSU Plan and Applicable Law;
10. The RSUs granted hereunder shall vest, be redeemed and terminate in accordance with the provisions set out in this Agreement and the provisions of the RSU Plan;
11. RSU Shares will be subject to restrictions on disposition for a period of four (4) months from the Grant Date and, if issued before the date that is four (4) months after the Grant Date, will be legended accordingly and, in any event, will comply with the restrictions on disposition of Applicable Securities Laws and Stock Exchange Policy;

12. The RSUs and the RSU Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. state securities laws, and the RSUs may not be redeemed by or for the account or benefit of a person in the United States or a U.S. person unless the RSU Shares are registered under the U.S. Securities Act and any applicable state securities laws, or unless an exemption from such registration requirements is available;

13. "**United States**" and "**U.S. person**" are as defined in Regulation S under the U.S. Securities Act; and

14. The Participant acknowledges and consents to the Company collecting the Participant's personal information for the purposes of this Certificate; retaining the personal information for as long as permitted or required by Applicable Law or business practices; and providing to various governmental and regulatory authorities, as may be required by Applicable Securities Laws, Stock Exchange rules, including Stock Exchange Policy, and the rules of the Investment Industry Regulatory Organization of Canada (IIROC) or to give effect to this agreement any personal information provided by the Participant.

*[Signature page follows.]*

**DATED** \_\_\_\_\_, 20\_\_.

**HILLCREST ENERGY TECHNOLOGIES LTD.**

Per: \_\_\_\_\_

Authorized Signatory

The undersigned hereby accepts such grant, acknowledges being a Participant under the RSU Plan, agrees to be bound by the provisions thereof and agrees that the RSU Plan will be effective as an agreement between the Company and the undersigned with respect to the RSUs granted or otherwise issued to the undersigned.

**DATED** \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Name of Participant (print)

**APPENDIX "1"**  
**RSU NOTICE FORM**

**To:       The Board of Directors of Hillcrest Energy Technologies Ltd. (the "Company")**

5. The undersigned (the "**Participant**"), being the holder of restricted share units ("**RSUs**") of the Company pursuant to the RSU plan of the Corporation (the "**RSU Plan**"), hereby elects, in accordance with and subject to the RSU Plan and the Certificate granting the RSUs to the Participant, to acquire \_\_\_\_\_ common shares in the capital of the Company (each, an "**RSU Share**") on a basis of, and at the Company's election, either: (a) one (1) RSU Share for each vested RSU held by the RSU Holder, or (b) an amount in cash, net of applicable taxes, equal to the Market Price of one RSU Share for each vested RSU.

6. The Participant acknowledges and agrees that the issuance of the RSU Shares, if applicable, is subject to the terms and conditions of the Certificate representing the RSUs and the RSU Plan.

7. If the Company elects to denominate or settle the RSUs on the basis of RSU Shares, the Participant directs the Company to register and deliver certificates or DRS Statements evidencing the RSU Shares as follows:

\_\_\_\_\_  
\_\_\_\_\_

8. If the Company elects to denominate or settle the RSUs on the basis of cash, the Participant directs the Corporation to issue and deliver a cheque as follows in respect of the portion of the RSU Shares settled in cash:

\_\_\_\_\_  
\_\_\_\_\_

All capitalized terms not defined herein shall have the meanings attributable to such terms as in the RSU Plan.

**DATED** the \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Participant

\_\_\_\_\_  
Name of Witness (please print)

\_\_\_\_\_  
Name of Participant (please print)