



HILLCREST

energy technologies

HILLCREST ENERGY TECHNOLOGIES LTD.

(formerly, Hillcrest Petroleum Ltd.)

1910 – 1030 West Georgia Street Vancouver,

British Columbia Canada V6E 2Y3

Tel: 604 609-0006

INFORMATION CIRCULAR

as at August 10, 2021

(except as otherwise indicated)

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

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

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

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

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

GENERAL PROXY INFORMATION

Solicitation of Proxies

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

Appointment of Proxyholders

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

Voting by Proxyholder

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

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

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

Registered Shareholders

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

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

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

Beneficial Shareholders

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

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

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

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

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

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

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

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

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

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

Notice to United States Shareholders

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

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

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

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

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

Revocation of Proxies

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

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

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

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

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

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

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

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

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

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

PARTICULARS OF MATTERS TO BE ACTED UPON

1. FINANCIAL STATEMENTS

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

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

2. APPOINTMENT AND REMUNERATION OF AUDITOR

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

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

3. NUMBER OF DIRECTORS

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

4. ELECTION OF DIRECTORS

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

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

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

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

Notes:

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

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

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

Cease Trade Order, Bankruptcies, and Insolvency

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

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

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

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

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

Advance Notice Provision

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

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

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

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

ABOUT THE DIRECTORS AND NOMINEE DIRECTOR

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

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

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

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

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

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

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

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

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

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

NOMINEE DIRECTOR

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

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

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

5. APPROVAL OF NEW FORM STOCK OPTION PLAN

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

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

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

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

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

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

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

Material Terms to the New Stock Option Plan

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

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

New Stock Option Plan Resolution

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

"BE IT RESOLVED THAT:

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

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

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

6. APPROVAL OF NEW RESTRICTED SHARE UNIT PLAN

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

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

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

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

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

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

Material Terms to the New RSU Plan

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

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

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

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

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

Credit for Dividends

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

Resignation, Termination, Leave of Absence or Death

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

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

Change of Control

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

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

Adjustments

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

New RSU Plan Resolution

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

“BE IT RESOLVED THAT:

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

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

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

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

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

Notes:

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

Oversight and Description of Director and Named Executive Officer Compensation

Elements of the Compensation Program

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

increase in company valuation and share price, should such an increase occur. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company’s shareholders.

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

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

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

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

Philosophy and Objectives

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

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

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

Base Salary or Consulting Fees

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

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

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

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

Financial Year ended December 31, 2020

Key management compensation

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

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

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

Bonus Incentive Compensation

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

Equity Participation

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

Compensation Review Process

Risks Associated with the Company's Compensation Program

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

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

Benefits and Perquisites

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

Hedging by Directors or NEOs

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

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

Stock Options and other Compensation Securities

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

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

Notes:

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

Exercise of Compensation Securities by NEOs and Directors

Financial Year Ended December 31, 2020

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

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

Employment, Consulting and Management Agreements

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

Pension Disclosure

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

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

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

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

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

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

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

The Audit Committee’s Charter

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

Composition of the Audit Committee

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

Relevant Education and Experience

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

Thomas G. Milne

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

Kylie Dickson

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

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

David Stone

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

Audit Committee Oversight

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

Reliance on Certain Exemptions

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

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

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

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

Notes:

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

Exemption

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

CORPORATE GOVERNANCE

General

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

Board of Directors

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

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

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

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

Directorships

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

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

Orientation and Continuing Education

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

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

Ethical Business Conduct

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

Nomination of Directors

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

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

Compensation

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

Reserves Committee

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

Other Board Committees

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

Assessments

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

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

MANAGEMENT CONTRACTS

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

ADDITIONAL INFORMATION

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

OTHER MATTERS

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

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

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

BY ORDER OF THE BOARD

"Donald J. Currie"

Donald J. Currie
Chief Executive Officer

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

PURPOSE

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

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

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

RESPONSIBILITIES

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

External Auditors

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

The external auditors shall report directly to the Audit Committee.

Also, the Audit Committee:

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

Audit and Review Process and Results

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

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

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

Interim Financial Statements

The Audit Committee:

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

Involvement with Management

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

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

PROCEDURAL MATTERS

The Audit Committee:

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

COMPOSITION

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

Appointment of Committee Members and Vacancies

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

Committee Chair

The Board appoints a Chair for the Audit Committee.

STRUCTURE AND OPERATIONS

Meetings

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

Quorum

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

Notice of Meetings

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

Absence of Committee Chair

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

Secretary of Committee

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

Attendance of the Company's Officers at Meetings

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

Delegation

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

Procedure and Records

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

COMPLAINTS

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

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

The Audit Committee reviews the whistle-blower policy annually.

REPORTING AND ASSESSMENT

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

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

10% "ROLLING" SHARE OPTION PLAN

HILLCREST ENERGY TECHNOLOGIES LTD.

STOCK OPTION PLAN

DATED FOR REFERENCE JULY 28, 2021

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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

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.

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.]

If the Option Holder is a resident or citizen of the United States of America at the time of the exercise of the Option, the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

“The securities represented hereby have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or the securities laws of any state of the United States. The holder hereof, by purchasing such securities, agrees for the benefit of the Company that such securities may be offered, sold or otherwise transferred only (a) to the Company; (b) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act; (c) in accordance with the exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder, if available, and in compliance with any applicable state securities laws; or (d) in a transaction that does not require registration under the U.S. Securities Act and any applicable state securities laws, and, in the case of paragraph (c) or (d), the seller furnishes to the Company an opinion of counsel of recognized standing in form and substance satisfactory to the Company to such effect.

The presence of this legend may impair the ability of the holder hereof to effect “good delivery” of the securities represented hereby on a Canadian stock exchange.”

HILLCREST ENERGY TECHNOLOGIES LTD.
by its authorized signatory:

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;

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"
TO THE INFORMATION CIRCULAR OF HILLCREST ENERGY
TECHNOLOGIES LTD.
10% "ROLLING" RESTRICTED SHARE UNIT PLAN
("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**

**SCHEDULE “B”
COMPLIANCE CERTIFICATE**

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 1st 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 31st 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) added 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 consents 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. If the Participant is, or becomes, a resident of the United States of America, the Participant will (and it shall be a condition of the redemption of the Participant's RSUs) that the Participant will execute such additional certificate of representation that may be reasonably required by the Company; and
6. 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.

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)

[OR]

[NAME OF COMPANY PARTICIPANT]

By:

Authorized Signatory

Name of Authorized Signatory

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)

**SCHEDULE “B”
COMPLIANCE CERTIFICATE**

Hillcrest Energy Technologies Ltd. (the “**Company**”) has granted or proposes to grant to _____ (the “**Recipient**”) a total of _____ restricted share units (“**RSUs**”) 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 compliance certificate. Capitalized terms not otherwise defined herein shall have the same meanings as in the RSU Plan.

In connection with such grant, the Company confirms that, for the purposes of NI 45-106, either of the following apply:

(a) ____ The Recipient is not one of the following (a “**Specified Recipient**”): an investor relations person of the Company, an associated consultant of the Company, an executive officer of the Company, a director of the Company, or a permitted assign of those persons; or

(b) ____ if the Recipient is a Specified Recipient, after the grant, the number of Common Shares, calculated on a fully diluted basis,

(i) reserved for issuance under stock options of the Company granted to (A) related persons does not exceed 10% of the outstanding shares of the Company, and (B) a related person does not exceed 5% of the outstanding shares of the Company; and

(ii) issued within 12 months to (A) related persons does not exceed 10% of the outstanding shares of the Company, and (B) a related person and the associates of the related person does not exceed 5% of the outstanding shares of the Company.

Dated _____ 20 ____.

HILLCREST ENERGY TECHNOLOGIES LTD.

Authorized Signatory