

**HIGHWOOD OIL COMPANY LTD.**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON JUNE 17, 2021**

**NOTICE OF MEETING AND  
MANAGEMENT PROXY AND INFORMATION CIRCULAR**

*THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF HIGHWOOD OIL COMPANY LTD. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF HIGHWOOD OIL COMPANY LTD. TO BE HELD ON THURSDAY, JUNE 17, 2021.*

**TO BE HELD AT:**

**Highwood Oil Company Ltd.  
900 - 222 3rd Avenue S.W.  
Calgary, Alberta T2P 0B4**

**at 2:00 p.m.(Calgary Time)**

**Dated: May 13, 2021**

## HIGHWOOD OIL COMPANY LTD.

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 17, 2021

**NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING** (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Highwood Oil Company Ltd. (the “**Corporation**”) will be held at Highwood Oil Company Ltd., 900-222 3rd Avenue S.W., Calgary, Alberta T2P 0B4, at 2:00 p.m. (Calgary Time), on Thursday, June 17, 2021 for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the financial year ended December 31, 2020 and the report of the auditor thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at four;
3. to elect directors for the ensuing year as described in the management information circular (the “**Circular**”) accompanying this Notice;
4. to appoint the auditor of the Corporation for the ensuing year and to authorize the board of directors of the Corporation to fix the auditor’s remuneration;
5. to consider and, if deemed advisable, to pass, with or without variation, a special resolution, as more particularly set forth in the accompanying Management Information Circular, approving the name change of the Corporation to “Highwood Asset Management Ltd.” or such other name that is acceptable to the board of directors of the Corporation;
6. to consider, and if thought fit, approve, adopt and ratify, with or without modification, the ordinary resolution, as more particularly set forth in the Circular, relating to the re-approval of the stock option plan of the Corporation;
7. to consider, and if thought fit, approve, adopt and ratify, with or without modification, the ordinary resolution, as more particularly set forth in the Circular, relating to the re-approval of the restricted share unit plan of the Corporation; and
8. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The board of directors of the Corporation has fixed the record date for the Meeting at the close of business on Thursday May 13, 2021 (the “**Record Date**”). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Common Shares owned as at the Record Date, unless any such Shareholder transfers such Shareholder’s Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not later than 10 days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

#### **Note of Caution Concerning the COVID-19 Outbreak**

Due to the public health restrictions implemented to combat the spread of the COVID-19 pandemic, including restrictions on mass gatherings implemented by the Government of Alberta and taking into account the health and safety of our employees, Shareholders, service providers and other stakeholders, **the Corporation strongly encourages Shareholders NOT to attend the Meeting in person. The Corporation strongly encourages Shareholders to vote by proxy on the internet, rather than attending the Meeting in person.** To this end, only registered Shareholders and proxyholders will be permitted to attend the Meeting in person. Further restrictions with regard to the Meeting may be implemented by the Corporation as required in accordance with applicable laws and to comply with public health restrictions. At the Meeting, the Corporation may adopt screening or other measures for identifying COVID-19 symptoms or risk factors as may be recommended or required by applicable health authorities. These measures may include requiring registered Shareholders or duly appointed proxy holders still wishing to attend the Meeting in person to sign a confirmation letter at the Meeting that they are not a confirmed case of COVID-19 or a close contact of a confirmed case of COVID-19, they are not experiencing cold or flu-like systems, including fever, cough, difficulty breathing, muscle aches, fatigue, headache, sore throat or runny nose, and that they have not travelled outside of Canada for a period of two weeks preceding the Meeting date. The Corporation reserves the right to refuse admission to a Shareholder or proxyholder seeking to attend the Meeting if the Corporation believes the Shareholder or proxyholder poses a health risk to attendees at the Meeting or would otherwise breach public health restrictions. **THE CORPORATION MAY LIMIT**

**ATTENDEES AS REQUIRED BY MASS GATHERING RESTRICTIONS IMPLEMENTED BY THE GOVERNMENT OF ALBERTA AT THE TIME OF THE MEETING.** In addition, any attendees will be required to practice social distancing at the Meeting.

In order to permit Shareholders and proxyholders to listen to the Meeting in real time, without having to attend in person, a conference call of the Meeting will be available as follows:

Conference call participation:

- North America Toll-Free: 1 877 234 4610
- Local (Calgary): 403 269 5197
- Participant Conference Access code: 4872953 #

**Shareholders will not be able to vote through the conference call;** however, there will be a question and answer session following the termination of the formal business of the Meeting during which Shareholders attending the conference call can ask questions.

**As the COVID-19 outbreak continues to be a rapidly evolving situation, and in light of changing public health restrictions and recommendations related to COVID-19, there may be changes to the date, time and location of the Meeting, or the Corporation may adjourn or postpone the Meeting. The Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting. Any such changes will be communicated by news release which will be made available under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

**WE STRONGLY ENCOURAGE ALL SHAREHOLDERS TO VOTE ELECTRONICALLY BY PROXY RATHER THAN ATTENDING THE MEETING IN PERSON.**

Only Shareholders of record at the close of business on May 13, 2021 will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of Shareholders entitled to vote at the Meeting in respect of such transferred Common Shares.

**While registered Shareholders are entitled to attend the Meeting in person, we strongly recommend that all Shareholders vote by proxy and accordingly ask that registered Shareholders complete, date and sign the enclosed form of proxy and return it (i) by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) (please send front and back of**

**proxy); (ii) by online submission at <https://login.odysseytrust.com/pxlogin> (iii) by fax at (800) 517-4553 or (iv) by mail at Odyssey Trust Company, 1230 300 3 Ave SW, Calgary, AB, T2P 3C4 so that it is received by 2:00 p.m. (Calgary time) on June 15, 2021 (or at least 48 hours prior to the commencement of any reconvened Meeting in the event of any adjournment(s) or postponement(s) thereof).**

**If you hold your Common Shares in a brokerage account, you are a non-registered Shareholder or beneficial Shareholder. Beneficial Shareholders who hold their Common Shares through a bank, broker or other financial intermediary should carefully follow the instructions found on the form of proxy or voting instruction form provided to them by their intermediary, in order to cast their vote.**

**Your participation as a Shareholder is very important to the Corporation. Please vote your Common Shares on the matters before the Meeting by proxy and listen to the meeting via teleconference.**

DATED this 13<sup>th</sup> day of May, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Greg Macdonald”*

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Greg Macdonald

Chief Executive Officer, President and Director

**IMPORTANT**

**It is desirable that as many shares as possible be represented at the Meeting. If you do not expect to attend and would like your Common Shares represented, please complete the enclosed instrument of proxy and vote in accordance with the options available. A proxy will not be valid unless it is deposited with our transfer agent Odyssey Trust Company, (i) by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) (please send front and back of proxy); (ii) by online submission at <https://login.odysseytrust.com/pxlogin> (iii) by fax at (800) 517-4553 or (iv) by mail to Odyssey Trust Company, 1230 300 5 Ave SW, Calgary, AB, T2P 3C4. All instructions are listed in the enclosed form of proxy. In order to be valid and acted upon at the Meeting, proxies must be returned to the aforesaid address not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Meeting or any adjournment or postponement thereof. Shareholders are cautioned that the transmission of proxies by mail is at each Shareholder’s risk.**

## **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This Management Information Circular includes certain statements and information that constitute “forward-looking statements”, and “forward-looking information” under applicable securities laws (“**forward-looking statements**” and “**forward-looking information**” are collectively referred to herein as “**forward-looking statements**”, unless otherwise stated). Forward-looking statements appear in a number of places in this Management Information Circular and include statements and information regarding the intent, beliefs or current expectations of the Corporation’s officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Corporation’s actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Management Information Circular, words such as “believe”, “anticipate”, “estimate”, “project”, “intend”, “expect”, “may”, “will”, “plan”, “should”, “would”, “contemplate”, “possible”, “attempts”, “seeks” and similar expressions, are intended to identify these forward-looking statements. Forward-looking statements may relate to the Corporation’s future outlook and anticipated events or results and may include statements regarding the Corporation’s future business strategy, plans and objectives. The Corporation has based these forward-looking statements largely on its current expectations and projections about future events. These forward-looking statements were derived utilizing numerous assumptions, and while the Corporation considers these assumptions to be reasonable, based on information currently available, such assumptions may prove to be incorrect. Accordingly, you are cautioned to not put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future events or results.

Forward-looking statements speak only as of the date such statements are made. Except as required by applicable law, the Corporation assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If the Corporation updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. You should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this Management Information Circular are expressly qualified in their entirety by this cautionary statement.

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**While registered Shareholders are entitled to attend the Meeting in person, we strongly recommend that all Shareholders vote by proxy and accordingly ask that registered Shareholders complete, date and sign the enclosed form of proxy a, by delivering the proxy: (i) by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) (please send front and back of proxy); (ii) by online submission (iii) by fax at (800) 517-4553 or (iv) by mail so that it is received by 2:00 p.m. (Calgary time) on June 15, 2021 (or at least 48 hours prior to the commencement of any reconvened Meeting in the event of any adjournment(s) or postponement(s) thereof).**

**If you hold your Common Shares in a brokerage account, you are a non-registered Shareholder or beneficial Shareholder. Beneficial Shareholders who hold their Common Shares through a bank, broker or other financial intermediary should carefully follow the instructions found on the form of proxy or voting instruction form provided to them by their intermediary, in order to cast their vote.**

**Your participation as a Shareholder is very important to the Corporation. Please vote your Common Shares on the matters before the Meeting by proxy and listen to the meeting via teleconference.**

**HIGHWOOD OIL COMPANY LTD. MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF HIGHWOOD OIL COMPANY LTD. (THE “CORPORATION”)** of proxies from the holders of common shares (“**Common Shares**”) for the annual general and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held on Thursday, June 17, 2021 at 2:00 p.m. (Calgary time) at Highwood Oil Company Ltd., 900-222 3rd Avenue S.W., Calgary, Alberta T2P 0B4, or at any adjournment thereof for the purposes set out in the accompanying notice of meeting (“**Notice of Meeting**”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 — *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to Beneficial Shareholders (as defined below) held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

**APPOINTMENT AND REVOCATION OF PROXIES**

**The persons named (the “Management Designees”) in the enclosed instrument of proxy (“Instrument of Proxy”) have been selected by the directors of the Corporation and have indicated their willingness to represent as proxy the shareholder who appoints them. A shareholder has the right to designate a person (whom need not be a shareholder) other than the Management Designees to represent him or her at the Meeting.** Such right may be exercised by inserting in the space provided for that purpose on the Instrument of Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as proxy and should provide instructions on how the shareholder’s shares are to be voted. The nominee should bring personal identification with him to the Meeting. In any case, the form of proxy should be dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form). In addition, a proxy may be revoked by a shareholder personally attending at the Meeting and voting his shares.

A proxy will not be valid unless it is deposited with our transfer agent Odyssey Trust Company(i) by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com) (please send front and back of proxy); (ii) by online submission at <https://login.odysseytrust.com/pxlogin> (iii) by fax at (800) 517-4553 or (iv) by mail to Odyssey Trust Company, 1230 300 5 Ave SW, Calgary, AB. T2P 3C4. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 2:00 p.m. (Calgary Time) on June 15, 2021 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

A shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the shareholder or by his authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Corporation or with Odyssey Trust Company by email to [proxy@odysseytrust.com](mailto:proxy@odysseytrust.com), at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting on the day of the Meeting, or any adjournment thereof. In addition, a proxy may be revoked by the shareholder personally attending the Meeting and voting his shares.

## ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to in this Management Information Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, *not* be registered in the shareholder’s name. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

The Corporation will be delivering proxy-related materials to non-objecting beneficial owners of the Common Shares directly with the assistance of Broadridge. The Corporation intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of the Common Shares.

All references to shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

## VOTING OF PROXIES

Each shareholder may instruct his proxy how to vote his Common Shares by completing the blanks on the Instrument of Proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting (including the voting on any ballot), and where a choice with respect to any matter to be acted upon has been specified in the Instrument of Proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Instrument of Proxy, the Management Designees, if named as proxy, will vote in favour of the matters set out therein. In the absence of any specification as to voting on any other form of proxy, the Common Shares represented by such form of proxy will be voted in favour of the matters set out therein.**

**The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters that may come before the Meeting. In the event that other matters come before the Meeting, the Management Designees intend to vote in accordance with the judgment of management of the Corporation.**

## QUORUM

The by-laws of the Corporation provide that a quorum of shareholders is present at a meeting of shareholders of the Corporation if at least two persons are present in person or by proxy, each of whom is entitled to vote at the meeting, and who holds or represents by proxy not less than 5% of the shares entitled to vote at the meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Management Information Circular (the “**Effective Date**”), which is May 13, 2021, the Corporation has 6,013,964 Common Shares issued and outstanding. There are no other shares of any class issued and outstanding. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

Holders of Common Shares of record at the close of business on May 13, 2021 (the “**Record Date**”) are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held except to the extent that, (a) the holder has transferred the ownership of any of his Common Shares after the Record Date, and (b) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he owns the Common Shares, and demands not later than 10 days before the day of the Meeting that his name be included in the list of persons entitled to vote at the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

To the knowledge of the directors and the executive officers of the Corporation, as at the Effective Date, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, other than as follows:

Name	Number of Common Shares Owned or Controlled <sup>(1)</sup>	Percentage of Common Shares <sup>(2)</sup>
1080766 Alberta Ltd. <sup>(3)</sup>	4,045,862	67.27%

**Notes:**

- (1) Based on information disclosed in the public filings of the applicable party.
- (2) Based on a total of 6,013,965 Common Shares issued and outstanding as at the Effective Date.
- (3) Joel A. MacLeod has beneficial ownership and control of 1080766 Alberta Ltd.

## EXECUTIVE COMPENSATION

### **Compensation Discussion and Analysis**

The Corporation's executive compensation objectives and processes and decisions relating to its Named Executive Officers (as defined below) are administered by the Corporate Governance & Compensation Committee.

#### ***Role and Composition of the Corporate Governance & Compensation Committee***

The Corporation's executive compensation program is administered by the Corporate Governance & Compensation Committee of the Board. The Corporate Governance & Compensation Committee's mandate includes reviewing and making recommendations to the Board in respect of the compensation matters relating to the Corporation's executive officers, employees and directors, including the "Named Executive Officers" who are identified under the heading "*Summary Compensation Table*", below.

The members of the Corporation's Corporate Governance & Compensation Committee are Stephen J. Holyoake (Chair), Trevor Wong-Chor, and Arif Shivji, each of is independent for the purpose of NI-58-101 (see "*Corporate Governance – Board of Directors*").

The skills and experience possessed by members of the Corporate Governance & Compensation Committee were acquired as a result of their experience as described under "*Audit Committee – Relevant Education and Experience*" will assist and enable them to make decisions on the suitability of the Corporation's compensation policies and practice.

The responsibilities of the Corporate Governance & Compensation Committee in respect of compensation matters will include: (i) reviewing and recommending to the Board the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives; (ii) reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation and non-CEO officer and director compensation; (iii) reviewing of executive compensation disclosure; (iv) succession plans for officers and for key employees; and (v) material changes and trends in human resources policy, procedure, compensation and benefits. The Corporate Governance & Compensation Committee will have unrestricted access to the Corporation's personnel and documents and is provided with the resources necessary, including, as required, the engagement and compensation of outside advisors, to carry out its responsibilities.

#### ***Compensation Principles and Objectives***

The Corporation's compensation program supports its commitment to deliver strong performance for its Shareholders. The compensation policies are designed to attract, recruit and retain quality and experienced people. In addition, the compensation program is intended to create an alignment of interests between the Corporation's executive officers and other employees with the long-term interests of the Shareholders to ultimately enhance share value. In this way, a significant portion of each executive's compensation is linked to maximizing Shareholder value.

The compensation program supports the Corporation's long-term growth strategy and is designed to:

- (i) align executive compensation with corporate performance and appropriate peer group comparisons;
- (ii) produce long-term, positive results for Shareholders;
- (iii) provide market competitive compensation and benefits to attract and retain highly qualified management; and

- (iv) provide incentives that encourage superior corporate performance to support the Corporation's overall business strategy and objectives.

The Corporation adopted a compensation program that covers the following key short-term elements: (i) a base fixed amount of salary and benefits; (ii) a performance-based cash bonus; and the following key long-term elements: (iii) options to purchase Common Shares ("**Options**") granted under the Corporation's stock option plan ("**Option Plan**"); (iv) restricted share units ("**RSUs**") granted under the Corporation's restricted share unit plan ("**RSU Plan**"); and (v) performance share units ("**RSUs**") granted under the Corporation's performance share unit plan ("**RSU Plan**").

The Corporation intends to review the public disclosure available for other comparable oil and gas companies to assist in determining the competitiveness of base salary, bonuses, benefits and stock options paid to each of the executive officers of the Corporation. The Corporation believes that such review will provide a good basis for assessing the competitiveness of the Corporation's compensation.

In arriving at base salaries and granting of Options, PSUs and RSUs for, and to, employees, including executive officers of the Corporation, other than the President and Chief Executive Officer, the President and Chief Executive Officer of the Corporation will make recommendations to the Corporate Governance & Compensation Committee. Upon the receipt of the recommendations, the Corporate Governance & Compensation Committee will review the recommendations and may request the compensation data compiled by the Corporation and will determine whether to accept the recommendations or make any changes. The Corporate Governance & Compensation Committee will determine its recommendation with respect to compensation of the President and Chief Executive Officer in consultation with the other independent directors. Consultation between the President and Chief Executive Officer and the Corporate Governance & Compensation Committee is customary during this process. In the case of the grant of Options, PSUs and RSUs, the Corporate Governance & Compensation Committee, in consultation with the President and Chief Executive Officer, will make a recommendation to the Board for consideration and approval.

Bonus levels for the senior executive officers will be established by the Corporate Governance & Compensation Committee. Bonus awards for executive officers are discretionary and certain performance measures will be used by the Corporation in consideration of short-term incentive awards. No maximum bonus has been established for any executive officer. Establishment and payment of bonuses is subject to approval of the Board.

While the Corporation does not expect that the Corporate Governance & Compensation Committee will formally consider the implications of the risks associated with the Corporation's compensation policies and practices, the Corporate Governance & Compensation Committee will take into consideration the various components of the Corporation's compensation program when assessing whether the program supports the Corporation's principles and objectives and will review the Corporation's compensation policies on a regular basis.

### ***Elements of Compensation***

#### ***Named Executive Officers***

Individuals who are acting in a capacity similar to a Chief Executive Officer, Chief Financial Officer and the three most highly compensated executive officers whose total compensation exceeds \$150,000 per annum for the year ended December 31, 2020 are the "**Named Executive Officers**" herein.

#### ***Base Salary***

The objective of base salary compensation is to reward and retain Named Executive Officers and other employees. The program is designed to reward Named Executive Officers and other employees for maximizing Shareholder value in a volatile commodity-based business in a safe, environmentally responsible, regulatory compliant and ethical manner. In setting base compensation levels, consideration is given to such factors as level of responsibility,

experience, expertise and the amount of time devoted to the affairs of the Corporation. Subjective factors such as leadership, commitment and attitude are also considered. It is the goal of the Corporation to pay base salary compensation in the range of industry peers in order to retain the Named Executive Officers and other employees while maintaining the overall goal that total compensation should be weighted more heavily toward variable and long-term performance-based components.

#### *Cash Bonus*

The objective of performance-based bonuses is to incentivize the maximization of Shareholder value by the Named Executive Officers and other employees, taking into consideration the operating and financial performance by both the Corporation and the efforts and results of the Named Executive Officers and other employees. Increases in the value of the Corporation will result in increases in the amounts paid to the Named Executive Officers and other employees. Short-term incentive awards will include an annual cash bonus award with maximum percentage amounts in line with the percentages paid by the Corporation's peer group.

#### *Stock Options*

As of December 31, 2020 and as of the Effective Date, Highwood had 173,368 and 167,368, respectively, Options outstanding.

The Corporation adopted the Option Plan to remain competitive in the energy industry, and the granting of reasonable levels of share-based incentive awards is used as part of the Corporation's overall compensation package. These share-based incentive awards provide an incentive for all of The Corporation's service providers to ensure they are striving to maximize Shareholder value. The Board believes this established policy of awarding share-based awards meets the Corporation's business objectives provided the total number of share-based awards outstanding at any time is limited to a maximum of 10% of the Corporation's outstanding Common Shares.

The following is a summary of certain provisions of the Option Plan, which is qualified in its entirety by the full text of the Option Plan.

As used in this Management Information Circular, "**Share Based Compensation Arrangement**" has the meaning ascribed to "security based compensation arrangements" in Part VI of the Company Manual of the Toronto Stock Exchange, as amended from time to time.

#### *Option Plan Summary*

The Option Plan permits the granting of Options to directors, officers and employees of, and consultants to, the Corporation. The Option Plan limits the total number of Common Shares that may be issued on exercise of Options outstanding at any time under the Option Plan to 10% of the number of Common Shares issued and outstanding (less the number of Common Shares reserved for issuance under any other Share Based Compensation Arrangement of the Corporation, including the RSU Plan), subject to the following additional limitations:

- (i) the aggregate number of Options granted to any one participant (and companies wholly owned by that participant) in a 12 month period must not exceed 5% of the issued and outstanding Common Shares, calculated on the date an Option is granted to the person (unless the Corporation has obtained the requisite disinterested Shareholder approval), less the aggregate number of Common Shares reserved for issuance to such person under any other Share Based Compensation Arrangement of the Corporation;
- (ii) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders of the Corporation (as a group) at any point in time must not exceed 10% of the issued and outstanding Common Shares, less the aggregate number of Common Shares reserved for issuance to Insiders under any other Share Based Compensation Arrangement of the Corporation; and

- (iii) the grant to Insiders (as a group), within a 12-month period, of an aggregate number of Options must not exceed 10% of the issued and outstanding Common Shares, calculated at the date an Option is granted to any Insider, less the aggregate number of Common Shares reserved for issuance to Insiders under any other Share Based Compensation Arrangement of the Corporation.

Each Option and all rights thereunder will expire on the date set out in the applicable option agreement. Under the Option Plan, in the event of the death of a participant, the Options previously granted to such participant will be exercisable only within one year after such death and then only to the extent that such deceased participant was entitled to exercise his Option at the date of his death. In the event that a participant shall cease to be a director, officer, consultant or employee of the Corporation or ceases to be a Management Company Employee (as defined in the Option Plan), for any reason (other than death), such Participant may exercise his or her Option to the extent that the participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the participant ceases to be a director, officer, consultant, employee or a Management Company Employee, subject to extension at the discretion of the Board.

Pursuant to the Option Plan, the exercise price shall be fixed by the Board at the time that the Option is granted; however, no Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Common Shares on any stock exchange on which the Common Shares are then listed on the first day preceding the date of grant. The Option Plan also provides that the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, subject to any vesting restrictions imposed by any stock exchange on which the Common Shares are then listed.

The Option Plan includes a black-out provision. Pursuant to the policies of the Corporation respecting restrictions on trading, there are a number of periods each year during which directors, officers and certain employees are precluded from trading in the Corporation's securities. These periods are referred to as "black-out periods". A black-out period is designed to prevent a person from trading while in possession of material information that is not yet available to other Shareholders. The Option Plan includes a provision that, should an Option expiration date fall within a black-out period or immediately following a black-out period, the expiration date will automatically be extended without any further act or formality, to that date which is the 10th business day after the end of the black-out period, and the 10 business day period may not be further extended by the Board.

Based on the policies of the TSXV and industry practice, the Option Plan specifies the types of amendments to the Option Plan and the Options granted thereunder that can be made by the Board without the approval of the Shareholders. The Option Plan allows the Board to terminate or discontinue the Option Plan at any time without the consent of the Option holders, provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Option Plan. The only amendments to the Option Plan that would be subject to Shareholder approval are amendments that would:

- (i) reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option;
- (ii) extend the expiry date of an Option held by an Insider of the Corporation (subject to such date being extended by virtue of the black-out provision noted above and the participant ceasing to be an eligible participant under the Option Plan);
- (iii) amend the limitations on the maximum number of Common Shares reserved or issued to Insiders and independent directors;
- (iv) permit a participant to transfer or assign Options to a new beneficial owner other than for estate settlement purposes;
- (v) increase the maximum number of Common Shares issuable pursuant to the Option Plan; or

- (vi) amend the amendment provisions of the Option Plan.

Pursuant to the Option Plan, all benefits, rights and options accruing to any participant are not transferable or assignable unless in the event of the death of a participant.

The Option Plan is administered by the Board (or a committee thereof), which has the power, subject to the limits imposed by the Option Plan, to (i) award Options under the Option Plan; and (ii) determine the terms under which Options are granted. In determining the persons to whom Options will be granted, the Board takes into account such factors as it determines in its sole discretion, which may include any one or more of the following:

- (i) compensation data for comparable benchmark positions among the Corporation's peer group;
- (ii) the duties, responsibilities, position and seniority of the grantee;
- (iii) various corporate performance measures for the applicable period compared with internally established performance measures approved by the Board and/or similar performance measures of members of the Corporation's peer group for such period;
- (iv) the individual contributions and potential contributions of the grantee to the Corporation's success;
- (v) any bonus payments paid to or to be paid to the optionee, and any previous stock options granted to the optionee, in respect of his or her individual and potential contributions to the Corporation's success;
- (vi) the fair market value or current market price of the Common Shares at the time of such grant; and
- (vii) such other factors as the Board deems relevant in its sole discretion in connection with accomplishing the purposes of the Option Plan.

#### *Restricted Share Units*

As of December 31, 2020 and the Effective Date, Highwood had 154,500 and 148,500, respectively, RSUs outstanding.

The Corporation adopted the RSU Plan to remain competitive in the energy industry, and the granting of reasonable levels of share based incentive awards is used as part of the Corporation's overall compensation package. These share based incentive awards provide an incentive for all of the Corporation's service providers to ensure they are striving to maximize Shareholder value. The Board believes this established policy of awarding share based awards meets the Corporation's business objectives provided the total number of share based awards outstanding at any time is limited to a maximum of 10% of the Corporation's outstanding Common Shares.

The following is a summary of certain provisions of the RSU Plan, which is qualified in its entirety by the full text of the RSU Plan.

#### *RSU Plan Summary*

The RSU Plan is administered by the Board (or a committee thereof) which has the power, subject to the limits imposed by the RSU Plan, to: (i) award RSUs; (ii) determine the terms under which RSUs are granted; (iii) interpret the RSU Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the RSU Plan; and (iv) make all other determinations and take all other actions in connection with the implementation and administration of the RSU Plan. In awarding RSUs pursuant to the RSU Plan, the Board takes into consideration, among other factors, whether previous RSUs have been awarded to the individual.

RSUs may be granted to directors, officers, employees and consultants under the RSU Plan. The RSU Plan is a fixed plan which reserves for issuance a maximum of 240,500 Common Shares (being approximately 4% of the currently issued and outstanding Common Shares).

Unless otherwise approved by the Shareholders (or permitted by the rules of any stock exchange on which the Common Shares might then be listed and posted for trading), the RSU plan provides the following limitations:

- (i) the maximum number of Common Shares which may be reserved for issuance to Insiders under the RSU Plan, together with any other Share Based Compensation Arrangements, may not exceed 10% of the issued and outstanding Common Shares from time to time;
- (ii) the maximum number of RSUs that may be granted to Insiders under the RSU Plan, together with any other Share Based Compensation Arrangements, within a 12-month period, may not exceed 2% of the issued and outstanding Common Shares calculated on the date such RSUs are granted;
- (iii) the maximum number of RSUs that may be granted to any one Insider under the RSU Plan, may not exceed 1% of the issued Common Shares calculated on the date such RSUs are granted; and
- (iv) the maximum number of RSUs that may be granted to any one participant under the RSU Plan, together with any other Share Based Compensation Arrangements, within a 12-month period, may not exceed 5% of the issued Common Shares calculated on the date such RSUs are granted.

In the event that the Corporation declares a dividend while RSUs are outstanding, each account holding outstanding RSUs shall be credited with a dividend equivalent in the form of additional RSUs, should the Board so determine in its sole discretion. Such dividend equivalent, if any, shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of RSUs recorded in a participant's account on the record date for the payment of such dividend, by (b) the market price of the dividend, with fractions computed to three decimal places.

Vested RSUs may be redeemed by a participant for Common Shares (with each full RSU to be redeemed for one Common Share) or, at the election of the Board, a lump sum payment equal to the amount determined by multiplying the number of RSUs to be redeemed by the market price of the Common Shares at such time.

Pursuant to the RSU Plan, there are no mandatory vesting provisions. At the discretion of the Board (or a committee thereof), RSUs granted under the RSU Plan may contain vesting conditions and the initial grant of RSUs have vesting provisions of one-third vesting on each anniversary date of the RSUs. The RSUs have a maximum expiry date of year end on the third year from grant.

All RSUs will be exercisable only by the person to whom they are granted and are non-assignable and non-transferable, except as explicitly provided for under the RSU Plan.

The "market price" of a Common Share for the purposes of the RSU Plan means the closing price of the Common Shares on any stock exchange on which the Common Shares are then listed on the first day preceding the date of grant. If the Common Shares are not listed on any stock exchange, the "market price" of a Common Share on a particular date shall be determined by the Board in its sole discretion.

Unless otherwise determined by the Board, in its sole discretion:

- (i) upon the voluntary resignation or the termination for cause of a participant, all of the participant's RSUs which remain unvested will be forfeited; and
- (ii) upon the termination without cause, the retirement or death of a participant, the participant will have a number of RSUs become vested in a linear manner equal to the sum for each grant of RSUs of the original

number of RSUs granted multiplied by the number of completed months of employment since the date of grant divided by the number of months required to achieve the full vesting of such RSUs.

Upon a change of control, all RSUs at that time outstanding but unvested will automatically and irrevocably become vested in full.

The RSU Plan contains provisions for the Board to make adjustments to the RSU Plan, RSUs and any agreement representing RSUs that are outstanding under the RSU Plan that it considers appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to participants in the event of adjustments in the number of Common Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares, the payment of stock dividends by the Corporation (other than dividends in the ordinary course) or other relevant changes in the capital of the Corporation or from a proposed merger, amalgamation or other corporate arrangement or reorganization involving the exchange or replacement of Common Shares of the Corporation for those in another corporation.

If the redemption date for an RSU occurs during or within 10 business days of a black-out period applicable to such participant, then the redemption date will be extended to the close of business on the 10th business day following the expiration of such period.

Shareholder approval is required for the following amendments to the RSU Plan (provided that such Shareholder approval is then a requirement of the stock exchange on which the Corporation is then listed):

- (i) the eligibility of a participant in the RSU Plan;
- (ii) removing or exceeding the limits on participation in the RSU Plan;
- (iii) increasing the maximum number of Common Shares that are issuable under the RSU Plan; and
- (iv) granting additional powers to the Board to amend the RSU Plan without Shareholder approval.

Subject to the policies of any stock exchange on which the Common Shares might then be listed or posted for trading, the RSU Plan may be amended without Shareholder approval for the following:

- (i) amendments of a “housekeeping” nature;
- (ii) amendments necessary to comply with the provisions of applicable law or the applicable rules of the stock exchange, including with respect to the treatment of RSUs granted under the RSU Plan;
- (iii) amendments respecting the administration of the RSU Plan;
- (iv) any amendments necessary to suspend or terminate the RSU Plan; and
- (v) any other amendment not requiring Shareholder approval under applicable law (including the policies of the stock exchange).

#### *Performance Share Units*

As of December 31, 2020 and the date of this document, there are currently no PSUs outstanding.

The Corporation adopted the PSU Plan with the goal of advancing the interests of the Corporation by encouraging the eligible participants to hold Common Shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

The following is a summary of certain provisions of the PSU Plan, which is qualified in its entirety by the full text of the PSU Plan.

#### *PSU Plan Summary*

The PSU Plan is administered by the Board which has the power, subject to the limits imposed by the PSU Plan, to: (i) award PSUs; (ii) determine the terms under which PSUs are granted; and (iii) interpret the PSU Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the PSU Plan. The PSU Plan provides for the grant of PSUs based on the most recent year's corporate performance.

PSUs may be granted to officers and employees of the Corporation at the Board's discretion. Directors are not eligible to receive PSUs unless they provide ongoing day-to-day management services to the Corporation.

Payments under the PSU Plan will be in the form of cash amounts which are used to make purchases in the market for Common Shares. The awards, if any, will not have a dilutive effect on Shareholders and will align the interests of the executive officers and employees with all Shareholders. As a result, the PSU Plan provides a link to short-term performance, alignment to long-term Shareholder interests and enables retention of employees and officers without the dilutive aspects of issuing Common Shares from treasury or granting under Share Based Compensation Arrangements.

Dividends declared by the Corporation while unvested PSUs remain outstanding will be paid on such PSUs and will remain allocated to such eligible participant's account or used to purchase additional Common Shares to be allocated to such eligible participant's account.

PSUs shall vest equally over a three-year period, unless otherwise determined by the Board in its sole discretion. If the eligible participant leaves the employment of the Corporation for any reason, all unvested PSUs will be immediately forfeited by the eligible participant.

On the applicable vesting date, all unvested Common Shares acquired pursuant to a PSU award grant, together with all dividends, including any dividends from additional unvested Common Shares purchased with the dividends on such Common Shares acquired pursuant to the PSU award grant, shall vest in the participant and become unrestricted Common Shares. The unrestricted Common Shares, less any deductions necessary to cover income taxes, shall then be distributed to such participant.

It is anticipated that the size of the PSU awards to be granted will vary depending upon the Corporation's performance in the most recent year as measured by the performance scorecard that is anticipated to be established to determine the short-term incentive program payout. For executive officers, PSU awards are anticipated to be based on corporate performance and that at or below the minimum level of corporate performance, no PSUs will be awarded. Future realized values at the time of vesting will reflect stock price, performance and reinvested dividends over the vesting period.

In determining awards granted pursuant to the PSU Plan, the Board will take into consideration any previous awards granted.

#### ***Restrictions on Purchase of Financial Instruments***

The Corporation's Insider Trading and Reporting Policy provides that the practice of selling "short" securities of the Corporation and the practice of buying or selling a "call" or "put" or any other derivative security in respect of any securities of the Corporation (except with respect to securities issued by the Corporation such as warrants or convertible debentures) is not permitted at any time by the directors, officers and employees of the Corporation.

## Summary Compensation Table

The following table sets forth all annual and long term compensation for the three most recently completed financial years for services in all capacities to the Corporation and its subsidiaries, if any, in respect of individual(s) who were acting as, or were acting in a capacity similar to, a chief executive officer or chief financial officer and the three most highly compensated individuals whose total compensation exceeded \$150,000 per annum (the “Named Executive Officers”).

SUMMARY COMPENSATION TABLE									
Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation(\$)	Total Compensation(\$)
					Annual Incentive Plans <sup>(3)</sup>	Long-Term Incentive Plans			
<b>Greg Macdonald</b> President and Chief Executive Officer	2020	162,613	165,000	94,200	290,141	Nil	Nil	Nil	711,954
	2019	183,677	324,000	189,450	Nil	Nil	Nil	Nil	697,127
	2018	167,063	Nil	Nil	39,068	Nil	Nil	Nil	206,131
<b>Kelly McDonald</b> Vice President, Exploration	2020	162,613	148,500	84,780	250,524	Nil	Nil	Nil	646,417
	2019	183,677	324,000	189,450	Nil	Nil	Nil	Nil	697,127
	2018	167,063	Nil	61,900	39,068	Nil	Nil	Nil	268,031
<b>Graydon Glans</b> Chief Financial Officer	2020	162,613	148,500	84,780	135,856	Nil	Nil	Nil	531,749
	2019	183,677	324,000	189,450	Nil	Nil	Nil	Nil	697,127
	2018	167,063	Nil	41,200	39,068	Nil	Nil	Nil	247,331

### Notes:

- (1) “**Share-Based Award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) “**Option-Based Award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features. The Corporation follows the fair value method of accounting for all stock-based compensation arrangements. The values reported represent an estimate of the grant date fair value of the Options calculated in accordance with the Black-Scholes option pricing model. Please see the audited annual financial statements of the Corporation for the year ended December 31, 2020, 2019 and 2018 for details regarding the assumptions underlying these Black-Scholes estimates. The Black-Scholes model is a pricing model that may or may not reflect the actual value of the Options. The Black-Scholes methodology was selected in order to maintain consistency with the Corporation’s prior practice and because it is widely used by Canadian public companies for estimated option-based compensation.
- (3) Represents cash bonuses paid to Named Executive Officers for the respective year and/or accrued in the respective year and paid subsequent to December 31<sup>st</sup>.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth details of all awards outstanding for each Named Executive Officer of Highwood as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name and Title	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$) <sup>(2)</sup>	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) <sup>(2)</sup>
<b>Greg Macdonald</b> President and Chief Executive Officer	22,000 7,000 10,000	9.00 18.00 16.50	Jan. 22, 2024 Oct. 30, 2024 Aug 27, 2025	Nil Nil Nil	22,000	154,000	119,000
<b>Kelly McDonald</b> Vice President, Exploration	22,000 7,000 9,000	9.00 18.00 16.50	Jan. 22, 2024 Oct. 30, 2024 Aug 27, 2025	Nil Nil Nil	21,000	147,000	119,000
<b>Graydon Glans</b> Chief Financial Officer	22,000 7,000 9,000	9.00 18.00 16.50	Jan. 22, 2024 Oct. 30, 2024 Aug 27, 2025	Nil Nil Nil	21,000	147,000	119,000

**Notes:**

- (1) Calculated based on the difference between the closing price of \$7.00 per Common Share on the TSX on December 31, 2020, the last day the Common shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (2) Calculated based on the difference between the closing price of \$7.00 per Common Share on the TSX on December 31, 2020, the last day the Common shares were traded before the year end, and the exercise price of the share-based award, multiplied by the number of Common Shares available for the purchase under the share-based award.

None of the awards have been transferred at other than fair market value.

***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for each Named Executive Officer.

Name and Title	Option-Based Awards - Value vested during the year (\$)	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
<b>Greg Macdonald</b> President and Chief Executive Officer	Nil	67,667	Nil
<b>Kelly McDonald</b> Vice President, Operations	Nil	67,667	Nil
<b>Graydon Glans</b> Chief Financial Officer	Nil	67,667	Nil

## **Pension Plan Benefits**

The Corporation does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

## **Termination and Change of Control Benefits**

Highwood entered into executive employment agreements with each Named Executive Officer (the “**Employment Agreement**”). The following is a summary of the material terms and conditions of the agreements for such Named Executive Officers.

Each of the executive Employment Agreements with each of the Named Executive Officers is substantially the same.

The Named Executive Officers have agreed to serve the named capacity for the Corporation and will continue until terminated under the terms of the Employment Agreement.

The Employment Agreement sets out the duties and terms of employment, as well as compensation, benefits, and incentives. Under the terms of the Employment Agreement, each Named Executive Officer will have an initial annual salary payable in an amount of \$185,000, which amount will be subject to annual review by the Board or the Corporate Governance & Compensation Committee.

The Employment Agreements include confidentiality and non-solicitation provisions which extend beyond termination of the agreement. The non-solicitation provision extends for 12 months following termination. In the event the Named Executive Officer’s employment is terminated by the Corporation with cause, by voluntary resignation of the Named Executive Officer, or by reason of illness, disability or incapacity, the Named Executive Officer is entitled to receive, due and payable in a lump sum within seven days following the date of termination, the portion of his annual salary and benefits earned up to the date of termination not already paid. In the event the Named Executive Officer’s employment is terminated by the Corporation without cause, the Named Executive Officer is entitled to receive, due and payable in a lump sum on the 15<sup>th</sup> day following the last day worked by the Named Executive Officer: (i) all salary earned, but not yet paid, up to the last day actually worked by the Executive, as well as all vacation pay due and owing as of such date; (ii) any accrued but unpaid annual bonuses; and (iii) a retiring allowance equal to \$169,125 plus the annual average of any annual bonus amounts over the previous two years. Upon a change of control, all Options, RSUs and PSUs granted to the Named Executive Officer prior to the change of control but unvested will automatically and irrevocably become vested in full. A change of control for the Corporation does not automatically trigger a payout of items (i) (ii) & (iii) as listed above. Only in the event the Named Executive Officer ceases to have an executive position in the Corporation following the change of control would they be entitled to (i) (ii) & (iii) as identified above.

## **DIRECTOR COMPENSATION**

The Corporation currently has four directors, one of which, Greg Macdonald, is also a Named Executive Officers. For a description of the compensation paid to the Named Executive Officers who also act as directors of the Corporation, see “*Executive Compensation*”.

The Corporate Governance & Compensation Committee is responsible for the development and implementation of a compensation plan for the Outside Directors. The Corporation does not pay any compensation to officers for acting as a director.

Members of the Board of Directors are not paid any remuneration in their capacities as such. Directors are reimbursed, however, for miscellaneous out-of-pocket expenses in carrying out their duties as directors and are granted Options and RSUs pursuant to the Option Plan and RSU Plan, respectively, from time to time. The Corporate Governance & Compensation Committee determines the number of Options awarded to directors. When

determining the number of Options to be granted to directors, consideration is given to the number of Options previously granted to the directors and the fact that the directors do not receive any other form of compensation.

### Director Compensation Table

The following table sets forth all compensation provided to directors who are not also Named Executive Officers (the “**Outside Directors**”) of the Corporation for the financial year ended December 31, 2020.

Name	Fees Earned (\$)	Share-Based Awards (\$) <sup>(1)</sup>	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Stephen J. Holyoake	Nil	8,250	4,710	Nil	Nil	Nil	12,960
Trevor Wong-Chor	Nil	8,250	4,710	Nil	Nil	Nil	12,960
Arif Shivji	Nil	8,250	4,710	Nil	Nil	Nil	12,960

#### Notes:

- (1) “**Share-Based Award**” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.
- (2) “**Option-Based Award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights and similar instruments that have option-like features.

### Incentive Plan Awards

#### *Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth details of all awards outstanding for each Outside Director of the Corporation as of the most recent financial year end, including awards granted before the most recently completed financial year.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Option <sup>(1)</sup> (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$) <sup>(2)</sup>	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) <sup>(2)</sup>
Stephen J. Holyoake	2,000	9.00	Jan. 22, 2024	Nil	1,500	10,500	10,500
	500	18.00	Oct. 30, 2024	Nil			
	500	16.50	Aug 27, 2025	Nil			
Trevor Wong-Chor	2,000	9.00	Jan. 22, 2024	Nil	1,500	10,500	10,500
	500	18.00	Oct. 30, 2024	Nil			
	500	16.50	Aug 27, 2025	Nil			
Arif Shivji	2,000	9.00	Jan. 22, 2024	Nil	1,500	10,500	10,500
	500	18.00	Oct. 30, 2024	Nil			
	500	16.50	Aug 27, 2025	Nil			

**Notes:**

- (1) Calculated based on the difference between the closing price of \$7.00 per Common Share on the TSX on December 31, 2020, the last day the Common shares were traded before the year end, and the exercise price of the option-based award, multiplied by the number of Common Shares available for the purchase under the option-based award.
- (2) Calculated based on the difference between the closing price of \$7.00 per Common Share on the TSX on December 31, 2020, the last day the Common shares were traded before the year end, and the exercise price of the share-based award, multiplied by the number of Common Shares available for the purchase under the share-based award.

None of the awards disclosed in the table above have been transferred at other than fair market value.

***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets forth the value of option-based awards and share-based awards which vested or were earned during the most recently completed financial year for the Outside Directors of the Corporation.

Name	Option-Based Awards - Value vested during the year (\$) <sup>(1)</sup>	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Stephen J. Holyoake	Nil	10,500	N/A
Trevor Wong-Chor	Nil	10,500	N/A
Arif Shivji	Nil	10,500	N/A

***Narrative Discussion***

For information regarding the Option Plan please see “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Stock Options*” and “*Particulars of Matters to be Acted Upon – Approval of Stock Option Plan*”.

**Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The Option Plan and the RSU Plan were approved and adopted by the Corporation on January 23, 2019.

The Option Plan and the RSU Plan reserve for issuance, in the aggregate, a maximum 10% of the Corporation’s issued and outstanding Common Shares from time to time. The Option Plan is a ‘rolling’ plan which reserves for issuance a maximum of 10% of the issued and outstanding Common Shares (less the number of Common Shares reserved for issuance under any other Share Based Compensation Arrangement of the Corporation, including the RSU Plan). The RSU Plan is a fixed plan which reserves for issuance a maximum of 2% of the issued and outstanding Common Shares.

As at December 31, 2020, Highwood had granted 173,368 Options, 154,500 RSUs, and no PSUs.

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation’s most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)</b>
Equity compensation plans approved by securityholders	327,868	11.92	273,529
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>327,868</b>	<b>11.92</b>	<b>273,529</b>

**Notes:**

- (1) At December 31, 2020, the number of Common shares to be issued upon the exercise of outstanding RSU's was 154,500, the weighted average exercise price of such RSU's was \$Nil. At December 31, 2020, the number of Common shares to be issued upon the exercise of outstanding Options was 173,368, the weighted average exercise price of such Option's was \$11.92.

**MANAGEMENT CONTRACTS**

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

**INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Corporation or its subsidiaries nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation or its subsidiaries nor has any such person been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation except as disclosed in the audited financial statements.

**INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth herein or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, proposed nominee for election as a director or any shareholder holding more than 10% of the voting rights attached to the Common Shares or any associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation or its subsidiaries.

## AUDIT COMMITTEE

The Audit Committee is a committee of the Board to which the Board delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the shareholders, the relationship between the Corporation and the external auditor.

Pursuant to National Instrument 52-110 — *Audit Committees* (“**NI 52-110**”) the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

### Audit Committee Terms of Reference

The Corporation must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The terms of reference of the Audit Committee are attached hereto as Schedule “A”.

### Audit Committee Composition

The following are the members of the Audit Committee as at the date hereof:

Stephen J. Holyoake	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Trevor Wong-Chor	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Arif Shivji	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>

**Note:**

(1) As defined by NI 52-110.

The Board believes the composition of the Audit Committee reflects a high level of financial literacy and expertise. The Board has determined that each member of the Audit Committee is ‘financially literate’ and ‘independent’ within the meaning of applicable Canadian securities laws based on each member’s education and experience, a description of which is set forth below.

### Relevant Education and Experience

All of the members of the Audit Committee have been either directly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of the Audit Committee. All members have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

#### Stephen J. Holyoake

- Mr. Holyoake is currently the President and Chief Executive Officer of Fireweed (since February, 2017). He is also currently a director of Tidewater Midstream and Infrastructure Ltd. (since April, 2016), and Highwood Oil (since October, 2012). Prior thereto, Mr. Holyoake was Vice President, Drilling and Completions of Tangle Creek Energy Ltd. from May, 2012 to February, 2017. Prior thereto, Mr. Holyoake was Vice President, Operations of SkyWest Energy Corp. from May, 2010 to November, 2011.

Mr. Holyoake brings over 20 years of operations, engineering and management experience to the Corporation. He has worked in all disciplines of the oil and gas business from exploration to midstream operations. Mr. Holyoake is a Professional Engineer and obtained his Degree in Petroleum Engineering from Montana School of Mines in 1997 and a Petroleum Engineering Technology Diploma from the Southern Alberta Institute of Technology in 1993.

Trevor Wong-Chor

- Partner with DLA Piper (Canada) LLP (and its predecessor firms) since September, 2004. Prior thereto, Partner and Associate at Borden Ladner Gervais LLP (and its predecessor firms) from 1998 to 2004.

He is a corporate secretary or director of a number of public and private companies. Mr. Wong-Chor obtained a Bachelor of Arts degree from the University of Victoria in 1992 and a Bachelor of Laws degree from the University of Calgary in 1997.

Arif Shivji

- Mr. Shivji is a Chartered Accountant, CFA Charterholder and holds an MBA from the Richard Ivey School of Business. He has over 20 years of financial and management experience with entities of various sizes in the Canadian energy sector. Mr. Shivji was the CFO of Highwood from 2012 to 2014 and was the CFO of Predator Midstream Ltd. from 2012 until the sale of the company's assets in August 2014 to Secure Energy Services. Previously, he was Manager of Transaction Services with PWC Advisory. Mr. Shivji is director of Mongoose Mining Ltd. and CEO/director of the Hoist Capital Corp., which are listed on the CSE the TSX-V exchange respectively.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemption*).

### **Pre-Approval Policies and Procedures**

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described in the terms of reference of the Audit Committee attached hereto as Schedule "A" under the heading "*External Auditors*".

### **External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two (2) fiscal years for audit and other fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees (\$) <sup>(1)</sup></b>	<b>Audit Related Fees (\$) <sup>(2)</sup></b>	<b>Tax Fees (\$) <sup>(3)</sup></b>	<b>All Other Fees (\$) <sup>(4)</sup></b>
2020	\$158,360	-	\$9,450	-
2019	\$173,800	-	\$31,000	-

#### **Notes:**

- (1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Corporation'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.
- (4) All other fees include fees for products and services provided by the Auditor, other than the services reported above.

**Exemption**

The Corporation is relying upon the exemption in Section 6.1 of NI 52-110.

**CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders of the Corporation, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices, which are both in the interest of the shareholders of the Corporation and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”), the Corporation is required to disclose its corporate governance practices as summarized below.

**Board of Directors**

The Board is currently comprised of four directors, Greg Macdonald, Stephen J. Holyoake, Trevor Wong-Chor, and Arif Shivji.

Stephen J. Holyoake, Trevor Wong-Chor, and Arif Shivji are independent directors of the Corporation and have no ongoing interest or relationship with the Corporation other than their security holdings in the Corporation and serving as directors.

Greg Macdonald, the President and Chief Executive Officer of the Corporation, is a member of management and, as a result, is not an independent director. The Board is responsible for determining whether a director is an independent director.

National Policy 58-201 – *Corporate Governance Guidelines* suggests that the Board of a public corporation should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement. The Board is comprised of a majority of independent directors.

**Directorships**

The following directors of the Corporation are directors of other reporting issuers:

Director	Other Reporting Issuers
Greg Macdonald	Hoist Capital Corp.
Arif Shivji	Hoist Capital Corp. Mongoose Mining Ltd.
Stephen J. Holyoake	Tidewater Midstream and Infrastructure Ltd. Hoist Capital Corp.
Trevor Wong-Chor	Rider 2 Investment Capital Corp.

## **Orientation and Continuing Education**

At present, each new director is given an outline of the nature of the Corporation's business, its corporate strategy, and current issues with the Corporation along with a description of the committees constituted by the Board. New directors are also expected to be required to meet with management of the Corporation to discuss and better understand the Corporation's business and will be advised by counsel to the Corporation of their legal obligations as directors of the Corporation. The introduction and education process will be reviewed on an annual basis by the Board and will be revised as necessary.

## **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation. The Board has also found that the in camera sessions of the independent directors held in conjunction with Board meetings also help to ensure that directors exercise independent judgement in considering transactions and agreements.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, directors must comply with the conflict of interest provisions of the ABCA, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

## **Nomination of Directors**

The Board presently seeks and determines new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among the Board members and officers.

## **Compensation**

The remuneration of the directors and the Chief Executive Officer of the Corporation will be set and periodically reviewed by the Board on the recommendation of the Corporate Governance & Compensation Committee. The Corporate Governance & Compensation Committee is currently composed of Stephen J. Holyoake (Chair), Trevor Wong-Chor and Arif Shivji, all of whom are considered "independent" by the Board.

The Corporate Governance & Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer and director performance and will evaluate performance to determine compensation. The Corporate Governance & Compensation Committee will also make recommendations to the Board regarding compensation, including incentive and equity-based compensation plans and review director and executive officer compensation disclosure prior to public disclosure. See "*Executive Compensation*" and "*Director Compensation*".

## **Other Board Committees**

In addition to the Audit Committee and the Corporate Governance & Compensation Committee, the Board has established the Reserves, Safety and Environment Committee, composed of three "independent" directors which is responsible for assisting the Board in fulfilling its oversight responsibilities in general and, in particular, with

respect to: (i) the oil and gas reserves evaluation process and the public disclosure of reserves data and related information as required by National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*; and (ii) environment and safety issues affecting the Corporation, including the evaluation of the Corporation’s programs, controls and reporting systems and its compliance with applicable laws, rules and regulations.

### **Assessments**

The Board has not implemented a process for assessing its effectiveness. As a result of the Corporation’s size, its stage of development and the limited number of individuals on the Board, the Board has considered a formal assessment process to be inappropriate at this time.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### **1. Report and Financial Statements**

The Board has approved all of the information in the audited financial statements of the Corporation for the financial year ended December 31, 2020 and the report of the auditor thereon, copies of which are delivered herewith and are also available on [www.sedar.com](http://www.sedar.com) under the Corporation’s SEDAR profile. No vote by the shareholders is required to be taken on the financial statements.

### **2. Fix Number of Directors to be Elected at the Meeting**

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution fixing the number of directors to be elected at the Meeting. In order to be effective, an ordinary resolution requires the approval of a majority of the votes cast by shareholders who vote in respect of the resolution.

At the Meeting, it will be proposed that [four] directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at [four].**

### **3. Election of Directors**

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee’s municipality of residence, principal occupation at the present and during the preceding five years, the period during which the nominee has served as a director, and the number and percentage of Common Shares that the nominee has advised are beneficially owned by the nominee, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

**Unless otherwise directed, it is the intention of the Management Designees, if named as proxy, to vote for the election of the persons named in the following table to the Board.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by Management Designees will be voted for another nominee in their discretion unless the shareholder has specified in his form of proxy that his Common Shares are to be withheld from voting in the election of directors. Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the ABCA to which the Corporation is subject.

Name, Municipality of Residence, Office and Date Became a Director	Present Occupation and Positions Held During the Last Five Years	Number and Percentage of Common Shares beneficially owned, or controlled or directed, directly or indirectly, as at the Effective Date <sup>(1)(2)</sup>
<p>Greg Macdonald Okotoks, Alberta President, Chief Executive Officer and Director Director of Highwood since June 15, 2017</p>	<p>President, CEO &amp; Director of Highwood since June 15, 2017 and President &amp; COO of Highwood since May 11, 2015. Prior thereto, VP, Engineering with Highwood from May 2014 to May 2015. VP, Engineering with Predator Midstream from May 2014 to August 2014. VP, Engineering with Tidewater Midstream &amp; Infrastructure Ltd. from March 2015 to December 2016. Senior Area Manager, Molopo Energy Canada from August 2013 to May 2014. Greg has served as a director for Cedar Creek Energy Ltd. from December 2016 to present, Mach Energy Services Inc. from January 2015 to June 2017, Hoist Capital Corporation from September 2019 to present and Battle River Energy from June 2019 to present.</p>	<p>311,438 (5.18%)</p>
<p>Stephen J. Holyoake<sup>(3)(4)(5)</sup> Calgary, Alberta Director of Highwood since October 10, 2012</p>	<p>President and Chief Executive Officer of Fireweed Energy Ltd. since February 2017. Director of Predator Oil BC Ltd. from February 2017 to June 2019. Director of Tidewater since April 2016. Director of Fireweed Energy Ltd. since January 2016. Prior thereto, Vice President, Drilling and Completions of Tangle Creek Energy Ltd. from May, 2012 to February, 2017. Prior thereto, Vice President, Operations of SkyWest Energy Corp. from May 2010 to December 2011.</p>	<p>149,587 (2.49%)</p>
<p>Trevor Wong-Chor<sup>(3)(4)(5)</sup> Calgary, Alberta Director Director since January 23, 2019</p>	<p>Partner with DLA Piper (Canada) LLP (and its predecessor firms) since September, 2004. Prior thereto, Partner and Associate at Borden Ladner Gervais LLP (and its predecessor firms) from 1998 to 2004.</p>	<p>3,774 (less than 1%)</p>
<p>Arif Shivji<sup>(3)(4)(5)</sup> Victoria, British Columbia Director Director since January 23, 2019</p>	<p>Mr. Shivji is a Chartered Accountant, CFA Charterholder and holds an MBA from the Richard Ivey School of Business. He has over 20 years of financial and management experience with entities of various sizes in the Canadian energy sector. Mr. Shivji was the CFO of Highwood from 2012 to 2014 and was the CFO of Predator Midstream Ltd. from 2012 until the sale of the company's assets in August 2014 to Secure Energy Services. Previously, he was Manager of Transaction Services with PWC Advisory. Mr. Shivji is director of Mongoose Mining Ltd. and CEO/director of the Hoist Capital Corp., which are listed on the CSE and the TSX-V exchange respectively.</p>	<p>60,377 (1.00%)</p>

**Notes:**

- (1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at the Effective Date, based on information furnished to the Corporation by the above individuals.
- (2) Assumes a total of 6,013,965 Common Shares issued and outstanding as at the Effective Date.
- (3) Member of the Audit Committee. Arif Shivji is the Chair of the Audit Committee.
- (4) Member of the Corporate Governance & Compensation Committee. Stephen J. Holyoake is the Chair of the Corporate Governance & Compensation Committee.
- (5) Member of the Reserves, Safety and Environmental Committee. Stephen J. Holyoake is the Chair of the Reserves, Safety and Environmental Committee.

### *Cease Trade Orders or Bankruptcies*

To the best of the Corporation's knowledge, no proposed director is, as at the Effective Date, or has been within the 10 years before the Effective Date, a director or executive officer of any company (including Highwood), that:

- (a) was subject to: (i) a cease trade order, (ii) an order similar to a cease trade order, or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer 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.

No proposed director, within 10 years before the Effective Date, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

### *Personal Bankruptcies*

No proposed director has, within 10 years before the Effective Date, 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 such proposed director.

### *Penalties and Sanctions*

To the best of the Corporation's knowledge, no proposed director has, as at the Effective Date, been subject to:

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

other than a settlement agreement entered into before December 31, 2000 that would likely not be important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **4. Appointment of Auditor**

The shareholders of the Corporation will be asked to vote for the appointment of RSM Alberta LLP, Chartered Professional Accountants, as auditor of the Corporation. **Unless directed otherwise by a proxy holder, or such authority is withheld, the Management Designees, if named as proxy, intend to vote the Common Shares represented by any such proxy in favor of a resolution appointing RSM Alberta LLP, Chartered Professional Accountants, as auditor of the Corporation for the next ensuing year,** to hold office until the close of the next annual general meeting of Shareholders or until the firm of RSM Alberta LLP is removed from office or resigns as provided by the Corporation's by-laws, and the Management Designees also intend to vote the Common Shares represented by any such proxy in favor of a resolution authorizing the Board to fix the compensation of the auditor. RSM Alberta LLP was appointed auditor of the Corporation effective December 19, 2018 following the acquisition of the business of Collins Barrow Calgary LLP by RSM Alberta LLP.

## 5. Approval of Name Change

At the Meeting, the shareholders of the Corporation will be asked to consider and, if deemed advisable, to pass, with or without variation, conditional upon the Proposed Transformation being approved, a special resolution, substantially in the form noted below, approving the Name Change of the Corporation to “Highwood Asset Management Ltd.” or such other name that is acceptable to the Board.

The text of the special resolution to be considered at the Meeting will be substantially as follows:

“**BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

1. the Corporation be, and is hereby, authorized to amend its articles to change the Corporation's name to “Highwood Asset Management Ltd.” or such other name that is acceptable to the Board;
2. notwithstanding that this resolution has been passed (and the change of name of the Corporation approved) by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered without further notice to or approval of the shareholders of the Corporation to not proceed with the change of the Corporation's name to “Highwood Asset Management Ltd.” or such other name that is acceptable to the Board; and
3. any director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution.”

**Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the resolution approving the Name Change.** In order to be effective, a special resolution requires approval of at least 66⅔% of the votes cast by shareholders who vote in respect to the resolution.

## 6. Approval of Stock Plan Option

The Option Plan was previously approved by shareholders of the Corporation.

Please see “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Stock Options*” for a summary of certain provision of the Option Plan, which is qualified in its entirety by the full text of the Option Plan. A copy of the Option Plan is attached hereto as Schedule “B”.

The policies of the TSXV require that share based incentive plans, such as the Option Plan, which reserve for issuance up to 10% of a listed corporation’s shares, be approved annually by the shareholders of the listed corporation. In accordance with the policies of the TSXV, Shareholders will be asked to approve an ordinary resolution approving the Option Plan as the Corporation’s stock option plan. The text of the ordinary resolution to be considered at the Meeting will be substantially as follows. **Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the ordinary resolution.**

“**BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. the stock option plan of the Corporation in substantially the form attached as Schedule “B” to the Management Information Circular dated May 13, 2021 (the “**Option Plan**”) be and is hereby ratified, approved and adopted as the stock option plan of the Corporation;

2. the form of the Option Plan may be amended, in the discretion of the board of directors of the Corporation, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. the previous existing stock options (“**Options**”) of the Corporation be ratified, confirmed and approved and that all existing Options of the Corporation become subject to the provisions of the Option Plan;
4. any one (or more) director or officer of the Corporation is hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution; and
5. the Corporation is authorized to reserve and issue Common Shares in the capital of the Corporation for issuance upon exercise of Options granted pursuant to the Option Plan.”

## **7. Approval of RSU Plan**

The RSU Plan was previously approved by shareholders of the Corporation.

Please see “*Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation – Restricted Share Units*” for a summary of certain provision of the RSU Plan which is qualified in its entirety by the full text of the RSU Plan. A copy of the RSU Plan is attached hereto as Schedule “C”.

The policies of the TSXV require that share based incentive plans, such as the RSU Plan, which reserve for issuance a fixed number of a listed corporation’s shares, be approved annually by the shareholders of the listed corporation. In accordance with the policies of the TSXV, Shareholders will be asked to approve an ordinary resolution approving the RSU Plan as the Corporation’s restricted share unit plan. The text of the ordinary resolution to be considered at the Meeting will be substantially as follows. **Unless otherwise directed, it is the intention of the Management Designees to vote proxies in favour of the ordinary resolution.**

“**BE IT RESOLVED** as an ordinary resolution of the Corporation that:

1. the restricted share unit plan of the Corporation, including the allocation of 240,500 restricted share units, in substantially the form attached as Schedule “C” to the Management Information Circular dated May 13, 2021 (the “**RSU Plan**”) be and is hereby ratified, approved and adopted as the restricted share unit plan of the Corporation;
2. the form of the RSU Plan may be amended, in the discretion of the board of directors of the Corporation, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Corporation;
3. the previous existing restricted share units (“**RSUs**”) of the Corporation be ratified, confirmed and approved and that all existing RSUs of the Corporation become subject to the provisions of the RSU Plan;
4. any one (or more) director or officer of the Corporation is hereby authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution; and

5. the Corporation is authorized to reserve and issue 240,500 Common Shares in the capital of the Corporation for issuance upon exercise of RSUs granted pursuant to the RSU Plan.”

#### **OTHER BUSINESS**

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

#### **GENERAL**

**Unless otherwise directed, it is management’s intention to vote proxies in favour of the resolutions set forth herein.** All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of Common Shares. All special resolutions, if any, to be brought before the Meeting require, for the passing of the same, a two-thirds majority of the votes cast at the Meeting by the holders of Common Shares. All approvals by disinterested shareholders, if any, require the approval of the shareholders not affected by, or interested in, the matter to be approved.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the Corporation’s most recently completed financial year is provided in the Corporation’s comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation at 1000, 250 - 2<sup>nd</sup> Street S.W., Livingston Place, Calgary, Alberta, Attn: Chief Financial Officer to obtain a copy of the Corporation’s most recent financial statements and management discussion and analysis.

#### **BOARD APPROVAL**

The contents and the sending of this Management Information Circular have been approved by the Board.

**DATED** this 13<sup>th</sup> day of May, 2021.

**SCHEDULE “A”  
AUDIT COMMITTEE TERMS OF REFERENCE**

**Role and Objective**

The Audit Committee (the “**Committee**”) is a committee of the board of directors (the “**Board**”) of Highwood Oil Company Ltd. (“**Highwood**” or the “**Company**”) to which the Board has delegated its responsibility for the oversight of the following:

1. nature and scope of the annual audit;
2. management's reporting on internal accounting standards and practices;
3. the review of financial information, accounting systems and procedures;
4. financial reporting and financial statements,

and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors of Highwood (“**Directors**”) in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Company and related matters;
2. To provide better communication between Directors and external auditors;
3. To enhance the external auditor's independence and review and appraise their performance;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside Directors by facilitating in depth discussions between Directors on the Committee, management of Highwood (“**Management**”) and external auditors.

**Membership of Committee**

1. The Committee will be comprised of at least three (3) Directors or such greater number as the Board may determine from time to time and all members of the Committee shall be “independent” (as such term is used in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”)) unless the Board determines that an exemption contained in NI 52-110 is available and determines to rely thereon.

“**Independent**” generally means free from any business or other direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

2. The Board may from time to time designate one of the members of the Committee to be the chairperson of the Committee (the “**Chair**”).
3. All of the members of the Committee must be “financially literate” (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of NI 52-110.

Being “**financially literate**” means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally

comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements.

### **Mandate and Responsibilities of Committee**

To fulfill its responsibilities and duties, the Committee shall:

1. Undertake annually a review of this mandate and make recommendations to the Corporate Governance and Nominating Committee as to proposed changes;
2. Satisfy itself on behalf of the Board with respect to the Company's internal control systems, including, where applicable, relating to derivative instruments:
  - (a) identifying, monitoring and mitigating business risks; and
  - (b) ensuring compliance with legal, ethical and regulatory requirements.
3. Review the Company's financial statements and reports and any related management's discussion and analysis ("MD&A"), any annual earnings, interim earnings and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial reports), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors; the process should include but not be limited to:
  - (a) reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (c) reviewing accounting treatment of unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan agreements;
  - (e) reviewing financial reporting relating to asset retirement obligations;
  - (f) reviewing disclosure requirements for commitments and contingencies;
  - (g) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - (h) reviewing unresolved differences between Management and the external auditors;
  - (i) obtain explanations of significant variances with comparative reporting periods; and
  - (j) determine through inquiry if there are any related party transactions and ensure the nature and extent of such transactions are properly disclosed.
4. Review the financial reports and related information included in Information Circulars, MD&A, information circular-proxy statements and annual information forms and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of

Highwood's disclosure of all other financial information and will periodically assess the accuracy of those procedures;

5. With respect to the appointment of external auditors by the Board:
  - (a) require the external auditors to report directly to the Committee;
  - (b) review annually the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
  - (c) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company and confirming their independence from the Company;
  - (d) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
  - (e) be directly responsible for overseeing the work of the external auditors engaged for the purpose of issuing an auditors' report or performing other audit, review or attest services for the Company, including the resolution of disagreements between Management and the external auditor regarding financial reporting;
  - (f) review Management's recommendation for the appointment of external auditors and recommend to the Board appointment of external auditors and the compensation of the external auditors;
  - (g) review the terms of engagement of the external auditors, including the appropriateness and reasonableness of the auditors' fees;
  - (h) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change;
  - (i) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors; and
  - (j) at each meeting, consult with the external auditors, without the presence of Management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial reports.
6. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors and consider the impact on the independence of the auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (a) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent (5%) of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
  - (b) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (c) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time;

7. With respect to the financial reporting process:
  - (a) in consultation with the external auditors, review with Management the integrity of the Company's financial reporting process, both internal and external;
  - (b) consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;
  - (c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and Management;
  - (d) review significant judgments made by Management in the preparation of the financial reports and the view of the external auditors as to appropriateness of such judgments;
  - (e) following completion of the annual audit, review separately with Management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
  - (f) review any significant disagreement among Management and the external auditors regarding financial reporting;
  - (g) review with the external auditors and Management the extent to which changes and improvements in financial or accounting practices have been implemented; and
  - (h) review the certification process.
8. Review financial reporting relating to risk exposure and risk management policies and procedures of the Company (i.e., hedging, litigation and insurance).
9. Establish a procedure for:
  - (a) the receipt, retention and treatment of complaints received by Highwood regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of Highwood of concerns regarding questionable accounting or auditing matters.
10. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
11. Review any other matters that the Committee feels are important to its mandate or that the Board chooses to delegate to it;

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Company, and to engage independent counsel and other advisors as it deems necessary to carry out its duties (and to set and pay compensation to such advisors). The Committee will also have the authority to investigate any financial activity of Highwood. All employees of Highwood are to cooperate as requested by the Committee.

## Meetings and Administrative Matters

1. The Committee shall meet at least four times per year and/or as deemed appropriate by the Chair. As part of its job to foster open communication, the Committee will meet at least annually with Management and the external auditors in separate sessions, and at such other times as the external auditor and/or the Committee consider appropriate. The Chief Financial Officer of Highwood shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.
2. Agendas, with input from Management and approved by the Chair, shall be circulated to Committee members and relevant Management personnel along with background information on a timely basis prior to the Committee meetings.
3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.
5. At all meetings of the Committee, every resolution shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall be entitled to a second or casting vote.
6. The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the Chief Financial Officer or such other officer acting in that capacity, and the external auditor.
7. The Committee may invite such officers, directors and employees of the Company and its subsidiaries, if any, as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.
8. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company as determined by the Committee without any further approval of the Board.
9. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a Director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee each member will hold such office until the Committee is reconstituted.

Any issues arising from these meetings that bear on the relationship between the Board and Management should be communicated to the Chairman of the Board by the Committee Chair.

**SCHEDULE “B”  
STOCK OPTION PLAN**

**1. PURPOSE**

The purpose of this stock option plan (the “**Plan**”) of **Highwood Oil Company Ltd.** (the “**Company**”), a corporation incorporated under the *Business Corporation Act* (Alberta), is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Company (the “**Shares**”), thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

**2. ADMINISTRATION**

The Plan shall be administered by the Board of Directors of the Company or by a special committee of the directors appointed from time to time by the Board of Directors of the Company pursuant to rules of procedure fixed by the Board of Directors (such committee or, if no such committee is appointed, the Board of Directors of the Company, is hereinafter referred to as the “**Board**”). A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the Board.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into hereunder, to define the terms used in the Plan and in all option agreements entered into hereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all participants in the Plan and on their legal personal representatives and beneficiaries.

Each option (“**Option**”) to purchase a Share granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Company and by the optionee, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

Each Option granted by the Company prior to the date of the approval of the Plan by the shareholders of the Company, including Options granted under previously approved stock option plans of the Company, be and are continued under and shall be subject to the terms of the Plan after the Plan has been approved by the shareholders of the Company.

**3. STOCK EXCHANGE RULES**

All Options granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the Shares of the Company are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “**Exchange**”).

**4. SHARES SUBJECT TO PLAN**

Subject to adjustment as provided in Section 15 hereof, the Shares to be offered under the Plan shall consist of Shares of the Company's authorized but unissued Shares. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares from time to time less the aggregate number of Shares reserved for issuance under any other Share Compensation Arrangement (as defined herein). If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

“**Share Compensation Arrangement**” has the meaning ascribed to “security based compensation arrangements” in Part VI of the Company Manual of the Toronto Stock Exchange (the “**TSX**”), as amended from time to time.

## **5. MAINTENANCE OF SUFFICIENT CAPITAL**

The Company shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## **6. ELIGIBILITY AND PARTICIPATION**

Directors, officers, consultants, and employees of the Company or its subsidiaries, and employees of a person or company which provides management services to the Company or its subsidiaries (“**Management Company Employees**”) shall be eligible for selection to participate in the Plan (such persons hereinafter collectively referred to as “**Participants**”). Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Options granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective Option agreements, the time or times at which such Options shall be granted and vested, and the number of Shares to be subject to each Option. In the case of employees or consultants of the Company or Management Company Employees, the Option agreements to which they are party must contain a representation of the Company that such employee, consultant or Management Company Employee, as the case may be, is a *bona fide* employee, consultant or Management Company Employee of the Company or its subsidiaries.

A Participant who has been granted an Option may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange and terms hereof, be granted an additional Option or Options if the Board shall so determine.

## **7. EXERCISE PRICE**

- (a) Options may be exercised at a price that shall be fixed by the Board at the time that the Option is granted. No Option shall be granted with an exercise price at a discount to the market price. The market price shall be the closing price of the Shares on the Exchange on the first day preceding the date of grant on which at least one board lot of Shares traded.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval, provided that in the case of Options held by Insiders (as defined in the policies of the Exchange) of the Company, the exercise price of an Option may be reduced only if disinterested shareholder approval is obtained.

## **8. NUMBER OF OPTIONED SHARES**

- (a) The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares from time to time less the aggregate number of Shares reserved for issuance under any other Share Compensation Arrangement, subject to the following additional limitations:
  - (i) the aggregate number of Options granted to any one Participant (and companies wholly owned by that Participant) in a 12 month period must not exceed 2% of the issued and outstanding Shares, calculated on the date an Option is granted to the Person (unless the Company has obtained the requisite disinterested shareholder approval), less the

aggregate number of Shares reserved for issuance to such person under any other Share Compensation Arrangement;

- (ii) the aggregate number of Shares reserved for issuance under Options granted to Insiders (as a group) at any point in time must not exceed 10% of the issued and outstanding Shares, less the aggregate number of Shares reserved for issuance to Insiders under any other Share Compensation Arrangement; and
  - (iii) the grant to Insiders (as a group), within a twelve (12) month period, of an aggregate number of Options must not exceed 10% of the issued and outstanding Shares, calculated at the date an Option is granted to any Insider, less the aggregate number of Shares reserved for issuance to Insiders under any other Share Compensation Arrangement.
- (b) The number of Shares subject to an Option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an Option which exceeds the maximum number permitted by the Exchange.
  - (c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Corporation in any twelve month period to persons employed to provide investor relation activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3 month period.

## **9. DURATION OF OPTION**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the Option agreement and shall be subject to earlier termination as provided in Sections 11 and 12, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX Venture Exchange, the maximum term may not exceed 10 years (subject to extension where the expiry date falls within a Black Out Period, as defined herein). The TSX does not impose a maximum term for the duration of an Option.

Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth (10<sup>th</sup>) business day after the end of the Black Out Period, such tenth (10<sup>th</sup>) business day to be considered the expiry date for such Option for all purposes under the Plan. The ten (10) business day period referred to in this paragraph may not be extended by the Board.

“**Black Out Period**” means the period during which the relevant Participant is prohibited from exercising an Option due to trading restrictions imposed by the Company pursuant to any policy of the Company respecting restrictions on trading that is in effect at that time or a notice in writing to a Participant by a senior officer or director of the Company.

## **10. OPTION PERIOD, CONSIDERATION AND PAYMENT**

- (a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Sections 11 and 12 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.

- (b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (c) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.
- (d) Except as set forth in Sections 11 and 12, no Option may be exercised unless the Participant is at the time of such exercise, a director, officer, consultant, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.
- (e) The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised (subject to Section (a)17(a)). No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Company unless and until the certificates for Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan.

#### **11. CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE**

If a Participant shall cease to be a director, officer, consultant, employee of the Company, or its subsidiaries, or ceases to be a Management Company Employee, for any reason (other than death), such Participant may exercise his Option to the extent that the Participant was entitled to exercise it at the date of such cessation, provided that such exercise must occur within 90 days after the Participant ceases to be a director, officer, consultant, employee or a Management Company Employee, unless such Participant was engaged in investor relations activities, in which case such exercise must occur within 30 days after the cessation of the Participant's services to the Corporation, subject to extension at the discretion of the Board.

Nothing contained in the Plan, nor in any Option granted pursuant to the Plan, shall as such confer upon any Participant any right with respect to continuance as a director, officer, consultant, employee or Management Company Employee of the Company or of any of its subsidiaries or affiliates.

#### **12. DEATH OF PARTICIPANT**

Notwithstanding Section 11, in the event of the death of a Participant, the Option previously granted to him shall be exercisable only within the one year after such death and then only:

- (a) by the person or persons to whom the Participant's rights under the Option shall pass by the Participant's will or the laws of descent and distribution; and
- (b) if and to the extent that such Participant was entitled to exercise the Option at the date of his death.

#### **13. RIGHTS OF OPTIONEE**

No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such Option until certificates representing such Shares shall have been issued and delivered.

#### **14. PROCEEDS FROM SALE OF SHARES**

The proceeds from the sale of Shares issued upon the exercise of options shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

#### **15. ADJUSTMENTS**

If the outstanding Shares of the Company are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Company or another Company or entity through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, or any adjustment relating to the Shares optioned or issued on exercise of Options, or the exercise price per share as set forth in the respective Option agreements, shall be adjusted in accordance to the terms of such agreements.

Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

#### **16. TRANSFERABILITY**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant, any benefits, rights and Options may only be exercised by the Participant.

#### **17. WITHHOLDING TAXES**

The Company shall have the authority to take steps for the deduction and withholding, or for the advance payment or reimbursement by the optionee to the Company, of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with this Plan, or any issuance of Shares. Without limiting the generality of the foregoing, the Company may, in its sole discretion:

- (a) deduct and withhold additional amounts from other amounts payable to a optionee;
- (b) require, as a condition of the issuance of Shares to an optionee, that the optionee make a cash payment to the Company equal to the amount, in the Company's opinion, required to be withheld and remitted by the Company for the account of the optionee to the appropriate governmental authority and the Company, in its discretion, may withhold the issuance or delivery of Shares until the optionee makes such payment; or
- (c) sell, on behalf of the optionee, all or any portion of Shares otherwise deliverable to the optionee until the net proceeds of sale equal or exceed the amount which, in the Company's opinion, would satisfy any and all withholding taxes and other source deductions for the account of the optionee.

#### **18. AMENDMENT AND TERMINATION OF PLAN**

The Board may terminate or discontinue the Plan at any time without the consent of the Participants provided that such termination or discontinuance shall not alter or impair any Option previously granted under the Plan.

The Board may by resolution amend this Plan and any Options granted under it without shareholder approval, however, the Board will not be entitled, in the absence of shareholder and Exchange approval, to:

- (a) reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option;
- (b) extend the expiry date of an Option held by an Insider of the Company (subject to such date being extended by virtue of paragraph 9 or paragraph 11 above);
- (c) amend the limitations on the maximum number of Shares reserved or issued to Insiders under paragraphs 9(a)(ii) and 9(a)(iii) hereof;
- (d) amends the limitation on the maximum number of Shares reserved or issued to Non-Employee Directors under paragraph 9(a)(iv) hereof;
- (e) make any amendments to the Plan that would permit a Participant to transfer or assign Options to a new beneficial owner other than for estate settlement purposes;
- (f) increase the maximum number of Shares issuable pursuant to this Plan; or
- (g) amend the amendment provisions of this Plan under this Section 18.

Where shareholder approval is sought for amendments under subsections (a), (b) and (c) above, the votes attached to Shares held directly or indirectly by Insiders benefiting from the amendments will be excluded.

#### **19. NECESSARY APPROVALS**

The ability of a Participant to exercise Options and the obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any Option exercise price paid to the Company will be returned to the Participant.

#### **20. EFFECTIVE DATE OF PLAN**

The Plan has been adopted by the Board of the Company subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

#### **21. INTERPRETATION**

Terms used but not otherwise defined herein shall have the meanings ascribed thereto in the Company Manual of the TSX.

#### **22. GOVERNING LAW**

This Plan will be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable therein

**SCHEDULE “C”  
RESTRICTED SHARE UNIT PLAN**

**1 INTERPRETATION**

**1.1 Restricted Share Unit Plan**

The plan herein described shall be called the “**Restricted Share Unit Plan**” and is referred to herein, as may be amended from time to time, as the “**Plan**”.

**1.2 Definitions**

For the purposes of the Plan, unless there is something in the subject matter or context inconsistent therewith the following terms shall have the following meanings:

- (a) “**Account**” means the account set up on behalf of each Participant in accordance with Section (b);
- (b) “**Applicable Law**” means all applicable federal, provincial and foreign laws and any regulations, instruments or orders enacted thereunder, and the rules, regulations and policies of the Stock Exchange;
- (c) “**Black Out Period**” means a period when a Participant is prohibited from trading in the Company's securities pursuant to the Company's written policies then applicable or a notice in writing to a Participant by a senior officer or Director of the Company;
- (d) “**Board**” or “**Board of Directors**” means the board of directors of the Company, as constituted from time to time;
- (e) “**Change in Control**” means:
  - (i) the successful completion of a take-over bid in respect of the Company;
  - (ii) the issuance to or acquisition by any person, or group of persons acting jointly or in concert of (A) more than 50% of the outstanding Shares; or (B) more than 33 and 1/3% of the outstanding Shares and the election or appointment by such person or persons of their nominees as a majority of the Board; and
  - (iii) the sale of all or substantially all of the assets of the Company;
- (f) “**Company**” means Highwood Oil Company Ltd. and any successor company thereto;
- (g) “**Consultant**” has the meaning given to it in NI 45-106;
- (h) “**Director**” has the meaning given to it in NI 45-106;
- (i) “**Disability**” means that the Participant becomes physically or mentally disabled to such an extent as to make him or her unable to perform his or her duties normally and adequately for a period totalling six months during a period of 12 consecutive months. The Board's determination as to whether or not a Participant has incurred a Disability is final and conclusive and binding on all persons;
- (j) “**Dividend Equivalent**” means a bookkeeping entry whereby each outstanding RSU is credited with the equivalent amount of any dividend paid on a Share in accordance with Section 4.5;

- (k) “**Dividend Market Value**” means the Market Price per Share on the dividend record date;
- (l) “**Eligible Person**” means, at the Grant Date, any Employee, Executive Officer, Director or Consultant of the Company or of a Related Entity or a Permitted Assign of any such person;
- (m) “**Employee**” means an employee of the Company;
- (n) “**Executive Officer**” has the meaning given to it in NI 45-106;
- (o) “**Grant Date**” means the effective date on which RSUs are awarded to a Participant in accordance with Section 4.6;
- (p) “**Insider**” has the meaning given to it in Part I of the Company Manual of the TSX, as amended from time to time;
- (q) “**Market Price**” means, with respect to the Shares on a particular date, the price per Share computed on the basis of the closing price of the Shares on the Stock Exchange for the most recent trading day preceding the relevant date. In the event that the Shares are not listed and posted for trading on any Stock Exchange, the Market Price shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
- (r) “**Non-Employee Director**” means a director of the Company that is not also an officer, Employee or Consultant of the Company;
- (s) “**Notice of Redemption**” has the meaning given to it in Section 4.9(a);
- (t) “**NI 45-106**” means National Instrument 45-106 - *Information Circular Exemptions* or any successor instrument adopted from time to time by the Canadian Securities Administrators;
- (u) “**Participant**” means an Eligible Person to whom or which RSUs have been granted;
- (v) “**Performance Period**” means a period designated by the Board in accordance with Section 4.6(a) that commences on the designated Grant Date and ends on December 31 of the third full calendar year commencing after the Grant Date;
- (w) “**Permitted Assign**” has the meaning given to it in NI 45-106;
- (x) “**Plan Limit**” means the maximum number of Shares that are issuable under the Plan in accordance with Section 4.2;
- (y) “**Redemption Date**” means the date on which the Vested RSUs are redeemed in accordance with 4.9(a);
- (z) “**Regulatory Approval**” means the approval under Applicable Law of the Stock Exchange and any other regulatory authority or governmental agency that may have lawful jurisdiction over the Plan and any RSUs issued hereunder;
- (aa) “**Related Entity**” has the meaning given to it in NI 45-106;
- (bb) “**Restricted Share Unit**” or “**RSU**” means a unit equivalent to the Market Price of a Share on the date such unit is credited by means of a bookkeeping entry on the books of the Company to a Participant's Account in accordance with the terms and conditions of the Plan;

- (cc) **“Retirement”** means the termination of employment of a Participant on or after age sixty- five (65) or any such other age as determined from time to time by the Board;
- (dd) **“RSU Agreement”** means an agreement between the Company and a Participant, in such form as may be approved by the Board from time to time, under which RSUs are granted, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan;
- (ee) **“Share Compensation Arrangement”** has the meaning ascribed to “security based compensation arrangements” in Part VI of the Company Manual of the TSX, as amended from time to time;
- (ff) **“Shareholder Approval”** means approval by the Company’s shareholders in accordance with the rules of the Stock Exchange;
- (gg) **“Shares”** means common shares in the capital of the Company;
- (hh) **“Stock Exchange”** means the TSX, TSX Venture Exchange or any other stock exchange on which the Shares are then listed for trading, as applicable; and
- (ii) **“TSX”** means the Toronto Stock Exchange.

### **1.3 Use of Gender and Number**

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

### **1.4 Governing Law**

The 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 Alberta and the federal laws of Canada applicable therein.

## **2. ESTABLISHMENT OF THE PLAN**

### **2.1 Establishment and Purpose of the Plan**

The purpose of the Plan is to assist and encourage Directors, Executive Officers, Employees and Consultants of the Company and its Related Entities to work towards and participate in the growth and development of the Company and its Related Entities and provide such persons with the opportunity to acquire an ownership interest in the Company.

### **2.2 Effective Date**

The Plan shall be effective as of January 22, 2019.

### **2.3 Eligibility**

RSUs may be granted hereunder to Eligible Persons from time to time by the Board, subject to the limitations set forth in herein, but may not be granted when that grant would be prohibited by or in breach of Applicable Law or any Black Out Period then in effect.

### **3. ADMINISTRATION**

#### **3.1 Use of Committees**

The Board may delegate all or such portion of its powers hereunder as it may determine to a committee of the Board duly appointed for this purpose by the Board and consisting of not less than three members of the Board, either indefinitely or for such period of time as it may specify, and thereafter, such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorised so to do. If a committee is appointed for this purpose, all references herein to the Board will be deemed to be references to such committee.

#### **3.2 Authority of the Board**

The Board shall be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Subject to the limitations of the Plan, without limiting the generality of the foregoing, the Board has the power and authority to:

- (a) determine which Eligible Persons are to be granted RSUs and the number of RSUs to be issued to those Eligible Persons;
- (b) determine the terms under which such RSUs are granted including, without limitation, those related to the Performance Period, vesting and forfeiture;
- (c) prescribe the form of RSU Agreement with respect to a particular grant of RSUs;
- (d) interpret the Plan and determine all questions arising out of the Plan and any RSUs granted pursuant to the Plan, which interpretations and determinations will be conclusive and binding on the Company and all other affected persons;
- (e) prescribe, amend and rescind rules and procedures relating to the Plan;
- (f) subject to the provisions of the Plan and subject to such additional limitations and restrictions as the Board may impose, delegate to one or more officers of the Company some or all of its authority under the Plan; and
- (g) employ such legal counsel, independent auditors, third party service providers and consultants as it deems desirable for the administration of the Plan and to rely upon any opinion or computation received therefrom.

The Board's guidelines, rules, regulations, interpretations and determinations shall be conclusive and binding upon the Company and all other persons, including, in particular and without limitation, the Participants.

### **4. GRANT OF RSUs**

#### **4.1 RSU Agreement and Account**

- (a) Upon the grant of RSUs, the Company will deliver to the Participant an RSU Agreement dated as of the Grant Date, containing the terms of the RSUs and executed by the Company, and upon delivery to the Company of the RSU Agreement executed by the Participant, such Participant will be a participant in the Plan and have the right to receive Shares on the terms set out in the RSU Agreement and in the Plan. Subject to any specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of each RSU Agreement made hereunder.

- (b) An account (“**Account**”) shall be maintained by the Company for each Participant and will show the RSUs credited to a Participant from time to time.

#### **4.2 Shares Reserved**

The maximum number of Shares which may be reserved for issuance under the Plan at any time shall be 240,500 Shares, subject to adjustment under Section 6.1 (the “**Plan Limit**”).

#### **4.3 Limits on Issuances**

Notwithstanding any other provision of this Plan:

- (a) the maximum number of Shares which may be reserved for issuance to Insiders under the Plan, together with any other Share Compensation Arrangement, may not exceed 10% of the issued and outstanding Shares from time to time;
- (b) the maximum number of RSUs that may be granted to Insiders under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 2% of the issued and outstanding Shares calculated on the Grant Date;
- (c) the maximum number of RSUs that may be granted to any one Insider under the Plan, within a 12-month period, may not exceed 1% of the issued Shares calculated on the Grant Date; and
- (d) the maximum number of RSUs that may be granted to any one Eligible Person under the Plan, together with any other Share Compensation Arrangement, within a 12-month period, may not exceed 5% of the issued Shares calculated on the Grant Date.

#### **4.4 Status of Terminated RSUs**

For purposes of determining the number of Shares that remain available for issuance under the Plan, the number of Shares underlying any grants of RSUs that are surrendered, forfeited, waived, repurchased by the Company and/or cancelled shall be added back to the Plan Limit and again be available for future grant, whereas the number of Shares underlying any grants of RSUs that are issued shall not be available for future grant.

#### **4.5 Credits for Dividends**

A Participant's Account shall be credited with a Dividend Equivalent in the form of additional RSUs only if the Board, in its sole discretion, so determines. Such Dividend Equivalent, if any, shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places.

#### **4.6 Grant and Vesting of RSUs**

- (a) For each calendar year ending after the effective date of the Plan, the Board may designate one or more Performance Periods under the Plan. In respect of each such designated Performance Period and subject to the terms of the Plan, the Board may from time to time establish the Grant Date and grant to any Eligible Person one or more RSUs as the Board deems appropriate. It shall be the responsibility of the Company and the Eligible Person to ensure that such Eligible Person is a bona fide Eligible Person.
- (b) The Board shall make all other determinations with respect to the Performance Period as the Board considers in its sole discretion to be necessary or desirable under the Plan, including,

without limitation, the date or dates within such Performance Period and such other terms and conditions, if any, on which all or a portion of such RSUs (and corresponding Dividend Equivalents) credited to a Participant's Account shall vest (to be set forth in the RSU Agreement), provided that no RSUs (and corresponding Dividend Equivalents) may vest when prohibited by, or in breach of, Applicable Law.

- (c) Notwithstanding any other provision of the Plan, the Board may in its sole and absolute discretion accelerate and/or waive any vesting or other conditions for all or any RSUs (and corresponding Dividend Equivalents) for any Participant at any time and from time to time.
- (d) In no circumstances will RSUs credited to a Participant's Account in respect of a Performance Period vest after December 31 of the third full calendar year following the Grant Date in respect of such Performance Period.
- (e) Any RSUs in respect of a Performance Period that are not vested on or before December 31 of the third full calendar year following the Grant Date in respect of such RSUs shall be cancelled and no vesting, payment or issuance shall be made under the Plan in respect of such RSUs.

#### **4.7 Third Party Offer**

If an offer to purchase all of the outstanding Shares of the Company is made by a third party, the Board may, to the extent permitted by Applicable Law and upon giving each Participant written notice to that effect, effect the acceleration of the vesting of RSUs granted under the Plan. All determinations of the Board under this Section will be final, binding and conclusive for all purposes.

#### **4.8 Change in Control**

Upon the occurrence of a Change in Control or in the event of the termination of a Participant's employment by the Company for any reason (except termination for cause or voluntary resignation) at any time within one (1) year of the occurrence of a Change of Control, all the RSUs at that time outstanding but unvested shall automatically and irrevocably become vested in full.

#### **4.9 Delivery of Shares or Cash**

- (a) Vested RSUs may be redeemed by a Participant, in whole or in part, at any time prior to the end of the Performance Period, subject to Black Out Periods, upon delivery of a notice of redemption to the Company in the form attached hereto as Schedule A (the "**Notice of Redemption**"). Upon receipt by the Company of a Notice of Redemption, the Company shall forthwith redeem the RSUs required to be redeemed pursuant to the Plan and the Notice of Redemption by issuing from treasury one Share for each full RSU to be redeemed and making a lump sum cash payment in respect of any partial Restricted Share Unit to be redeemed. Notwithstanding the foregoing, if at the time of the election the Company is listed on the TSX, if the Board determines, the Company may redeem all or part of the vested RSUs subject to a Notice of Redemption by making a lump sum payment in respect of all full and partial Restricted Share Units to be redeemed, equal to the amount determined by multiplying the number of Restricted Share Units in the Participant's Account that are vested on such vesting date by the Market Price of a Share. Such payment or issuance shall take place no later than the 21st day following receipt of the Notice of Redemption.
- (b) Notwithstanding Section 4.9(a), all redemptions under this Section 4.9 in respect of RSUs in Participants' Accounts that have vested in respect of a Performance Period shall be redeemed on or before December 31 of the third full calendar year following the end of the year in which such RSUs were awarded pursuant to Section 4.6.

- (c) Upon delivery of Shares and/or cash in satisfaction of RSUs, such RSUs shall be cancelled from the Participant's Account.
- (d) If the applicable Redemption Date for RSUs occurs during or within 10 business days of the expiration of a Black Out Period applicable to such Participant, then the Redemption Date for such RSUs shall be extended to the close of business on the tenth business day following the expiration of the Black Out Period.

#### **4.10 Tax and Withholding Tax**

Notwithstanding any other provision contained herein, in connection with the exercise of an RSU by a Participant or a Permitted Assign for Shares of the Company pursuant to Section 4.9(a) hereof, as a condition to such exercise: (i) the Company shall require such Participant to pay or cause to be paid to the Company an amount as necessary 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 of tax or other required deductions in connection with the exercise of such RSUs (the “**Source Deductions**”); or (ii) in the event a Participant does not pay or cause to be paid the amount specified in (i), the Company shall be permitted to engage a broker or other agent on behalf of the Participant or Permitted Assign, at the risk and expense of the Participant, to sell a portion of the underlying Shares issued on the exercise of such RSU through the facilities of the Stock Exchange, and to apply the proceeds received on the sale of such underlying Shares as necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the exercise of such RSUs. In addition, the Company shall be entitled to withhold from any amount payable to a Participant, including the exercise of RSUs for a cash payment pursuant to Section 4.9(a) hereof, and either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Company is in compliance with the applicable Source Deductions relating to the exercise of any RSU.

#### **4.11 Termination of Employment**

Unless otherwise determined by the Board, in its sole discretion, or specified in the applicable RSU Agreement:

- (a) upon the voluntary resignation or the termination for cause of a Participant, all of the Participant's RSUs which remain unvested in the Participant's Account shall be forfeited without any entitlement to such Participant. If the Participant has an employment or consulting agreement with the Company, the term “cause” shall include any meaning given to that term in the employment or consulting agreement or, if such term is not defined in such agreement, shall mean any ground which would justify the services of the Participant to be terminated without notice or payment in lieu and/or shall have the meaning given to such term under any Applicable Law; and
- (b) subject to Section 4.8, upon the termination without cause, the Disability, the Retirement or death of a Participant, the Participant or the Participant's beneficiary, as the case may be, shall have a number of RSUs become vested in a linear manner equal to the sum for each grant of RSUs of the original number of RSUs granted multiplied by the number of completed months of employment since the Grant Date divided by the number of months required to achieve the full vesting of such grant of RSUs reduced by the actual number of RSUs, if applicable, that have previously become vested in accordance with the Plan. Such vested RSUs shall be settled in accordance with Section 4.9.

#### **4.12 No Compensation for Cancelled RSUs Awards**

Section 4.11 applies regardless of whether the Participant received compensation in respect of dismissal or was entitled to a period of notice of termination which would otherwise have permitted a greater portion of the RSUs to vest with the Participant. Except as expressly permitted by the Board and the Plan, all RSUs will cease to vest as at

the date upon which the Participant ceases to be an Eligible Person. Participants will not be entitled to any compensation in respect of any part of the RSUs which were not vested.

#### **4.13 Non-Transferability of RSUs**

Unless the Board determines otherwise in its sole discretion, a Participant may transfer RSUs to a Permitted Assign, provided that the transfer is permitted by, and is effected in accordance with the then applicable policies of the Stock Exchange; for the avoidance of doubt, if the Company is subject to the requirements of the TSX and such exchange so requires, RSUs shall be non-assignable and non-transferrable. Upon any such permitted transfer, the transferred RSUs shall be deemed, for purposes of the Plan, to continue to be held by the Participant, and shall continue to be subject to the terms and conditions of the Plan as if the Participant remained the sole holder thereof. The Board may, in its sole discretion, permit transfers of RSUs other than those contemplated by this Section, subject to Applicable Law and the prior approval of the Stock Exchange or shareholders of the Company, if required.

### **5. AMENDMENT**

#### **5.1 Amendments**

- (a) The Board reserves the right, in its absolute discretion, to amend, suspend or terminate the Plan, or any portion thereof, at any time without obtaining Shareholder Approval, subject to those provisions of Applicable Law and Regulatory Approval, if any, that require Shareholder Approval. Such amendments may include, without limitation:
  - (i) minor changes of a “house-keeping nature”, including, without limitation, any amendment for the purpose of curing any ambiguity, error or omission in the Plan, or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
  - (ii) amending RSUs under the Plan, including with respect to advancing the date on which any RSU may vest and the effect of termination of a Participant, provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant;
  - (iii) amendments necessary to comply with the provisions of Applicable Law or the applicable rules of the Stock Exchange on which the Shares are then listed, including with respect to the treatment of RSUs granted under the Plan;
  - (iv) amendments respecting the administration of the Plan;
  - (v) amendments necessary to suspend or terminate the Plan; provided that such amendment does not adversely alter or impair any RSU previously granted to a Participant without the consent of such Participant; and
  - (vi) any other amendment, fundamental or otherwise, not requiring Shareholder Approval under Applicable Law or the applicable rules of the Stock Exchange.
- (b) Notwithstanding the foregoing, the Company will be required to obtain Shareholder Approval for any amendment related to the following (provided that such Shareholder Approval is then a requirement of the Stock Exchange):
  - (i) the eligibility of a Participant in the Plan;

- (ii) removing or exceeding the limits on participation in the Plan;
  - (iii) increasing the Plan Limit;
  - (iv) any amendment to the Plan allowing awards granted under the Plan to be transferable or assignable to a new beneficial owner other than for normal estate settlement purposes;
  - (v) granting additional powers to the Board to amend the Plan without Shareholder Approval; and
  - (vi) any amendment to the amending provisions of the Plan.
- (c) Any amendment to any provision of the Plan will be subject to any necessary approvals of the Exchange and other regulatory bodies, if required.
- (d) For the purposes of this Section 5.1, an amendment does not include an accelerated expiry of an RSU by reason of the fact that a Director, Executive Officer, Employee or Consultant ceases to be a Participant.

## **5.2 Termination**

The Board may terminate the Plan at any time in its absolute discretion. If the Plan is so terminated, no further RSUs shall be granted, but the RSUs then outstanding shall continue in full force and effect in accordance with the provisions of the Plan.

## **6. ADJUSTMENT TO SHARES**

### **6.1 Adjustments**

In the event of adjustments in the number of Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Shares, the payment of stock dividends by the Company (other than dividends in the ordinary course) or other relevant changes in the capital of the Company or from a proposed merger, amalgamation or other corporate arrangement or reorganization involving the exchange or replacement of Shares of the Company for those in another corporation, then the Board may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to Participants hereunder. Any dispute that arises at any time with respect to any such adjustment will be conclusively determined by the Board, and any such determination will be binding on the Company, the Participant and all other affected parties.

### **6.2 Further Adjustments**

Subject to Section 6.1 and Applicable Law, if, because of a proposed merger, amalgamation or other corporate arrangement or reorganization, the exchange or replacement of Shares of the Company for those in another corporation is imminent, the Board may, in a fair and equitable manner, determine the manner in which all unvested RSUs and rights granted under the Plan will be treated including, without limitation, requiring the acceleration of the time for the vesting of such RSUs and the time for the fulfilment of any conditions or restrictions on such vesting. All determinations of the Board under this Section will be final, binding and conclusive for all purposes.

### **6.3 Limitations**

The grant of RSUs under the Plan will in no way affect the Company's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets or engage in any like transaction.

## **7. GENERAL**

### **7.1 Unfunded and Unsecured Plan**

The Plan shall be unfunded and neither the Company nor any of its Related Entities will secure the Company's obligations under the Plan. To the extent any Participant or his estate holds rights by virtue of an award of Restricted Share Units under the Plan, such rights (unless otherwise determined by the Board) shall be no greater than the rights of an unsecured creditor of the Company.

### **7.2 Compliance with Legislation**

The Plan, the grant and vesting of RSUs hereunder and the Company's obligation to sell and deliver Shares upon vesting of RSUs is subject to Applicable Law and to such Stock Exchange and regulatory approvals as may, in the opinion of counsel to the Company, be required. Each RSU Agreement will contain such provisions as in the opinion of the Board are required to ensure that no Shares are issued on the vesting of an RSU unless the issuance of such Shares will be exempt from all registration, qualification and Information Circular requirements of securities laws of any jurisdiction and will be permitted under Applicable Law. The Company shall not be obliged by any provision of the Plan or the grant of any RSU hereunder to issue, sell or transfer Shares in violation of Applicable Law or any condition of any Stock Exchange or other regulatory approval. No RSU shall be granted and no Shares issued or sold hereunder where such grant, issue or sale would require registration of the Plan or of Shares under the securities laws of any jurisdiction and any purported grant of any RSU or issue, sale or transfer of Shares hereunder in violation of this provision shall be void. In addition, the Company shall have no obligation to issue any Shares pursuant to the Plan unless such Shares shall have been duly listed, upon official notice of issuance, with the Stock Exchange. Shares issued and sold to Participants pursuant to the vesting of RSUs may be subject to limitations on sale or resale under Applicable Law. In particular, if required by Applicable Law, an RSU Agreement may provide that shareholder approval to the grant of an RSU must be obtained prior to the vesting of the RSU or to the amendment of an RSU Agreement.

### **7.3 Non-Exclusivity**

Nothing contained in the Plan will prevent the Board from adopting other or additional Share Compensation Arrangements, subject to obtaining prior Stock Exchange and other regulatory approval and, if required, Shareholder Approval.

### **7.4 Employment and Services**

Nothing contained in the Plan or in any RSU Agreement will confer upon or imply in favour of any Eligible Person or Participant any right with respect to office, employment or provision of services with the Company or of any Related Entity or interfere in any way with the right of the Company or any Related Entity to lawfully terminate the Eligible Person or Participant's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Eligible Person will be voluntary.

### **7.5 Change of Status**

Unless otherwise provided for herein or in an RSU Agreement, a change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which an RSU was

granted to such Participant will not result in a change in the terms of such RSU provided that such Participant remains an Eligible Person.

#### **7.6 No Representation or Warranty**

The Company makes no representation or warranty as to the future market value of Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the RSUs or the Shares issued or issuable thereunder or the tax consequences to a Participant. Compliance with Applicable Law as to the disclosure and resale obligations of each Participant is the responsibility of such Participant and not the Company.

#### **7.7 Rights as a Shareholder**

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 Shares of the Company or any rights as a shareholder of the Company or any other legal or equitable right against the Company whatsoever other than with respect to Shares issued following the vesting of RSUs.

#### **7.8 Discretion of Board**

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 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.

#### **7.9 Notices**

The form of all communication relating to the Plan shall be in writing and delivered by recognized overnight courier, certified mail, fax or electronic mail to the proper address or, optionally, to any individual personally. Except as otherwise provided in any RSU Agreement, all notices to the Company or the Board shall be addressed to: c/o the Company at its registered office, Attn: the Chief Financial Officer. All notices to Participants, former Participants, beneficiaries or other persons acting for or on behalf of such persons that are not delivered personally to an individual shall be addressed to such person by the Company or its designee at the last address for such person maintained in the records of the Board or the Company.