



HIGHWOOD
ASSET MANAGEMENT LTD.

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 30, 2024

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

TO BE HELD AT:

**The Offices of DLA Piper (Canada) LLP
Suite 1000, 250 – 2nd Street SW,
Calgary, Alberta T2P 0C1**

at 10:00 a.m. (Calgary Time)

Dated: April 25, 2024

THIS NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF HIGHWOOD ASSET MANAGEMENT LTD. OF PROXIES TO BE VOTED AT THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS OF HIGHWOOD ASSET MANAGEMENT LTD. TO BE HELD ON MAY 30, 2024

HIGHWOOD ASSET MANAGEMENT LTD.
NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 30, 2024

NOTICE IS HEREBY GIVEN THAT AN ANNUAL GENERAL AND SPECIAL MEETING (the “**Meeting**”) of holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Highwood Asset Management Ltd. (the “**Company**”) will be held at the offices of the Company’s legal counsel, DLA Piper (Canada) LLP, at Suite 1000, 250 – 2nd Street SW, Calgary, Alberta T2P 0C1, at 10:00 a.m. (Calgary Time), on Thursday, May 30, 2024 for the following purposes:

1. to receive and consider the audited financial statements of the Company for the financial year ended December 31, 2023 and the report of the auditor thereon;
2. to fix the number of directors of the Company to be elected at the Meeting at five;
3. to elect directors for the ensuing year as described in the management information circular (the “**Circular**”) accompanying this notice of meeting (“**Notice**”);
4. to appoint RSM Canada LLP as the auditors of the Company for the ensuing year at a remuneration to be fixed by the board of directors of the Company;
5. to consider and, if thought fit, to pass an ordinary resolution to approve the Company’s rolling omnibus plan, as more fully set forth in the Circular accompanying this Notice, and
6. to transact such other business as may be properly brought before the Meeting or any adjournment thereof.

The board of directors of the Company has fixed the record date for the Meeting at the close of business on April 19, 2024 (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 ten (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.

An “ordinary resolution” is a resolution passed by at least a majority of the votes cast by Highwood Shareholders in respect of that resolution 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: 1-888-664-6383 and Local (Toronto): 416-764-8650
- Replay — North America Toll-Free: 1-888-390-0541 and Local (Toronto): 416-764-8677 with Access Code: 790032#

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.

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

DATED this 25th day of April, 2024.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “Greg Macdonald”

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 return it as soon as possible in accordance with the options indicated. A proxy will not be valid unless it is deposited with our transfer agent Odyssey Trust Company, (i) by email to proxy@odysseytrust.com (please send front and back of proxy); (ii) by online submission at <https://vote.odysseytrust.com> (iii) by fax at (800) 517-4553 or (iv) by mail to Odyssey Trust Company, Trader's Bank Building 702, 67 Yonge Street, Toronto, ON, M5E 1J8. 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

The 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 the Circular and include statements and information regarding the intent, beliefs or current expectations of the Company’s officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company’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 the 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 Company’s future outlook and anticipated events or results and may include statements regarding the Company’s future business strategy, plans and objectives. The Company 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 Company 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 Company 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 Company 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 the Circular are expressly qualified in their entirety by this cautionary statement.

HIGHWOOD ASSET MANAGEMENT LTD.

MANAGEMENT INFORMATION CIRCULAR

THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS PROVIDED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF HIGHWOOD ASSET MANAGEMENT LTD. (the “**Company**”) of proxies from the holders (“**Shareholders**”) of common shares (“**Common Shares**”) for the meeting of the Shareholders of the Company (the “**Meeting**”) to be held on Monday, May 30, 2024 at 10:00 a.m. (Calgary time) at the offices of the Company’s legal counsel, DLA Piper (Canada) LLP, at Suite 1000, 250 – 2nd Street SW, Calgary, Alberta T2P 0C1, or at any adjournment thereof for the purposes set out in the notice of meeting (“**Notice of Meeting**”) accompanying this Circular.

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 Company may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Company.

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 board of directors of the Company (the “Board”) 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 Company. 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 (please send front and back of proxy); (ii) by online submission at <https://vote.odysseytrust.com> (iii) by fax at (800) 517-4553 or (iv) by mail to Odyssey Trust Company Trader’s Bank Building 702, 67 Yonge Street, Toronto, ON, M5E 1J8. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. (Calgary Time) on May 28, 2024 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 Company, under its corporate seal by an officer or attorney thereof duly authorized, either at the registered office of the Company or with Odyssey Trust Company via email at 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 their 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 Circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who appear on the records maintained by the Company’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 Company. 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 Company will be delivering proxy-related materials to non-objecting beneficial owners of the Common Shares directly with the assistance of Broadridge. The Company intends to pay for intermediaries to deliver proxy-related materials to objecting beneficial owners of the Common Shares.

All references to Shareholders in this 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 Company 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 Company.

QUORUM

The by-laws of the Company provide that a quorum of Shareholders is present at a meeting of Shareholders of the Company 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 Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares. As at the effective date of this Circular (the “**Effective Date**”), which is April 25, 2024, the Company has 15,147,922 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 April 19, 2024 (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 or she owns the Common Shares, and demands not later than ten days before the day of the Meeting that his or her 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 Board and the executive officers of the Company, 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 Company, other than as follows:

Name	Number of Common Shares Owned or Controlled⁽¹⁾	Percentage of Common Shares⁽²⁾
1080766 Alberta Ltd. ⁽³⁾	4,879,193	32.21%
HR Exploration & Energy GmbH ⁽⁴⁾	2,610,407	17.2%
Libra Advisors, LLC ⁽⁵⁾	1,617,934	10.7%

Notes:

- (1) Based on information disclosed in the public filings of the applicable party.
- (2) Based on a total of 15,147,922 Common Shares issued and outstanding as at the Effective Date.
- (3) Joel MacLeod has beneficial ownership and control of 1080766 Alberta Ltd. Mr. MacLeod has been the Executive Chairman and a director of Highwood since February 23, 2023.
- (4) See “*Corporate Governance — Board of Directors*”.
- (5) On April 25, 2024, the Company was advised by Libra Advisors, LLC that it had acquired 1,500,000 Common Shares held by West Lake Energy Corp. (“**West Lake**”). As a result of such acquisition and together with the securities previously held, the Company was advised that Libra Advisors, LLC, on behalf of the portfolios of investment funds managed by it, now exercises control or direction over 1,617,934 Common Shares (inclusive of the acquired Common Shares) and 166,667 Common Share purchase warrants, representing approximately 10.7% of the issued and outstanding Common Shares at April 25, 2024 (or approximately 11.7% on a partially diluted basis, assuming conversion of such warrants). As a result of such acquisition, the WL Board Nomination Agreement (as defined herein) terminated as of such date according to its terms. See “*Corporate Governance — Board of Directors*”.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

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

The Corporate Governance & Compensation Committee is currently composed of Stephen J. Holyoake (Chair), Garrett Ulmer and David Gardner, all of whom are independent within the meaning of Canadian securities legislation. Mr. Garrett Ulmer will not be standing for re-election at the Meeting and it is anticipated that Mr. Ryan Mooney will replace Mr. Garrett Ulmer on the Corporate Governance & Compensation Committee after the Meeting. See “*Corporate Governance — Board of Directors*”.

The skills and experience possessed by the members of the Corporate Governance & Compensation Committee acquired as a result of their experience as described under “*Particulars of Matters to be Acted Upon – Item 3. Election of Directors*” assist and enable them to make decisions on the suitability of the Company’s compensation policies and practice.

The responsibilities of the Corporate Governance & Compensation Committee in respect of compensation matters include reviewing and recommending to the Board the compensation policies and guidelines for supervisory management and personnel, corporate benefits, bonuses and other incentives, reviewing and approving corporate goals and objectives relevant to Chief Executive Officer compensation; officer and director compensation (other than the Chief Executive Officer); the review of executive compensation disclosure; succession plans for officers and for key employees; and material changes and trends in human resources policy, procedure, compensation and benefits. The Corporate Governance & Compensation Committee has unrestricted access to the Company’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 Risk Assessment

The Corporate Governance & Compensation Committee and the Board have considered the implications of the risks associated with the Company's compensation policies and practices and have determined that there are no significant areas of risk given the nature of the compensation provided. The reasons for this determination include, without limitation, the following: incentive components of compensation are awarded on a discretionary basis; the compensation package for Named Executive Officers is reviewed and assessed annually by the Corporate Governance & Compensation Committee and the Board; the compensation program consists of fixed (base salary) and variable (annual cash bonuses and long-term options to purchase Common Shares ("**Options**"), restricted share units ("**RSUs**") and performance share units ("**PSUs**") grants) compensation, which is designed to balance the level of risk-taking while also focussing on generating long-term and sustainable value for Shareholders; Options, RSUs and PSUs typically vest over a period of time, which acts to further mitigate against the potential for inappropriate short-term risk-taking; and there are no compensation policies and practices that are significantly different for any Named Executive Officer. The Corporate Governance & Compensation Committee and the Board will continue to monitor compensation risk assessment practices on an ongoing basis to ensure that the Company's compensation program is appropriately structured.

Anti-Hedging & Restrictions on Purchase of Financial Instruments

The Company's Insider Trading and Reporting Policy prohibits directors, officers, employees, and consultants of the Company, as well as anyone else who qualifies as an insider under applicable securities laws, from engaging in transactions that could reduce or limit their economic risk with respect to their holdings of securities of the Company, including Common Shares, Options, PSUs, RSUs and deferred share units ("**DSUs**"). Prohibited transactions include hedging strategies, equity monetization transactions, transactions using short sales, puts, calls, exchange contracts, derivatives and other types of financial instruments (including, but not limited to, prepaid variable forward contracts, equity swaps, collars, and exchange funds), and limited recourse loans to the directors or executives secured by Common Shares.

Named Executive Officers

The Chief Executive Officer and Chief Financial Officer and the three most highly compensated executive officers of the Company, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation exceeds \$150,000 per annum for the financial year ended December 31, 2023, are the "**Named Executive Officers**" or "**NEOs**". For the financial year ended December 31, 2023, the NEOs of the Company were Joel A. MacLeod, Greg Macdonald, Kelly McDonald and Chris Allchorne.

Compensation Philosophy and Review Process

The Company's compensation program supports its commitment to deliver strong performance for its Shareholders. The compensation policies are designed to attract, motivate and retain highly qualified and engaged employees. In addition, the compensation program is intended to create an alignment of interests between the Company'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. Compensation decisions are based on these principles:

- **Shareholder value:** Shareholder return is a key focus and a major driver of compensation is increasing shareholder value.
- **Performance focused:** Highwood fosters a performance-based pay program where pay is driven by demonstrable competency and execution of objectives. The majority of executive compensation consists of performance-based, at-risk elements.
- **Aligned with Shareholder interests:** Compensation builds equity ownership and encourages decisions that generate sustainable value for the Shareholders.

- **Competitive:** To attract and retain the talent needed to achieve our strategic objectives, our program references industry peer information, for both compensation benchmarking and performance measurement purposes.
- **Balanced:** Compensation balances short-term and long-term performance and includes a combination of fixed and variable pay components. The Company’s program incorporates a variety of metrics to guide performance over various time horizons.

The Corporate Governance & Compensation Committee and the Board review and approve the Company’s compensation philosophy and framework. The Chief Executive Officer of the Company makes recommendations to the Corporate Governance & Compensation Committee on base salaries, long-term incentive grants to employees, including executive officers of the Company, other than the Chief Executive Officer. Upon the receipt of the recommendations, the Corporate Governance & Compensation Committee reviews the recommendations and may request the compensation data compiled by the Company and determines whether to accept the recommendations or make any changes. The Corporate Governance & Compensation Committee determines its recommendation with respect to compensation of the Chief Executive Officer in consultation with the other independent directors. Consultation between the Chief Executive Officer and the Corporate Governance & Compensation Committee is customary during this process. In the case of the grant of Options, RSUs and PSUs, the Corporate Governance & Compensation Committee, in consultation with the Chief Executive Officer, makes a recommendation to the Board for consideration and approval. Bonus levels for the senior executive officers are established by the Corporate Governance & Compensation Committee. Bonus awards for executive officers are discretionary and certain performance measures will be used by the Company in consideration of short-term incentive awards. Establishment and payment of bonuses is subject to approval of the Board.

Executive Compensation Peer Group

During the year, the Board updated the Compensation Peer Group (as defined below) to ensure continued alignment with the growth of the Company. This peer group is used to assess the competitiveness of base salary, bonuses, benefits and share-based awards paid to each of the executive officers of the Company.

The Compensation Peer Group was determined based on companies’ market capitalization and asset mix, including exploration and production assets, midstream infrastructure and with operations in the Western Canadian Sedimentary Basin. The Company believes the Compensation Peer Group list is comprised of companies that had characteristics in common with the Company at the time of the evaluation and that would compete for similar executive talent and as such, provided a good basis for assessing the competitiveness of the Company’s compensation.

The “**Compensation Peer Group**” in 2023 consisted of the following nine companies:

<i>Bonterra Energy Corp.</i>	<i>Journey Energy Inc.</i>	<i>Saturn Oil & Gas Inc.</i>
<i>Gear Energy Ltd.</i>	<i>Lycos Energy Inc.</i>	<i>ROK Resources Inc.</i>
<i>InPlay Oil Corp.</i>	<i>Prairie Provident Resources Inc.</i>	<i>Yangarra Resources Ltd.</i>

The Compensation Peer Group will continue to be revised as necessary.

Pay-for-Performance

A large component of executive compensation is comprised of short, medium and long-term incentives, which are considered to be at risk because their value is based on specific performance criteria and payout is not guaranteed, with the Chief Executive Officer’s compensation being 50% at risk during the financial year ended December 31, 2023 — and the other executive officers’ compensation being 50% at risk during the financial year ended December 31, 2023.

Elements of Compensation

The Company's executive compensation program includes base salary, annual cash bonuses and long-term share-based incentives comprised of Options, RSU and PSU awards. A significant portion of executive compensation is provided in variable performance-based compensation.

	Component	Form	Objective	Performance Period
Fixed compensation	<i>Salary</i>	Bi-weekly cash	Compensate based on job requirements, market factors, experience and execution of responsibilities	Salaries are reviewed annually each April
	<i>Short-Term Incentive Plan</i>	Annual cash bonus Paid in Spring	Reward performance and achievements that are aligned with Highwood's strategic plan	One year
Variable Compensation		Restricted Share Units (includes dividend equivalents) Granted in Spring and Fall	Provide a low-risk form of equity-based compensation that rewards continued employment and encourages retention	Three years Vest 1/3 each of 3 years
	<i>Long-Term Incentive Plan</i>	Performance Share Units (includes dividend equivalents) Granted in Spring and Fall	Reward the achievement of corporate performance factors that support the delivery of value to Shareholders	Three years Vest 100% in 3 years
		Options Granted in Spring and Fall	Align compensation with long-term corporate performance and Shareholder interests	Five years Vest 1/3 each of 3 years

Each component of the executive compensation program has a separate objective, and together they offer a balanced approach. Base salary provides secure fixed compensation necessary to attract and retain executive talent. The mixture of annual incentives and long-term incentives is intended to promote successful execution of the business strategy over different timeframes. The annual cash bonus plan motivates and recognizes the achievement of pre-determined yearly corporate financial, operational and safety goals. The long-term incentive plan encourages Shareholder value creation over a longer horizon. The design or value of one element of the compensation program would not be altered without considering the impact on: each of the other elements, total compensation, and the proportion of fixed and at-risk pay.

Base Salary

The objective of base salary compensation is to reward and retain Named Executive Officers. In setting base salaries, consideration is given to such factors as level of responsibility, experience, expertise and the amount of time devoted to the affairs of the Company. Subjective factors such as leadership, commitment and attitude are also considered. Base salaries are intended to be market-competitive in order to attract and retain talent. This is the only element of the Company's executive compensation plan that is not considered to be at-risk. Salaries are reviewed each year for market competitiveness, with any adjustments typically effective in April.

Annual Cash Bonus

The objective of performance-based bonuses is to incentivize the maximization of Shareholder value by the Named Executive Officers, taking into consideration the operating and financial performance by the Company. Increases in the value of the Company will result in increases in the amounts paid to the Named Executive Officers. The annual cash bonus (also referred to as the short-term incentive plan) encourages and rewards the achievement of defined annual performance outcomes. Short-term incentive targets and maximum payouts are in-line with those of executives in the Compensation Peer Group. Currently, NEO annual cash bonuses are primarily determined by the Company's performance with maximum percentage amounts inline with the percentages paid by the Company's peer group.

Long-term Incentive Plans

Long-term incentives comprise a significant portion of pay for named executives. This weighting aligns with the Shareholder experience by deferring compensation over time and rewarding the pursuit of long-term strategic objectives that contribute to sustained enhancement of Shareholder value.

All long-term incentive compensation is in the form of (a) Options granted under the Company's current stock option plan ("**Option Plan**"); (b) RSUs granted under the Company's restricted share unit plan ("**RSU Plan**"); and (c) PSUs granted under the Company's performance share unit plan ("**PSU Plan**"); and (d) DSUs granted under the Company's deferred share unit plan ("**DSU Plan**"). Such forms of compensation encourage a proprietary interest in the Company which further aligns management with interests of Shareholders. Long-term incentive grants are typically awarded once per year.

As used in this Circular, "**Share Based Compensation**" has the meaning ascribed to "security based compensation" in Policy 4.4 — *Security Based Compensation* of the TSXV, as amended from time to time. Options, RSUs and DSUs meet the definition of Share Based Compensation because they involve the issuance or potential issuance of Common Shares from treasury. PSUs do not meet the definition of Share Based Compensation because they do not involve the issuance or potential issuance of Common Shares from treasury and are settled solely in cash and/or Common Shares purchased on the secondary market. See "*Performance Share Units*", below.

The Board believes this established policy of granting Share Based Compensation (Options, RSUs and DSUs) meets the Company's business objectives provided the total number of Share Based Compensation outstanding at any time is limited to a maximum of 10% of the Company's issued and outstanding Common Shares. The RSU Plan is a rolling plan which reserves for issuance a maximum of 5% of the issued and outstanding Common Shares. In no event shall the number of outstanding Share Based Compensation (Options, RSUs and DSUs on a combined basis) exceed 10% of the issued and outstanding Common Shares.

At the Meeting, Shareholders will be asked to vote on an ordinary resolution to approve the adoption of the rolling omnibus plan ("**Omnibus Incentive Plan**"). The Omnibus Incentive Plan was approved by the Board on April 25, 2024. The Omnibus Incentive Plan is intended to amend, restate and combine the Company's existing Option Plan, RSU Plan and DSU Plan and if approved by Shareholders, the existing Options, RSUs and DSUs granted under such plans will be continued under and will be subject to the terms of the Omnibus Incentive Plan. See "*Particulars Of Matters To Be Acted Upon — Approval of Rolling Omnibus Incentive Plan*".

Stock Options

The Option Plan was approved and adopted by the Company on January 23, 2019. As of December 31, 2023, Highwood had 222,056 Options outstanding. As at the date hereof, Highwood had 436,089 Options outstanding.

At the Meeting, Shareholders will be asked to vote on an ordinary resolution to approve the adoption of the Omnibus Incentive Plan. The Omnibus Incentive Plan was approved by the Board on April 25, 2024. The

Omnibus Incentive Plan is intended to amend, restate and combine the Company's existing Option Plan, RSU Plan and DSU Plan and if approved by Shareholders, the existing Options, RSUs and DSUs granted under such plans will be continued under and will be subject to the terms of the Omnibus Incentive Plan. See "*Particulars Of Matters To Be Acted Upon — Approval of Rolling Omnibus Incentive Plan*".

A copy of the existing Option Plan is attached as Schedule "B" to the management information circular of the Company dated June 8, 2023 (the "**2023 Circular**") and is summarized below under "*— Option Plan Summary*".

Options are variable, equity-based compensation that rewards employees for creating long-term Shareholder value. They are granted in the form of options to purchase Common Shares which vest equally over three years and expire after five years. The realizable value is based on the increase in share price over the market price at the time of grant.

The Company 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 Company's overall compensation package. These share-based incentive awards provide an incentive for all of The Company's service providers to ensure they are striving to maximize Shareholder value. The Board believes this established policy of awarding Share Based Compensation meets the Company's business objectives provided the total number of Share Based Compensation outstanding at any time is limited to a maximum of 10% of the Company'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.

Option Plan Summary

The Option Plan permits the granting of Options to directors, officers and employees of, and consultants to, the Company. 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 Company, 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 Company 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 Company;
- (ii) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders of the Company (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 Company; 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 Company.

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 Company 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 Company 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 Company'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 TSX Venture Exchange ("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 Company (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 Company'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 Company's peer group for such period;
- (iv) the individual contributions and potential contributions of the grantee to the Company'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 Company'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

The RSU Plan was approved and adopted by the Company on January 23, 2019. As of December 31, 2023, Highwood had 119,979 RSUs outstanding. As at the date hereof, Highwood had 220,404 RSUs outstanding.

At the Meeting, Shareholders will be asked to vote on an ordinary resolution to approve the adoption of the Omnibus Incentive Plan. The Omnibus Incentive Plan was approved by the Board on April 25, 2024. The Omnibus Incentive Plan is intended to amend, restate and combine the Company's existing Option Plan, RSU Plan and DSU Plan and if approved by Shareholders, the existing Options, RSUs and DSUs granted under such plans will be continued under and will be subject to the terms of the Omnibus Incentive Plan. See "*Particulars Of Matters To Be Acted Upon — Approval of Rolling Omnibus Incentive Plan*".

RSU awards are designed to focus and reward executives for share price performance, to create retention and align executives with interests of Shareholders. RSUs vest one-third per year over a three-year period. Upon vesting the executive is entitled to one Common Share for each vested RSU.

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

A copy of the existing RSU Plan is attached as Schedule "C" to the 2023 Circular. 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 Company 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 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 Common Shares of the Company for those in another Company.

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 Company 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

The Board approved the implementation of the PSU Plan on February 27, 2023. As of December 31, 2023, Highwood had PSUs valued at \$609,074 outstanding. As at the date hereof, Highwood had PSUs valued at \$1,411,074 outstanding. PSUs do not meet the definition of Share Based Compensation because they do not involve the issuance or potential issuance of Common Shares from treasury and are settled solely in cash and/or Common Shares purchased on the secondary market.

The PSU Plan provides for the grant of PSUs based on the most recent year's corporate performance. These payments are in the equivalent of cash amounts which are used to make purchases in the market for Common Shares. The awards, if any, will have a non-dilutive effect on Shareholders and will align the interests of the executive officers with all Shareholders. As a result, the PSU Plan provides a link to medium-term performance over the three-year vesting period, alignment to long-term Shareholder interests through the purchase of Common Shares on the open market, and enables retention of employees and officers without the dilutive aspects of issuing Common Shares from treasury or granting of other Share Based Compensation awards. Dividends are paid and reinvested on outstanding, unvested, PSUs. Awards cliff vest after three years. The Common Shares purchased under the PSU Plan are restricted shares, as they can only be paid out in kind at vesting.

PSUs are expected to be granted based on the same corporate performance measures used for short-term incentives. In determining awards granted pursuant to the PSU Plan, the Board takes into consideration any previous awards granted. For executive officers, PSU awards are based on corporate performance. At or below the minimum level of corporate performance, no PSUs will be awarded.

2023 Performance Assessment

The year 2023 was a year of solid execution for Highwood. Among other highlights, the Company Completed three transformative transactions, completed at \$35 million equity offering and completed a successful drilling program that led to record production in the fourth quarter of 2023 and significant reserve increases for the year ended December 31, 2023. The table below is a summary of the key performance measures that assist the Corporate Governance & Compensation Committee in determining how Highwood's executives are paid.

- **Shareholder Return** — weighting 50% — Shareholder return was measured on both absolute total return and total return relative to other companies in the Corporation's peer group.
- **Financial and Operational Performance** — weighting 35% — This is based on Highwood's results in 2023 and is based on several metrics, including annual average production, proved development producing recycle ratios, capital efficiency, finding and developing costs, operating and transportation expense on a per boe basis and general and administrative expense on a per boe basis. Also factored into this category are milestone achievements of Highwood during the period being evaluated, such as its 2023 transformational acquisitions.
- **Environmental, Social and Governance ("ESG") Objectives** — weighting 7.5% — This is based on meeting the ESG objectives established by Highwood, including exceeding minimum required abandonment and reclamation expenditures, fostering key Indigenous peoples relations, minimizing fresh water usage and reduction of scope 1 and scope 2 emissions.
- **Health and Safety ("HSE") Performance** — weighting 7.5% — This is based on Highwood's results in 2023 relating to targets set for total incident frequency and meeting required initiatives relating to Health and Safety across Highwood.

Performance Category	Highlights of Results Achieved in 2023
Shareholder Return	<ul style="list-style-type: none"> • Share Price Performance — from the time of the transformational acquisitions, Highwood’s shareholder return was in line with its peers • Transformational Acquisitions <ul style="list-style-type: none"> ○ <i>Acquired Boulder Energy Ltd.</i> — the consideration was: (i) \$75.1 million in cash; (ii) the issuance of 1,500,000 Common Shares; and (iii) a \$14 million note payable to vendor ○ <i>Acquired Castlegate Energy Ltd.</i> — the consideration was \$37.6 million in cash, plus a cash payment for working capital in the amount of \$4.2 million ○ <i>Acquired Shale Petroleum Ltd.</i> — the consideration was 1,277,025 Common Shares
Financial and Operational Performance	<ul style="list-style-type: none"> • Record Corporate Production — Achieved record corporate production of 4,035 boe/d in the fourth quarter of 2023 • As a result of an effective capital program in the fourth quarter of 2023 and early 2024, first quarter 2024 production is expected to average approximately 4,900 boe/d and current production is greater than 6,500 boe/d • Significant intrinsic value recognized in Year-End 2023 Reserves — Realized before-tax net present value, after debt, of booked reserves: <ul style="list-style-type: none"> ○ PDP BTNPV10 of \$218.9 million representing NAV \$8.06/share and \$7.93/share fully diluted — Associated RLI of 10.8 years and delivered a recycle ratio of 2.34 ○ 1P BTNPV10 of \$463.6 million representing NAV \$24.25/share and \$21.07/ share fully diluted — Associated RLI of 15.2 years and recycle ratio of 2.9 ○ 2P BTNPV10 of \$746.9 million representing NAV \$43.00/share and \$36.28/share fully diluted — Associated RLI of 21.8 years and recycle ratio of 3.6 • New \$100 Million Credit Facilities — completed a new senior secured extendible revolving credit facilities in the aggregate principal amount of up to \$100 million • \$35 Million Prospectus Offering of Subscription Receipts — completed a "best efforts" marketed offering of 5,833,333 subscription receipts at a price of \$6.00 per subscription receipt for gross proceeds of approximately \$35 million • \$2.8 Million Private Placement — completed a private placement of the aggregate amount of \$2.8 million in units comprised of one Common Share and one-half of one Common Share purchase warrant by 1080766 Alberta Ltd., a company controlled by Joel MacLeod, the Executive Chairman of the Company
ESG Objectives	<ul style="list-style-type: none"> • In 2023, Highwood substantially achieved all of its objectives with respect to ESG matters.
HSE Performance	<ul style="list-style-type: none"> • In 2023, Highwood substantially achieved all of its objectives with respect to HSE matters.

The Corporate Governance & Compensation Committee determined that overall Highwood met its corporate objectives established for fiscal 2023. In particular, the Corporate Governance & Compensation Committee noted the impact of the transformational acquisitions, equity offering and new credit facilities completed during 2023 and the performance of the assets after such acquisitions (highlighted by record production). In light of the foregoing, the Corporate Governance & Compensation Committee considered 2023 performance to be slightly above average.

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 Company 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”).

Name and Principal Position	Year Ended Dec 31	Salary (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation(\$)	Total Compensation(\$)
					Annual Incentive Plans ⁽³⁾	Long-Term Incentive Plans			
Joel MacLeod ⁽⁴⁾ Executive Chairman	2023	Nil	310,000	34,300	Nil	Nil	Nil	Nil	344,300
	2022	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2021	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Greg Macdonald President and Chief Executive Officer	2023	208,462	148,000	27,440	120,000	Nil	Nil	Nil	503,902
	2022	195,000	80,000	50,880	56,000	Nil	Nil	Nil	381,880
	2021	180,363	Nil	Nil	Nil	Nil	Nil	Nil	180,363
Kelly McDonald Vice President, Exploration	2023	206,369	145,000	25,725	120,000	Nil	Nil	Nil	497,094
	2022	195,000	80,000	50,880	56,000	Nil	Nil	Nil	381,880
	2021	180,363	Nil	Nil	Nil	Nil	Nil	Nil	180,363
Chris Allchorne ⁽⁵⁾ Chief Financial Officer	2023	178,877	57,000	15,435	90,000	Nil	Nil	Nil	341,312
	2022	170,500	65,000	41,340	40,000	Nil	Nil	Nil	316,840
	2021	54,164	Nil	Nil	Nil	Nil	Nil	Nil	54,164

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 Company 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 Company for the year ended December 31, 2023, 2022 and 2021 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 Company’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 31st.
- (4) Joel MacLeod was named Executive Chairman and a director of the Company on February 21, 2023. The amounts disclosed for 2023 are for the period of February 21, 2023 to December 31, 2023.
- (5) Chris Allchorne was named Chief Financial Officer of the Company on September 24, 2021. The amounts disclosed for 2021 are for the period of September 24, 2021 to December 31, 2021.

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 (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$) ⁽²⁾	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) ⁽²⁾
Joel MacLeod Executive Chairman	10,000	6.00	Aug 27, 2026	Nil	14,200	68,160	Nil
Greg Macdonald President and Chief Executive Officer	7,000 10,000 8,000 8,000	18.00 16.50 11.00 6.00	Oct. 30, 2024 Aug 27, 2025 May 30, 2027 Aug 27, 2026	Nil Nil Nil Nil	10,667	51,200	73,600
Kelly McDonald Vice President, Exploration	7,000 9,000 8,000 7,500	18.00 16.50 11.00 6.00	Oct. 30, 2024 Aug 27, 2025 May 30, 2027 Aug 27, 2026	Nil Nil Nil Nil	10,167	48,800	68,800
Chris Allchorne Chief Financial Officer	1,600 6,000 6,500 4,500	18.00 16.50 11.00 6.00	Oct. 30, 2024 Aug 27, 2025 May 30, 2027 Aug 27, 2026	Nil Nil Nil Nil	6,667	32,000	49,600

Notes:

- (1) Calculated based on the difference between the closing price of \$4.80 per Common Share on the TSXV on December 29, 2023, 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 \$4.80 per Common Share on the TSXV on December 29, 2023, 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 (\$)
Joel MacLeod Executive Chairman	Nil	Nil	Nil
Greg Macdonald President and Chief Executive Officer	Nil	28,800	Nil
Kelly McDonald Vice President, Exploration	Nil	27,200	Nil
Chris Allchorne Chief Financial Officer	Nil	20,000	Nil

Pension Plan Benefits

The Company 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 Company 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 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 Company 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 Company without cause, the Named Executive Officer is entitled to receive, due and payable in a lump sum on the 15th 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 \$185,000 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 Company 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 Company following the change of control would they be entitled to (i), (ii) & (iii) as identified above.

DIRECTOR COMPENSATION

The Company currently has six directors, two of which, Joel MacLeod and Greg Macdonald, are also a Named Executive Officers. For a description of the compensation paid to the Named Executive Officers who also act as directors of the Company, see “*Executive Compensation*”.

Mr. Garrett Ulmer is the current West Lake Board Nominee and is an independent director of the Company. On April 25, 2024, the Company was advised by Libra Advisors, LLC that it had acquired 1,500,000 Common Shares held by West Lake. As a result of such acquisition, the WL Board Nomination Agreement terminated as of such date according to its terms. In connection therewith, Mr. Garrett Ulmer will not be standing for re-election at the Meeting. See “*Voting Shares and Principal Holders Thereof*” and “*Corporate Governance — Board of Directors*”.

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

Members of the Board of Directors are paid nominal fees in their capacities as such. Directors are also reimbursed for miscellaneous out-of-pocket expenses in carrying out their duties as directors and are granted Options, RSUs and DSUs pursuant to the Option Plan, RSU Plan and DSU Plan, respectively, from time to time. The Corporate Governance & Compensation Committee determines the number of Options, RSUs and DSUs awarded to directors. When determining the number of Options, RSUs or DSUs to be granted to directors, consideration is given to the number of Options, RSUs or DSUs 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 Company for the financial year ended December 31, 2023.

Name	Fees Earned (\$)	Share-Based Awards (\$) ⁽¹⁾	Option-Based Awards (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Stephen J. Holyoake	20,000	24,000	Nil	Nil	Nil	Nil	44,000
Ryan Mooney	16,250	24,000	Nil	Nil	Nil	Nil	40,250
Garrett Ulmer	12,500	24,000	Nil	Nil	Nil	Nil	26,500
David Gardner	12,500	24,000	Nil	Nil	Nil	Nil	26,500

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 Company 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 ⁽¹⁾ (\$)	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-Based Awards that have not vested (\$) ⁽²⁾	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$) ⁽²⁾
Stephen J. Holyoake	500	18.00	Oct. 30, 2024	Nil	5,167	24,800	4,000
	500	16.50	Aug 27, 2025	Nil			
	500	11.00	May 30, 2027	Nil			
Ryan Mooney	500	11.00	May 30, 2027	Nil	5,167	24,800	1,600
Garrett Ulmer	Nil	Nil	Nil	Nil	5,000	24,000	Nil
David Gardner	Nil	Nil	Nil	Nil	5,000	24,000	Nil

Notes:

- (1) Calculated based on the difference between the closing price of \$4.80 per Common Share on the TSXV on December 29, 2023, 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 \$4.80 per Common Share on the TSXV on December 29, 2023, 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 Company.

Name	Option-Based Awards - Value vested during the year (\$) ⁽¹⁾	Share-Based Awards - Value vested during the year (\$)	Non-Equity Incentive Plan Compensation - Value earned during the year (\$)
Stephen J. Holyoake	Nil	1,600	N/A
Ryan Mooney	Nil	800	N/A
Garrett Ulmer	Nil	Nil	N/A
David Gardner	Nil	Nil	N/A

Narrative Discussion

For information regarding the Option Plan and RSU Plan please see “*Executive Compensation — Compensation Discussion and Analysis — Elements of Compensation — Stock Options*” and “*Executive Compensation – Compensation Discussion and Analysis — Elements of Compensation — Restricted Share Units*”.

Deferred Share Unit Plan

The DSU Plan was approved and adopted by the Company on July 7, 2023. As of December 31, 2023, Highwood had 20,000 DSUs outstanding. As at the date hereof, Highwood had 40,000 DSUs outstanding.

At the Meeting, Shareholders will be asked to vote on an ordinary resolution to approve the adoption of the Omnibus Incentive Plan. The Omnibus Incentive Plan was approved by the Board on April 25, 2024. The

Omnibus Incentive Plan is intended to amend, restate and combine the Company's existing Option Plan, RSU Plan and DSU Plan and if approved by Shareholders, the existing Options, RSUs and DSUs granted under such plans will be continued under and will be subject to the terms of the Omnibus Incentive Plan. See "*Particulars Of Matters To Be Acted Upon — Approval of Rolling Omnibus Incentive Plan*".

A copy of the existing DSU Plan is attached as Schedule "D" to the 2023 Circular. A summary of certain provisions of the DSU Plan is below under "*— Summary of DSU Plan*", which is qualified in its entirety by the full text of the DSU Plan.

Directors are expected to receive an annual grant of DSUs under the DSU Plan. Directors of the Company will also be able to elect to take all or a portion of their annual Board and committee retainers and meeting attendance fees in the form of DSUs. DSUs will vest once they are credited to the director's DSU account and may only be redeemed after the director ceases to be a director. If a dividend is paid on the Common Shares, each director's DSU account will be allocated additional DSUs equal in value to the dividend paid on an equivalent number of Common Shares.

When a director ceases to be a director, the director will be entitled to request redemption of the DSUs following which the value of the redeemed DSUs will be paid to the director. The Company will have the election to redeem all (or any part) of the DSUs in cash or through the issuance of Common Shares from treasury ("**Equity Based DSUs**") or purchased on the market and any combination of these. The maximum number of Common Shares that can be issued from treasury pursuant to the DSU Plan is 10% of the issued and outstanding Common Shares from time to time (less the number of Common Shares issuable pursuant to all other Share Based Compensation arrangements). The value of the DSUs on any particular date will be calculated by multiplying the number of DSUs in the director's DSU account by the then market value of the Common Shares.

Pursuant the policies of the TSXV, unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders when implemented and annually thereafter. As the DSU Plan is considered to be a Share Based Compensation arrangement and does not have a fixed maximum aggregate of securities issuable, approval is normally sought at a meeting of Shareholders to approve the grant of unallocated Common Shares reserved for issuance from time to time pursuant to outstanding Equity Based DSUs under the DSU Plan (at the Meeting, Shareholders will be asked to vote on an ordinary resolution to approve the adoption of the Omnibus Incentive Plan). When Equity Based DSUs are granted pursuant to the DSU Plan, Common Shares that are reserved for issuance under outstanding Equity Based DSUs are referred to as allocated Common Shares. The Company will have additional Common Shares that may be reserved for issuance pursuant to future grants of Equity Based DSUs under the DSU Plan, but as they will not be subject to Equity Based DSU grants, they are referred to as unallocated Common Shares.

Summary of DSU Plan

The DSU Plan allows the Board to grant DSUs to members of the Board, who are not also a full time employee of the Company or its subsidiaries. The purposes of the DSU Plan are to: (i) promote greater alignment of the interests between the Company's directors and the Shareholders by providing a means to accumulate a financial interest in the Company that corresponds to the risk, responsibility and commitment of directors; (ii) support compensation that is competitive and rewards the Company's long-term success as measured in total Shareholder return; and (iii) attract and retain qualified individuals with the experience and ability to serve as directors.

The DSU Plan will be administered by the Corporate Governance & Compensation Committee. Subject to the Corporate Governance & Compensation Committee's reporting to and obtaining approval from the Board on all matters relating to the DSU Plan, the Corporate Governance & Compensation Committee has sole and absolute discretion to administer the DSU Plan.

The Corporate Governance & Compensation Committee authorizes the amount of DSUs to be granted to each of the participants for each calendar year, and the date that the grant becomes effective. In cases where a participant becomes a Board member after the DSUs for that calendar year have been granted, DSUs may be granted as of the date of the appointment to the Board and in such amount as determined by the Corporate Governance & Compensation Committee. The Corporate Governance & Compensation Committee may also from time to time determine that special circumstances justify the approval of a grant of DSUs in addition to the other compensation to which the participant is entitled.

Participants may also elect to receive all or part of their annual remuneration in the form of DSUs, which election may be subject to a minimum percentage portion of such participant's annual remuneration that is required to be satisfied in the form of DSUs at the discretion of the Board. Notwithstanding such election by a participant, the Board may decline to award DSUs to a participant in respect of such participant's annual remuneration in a particular calendar year.

DSUs are not transferable or assignable.

Subject to an extension for a blackout period, the Company will credit DSUs in respect of an election to a participant's DSU account on the date that the remuneration would otherwise be payable. The number of DSUs credited is determined by dividing the amount of the participant's deferred remuneration by the Fair Market Value of the Common Shares on the date the DSUs are credited. For the purposes of the DSU Plan, "Fair Market Value" means with respect to a Common Share, as at any date, means the volume weighted average of the prices at which the Common Shares traded on the TSX (or if the Common Shares are then listed and posted on a stock exchange other than the TSXV, or more than one stock exchange, such stock exchange as may be selected by the Board in its sole discretion) for the five trading days on which the Common Shares traded on the said exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value as determined by the Board in its sole discretion, acting reasonably and in good faith.

The number of Common Shares reserved for issuance from time to time pursuant to outstanding DSUs granted and outstanding under the DSU Plan is currently limited to 10% of the issued and outstanding Common Shares (less the number of Common Shares issuable pursuant to all other Share Based Compensation arrangements). If any DSUs granted under the DSU Plan expire, terminate or are cancelled for any reason without the Common Shares issued thereunder having been issued in full, any unissued Common Shares to which such DSUs relate shall be awardable for the purposes of granting of further restricted DSUs.

The aggregate number of DSUs that may be granted to any single holder under the DSU Plan, together with Common Shares reserved for issuance to a participant under any other Share Based Compensation arrangement of the Company, shall not exceed 1% of the issued and outstanding Common Shares. In accordance with the rules of the TSXV, the number of Common Shares issued to Insiders within one year pursuant to the DSU Plan, and issuable to Insiders at any time, under the DSU Plan or when combined any other security based compensation arrangement of the Company, shall not exceed 10% of the issued and outstanding Common Shares. The aggregate Fair Market Value of all DSU grants to any one participant, when combined with grants to such director under any other security based compensation arrangement of the Company, shall not, as of the grant date, exceed \$150,000 in any one calendar year.

Dividends paid on the Common Shares before the maturity date of the DSUs will be credited as DSUs to the participant's account as of the dividend payment date.

Deferred share units vest immediately upon being credited to a participant's account.

Following the date on which the participant ceases to hold all positions with the Company and its subsidiaries (the "**Termination Date**"), except as a result of death, all DSUs credited to a participant's account will be redeemed as of the maturity date. The maturity date for U.S. taxpayers is the Termination Date.

For directors who are not U.S. taxpayers, the maturity date is December 1st of the calendar year immediately following the year of the Termination Date. Directors may file an irrevocable maturity date acceleration election subsequent to the Termination Date. Subject to the exceptions below, the elected maturity date must be no earlier than 180 days after the Termination Date and no later than December 1st of the calendar year following the Termination Date. The elected maturity date may be any time between the Termination Date and December 1st of the following calendar year, if one of the following exceptions apply: (i) the director resigns pursuant to the “majority voting” or similar policy; (ii) the director fails to be elected as a director at a Shareholder meeting after being included as a nominee in our information circular; or (iii) the director is removed from office by a vote of Shareholders.

Following a participant’s Termination Date except as a result of death, the participant will have the right to have the DSUs credited to their account redeemed by the Company. All DSUs and dividend entitlements thereon (if any) will be redeemed, at the election of the Company, for a cash payment or through the issuance of Common Shares from treasury or purchased on the market and any combination of these. The payment will be equal to the number of DSUs and dividend entitlements thereon (if any) in the participant’s account as of the Termination Date, multiplied by the Fair Market Value of the Common Shares determined at the maturity date.

If a participant dies while in office, or after ceasing to hold any position with the Company and its subsidiaries but before the Maturity Date, the Company must make a lump sum cash payment to the participant’s legal representative within 90 days of the participant’s death. The cash payment will be equal to the number of DSUs in the participant’s account as of the date of the participant’s death, multiplied by the Fair Market Value of the Common Shares determined at the date of death.

Participants have no further rights respecting any redeemed DSUs. DSUs are deemed cancelled upon redemption.

The DSU Plan may be amended, modified or terminated by the Board without Shareholder approval, subject to any required approval of the TSXV. Notwithstanding the foregoing, the DSU Plan and any DSUs granted under the DSU Plan may not be amended without Shareholder approval to:

- (a) increase the fixed number of Common Shares available to be issued under outstanding DSUs at any time;
- (b) extend the term of any outstanding DSUs;
- (c) permit a holder to transfer or assign DSUs to a new beneficial holder other than in the case of death of the holder;
- (d) increase the number of Common Shares that may be issued to participants above the restriction in the DSU Plan;
- (e) increase the number of Common Shares that may be issued to Insiders above the restriction contained in the DSU Plan;
- (f) change participants eligible to receive DSUs under the DSU Plan to permit the introduction or re-introduction of Non-Employee Directors on a discretionary basis; or
- (g) amend the amendment provision.

In addition, no amendment to the DSU Plan or DSUs granted pursuant to the DSU Plan may be made without the consent of the holder, if it adversely alters or impairs any right previously granted to such holder under the DSU Plan.

The DSU Plan also contains anti-dilution provisions which allow the Board to make such adjustments to the DSU Plan and to any DSUs as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to participants thereunder.

Other Compensation

Other than as set forth herein, the Company 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, DSU Plan and the RSU Plan reserve for issuance, in the aggregate, a maximum 10% of the Company's issued and outstanding Common Shares from time to time. The Option Plan and DSU Plan are 'rolling' plans which reserves for issuance an aggregate 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 Company, including the RSU Plan). The RSU Plan is a fixed plan which reserves for issuance a maximum of 240,500 Common Shares.

As at December 31, 2023, Highwood had granted 222,056 Options, 119,979 RSUs, 20,000 DSUs and \$609,074 value of PSUs.

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for issuance under equity compensation plans (excluding outstanding securities reflected in Column 1)
Equity compensation plans approved by securityholders	362,035	10.48	1,511,432
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	362,035	10.48	1,511,432

Note:

- (1) At December 31, 2023, the number of Common shares to be issued upon the exercise of outstanding RSU's was 119,979 the weighted average exercise price of such RSU's was \$Nil. At December 31, 2023, the number of Common shares to be issued upon the exercise of outstanding Options was 222,056, the weighted average exercise price of such Option's was \$10.48. At December 31, 2023, the number of Common shares to be issued upon the exercise of outstanding DSU's was 20,000, the weighted average exercise price of such DSU's was \$Nil.

MANAGEMENT CONTRACTS

During the most recently completed financial year, no management functions of the Company 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 Company.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS

No director, executive officer, employee or former director, executive officer or employee of the Company 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 Company 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 Company 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 Company 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 Company which has or will materially affect the Company.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth herein, or as previously disclosed, the Company 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 Company which has or will materially affect the Company 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 Company and the external auditor.

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

Audit Committee Terms of Reference

The Company 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:

Ryan Mooney	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
Garrett Ulmer	Independent ⁽¹⁾	Financially Literate ⁽¹⁾
David Gardner	Independent ⁽¹⁾	Financially Literate ⁽¹⁾

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 the Audit Committee is ‘financially literate’ within the meaning set out in NI 52-110 based on each member’s education and experience, a description of which is set forth below.

David Gardner, Garrett Ulmer and Ryan Mooney are each considered ‘independent’ under NI 52-110. Mr. Garrett Ulmer will not be standing for re-election at the Meeting and it is anticipated that Mr. Stephen J. Holyoake will replace Mr. Garrett Ulmer on the Audit Committee after the Meeting. See “*Corporate Governance — Board of Directors*”.

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.

Ryan Mooney — Mr. Mooney is currently the Managing Director, Investment Banking for Echelon Capital Markets in Calgary with a focus on origination and execution of capital markets transactions within energy and diversified industries across Western Canada. Mr. Mooney holds both a P.Eng designation with APEGA and is a CFA Charterholder with extensive experience in senior roles in industry, research, institutional sales and investment banking.

Garrett Ulmer — Mr. Ulmer is currently serving as CEO of private oil and gas company West Lake following approximately two years as Chief Operating Officer, commencing in 2021. Prior thereto, he worked in roles of increasing responsibility at Bellatrix Exploration from 2009 up to the role of Chief Operating Officer from 2017 to 2020.

David Gardner — From December 2021 until its purchase by Highwood in August 2023, Mr. Gardner was the CEO of Shale Petroleum Ltd. From 2014, Mr. Gardner was SVP of Business Development for Husky Energy in Calgary culminating in Husky's combination with Cenovus Energy in January 2021. Mr. Gardner was a Special Adviser with Kirk Lovegrove & Company Ltd in London in 2021.

Audit Committee Oversight

At no time since the commencement of the Company’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 Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 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 Company’s external auditors in each of the last two (2) fiscal years for audit and other fees are as follows:

Financial Year Ending	Audit Fees (\$) ⁽¹⁾	Audit Related Fees (\$) ⁽²⁾	Tax Fees (\$) ⁽³⁾	All Other Fees (\$) ⁽⁴⁾
2023	\$438,275	-	\$33,049	-
2022	\$152,535	-	\$16,590	-

Notes:

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

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, 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 Company. The Board is committed to sound corporate governance practices, which are both in the interest of the Shareholders and contribute to effective and efficient decision making.

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

Board of Directors

The Board is currently comprised of six directors, Joel MacLeod, Greg Macdonald, Stephen J. Holyoake, Ryan Mooney, Garrett Ulmer and David Gardner.

David Gardner, Garrett Ulmer, Stephen J. Holyoake and Ryan Mooney are independent directors of the Company and have no ongoing interest or relationship with the Company other than their security holdings in the Company and serving as directors.

On August 3, 2023, Highwood completed the acquisition (the “**Shale Acquisition**”) of all of the common shares in the capital of Shale Petroleum Ltd. (“**Shale**”). In connection with the closing of the Shale Acquisition, HR Exploration & Energy GMBH (“**HR Exploration**”) received approximately 943,742 Common Shares of the Company in exchange for the purchase of the Shale Shares held by it at the time of the Shale Acquisition. Additionally, in connection with the Shale Acquisition, HR Exploration agreed to purchase a minimum amount of \$10 million in the Company’s concurrent subscription receipt prospectus financing and pursuant to the terms and subject to the conditions set forth in a strategic investment agreement entered into between the Company and HR Exploration (the “**Strategic Investment**”).

Pursuant to the Strategic Investment, the Company and HR Exploration entered into a board nomination agreement (“**HR Board Nomination Agreement**”) whereby HR Exploration shall, for so long as it and its affiliates together shall own or control or exercise discretion over, directly or indirectly, not less than 10% of the issued and outstanding Common Shares, be entitled to nominate for election or appointment to the Board, as applicable, the greater of: (i) one nominee and (ii) such number of nominees that, when compared to the

authorized number of directors on the Board at such time, is closest to but not less than proportional to the total number of Common Shares which HR Exploration and its affiliates together own or exercise control or direction over, directly or indirectly, relative to the total number of Common Shares then issued and outstanding. The Company agreed to use commercially reasonable efforts to ensure that the nominee(s) of HR Exploration shall be elected or appointed to the Board. The HR Board Nomination Agreement further provides HR Exploration with participation rights for future offerings to maintain its percentage ownership interest in the issued and outstanding Common Shares of the Company up to a maximum of a percentage ownership interest of 17% of the issued and outstanding Common Shares. HR Exploration also has the right to appoint an observer to the Board for so long as it is entitled to designate a Board nominee for election or appointment under the HR Board Nomination Agreement. Mr. David Gardner is the current nominee (“**HR Board Nominee**”) pursuant to the HR Board Nomination Agreement and is an independent director of the Company.

On August 3, 2023, Highwood completed the acquisition (the “**Brazeau Acquisition**”) of all of the issued and outstanding common shares of Boulder Energy Ltd. (“**Boulder**”), a corporation existing under the laws of the Province of Alberta and a privately held oil and gas producer, pursuant to the share purchase agreement between Highwood and West Lake, the sole shareholder of Boulder. In connection with the closing of the Brazeau Acquisition, the Company and West Lake entered into a board nomination agreement (“**WL Board Nomination Agreement**”) whereby West Lake shall, for so long as it and its affiliates own or exercise control or direction over, directly or indirectly, not less than 9% of the issued and outstanding Common Shares, be entitled to designate for election or appointment to the Board, as applicable, one nominee (the “**West Lake Board Nominee**”). The Company agreed to use commercially reasonable efforts to ensure that West Lake Nominee shall be elected or appointed to the Board.

Mr. Garrett Ulmer is the current West Lake Board Nominee and is an independent director of the Company. On April 25, 2024, the Company was advised by Libra Advisors, LLC that it had acquired 1,500,000 Common Shares held by West Lake. As a result of such acquisition, the WL Board Nomination Agreement terminated as of such date according to its terms. In connection therewith, Mr. Garrett Ulmer will not be standing for re-election at the Meeting. See “*Voting Shares and Principal Holders Thereof*”.

Joel MacLeod, the Executive Chairman of the Company and Greg Macdonald, the President and Chief Executive Officer of the Company, are members of management and, as a result, are not independent directors. 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 Company 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 Company. 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

No director of the Company is a director of another reporting issuer.

Orientation and Continuing Education

At present, each new director is given an outline of the nature of the Company’s business, its corporate strategy, and current issues with the Company 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 Company to discuss and better understand the Company’s business and will be advised by counsel to the Company of their legal obligations as directors of the Company. 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 Company'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 Company. 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 Company 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 Company 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 *Business Corporations Act* (Alberta) ("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 Company 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), Garrett Ulmer and David Gardner all of whom are considered "independent" by the Board. Mr. Garrett Ulmer will not be standing for re-election at the Meeting and it is anticipated that Mr. Ryan Mooney will replace Mr. Garrett Ulmer on the Corporate Governance & Compensation Committee after the Meeting. See "*Corporate Governance — Board of Directors*".

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 Company, including the evaluation of the Company'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 Company'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 Company for the financial year ended December 31, 2023 and the report of the auditor thereon, copies of which are delivered herewith and are also available on www.sedarplus.ca under the Company'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 Company 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.

Mr. Garrett Ulmer will not be standing for re-election at the Meeting. See "*Corporate Governance — Board of Directors*".

At the Meeting, it will be proposed that five 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 five.**

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 Company 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 Company or the provisions of the ABCA to which the Company 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 ⁽¹⁾⁽²⁾
<p>Joel MacLeod <i>Calgary, Alberta</i> <i>Executive Chairman and Director</i> <i>Director of Highwood since February 23, 2023</i></p>	<p>Executive Chairman and director of Highwood since February 23, 2023. Prior thereto, Chairman & CEO of Tidewater Midstream Ltd. and Tidewater Renewables Ltd. until November of 2022. Mr. MacLeod was a founder of Highwood Oil Company Ltd. (formerly Predator Oil Ltd.) in January 2012, a predecessor entity of the Company.</p>	<p>4,879,193 (32.21%)</p>
<p>Greg Macdonald <i>Okotoks, Alberta</i> <i>President, Chief Executive Officer and Director</i> <i>Director of Highwood since June 15, 2017</i></p>	<p>President, CEO & Director of Highwood since June 15, 2017 and President & COO of Highwood since May 11, 2015. Greg has served as a director for Cedar Creek Energy Ltd. from December 2016 to 2019, Mach Energy Services Inc. from January 2015 to June 2017, Hoist Capital Company from September 2019 to June 2022 and Battle River Energy from June 2019 to 2020.</p>	<p>361,438 (2.39%)</p>
<p>Stephen J. Holyoake⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Calgary, Alberta</i> <i>Director of Highwood since October 10, 2012</i></p>	<p>Mr. Holyoake has been a Board member of Highwood since October, 2012. He is also the President and Chief Executive Officer of Fireweed Energy Ltd., since February, 2017, and a director thereof since January 2016. Prior thereto, Mr. Holyoake was a director of Tidewater Midstream and Infrastructure Ltd. from April 2016 to July 2020. Mr. Holyoake was a founder and member of the board of directors of Predator Midstream Ltd. from May 2012 to the sale of the company in August 2014. 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.</p>	<p>177,087 (1.17%)</p>
<p>Ryan Mooney⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Calgary, Alberta</i> <i>Director</i> <i>Director since June 24, 2021</i></p>	<p>Mr. Mooney is currently the Managing Director, Investment Banking for Echelon Capital Markets in Calgary with a focus on origination and execution of capital markets transactions within energy and diversified industries across Western Canada. Mr. Mooney holds both a P.Eng designation with APEGA and is a CFA Charterholder with extensive experience in senior roles in industry, research, institutional sales and investment banking.</p>	<p>8,350 (0.06%)</p>
<p>David Gardner⁽³⁾⁽⁴⁾⁽⁵⁾ <i>Tomahawk, Wisconsin, USA</i> <i>Director</i> <i>Director since August 3, 2023</i> <i>HR Board Nominee</i></p>	<p>From December 2021 until its purchase by Highwood in August 2023, Mr. Gardner was the CEO of Shale. From 2014, Mr. Gardner was SVP of Business Development for Husky Energy in Calgary culminating in Husky's combination with Cenovus Energy in January 2021. Mr. Gardner was a Special Adviser with Kirk Lovegrove & Company Ltd in London in 2021.</p>	<p>17,000 (0.11%)</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 Company by the above individuals.
- (2) Assumes a total of 15,147,922 Common Shares issued and outstanding as at the Effective Date.
- (3) Member of the Audit Committee. Ryan Mooney is the Chair of the Audit Committee. Mr. Garrett Ulmer will not be

- standing for re-election at the Meeting and it is anticipated that Mr. Stephen J. Holyoake will replace Mr. Garrett Ulmer on the Audit Committee after the Meeting. See “*Corporate Governance — Board of Directors*”.
- (4) Member of the Corporate Governance & Compensation Committee. Stephen J. Holyoake is the Chair of the Corporate Governance & Compensation Committee. Mr. Garrett Ulmer will not be standing for re-election at the Meeting and it is anticipated that Mr. Ryan Mooney will replace Mr. Garrett Ulmer on the Corporate Governance & Compensation Committee after the Meeting. See “*Corporate Governance — Board of Directors*”.
- (5) Member of the Reserves, Safety and Environmental Committee. Stephen J. Holyoake is the Chair of the Reserves, Safety and Environmental Committee. Mr. Garrett Ulmer will not be standing for re-election at the Meeting and it is anticipated that Mr. Ryan Mooney will replace Mr. Garrett Ulmer on the Reserves, Safety and Environmental Committee after the Meeting. See “*Corporate Governance — Board of Directors*”.

Cease Trade Orders or Bankruptcies

To the best of the Company’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 Company’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, 2001 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 will be asked to vote for the appointment of RSM Canada LLP, Chartered Professional Accountants, as auditor of the Company. **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 Canada LLP, Chartered Professional Accountants, as auditor of the Company 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 Canada LLP is removed from office or resigns as provided by the Company'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 Canada LLP was appointed auditor of the Company effective December 19, 2018 following the acquisition of the business of Collins Barrow Calgary LLP by RSM Canada LLP.

5. Approval of Rolling Omnibus Incentive Plan

The Company has adopted a rolling omnibus plan, approved by the Board on April 25, 2024 (the "**Omnibus Incentive Plan**"). The Omnibus Incentive Plan is intended to amend, restate and combine the Company's existing Option Plan, RSU Plan and DSU Plan and if approved by Shareholders, the existing Options, RSUs and DSUs granted under such plans will be continued under and will be subject to the terms of the Omnibus Incentive Plan. The full text of the Omnibus Incentive Plan is included as Schedule "B" hereto.

Under the policies of the TSXV, the Omnibus Incentive Plan must be approved on a yearly basis by an ordinary resolution of the Shareholders entitled to vote at the Meeting. The TSXV has conditionally approved the Omnibus Incentive Plan, subject to receipt from the Company of, among other things, Shareholders approving the Omnibus Incentive Plan Resolution (as defined below).

The Company's Omnibus Incentive Plan is intended to strengthen the alignment of interests between the Company's directors, officers, employees and Shareholders by linking a portion of annual compensation for directors, officers and senior management to the future value of the Company's shares. It is administered by the Corporate Governance & Compensation Committee.

Under the terms of the Company's existing DSU Plan, the Company can grant DSUs to its non-executive directors. Under the terms of the Company's existing RSU Plan and Option Plan, the Company can grant RSUs and Options, respectively, to its executives, directors, officers and employees. If approved, the Company may, at its discretion, settle any DSUs, RSUs, or Options once vested in either cash or equity under the Omnibus Incentive Plan.

During the year ended December 31, 2023, there were no DSUs, RSUs or Options granted under the Omnibus Incentive Plan.

Particulars of the Omnibus Incentive Plan

A summary of certain provisions of the Omnibus incentive Plan is set out below. The summary is qualified in its entirety by the full text of the Omnibus Incentive Plan set out in Schedule "B" hereto.

Eligibility

Any individual employed by the Company, including a Service Provider (as defined in the Omnibus Incentive Plan), who, by the nature of his or her position or job is, in the opinion of the Board, in a position to contribute to the success of the Company is eligible to receive grants of options and RSUs, non-executive directors are eligible to receive DSUs (collectively, "**Grants**").

Shares Subject to the Omnibus Incentive Plan

The aggregate number of Shares (as defined in the Omnibus Incentive Plan) that may be issued pursuant to Grants made under the Omnibus Incentive Plan together with all other security-based compensation arrangements of the Company, shall be a number equal to 10% of the aggregate number of issued and outstanding Shares from time to time, provided that the aggregate number of Shares that may be issued pursuant to Grants of RSUs made under the Omnibus Incentive Plan shall be a number equal to 5% of the aggregate number of issued and outstanding Shares from time to time.

For purposes of computing the total number of Shares available for grant under the Omnibus Incentive Plan or any other security-based compensation arrangement of the Company, Shares subject to any Grant (or any portion thereof) that is forfeited, surrendered, cancelled or otherwise terminated, prior to the issuance of such Shares shall again be available for grant under the Omnibus Incentive Plan.

Grants under the Omnibus Incentive Plan

Options issued under the Omnibus Incentive Plan, unless otherwise specified in the underlying grant agreement, shall vest in a manner which the Board determines and may be exercised during a period determined by the Board, which may not exceed ten years. The exercise price for each Share subject to an option will be fixed by the Board but under no circumstances may any exercise price be less than the Market Price (as defined in the Omnibus Incentive Plan).

Under the Omnibus Incentive Plan, Participants (as defined in the Omnibus Incentive Plan) may be allocated share units in the form of RSUs, which represent the right to receive an equivalent number of Shares, the Market Price, or a combination of both, all as determined by the Board in its sole discretion, subject to applicable withholdings, on the vesting date. The issuance of such Shares may be subject to vesting requirements similar to those described above with respect to the exercisability of options, including such time or performance-based conditions as may be determined from time to time by the Board in its discretion. Unless otherwise specified in the underlying grant agreement, RSUs will vest according to a schedule; however, no RSUs may vest before the date that is one year following the grant date of such RSUs.

Under the Omnibus Incentive Plan, non-executive directors may elect to receive a percentage of their annual remuneration, for the year which the Omnibus Incentive Plan becomes effective in DSUs. The Board may award such number of DSUs to a non-executive director as the Board deems advisable to provide the non-executive director with appropriate equity-based compensation for the services he or she renders to the Company. The Board shall determine the date on which such DSUs may be granted along with any terms or conditions with respect to the vesting of such DSUs, provided that no DSU (other than a DSU issued in lieu of annual remuneration) may vest before the date that is one year following the grant date of such DSU. A non-executive director, who redeems DSUs hereunder shall be entitled to receive one Share for each DSU then being settled, a cash payment in an amount equal to the Market Price of the DSU that are being redeemed as of the Entitlement Date (as defined in the Omnibus Incentive Plan) applicable to such DSU, or a combination of Shares and cash, all as determined by the Board in its sole discretion.

Termination of Grants

Subject to the terms of the applicable Grant agreement, in the case of a Participant's termination of employment due to death, or in the case of the Participant's Disability (as defined in the Omnibus Incentive Plan) (i) those of the Participant's outstanding options and RSUs that were granted prior to the year that includes the Participant's date of death or Disability, as the case may be, that have not become vested prior to such date of death or Disability shall continue to vest and, upon vesting (which in the case of a RSU remains subject to the achievement of any applicable performance conditions and the adjustment of the number of RSUs that vest to reflect the extent to which such performance conditions were achieved), be exercisable (in the case of options) during the 12-month period following such date of death or Disability, as the case may be, as if the Participant

had remained employed throughout such period and (ii) those of the Participant's outstanding options that have become vested prior to the Participant's date of death or Disability shall continue to be exercisable during the 12-month period following such date of death or Disability, as the case may be. A prorated number of options and RSUs granted to a Participant in the year that includes the Participant's date of death or Disability shall remain eligible to vest following such date of death or Disability (the "**Special Prorated Grants**"). The Special Prorated Grants shall continue to vest and, upon vesting (which in the case of an RSU remains subject to the achievement of any applicable performance conditions and the adjustment of the number of RSUs that vest to reflect the extent to which such performance conditions were achieved), be exercisable (in the case of options) during the 12-month period following the Participant's date of death or Disability, as the case may be, as if the Participant had remained employed throughout such period. The balance of the options and RSUs granted to a Participant in the year that includes the Participant's date of death or Disability that are not Special Prorated Grants shall be forfeited and cancelled as of the Participant's date of death or Disability, as the case may be.

Subject to the terms of the applicable Grant agreement: (a) in the case of a Participant's termination without cause, the Participant's outstanding options that have become vested prior to the Participant's termination shall continue to be exercisable during the 90-day period following the Participant's date of termination, and (b) in the case of a Participant's resignation, the Participant's outstanding options that have become vested prior to the date on which the Participant provides notice to the Company of his or her resignation shall continue to be exercisable during the 90-day period following the Participant's date of resignation.

Subject to the terms of the applicable Grant agreement, in the case of a Participant's termination without cause, prior to the end of a vesting period relating to a Grant, any RSUs that have not vested prior to the date of such termination shall be immediately forfeited and cancelled, including dividend equivalent RSUs in respect of such RSUs, and all RSUs that have vested as of the date of such termination shall be settled as soon as reasonably practicable in accordance with the Plan.

In the case of a Participant's termination for cause, any and all then outstanding options, whether or not vested, and RSUs, whether vested or unvested, granted to the Participant shall be immediately forfeited and cancelled, without any consideration therefore, as of the commencement of the day that notice of such termination is given, except only as may be required to satisfy the express minimum requirements of applicable employment standards legislation.

A non-executive Director will not be able to redeem DSU's that have not vested prior to the date such Director ceases to be a director of the Company or an affiliate and all such DSU's that have not vested will be forfeited immediately.

Capital Changes, Corporate Transactions and Change of Control

The Omnibus Incentive Plan contains provisions for the equitable treatment of Grants in relation to any capital changes and with regard to a dividend, split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other relevant changes to the authorized or issued capital of the Company.

In the event of a Change in Control (for the purposes of this section, as defined in the Omnibus Incentive Plan) prior to the vesting of a Grant, and subject to the terms of a Participant's employment agreement and the applicable Grant agreement, the Board shall have full authority to determine in its sole discretion the effect, if any, of a Change in Control on the vesting, exercisability, settlement, payment or lapse of restrictions applicable to a Grant.

Amendment and Termination of the Omnibus Incentive Plan

The Board may from time to time, without notice and without approval of the Shareholder, amend, modify, change, suspend or terminate the Omnibus Incentive Plan or any Grant pursuant to the Omnibus Incentive Plan

as it, in its discretion determines appropriate, provided, however, that no such amendment, modification, change, suspension or termination of the Omnibus Incentive Plan or any Grant hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Omnibus Incentive Plan without the consent of the Participant, unless the Board determines such adjustment is required or desirable in order to comply with any Applicable Laws or Stock Exchange Rules (each as defined therein). If the Omnibus Incentive Plan is amended, modified, changed, suspended or terminated, the provisions of the Omnibus Incentive Plan and any administrative guidelines, rules and regulations relating to the Omnibus Incentive Plan shall continue in effect for the duration of such time as any Grants remains outstanding.

Notwithstanding the foregoing and subject to any Stock Exchange Rules, approval of the Shareholders shall be required for any amendment, modification or change to the Omnibus Incentive Plan that:

increases the maximum percentage of the Company's issued and outstanding Shares from time to time that can be reserved for issuance under the Omnibus Incentive Plan, including any increase in the maximum percentage of the Company's issued and outstanding Shares from time to time that can be reserved for issuance pursuant to Grants of RSUs;

- (i) increases or removes any of the limits on the participation of any one Eligible Person (as defined in the Omnibus Incentive Plan) or any category of Eligible Persons;
- (ii) reduces the Exercise Price (as defined therein) of any Share subject to an option (for this purpose, a cancellation or termination of an option prior to its Expiry Date for the purpose of reissuing an Option to the same Participant with a lower Exercise Price shall be treated as an amendment to reduce the Exercise Price of an Option) except pursuant to the provisions in the Omnibus Incentive Plan which permit the Board to make equitable adjustments in the event of transactions affecting the Company or its capital;
- (iii) extends the term of an option beyond the original expiry date (except where an expiry date would have fallen within a Blackout Period (as defined in the Omnibus Incentive Plan) applicable to the Participant);
- (iv) extends the term of an Option beyond its maximum term (except where an expiry date would have fallen within a Blackout Period applicable to the Participant);
- (v) permits a Participant to transfer or assign Grants to a new beneficial owner other than for estate settlement purposes;
- (vi) changes the Eligible Participants;
- (vii) is a matter expressly subject to approval of the holders of Shares pursuant to applicable Stock Exchange Rules; or
- (viii) deletes or reduces the range of amendments which require approval of Shareholders under the Omnibus Incentive Plan.

Subject to the foregoing and subject to the approval of the Stock Exchange where applicable, the Board may, without Shareholder approval, at any time or from time to time, amend the Omnibus Incentive Plan for the purposes of:

- (i) making any amendments to the general vesting provisions of each Grant;

- (ii) making any amendments to the provisions relating to the termination, disability or death of a Participant, provided that, for so long as the Shares are listed and posted for trading on the TSX-V, Shareholder approval shall be required for such amendments;
- (iii) making any amendments to add covenants of the Company for the protection of Participants, as the case may be, provided that the Board shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;
- (iv) making any amendments not inconsistent with the Omnibus Incentive Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Board shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and Directors; or
- (v) making such changes or corrections which, on the advice of counsel to the Company, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Board shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

Shareholder Approval of the Omnibus Incentive Plan

In accordance with the policies of the TSXV, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution (the “**Omnibus Incentive Plan Resolution**”) approving the Omnibus Incentive Plan as the Company’s rolling omnibus incentive 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 Company that:

1. the omnibus incentive plan of the Company, in substantially the form attached as Schedule “B” to the Management Information Circular dated April 25, 2024 (the “**Omnibus Incentive Plan**”), which amends, restates and combines the Company’s existing stock option plan, restricted share unit plan and deferred share unit plan, be and is hereby ratified, approved and adopted as the omnibus incentive plan of the Company;
2. the existing Corporation’s existing stock options, restricted share units and deferred share unit granted under its existing stock option plan, restricted share unit plan and deferred share unit plan, respectively, will be continued under and will be subject to the terms of the Omnibus Incentive Plan;
3. the form of the Omnibus Incentive Plan may be amended, in the discretion of the board of directors of the Company, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the shareholders of the Company;
4. any one (or more) director or officer of the Company is hereby authorized and directed, on behalf of the Company, 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 Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution; and

5. the Company is authorized to reserve and issue Common Shares in the capital of the Company for issuance upon exercise of awards granted pursuant to the Omnibus Incentive Plan.”

The Board has reviewed the proposed resolution and concluded that it is fair and reasonable to the Shareholders and in the best interests of the Company and recommends that Shareholders vote FOR the Omnibus Incentive Plan Resolution.

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 Company is available on SEDAR+ at www.sedarplus.ca. Financial information of the Company’s most recently completed financial year is provided in the Company’s comparative financial statements and management discussion and analysis available on SEDAR+. A Shareholder may contact the Company at 1000, 250 — 2nd Street S.W., Livingston Place, Calgary, Alberta, Attn: Chief Financial Officer to obtain a copy of the Company’s most recent financial statements and management discussion and analysis.

BOARD APPROVAL

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

DATED this 25th day of April, 2024.

**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 Asset Management 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"
OMNIBUS INCENTIVE PLAN

(See attached.)

**HIGHWOOD ASSET MANAGEMENT LTD.
OMNIBUS INCENTIVE PLAN**

As adopted by the board of directors on April 25, 2024

and approved by the shareholders on ●, 2024

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PART I – GENERAL PROVISIONS

1. PREAMBLE AND DEFINITIONS

1.1 Title. The Plan described in this document shall be called the “Highwood Asset Management Ltd. Omnibus Incentive Plan”.

1.2 Purpose of the Plan. The purposes of the Plan are:

- (a) to promote a further alignment of interests between officers, directors, employees and other eligible service providers and the shareholders of the Corporation;
- (b) to associate a portion of the compensation payable to officers, directors, employees and other eligible service providers with the returns achieved by shareholders of the Corporation; and
- (c) to attract and retain officers, directors, employees and other eligible service providers with the knowledge, experience and expertise required by the Corporation.

1.3 Certain Definitions.

- (a) **“Affiliate”** means a related entity of the Corporation within the meaning of National Instrument 45-106 — *Prospectus Exemptions*, as such instrument may be amended, supplemented or replaced from time to time.
- (b) **“Applicable Law”** means any applicable provision of law, domestic or foreign, including, without limitation, applicable securities legislation, together with all regulations, rules, policy statements, rulings, notices, orders or other instruments promulgated thereunder, and Stock Exchange Rules.
- (c) **“Associate”** shall have the meaning ascribed thereto in Policy 1.1 — *Interpretation* of the TSX-V Corporate Finance Manual.
- (d) **“Beneficiary”** means, subject to Applicable Law, an individual who has been designated by a Participant, in such form and manner as the Board may determine, to receive benefits payable under the Plan upon the death of the Participant, or, where no such designation is validly in effect at the time of death, the Participant’s legal representative.
- (e) **“Blackout Period”** means a period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of a Grant, as a result of bona fide existence of undisclosed material information.
- (f) **“Board”** means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than three directors of the Corporation duly appointed to administer the Plan.
- (g) **“Cause”** means:
 - (i) subject to (ii) or (iii), as applicable, below, “just cause” or “cause” for Termination by the Corporation or an Affiliate as determined under Applicable Law;
 - (ii) where a Participant has a written employment agreement with the Corporation or an Affiliate, **“Cause”** as defined in such employment agreement, if applicable; or

- (iii) where a Participant provides services as an independent contractor pursuant to a contract for services with the Corporation or an Affiliate, any material breach of such contract.
- (h) **“Change in Control”** means:
- (i) the acquisition by any “offeror” (as defined in the *Securities Act (Alberta)*) of beneficial ownership of more than 50% of the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
 - (ii) any consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities, or pursuant to which Shares would be converted into cash, securities or other property, other than a merger of the Corporation in which shareholders immediately prior to the merger have the same proportionate ownership of stock of the surviving corporation immediately after the merger;
 - (iii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation;
 - (iv) the approval by the Shareholders of any plan of liquidation or dissolution of the Corporation; or
 - (v) the replacement by way of election or appointment at any time of one-half or more of the total number of the then incumbent members of the Board, unless such election or appointment is approved by 50% or more of the Board in office immediately preceding such election or appointment in circumstances where such election or appointment is to be made other than as a result of a dissident public proxy solicitation, whether actual or threatened.
- (i) **“Consultant”** means a person or company, other than an employee, officer or director of the Corporation or an Affiliate, that:
- (i) is engaged to provide, on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or an Affiliate, other than services provided in relation to a distribution of securities;
 - (ii) provides the services under a written contract between the Corporation or an Affiliate and the person or company; and
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate.
- (j) **“Consultant Company”** means a Consultant that is a company.
- (k) **“Corporation”** means Highwood Asset Management Ltd., and includes any successor corporation thereof.
- (l) **“Deferred Share Unit”** or **“DSU”** means a unit credited by the Corporation to a Non-Employee Director by way of a bookkeeping entry in the books of the Corporation, representing the right to receive a cash payment therefor or its equivalent in fully-paid Shares or a combination thereof (as determined in the sole discretion of the Board) equal

to the Fair Market Value of a Share calculated at the date of such payment, at the time, in the manner, and subject to the terms contained herein.

- (m) **“Director”** means a director of the Corporation from time to time.
- (n) **“Disability”** means:
 - (i) subject to (ii) below, a Participant’s physical or mental incapacity that prevents him/her from substantially fulfilling his or her duties and responsibilities on behalf of the Corporation or, if applicable, an Affiliate, as determined by the Board and, in the case of a Participant who is an employee of the Corporation or an Affiliate, in respect of which the Participant commences receiving, or is eligible to receive, disability benefits under the Corporation’s or Affiliate’s long-term disability plan; or
 - (ii) where a Participant has a written employment agreement with the Corporation or an Affiliate, **“Disability”** as defined in such employment agreement, if applicable.
- (o) **“Disability Date”** means, in relation to a Participant, that date determined by the Board to be the date on which the Participant first experienced a Disability.
- (p) **“Disinterested Shareholder Approval”** means, in accordance with the policies of the TSX-V, approval by a majority of the votes cast by all shareholders entitled to vote at a meeting of shareholders of the Corporation excluding votes attached to shares beneficially owned by persons with an interest in the subject matter of the resolution and their Associates;
- (q) **“Eligible Person”** means any director, executive officer, employee, Management Company Employee or Consultant of the Corporation or any Affiliate.
- (r) **“Employed”** means, with respect to a Participant, that:
 - (i) the Participant is rendering services to the Corporation or an Affiliate (excluding services as a Director) including as a Consultant (referred to in Section (pp) as “active Employment”); or
 - (ii) the Participant is not actively rendering services to the Corporation or an Affiliate due to an approved leave of absence, maternity or parental leave or leave on account of Disability, andfor greater certainty, any determination of whether a Participant is Employed on a Vesting Date shall be made without regard to any period of notice, pay in lieu of notice (paid by way of lump sum or salary continuance), benefits continuance or other termination-related payments or benefits to which the Participant may be entitled pursuant to the common law or otherwise, subject only to the express minimum requirements of applicable employment standards legislation, and **“Employment”** shall be construed accordingly.
- (s) **“Exercise Price”** means the price payable by a Participant to purchase one Share on exercise of an Option.
- (t) **“Fair Market Value”** means: (1) with respect to any property other than the Shares, DSUs, or RSUs, the fair market value of that property determined by those methods or procedures as may be established from time to time by the Board, acting reasonably, and (2) with respect to the Shares, DSUs, or RSUs, the volume weighted average trading price (in Canadian dollars) for such Shares on the principal Stock Exchange for the five (5) days preceding the date of reference on which the Shares traded. If the Shares did not trade,

then the Fair Market Value with respect to the Shares, DSUs, or RSUs will be determined by the Board, acting reasonably, using any other appropriate method selected by the Board. Notwithstanding the foregoing, with respect to Options awarded to a U.S. Participant, Fair Market Value shall mean the last daily closing price per Share on the principal Stock Exchange on the trading day immediately preceding the valuation date, and if there was no sale or exchange on the principal Stock Exchange on such date, then the last sale price prior thereto, and if Shares are no longer traded on an exchange, quotation system or other market, Fair Market Value shall be as determined by the Board in accordance with valuation principles under Section 409A of the Code.

- (u) **“Governmental Authorities”** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:
 - (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
 - (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.
- (v) **“Grant”** means a grant or right granted under the Plan consisting of one or more Options, RSUs, DSUs or such other award as may be permitted hereunder.
- (w) **“Grant Agreement”** means an agreement between the Corporation and a Participant evidencing a Grant and setting out the terms under which such Grant is made, together with such schedules, amendments, deletions or changes thereto as are permitted under the Plan.
- (x) **“Grant Date”** means the effective date of a Grant.
- (y) **“Insider”** shall have the meaning ascribed thereto in Policy 1.1 — *Interpretation* of the TSX-V Corporate Finance Manual.
- (z) **“Investor Relations Activities”** shall have the meaning ascribed thereto in Policy 1.1 — *Interpretation* of the TSX-V Corporate Finance Manual.
- (aa) **“Investor Relations Service Provider”** shall have the meaning ascribed thereto in Policy 4.4 — *Security Based Compensation* of the TSX-V Corporate Finance Manual.
- (bb) **“Management Company Employee”** means an individual employed by a company providing management services to the Corporation, which services are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in Investor Relations Activities.
- (cc) **“Market Price”** means, with respect to any particular date:
 - (i) so long as the Shares are listed on only the TSX-V, the meaning ascribed thereto in Policy 1.1 — *Interpretation* of the TSX-V Corporate Finance Manual;
 - (ii) if the Shares are listed on only one Stock Exchange that is not the TSX-V, the closing price per Share on such Stock Exchange on the last Trading Day immediately prior to such date;

- (iii) if the Shares are listed on more than one Stock Exchange, the Market Price as determined in accordance with paragraphs (i) and (ii) above for the primary Stock Exchange on which the greatest volume of trading of the Shares occurred during the immediately preceding twenty (20) Trading Days; and
 - (iv) if the Shares are not listed for trading on a Stock Exchange, a price which is determined by the Board in good faith to be the fair market value of the Shares.
- (dd) **“Non-Employee Director”** means a Director that is also not an officer, employee or consultant of the Corporation or an Affiliate and including any non-executive Chair of the Board.
 - (ee) **“Option”** means an option to purchase a Share granted by the Board to an Eligible Person in accordance with Section 3 and Section 9.1.
 - (ff) **“Participant”** means an Eligible Person to whom a Grant is made and which Grant or a portion thereof remains outstanding.
 - (gg) **“Performance Conditions”** means such financial, personal, operational or transaction-based performance criteria as may be determined by the Board in respect of a Grant to any Participant or Participants and set out in a Grant Agreement. Performance Conditions may apply to the Corporation, an Affiliate, the Corporation and its Affiliates as a whole, a business unit of the Corporation or group comprised of the Corporation and some Affiliates or a group of Affiliates, either individually, alternatively or in any combination, and measured either in total, incrementally or cumulatively over a specified performance period, on an absolute basis or relative to a pre-established target or milestone, to previous years’ results or to a designated comparator group, or otherwise, and may incorporate multipliers or adjustments based on the achievement of any such performance criteria.
 - (hh) **“Performance Period”** means, if applicable with respect to RSUs, a period specified by the Board for achievement of any applicable Performance Conditions as a condition to Vesting.
 - (ii) **“Person”** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative.
 - (jj) **“Plan”** means this Highwood Asset Management Ltd. Omnibus Incentive Plan, including any schedules or appendices hereto, as may be amended from time to time, and which amends, restates and combines the Corporation’s existing stock option plan, restricted share unit plan and deferred share unit plan.
 - (kk) **“Restricted Share Unit”** or **“RSU”** means a unit credited by the Corporation to an Eligible Person by way of a bookkeeping entry in the books of the Corporation, representing the right to receive a cash payment therefor or its equivalent in fully-paid Shares or a combination thereof (as determined in the sole discretion of the Board), equal to the Fair Market Value of a Share calculated at the date of such payment, at the time, in the manner, and subject to the terms contained herein.
 - (ll) **“Restrictive Covenant”** means any obligation of a Participant to the Corporation or an Affiliate to (A) maintain the confidentiality of information relating to the Corporation or the Affiliate and/or its business, (B) not engage in employment or business activities that compete with the business of the Corporation or the Affiliate, (C) not solicit employees or

other service providers, customers and/or suppliers of the Corporation or the Affiliate, whether during or after employment with the Corporation or Affiliate, and whether such obligation is set out in a Grant Agreement issued under the Plan or other agreement between the Participant and the Corporation or Affiliate, including, without limitation, an employment agreement, or otherwise.

- (mm) **"Share"** means a common share in the capital of the Corporation or, in the event of an adjustment contemplated by Section 6.1, such other security to which a Participant may be entitled upon the exercise or settlement of a Grant as a result of such adjustment.
- (nn) **"Stock Exchange"** means the stock exchange upon which the Shares are listed at the relevant time, or if the Shares are not listed on any stock exchange, then on any applicable over-the-counter market.
- (oo) **"Stock Exchange Rules"** means the applicable rules of any Stock Exchange upon which Shares of the Corporation are listed.
- (pp) **"Termination"** means (i) the termination of a Participant's Employment with the Corporation or an Affiliate (other than in connection with the Participant's transfer to Employment with the Corporation or another Affiliate), which shall occur on the earlier of the date on which the Participant ceases to render services to the Corporation or Affiliate, as applicable, and the date on which the Corporation or an Affiliate, as applicable, delivers notice of the termination of the Participant's employment or contract for services, whether such termination is lawful or otherwise, without giving effect to any period of notice or pay in lieu of notice (paid by way of lump sum or salary continuance), benefits continuance or other termination-related payments or benefits to which the Participant may be entitled pursuant to the common law or otherwise (except as expressly required by applicable employment standards legislation), but, for greater certainty, a Participant's absence from active work during a period of vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability shall not be considered to be a "Termination", and (ii) in the case of a Participant who does not return to active Employment with the Corporation or an Affiliate immediately following a period of absence due to vacation, temporary illness, authorized leave of absence, maternity or parental leave or leave on account of Disability, such cessation shall be deemed to occur on the last day of such period of absence, and **"Terminated"** and **"Terminates"** shall be construed accordingly.
- (qq) **"Time Vesting"** means any conditions relating to the passage of time or continued service with the Corporation or an Affiliate for a period of time in respect of a Grant, as may be determined by the Board.
- (rr) **"Trading Day"** means a day on which the Stock Exchange is open for trading and on which the Shares actually traded.
- (ss) **"TSX-V"** means the TSX Venture Exchange.
- (tt) **"TSX"** means the Toronto Stock Exchange.
- (uu) **"U.S. Participant"** means an Eligible Person who is a resident of the United States or who is subject to U.S. tax.
- (vv) **"U.S. Tax Code"** means the United States Internal Revenue Code of 1986, as amended.
- (ww) **"Vested"** means, with respect to any Option, RSU, DSU or other award included in a Grant, that the applicable conditions with respect to Time Vesting, achievement of Performance

Conditions and/or any other conditions established by the Board have been satisfied or, to the extent permitted under the Plan, waived, whether or not the Participant's rights with respect to such Grant may be conditioned upon prior or subsequent compliance with any Restrictive Covenants (and any applicable derivative term shall be construed accordingly).

- (xx) **"Vesting Date"** means the date on which the applicable Time Vesting, Performance Conditions and/or any other conditions for an Option, RSU or other award included in a Grant becoming Vested are met, deemed to have been met or waived as contemplated in Section (ww).

2. CONSTRUCTION AND INTERPRETATION

2.1 Gender, Singular, Plural. In the Plan, references to the masculine include the feminine; and references to the singular shall include the plural and vice versa, as the context shall require.

2.2 Severability. If any provision or part of the Plan is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

2.3 Headings, Sections and Parts. Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable. The Plan is divided into four Parts. Part I contains provisions of general application to all Grants; Part II applies specifically to Options, Part III applies specifically to RSUs and Part IV applies specifically to DSUs.

3. ADMINISTRATION

3.1 Administration by the Board. The Plan shall be administered by the Board, or any committee established by the Board for the purpose of administering the Plan, in accordance with its terms and subject to Applicable Law. Subject to and consistent with the terms of the Plan, in addition to any authority of the Board specified under any other terms of the Plan, the Board shall have full and complete discretionary authority to:

- (a) interpret the Plan and Grant Agreements;
- (b) prescribe, amend and rescind such rules and regulations and make all determinations necessary or desirable for the administration and interpretation of the Plan and instruments of grant evidencing Grants;
- (c) determine those Eligible Persons who may receive Grants as Participants, grant one or more Grants to such Participants and approve or authorize the applicable form and terms of the related Grant Agreement;
- (d) determine the terms and conditions of Grants granted to any Participant, including, without limitation, as applicable (i) Grant Value and the number of Shares subject to a Grant, (ii) the Exercise Price for Shares subject to a Grant, (iii) the conditions to the Vesting of a Grant or any portion thereof, including, as applicable, the period for achievement of any applicable Performance Conditions as a condition to Vesting, and conditions pertaining to compliance with Restrictive Covenants, and the conditions, if any, upon which Vesting of any Grant or any portion thereof will be waived or accelerated without any further action by the Board, (iv) the circumstances upon which a Grant or any portion thereof shall be forfeited, cancelled or expire, including in connection with the breach by a Participant of any Restrictive Covenant, (v) the consequences of a Termination with respect to a Grant, (vi) the manner of exercise or settlement of the Vested portion of a Grant, (vii) whether,

and the terms upon which, a Grant may be settled in cash, newly issued Shares or a combination thereof, and (viii) whether, and the terms upon which, any Shares delivered upon exercise or settlement of a Grant must be held by a Participant for any specified period of time;

- (e) determine whether, and the extent to which, any Performance Conditions or other conditions applicable to the Vesting of a Grant have been satisfied or shall be waived or modified;
- (f) make such rules, regulations and determinations as it deems appropriate under the Plan in respect of any leave of absence or disability of any Participant. Without limiting the generality of the foregoing, the Board shall be entitled to determine:
 - (i) whether or not any such leave of absence shall constitute a Termination within the meaning of the Plan;
 - (ii) the impact, if any, of any such leave of absence on Grants issued under the Plan made to any Participant who takes such leave of absence (including, without limitation, whether or not such leave of absence shall cause any Grants to expire and the impact upon the time or times such Grants shall be exercisable);
- (g) amend the terms of any Grant Agreement or other documents evidencing Grants; and
- (h) determine whether, and the extent to which, adjustments shall be made pursuant to Section 6 and the terms of such adjustments.

3.2 For Grants to employees, Directors, Consultants, Consultant Companies or Management Company Employees, the Corporation and such Participant are responsible for ensuring and confirming that the Participant is a bona fide employee, Director, Consultant, Consultant Company or Management Company Employee, as the case may be.

3.3 All determinations, interpretations, rules, regulations, or other acts of the Board respecting the Plan or any Grant shall be made in its sole discretion and shall be conclusively binding upon all persons.

3.4 The Board may prescribe terms for Grant Agreements in respect of Eligible Persons who are subject to the laws of a jurisdiction other than Canada in connection with their participation in the Plan that are different than the terms of the Grant Agreements for Eligible Persons who are subject to the laws of Canada in connection with their participation in the Plan, and/or deviate from the terms of the Plan set out herein, for purposes of compliance with Applicable Law in such other jurisdiction or where, in the Board's opinion, such terms or deviations are necessary or desirable to obtain more advantageous treatment for the Corporation, an Affiliate or the Eligible Person in respect of the Plan under the Applicable Law of the other jurisdiction.

3.5 Notwithstanding the foregoing, the terms of any Grant Agreement authorized pursuant to this Section 3.5 shall be consistent with the Plan to the extent practicable having regard to the Applicable Law of the jurisdiction in which such Grant Agreement is applicable and in no event shall contravene the Applicable Law of Canada.

3.6 The Board may, in its discretion, subject to Applicable Law, delegate its powers, rights and duties under the Plan, in whole or in part, to a committee of the Board, a person or persons, as it may determine, from time to time, on terms and conditions as it may determine, except that the Board shall not, and shall not be permitted to delegate any such powers, rights or duties (i) with respect to the grant, amendment, administration or settlement of any Grant to the extent delegation is not consistent with Applicable Law and any such purported delegation or action shall not be given effect, and (ii) provided that the composition of the committee of the Board, person or persons, as the case may be, shall comply with Applicable Law. In

addition, provided it complies with the foregoing, the Board may appoint or engage a trustee, custodian or administrator to administer or implement the Plan or any aspect of it.

3.7 The terms of Appendix "A" shall apply to the participation of U.S. Participants in the Plan and shall prevail in the event of any inconsistency with any provision of the main body of the Plan excluding Appendix "A" as they relate to Eligible Persons who are U.S. Taxpayers.

3.8 Each Option, RSU and DSU granted by the Corporation prior to the date of the approval of the Plan by the shareholders of the Corporation, including Options, RSU and DSU granted under previously approved stock option plans, restricted share unit plans and deferred share unit plans of the Corporation, 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 Corporation.

4. TOTAL SHARES SUBJECT TO GRANTS

4.1 Subject to Section 5 and any adjustment pursuant to Section 6.1, the aggregate number of Shares that may be issued pursuant to Grants made under the Plan together with all other security-based compensation arrangements of the Corporation shall be a number equal to 10% of the aggregate number of issued and outstanding Shares from time to time, provided, however, that the aggregate number of Shares that may be issued pursuant to Grants of RSUs made under the Plan shall be a number equal to 5% of the aggregate number of issued and outstanding Shares from time to time.

4.2 The Plan is a rolling "evergreen" plan. To the extent any (or portion(s) thereof) under the Plan are exercised, redeemed or settled, as applicable, or terminate or are cancelled for any reason prior to exercise in full, or are surrendered to the Corporation by the Participant, except surrenders relating to the payment of the purchase or exercise price of any such or the satisfaction of the tax withholding obligations related to any such, any Shares subject to such (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of under this Plan.

5. LIMITATION ON GRANTS

5.1 To Insiders as a group at any point in time. The aggregate number of Shares that are issuable pursuant to Grants to Insiders as a group pursuant to the Plan and any other security-based compensation arrangement of the Corporation at any point in time must not exceed 10% of the total number of issued and outstanding Shares (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).

5.2 To Insiders as a group within a 12-month period. The aggregate number of Shares that are issuable pursuant to all Grants to Insiders as a group pursuant to the Plan and any other security-based compensation arrangement of the Corporation in a twelve (12) month period must not exceed 10% of the total number of issued and outstanding Shares calculated on the date of Grant to any Insider (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).

5.3 To any one Person. For so long as the Shares are listed and posted for trading on the TSX-V, the aggregate number of Shares that are issuable pursuant to all Grants to any one Person (and companies wholly owned by that Person) pursuant to the Plan and any other security-based compensation arrangement of the Corporation in a twelve (12) month period must not exceed 5% of the issued and outstanding Shares, calculated on the date of Grant to the Person (unless the Corporation has obtained the requisite Disinterested Shareholder Approval).

5.4 To any one Consultant. For so long as the Shares are listed and posted for trading on the TSX-V, the aggregate number of Shares that issuable pursuant to all Grants to any one Consultant in a twelve (12) month period pursuant to the Plan and any other security-based compensation arrangement of the

Corporation must not exceed 2% of the issued and outstanding Shares, calculated at the date of Grant to the Consultant.

5.5 To Persons conducting Investor Relations Activities. For so long as the Shares are listed and posted for trading on the TSX-V (i) Investor Relations Service Providers may not receive any Grants other than Options and (ii) the aggregate number of Options granted to all Investor Relations Service Providers pursuant to the Plan and any other security-based compensation arrangement of the Corporation must not exceed 2% of the issued and outstanding Shares in any twelve (12) month period, calculated at the date an Option is granted to any such Investor Relations Service Provider.

5.6 To Non-Employee Directors as a group. The maximum number of Shares which may be reserved for issuance to Non-Employee Directors as a group pursuant to the Plan and any other security-based compensation arrangement of the Corporation at any point in time must not exceed 1% of the total number of issued and outstanding Shares.

5.7 To any one Non-Employee Director. The aggregate fair market value of all Shares that are issuable pursuant to all Grants to any one Non-Employee Director pursuant to the Plan and any other security-based compensation arrangement of the Corporation, shall not, as of the grant date: (A) exceed \$150,000 in any one calendar year (not including Grants issued or taken in lieu of cash fees); and (B) exceed \$100,000 regarding Grants of Options in any one calendar year.

6. ALTERATION OF CAPITAL AND CHANGE IN CONTROL

6.1 Notwithstanding any other provision of the Plan, and subject to Applicable Law, in the event of any change in the Shares by reason of any dividend (other than dividends in the ordinary course), split, recapitalization, reclassification, amalgamation, arrangement, merger, consolidation, combination or exchange of Shares or distribution of rights to holders of Shares or any other relevant changes to the authorized or issued capital of the Corporation, if the Board shall determine that an equitable adjustment should be made, such adjustment shall, subject to Applicable Law, be made by the Board to (i) the number of Shares subject to the Plan; (ii) the securities into which the Shares are changed or are convertible or exchangeable; (iii) any Options then outstanding; (iv) the Exercise Price, as appropriate in respect of such Options; and/or (v) with respect to the number of RSUs and/or DSUs outstanding under the Plan, and any such adjustment shall be conclusive and binding for all purposes of the Plan.

Notwithstanding the foregoing, (i) should the Corporation not have sufficient Shares available to satisfy an increase in the number of Shares of the Corporation, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued (the “**Unissued Option Shares**”); or (ii) should the increase of the number of Unissued Option Shares result in the Corporation breaching a limit on grants or issuances set out in Sections 4 and 5, then in lieu of increasing the number of Unissued Option Shares, the Corporation may pay the holders of each Option such amount in cash, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly satisfy the Corporation’s obligations.

6.2 No adjustment provided for pursuant to Section 6.1 shall require the Corporation to issue fractional Shares in satisfaction of its obligations under the Plan. Any fractional interest in a Share that would, except for the provisions of this Section 6.2, be deliverable upon the exercise of any Grant shall be cancelled and not deliverable by the Corporation.

6.3 In addition to the Board’s rights under Section 3.1 and in the event of a Change in Control prior to the Vesting of a Grant, and subject to the terms of a Participant’s written employment agreement or contract for services with the Corporation or an Affiliate and the applicable Grant Agreement, the Board shall have full authority to determine in its sole discretion the effect, if any, of a Change in Control on the Vesting, exercisability, settlement, payment or lapse of restrictions applicable to a Grant, which effect may be specified in the applicable Grant Agreement or determined at a subsequent time. Subject to Applicable

Law, rules and regulations, the Board shall, at any time prior to, coincident with or after the effective time of a Change in Control, take such actions as it may consider appropriate, including, without limitation:

- (a) provide for the acceleration of any Vesting or exercisability of a Grant (except there shall be no acceleration of the Vesting to Options issued to an Investor Relations Service Provider without prior Stock Exchange acceptance);
- (b) provide for the deemed attainment of Performance Conditions relating to a Grant;
- (c) provide for the lapse of restrictions relating to a Grant;
- (d) provide for the assumption, substitution, replacement or continuation of any Grant by a successor or surviving corporation (or a parent or subsidiary thereof) with cash, securities, rights or other property to be paid or issued, as the case may be, by the successor or surviving corporation (or a parent or subsidiary thereof);
- (e) provide that that a Grant shall terminate or expire unless exercised or settled in full on or before a date fixed by the Board; or
- (f) terminate or cancel any outstanding Grant in exchange for a cash payment (provided that, if as of the date of the Change in Control, the Board determines that no amount would have been realized upon the exercise or settlement of the Grant, then the Grant may be cancelled by the Corporation without payment of consideration).

7. MISCELLANEOUS

7.1 Withholdings. So as to ensure that the Corporation or an Affiliate, as applicable, will be able to comply with the applicable obligations under any federal, provincial, state or local law relating to the withholding of tax or other required deductions, the Corporation or the Affiliate may withhold or cause to be withheld from any amount payable to a Participant, either under the Plan, or otherwise, such amount as may be necessary to permit the Corporation or the Affiliate, as applicable, to so comply and may take such other action that the Corporation deems necessary to satisfy all obligations for the payment of such statutory withholdings. Without limiting the generality of the foregoing, the Corporation and any Affiliate may satisfy any liability for any such withholding obligations, on such terms and conditions as the Corporation may determine in its sole discretion, by (a) selling on such Participant's behalf, or requiring such Participant to sell, any Shares, and retaining any amount payable which would otherwise be provided or paid to such Participant in connection with any such sale, or (b) requiring, as a condition to the delivery of Shares hereunder, that such Participant make such arrangements as the Corporation may require so that the Corporation and its Affiliates can satisfy such withholding obligations, including requiring such Participant to remit an amount to the Corporation or an Affiliate in advance, or reimburse the Corporation or any Affiliate for, any such withholding obligations, subject to the policies of the Stock Exchange.

7.2 No Right to Continued Employment. Nothing in the Plan or in any Grant Agreement entered into pursuant hereto shall confer upon any Participant the right to continue in the employ or service of the Corporation or any Affiliate, to be entitled to any remuneration or benefits not set forth in the Plan or a Grant Agreement or to interfere with or limit in any way the right of the Corporation or any Affiliate to terminate Participant's employment or service arrangement with the Corporation or any Affiliate.

7.3 No Shareholder Rights. Grants of Options, RSUs or DSUs are not Shares and such Grants will not entitle a Participant to any shareholder rights, including, without limitation, voting rights, dividend entitlement or rights on liquidation.

7.4 No Additional Rights. Neither the designation of an individual as a Participant nor the Grant of any Options, RSUs, DSUs or other award to any Participant entitles any person to the Grant, or any additional Grant, as the case may be, of any Options, RSUs, DSUs or other award under the Plan. For

greater certainty, the Board's decision to approve a Grant in any period shall not require the Board to approve a Grant to any Participant in any other period; nor shall the Board's decision with respect to the size or terms and conditions of a Grant in any period require it to approve a Grant of the same or similar size or with the same or similar terms and conditions to any Participant in any other period. The Board shall not be precluded from approving a Grant to any Participant solely because such Participant may have previously received a Grant under the Plan or any other similar compensation arrangement of the Corporation or an Affiliate. No Eligible Person has any claim or right to receive a Grant except as may be provided in a written employment or services agreement between an Eligible Person and the Corporation or an Affiliate.

7.5 Amendment, Suspension, Termination.

- (a) The Board may from time to time, without notice and without approval of the holders of Shares of the Corporation, amend, modify, change, suspend or terminate the Plan or any Grant pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that no such amendment, modification, change, suspension or termination of the Plan or any Grant hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Board determines such adjustment is required or desirable in order to comply with any Applicable Laws or Stock Exchange Rules. If the Plan is amended, modified, changed, suspended or terminated, the provisions of the Plan and any administrative guidelines, rules and regulations relating to the Plan shall continue in effect for the duration of such time as any Grants remains outstanding.
- (b) Notwithstanding Section 7.5(a) and subject to any Stock Exchange Rules, approval of the holders of Shares shall be required for any amendment, modification or change to this Plan that:
 - (i) increases the maximum percentage of the Corporation's issued and outstanding Shares from time to time that can be reserved for issuance under the Plan, including any increase in the maximum percentage of the Corporation's issued and outstanding Shares from time to time that can be reserved for issuance pursuant to Grants of RSUs;
 - (ii) increases or removes any of the limits on the participation of any one Eligible Person or any category of Eligible Persons (such as, for example, Insiders, Non-Employee Directors or Investor Relations Service Providers);
 - (iii) reduces the Exercise Price of any Share subject to an Option (for this purpose, a cancellation or termination of an Option prior to its Expiry Date for the purpose of reissuing an Option to the same Participant with a lower Exercise Price shall be treated as an amendment to reduce the Exercise Price of an Option) except pursuant to the provisions in the Plan which permit the Board to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
 - (iv) extends the term of an Option beyond the original expiry date (except where an expiry date would have fallen within a Blackout Period applicable to the Participant);
 - (v) extends the term of an Option beyond its maximum term as set out in Section 9.1(c) (except where an expiry date would have fallen within a Blackout Period applicable to the Participant);
 - (vi) permits a Participant to transfer or assign Grants to a new beneficial owner other than for estate settlement purposes;

- (vii) changes the Eligible Participants;
 - (viii) is a matter expressly subject to approval of the holders of Shares pursuant to applicable Stock Exchange Rules; or
 - (ix) deletes or reduces the range of amendments which require approval of shareholders under this Section 7.5(b).
- (c) Without limiting the generality of Section 7.5(a), but subject to Section 7.5(b) and subject to the approval of the Stock Exchange where applicable, the Board may, without shareholder approval, at any time or from time to time, amend the Plan for the purposes of:
- (i) making any amendments to the general vesting provisions of each Grant;
 - (ii) making any amendments to the provisions relating to the Termination, Disability or death of a Participant, provided that, for so long as the Shares are listed and posted for trading on the TSX-V, shareholder approval shall be required for such amendments;
 - (iii) making any amendments to add covenants of the Corporation for the protection of Participants, as the case may be, provided that the Board shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;
 - (iv) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Board shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and Directors; or
 - (v) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Board shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

7.6 Compliance with Applicable Law and Stock Exchange Requirements.

- (a) The Plan, any Grants, and the exercise or settlement of any Grants and the Corporation's obligation to sell, issue and deliver any Shares upon exercise or settlement of any Grants shall be subject to all Applicable Laws and the rules of any markets on which the Shares are listed or quoted for trading and to such approvals by any Governmental Authority as may be required. The Corporation shall not be obligated by the existence of the Plan or any provision of the Plan or the grant, settlement or exercise of Grants hereunder to sell, issue or deliver Shares upon exercise or settlement of Grants in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Grants shall be granted and no Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of the Plan or of the Shares under Applicable Laws, and any purported Grant or any sale, issue and delivery of Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Shares hereunder unless

such Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Shares are listed for trading.

- (c) All Grants and any Shares sold, issued or delivered to Participants pursuant to the exercise or settlement of Grants shall be subject to restrictions on resale and transfer under Applicable Law (including any required hold periods imposed in relation to grants to Insiders or promoters) or other markets on which the Shares are listed or quoted for trading, and Grant Agreement or any certificates representing such Shares shall bear, as required, a restrictive legend in respect thereof. If required by applicable policies of the Stock Exchange, a Grant Agreement entered into with a Participant shall be legended with the Exchange Hold Period (as defined in the policies of the Stock Exchange), which shall be in addition to such other restrictions as may apply under applicable securities laws.
- (d) To the extent that applicable Stock Exchange requirements require shareholder approval, whether on a Disinterested Shareholder Approval basis or otherwise, any Grants hereunder will be subject to obtaining such shareholder approval as required by applicable Stock Exchange requirements. If any Shares cannot be issued to any Participant for any reason, including, without limitation, the failure to obtain any such approval, then the obligation of the Corporation to issue such Shares shall terminate and any Exercise Price paid by the Participant to the Corporation shall be immediately refunded to the Participant by the Corporation.

7.7 Currency. Except where the context otherwise requires, all references in the Plan to currency refer to lawful Canadian currency. Any amounts required to be determined under the Plan that are denominated in a currency other than Canadian dollars shall be converted to Canadian dollars at the applicable Bank of Canada noon rate of exchange on the date as of which the amount is required to be determined.

7.8 Administration Costs. The Corporation will be responsible for all costs relating to the administration of the Plan.

7.9 Designation of Beneficiary. Subject to the requirements of Applicable Law, a Participant may designate a Beneficiary, in writing, to receive any benefits that are provided under the Plan upon the death of such Participant. The Participant may, subject to Applicable Law, change such designation from time to time. Such designation or change shall be in such form as may be prescribed by the Board from time to time. A Beneficiary designation under this Section 7.9 and any subsequent changes thereto shall be filed with the Chief Financial Officer of the Corporation.

7.10 Governing Law. The Plan and any Grants pursuant to the Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Board may provide that any dispute to any Grant shall be presented and determined in such forum as the Board may specify, including through binding arbitration. Any reference in the Plan, in any Grant Agreement issued pursuant to the Plan or in any other agreement or document relating to the Plan to a provision of law or rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

7.11 Assignability. The Plan shall inure to the benefit of and be binding upon the Corporation, its successors and assigns.

7.12 Non-Transferability. Unless otherwise provided in the Plan or in the applicable Grant Agreement, no Grant, and no rights or interests therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Participant other than by testamentary disposition by the Participant or the laws of intestate succession, subject to the policies of the Stock Exchange. No such interest shall be subject to execution, attachment or similar legal process including without limitation seizure for the payment of the Participant's debts, judgments, alimony or separate maintenance.

7.13 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, the approval of holders of Shares.

7.14 Grants to Companies. Except in relation to a Consultant Company, Grants may only be granted to an individual or a corporation that is wholly-owned by a Participant. For so long as the Shares are listed and posted for trading on the TSX-V, if a corporation is a Participant receiving Options, it must provide the TSX-V with a completed Form 4F — *Certification and Undertaking Required from a Corporation Granted an Incentive Stock Option*. Such corporation must agree not to effect or permit any transfer of ownership or option of shares of the corporation nor to issue further shares of any class in the corporation to any other individual or entity as long as the Grant remains outstanding, except with the written consent of the TSX-V.

7.15 Unfunded Plan. The Plan shall be unfunded. The Corporation shall not be required to segregate any assets that may at any time be represented by Shares, cash or rights thereto, nor shall the Plan be construed as providing for such segregation. Any liability or obligation of the Corporation to any Participant with respect to a Grant under the Plan shall be based solely upon any contractual obligations that may be created by the Plan, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. Neither the Corporation nor the Board shall be required to give any security or bond for the performance of any obligation that may be created by the Plan. To the extent any individual holds any rights under the Plan, such rights shall be no greater than the rights of an unsecured general creditor of Highwood, unless otherwise determined by the Board.

7.16 Duration of Grant Post-Termination. For so long as the Shares are listed and posted for trading on the TSX-V, notwithstanding any other provision of the Plan, any Grant to a Participant must expire within a reasonable period, not exceeding twelve (12) months, following the Participant's date of Termination or Termination Date, as applicable.

8. EFFECTIVE DATE

8.1 The Plan is established effective ●, 2024.

PART II – OPTIONS

9. OPTIONS

9.1 The Corporation may, from time to time, make one or more Grants of Options to Eligible Persons pursuant to a Grant Agreement on such terms and conditions, consistent with the Plan, as the Board shall determine. In granting such Options, subject to the provisions of the Plan, the Board shall specify,

- (a) the maximum number of Shares which the Participant may purchase under the Options;
- (b) the Exercise Price at which the Participant may purchase his or her Shares under the Options; and
- (c) the term of the Options, to a maximum of ten (10) years from the Grant Date of the Options, the Vesting period or periods within this period during which the Options or a portion thereof may be exercised by a Participant and any other Vesting conditions (including Performance Conditions).

9.2 The Exercise Price for each Share subject to an Option shall be fixed by the Board. Under no circumstances shall any Exercise Price be less than the Market Price for the Shares at the Grant Date.

9.3 Subject to Section 9.4, the Board shall determine the manner in which an Option shall vest and become exercisable as set forth in the applicable Grant Agreement and, subject to Section 9.6, any such

Options shall expire on the tenth (10th) anniversary of the Grant Date (unless exercised or terminated earlier in accordance with the terms of the Plan or the Grant Agreement).

9.4 Options granted to Persons performing Investor Relations Activities shall vest over a minimum of twelve (12) months with no more than one quarter (1/4) of such Options vesting in any three (3) month period or otherwise in accordance with the policies of the Exchange

9.5 Subject to the provisions of the Plan and the terms governing the granting of the Option, and subject to payment or other satisfaction of all related withholding obligations in accordance with Section 7.1, Vested Options or a portion thereof may be exercised from time to time by delivery to the Corporation at its registered office of a notice in writing signed by the Participant or the Participant's legal personal representative, as the case may be, and addressed to the Corporation. This notice shall state the intention of the Participant or the Participant's legal personal representative to exercise the said Options, the number of Shares in respect of which the Options are then being exercised, and the method of payment of the Exercise Price.

The Exercise Price and any applicable withholding taxes upon exercise of any Option or part thereof shall be payable to the Corporation, to the extent permitted by Applicable Laws, Stock Exchange Rules and subject to the Board's discretion, as follows:

- (a) in cash or by certified cheque, wire transfer, cashless exercise or net exercise, or by such other means as may be specified from time to time by the Board; or
- (b) pursuant to a broker-assisted cashless exercise, whereby the Participant may elect, in a notice of exercise, to receive a loan from a brokerage firm which the Corporation has an arrangement with, to pay the Exercise Price for the underlying Shares. The Corporation will direct its registrar and transfer agent to issue a certificate for such Participant's Shares in the name of the broker (or as the broker may otherwise direct) for the number of Shares issued on the exercise of the Options, against payment by the broker to the Corporation of (i) the Exercise Price for such Shares; and (ii) the amount the Corporation determines, in its discretion, is required to satisfy the Corporation withholding tax and source deduction remittance obligations in respect of the exercise of the Options and issuance of Shares. Upon the sale by the brokerage firm of a sufficient number of Shares received from the exercise of the Options to repay the loan made to the Participant, the Participant shall elect to receive from the brokerage firm either the balance of the Shares following the sale or the cash proceeds from the balance of the Shares; or
- (c) pursuant to a net exercise, whereby a Participant who is not an Investor Relations Service Provider may elect, in a notice of exercise, to surrender for cancellation to the Corporation any vested Options being exercised and the Corporation will issue to the Participant, as consideration for the surrender of such Options, that number of Shares (rounded down to the nearest whole Share) on a net issuance basis in accordance with the following formula:

$$X = \frac{Y(A - B)}{A}$$

where:

X = The number of Shares to be issued to the Participant in consideration for the net exercise of the Options under this Section 9.5(c);

Y = The number of vested Options with respect to the vested portion of the Option to be surrendered for cancellation;

- A = The volume weighted average trading price of the Shares on the Stock Exchange calculated by dividing the total value by the total volume of the Shares traded for the five Trading Days immediately preceding the exercise of the subject Option; and
- B = The Exercise Price for such Options.

9.6 If the normal expiry date of any Option falls within any Blackout Period, then the expiry date of such Option shall, without any further action, be extended to the date that is ten (10) business days following the end of such Blackout Period. The foregoing extension applies to all Options whatever the Grant Date and shall not be considered an extension of the term of the Options as referred to in Section 7.5; provided that, with respect to U.S. Participants, only to the extent the foregoing is not an extension under Section 409A of the U.S. Tax Code.

10. TERMINATION, DISABILITY AND DEATH OF A PARTICIPANT – OPTIONS

10.1 Outstanding Options held by a Participant as of the Participant's date of Termination shall be subject to the provisions of this Section 10, as applicable; except that, in all events, the period for exercise of Options shall end no later than the last day of the maximum term thereof established under Section 9.1(c), 9.6, or 10.5, as the case may be.

10.2 Subject to the applicable Grant Agreement, Section 10.1 and Section 10.6, in the case of a Participant's Termination due to death, or in the case of the Participant's Disability: (i) those of the Participant's outstanding Options that were granted prior to the year that includes the Participant's date of death or Disability Date, as the case may be, that have not become Vested prior to such date of death or Disability Date shall continue to vest and, upon vesting, be exercisable during the twelve (12) month period following such date of death or Disability Date, as the case may be, as if the Participant had remained Employed throughout such period; and (ii) those of the Participant's outstanding Options that have become Vested prior to the Participant's date of death or Disability Date shall continue to be exercisable during the twelve (12) month period following such date of death or Disability Date, as the case may be.

The number of Options granted to a Participant in the year that includes the Participant's date of death or Disability Date that remain eligible to vest following such date of death or Disability Date (the "**Special Pro Rated Options**") shall be determined by the formula $A \times B/C$ where:

- A = equals the total number of Options included in the Grant that have not previously Vested,
- B = equals the total number of days between January 1 of the year that includes the Grant Date of such Grant and the Participant's date of death or Disability Date, and
- C = 365.

The Special Pro Rated Options shall continue to vest and, upon vesting, be exercisable during the twelve (12) month period following the Participant's date of death or Disability Date, as the case may be as if the Participant had remained Employed throughout such period. The balance of the Options granted to a Participant in the year that includes the Participant's date of death or Disability Date that are not Special Pro Rated Options shall be forfeited and cancelled as of the Participant's date of death or Disability Date, as the case may be.

10.3 Subject to the applicable Grant Agreement, Section 10.1 and Section 10.6, in the case of a Participant's Termination due to the termination of the Participant's employment or termination of the Participant's contract for services by the Corporation or an Affiliate without Cause, the Participant's outstanding Options that have become Vested prior to the Participant's Termination shall continue to be exercisable during the ninety (90) day period following the Participant's date of Termination.

10.4 Subject to the applicable Grant Agreement and Section 10.6, in the case of a Participant's Termination due to the Participant's resignation (including the voluntary withdrawal of services by a Participant who is not an employee under Applicable Law), the Participant's outstanding Options that have become Vested prior to the date on which the Participant provides notice to the Corporation of his or her resignation shall continue to be exercisable during the ninety (90) day period following the Participant's date of Termination.

10.5 In addition to the Board's rights under Section 3.1, the Board may, at the time of a Participant's Termination or Disability Date, extend the period for exercise of some or all of the Participant's Options, but not exceeding one year or beyond the original expiry date, and/or allow for the continued Vesting of some or all of the Participant's Options during the period for exercise or a portion of it. Options that are not exercised prior to the expiration of the exercise period, including any extended exercise period authorized pursuant to this Section 10.5, following a Participant's date of Termination or Disability Date, as the case may be, shall automatically expire on the last day of such period.

10.6 Notwithstanding any other provision hereof or in any Grant Agreement, in the case of a Participant's termination of employment, or termination of the Participant's contract for services, for Cause, any and all then outstanding Options granted to the Participant, whether or not Vested, shall be immediately forfeited and cancelled, without any consideration therefore, as of the commencement of the day that notice of such termination is given, except only as may be required to satisfy the express minimum requirements of applicable employment standards legislation.

10.7 For Options granted to Persons conducting Investor Relations Activities, Options shall cease to be exercisable after the earlier of the expiry date and the date which is 30 days after the date of Termination.

10.8 For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any Options that do not become Vested or that are not exercised before the date on which the Options expire.

PART III – RESTRICTED SHARE UNITS

11. DEFINITIONS

11.1 “**Grant Value**” means the dollar amount allocated to an Eligible Person in respect of a Grant of RSUs as contemplated by Section 3.

11.2 “**RSU Account**” has the meaning set out in Section 13.1.

11.3 “**Valuation Date**” means the date as of which the Market Price is determined for purposes of calculating the number of RSUs included in a Grant, which unless otherwise determined by the Board shall be the Grant Date.

11.4 “**Vesting Period**” means, with respect to a Grant of RSUs, the period specified by the Board, commencing on the Grant Date and ending on the last Vesting Date for such RSUs.

12. ELIGIBILITY AND GRANT DETERMINATION

12.1 The Board may from time to time make one or more Grants of RSUs to Eligible Persons on such terms and conditions, consistent with the Plan, as the Board shall determine, provided that, in determining the Eligible Persons to whom Grants are to be made and the Grant Value for each Grant, the Board shall take into account the terms of any written employment agreement or contract for services between an Eligible Person and the Corporation or any Affiliate and may take into account such other factors as it shall determine in its sole and absolute discretion.

12.2 Non-Employee Directors are eligible to be granted RSUs under the Plan.

12.3 The Board shall determine the Grant Value and the Valuation Date (if not the Grant Date) for each Grant under this Part III. The number of RSUs to be covered by each such Grant shall be determined by dividing the Grant Value for such Grant by the Market Price of a Share as at the Valuation Date for such Grant, rounded up to the next whole number.

12.4 The Corporation and a Participant who receives Grant of RSUs pursuant to this Section 12 shall enter into an Grant Agreement to evidence such Grant. Each Grant Agreement issued in respect of RSUs shall set forth, at a minimum, the Grant Date of the Grant evidenced thereby, the number of RSUs subject to such Grant, the applicable Vesting conditions, the applicable Vesting Period(s) and the treatment of the Grant upon Termination and may specify such other terms and conditions consistent with the terms of the Plan as the Board shall determine or as shall be required under any other provision of the Plan. The Board may include in a Grant Agreement under this Part III terms or conditions pertaining to confidentiality of information relating to the Corporation's operations or businesses which must be complied with by a Participant including as a condition of the grant or Vesting of RSUs.

13. ACCOUNTS AND DIVIDEND EQUIVALENTS

13.1 RSU Account. An account, called a "**RSU Account**", shall be maintained by the Corporation, or an Affiliate, as specified by the Board, for each Participant who has received a Grant of RSUs and will be credited with such Grants of RSUs as are received by a Participant from time to time pursuant to Section 12 and any dividend equivalent RSUs pursuant to Section 13.2. RSUs that fail to vest to a Participant and are forfeited pursuant to Section 14, or that are paid out to the Participant or his or her Beneficiary, shall be cancelled and shall cease to be recorded in the Participant's RSU Account as of the date on which such RSUs are forfeited or cancelled under the Plan or are paid out, as the case may be.

13.2 Dividend Equivalent RSUs. Except as otherwise provided in the Grant Agreement relating to a Grant of RSUs, if and when cash dividends (other than extraordinary or special dividends) are paid with respect to Shares to shareholders of record as of a record date occurring during the period from the Grant Date under the Grant Agreement to the date of settlement of the RSUs granted thereunder, a number of dividend equivalent RSUs, shall be credited to the RSU Account of the Participant who is a party to such Grant Agreement. The number of such additional RSUs will be calculated by dividing the aggregate dividends or distributions that would have been paid to such Participant if the RSUs in the Participant's RSU Account had been Shares by the Market Price on the date on which the dividends or distributions were paid on the Shares. The additional RSUs granted to a Participant will be subject to the same terms and conditions, including Vesting and settlement terms, as the corresponding RSUs.

Notwithstanding the foregoing, (i) should the Corporation not have sufficient Shares available to satisfy an increase in the number of Shares of the Corporation, at a particular time, which have been reserved for issuance upon the exercise of RSUs but which have not been issued (the "**Unissued RSU Shares**"); or (ii) should the increase of the number of Unissued RSU Shares result in the Corporation breaching a limit on grants or issuances set out in Sections 4 and 5, then in lieu of increasing the number of Unissued RSU Shares, the Corporation may pay the holders of each RSU such amount in cash, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly satisfy the Corporation's obligations.

14. VESTING AND SETTLEMENT OF RESTRICTED SHARE UNITS

14.1 Continued Employment. Subject to this Section 14 and the applicable Grant Agreement, RSUs subject to a Grant and dividend equivalent RSUs credited to the Participant's RSU Account in respect of such RSUs shall vest in such proportion(s) and on such Vesting Date(s) as may be specified in the Grant Agreement governing such Grant provided that the Participant is Employed on the relevant Vesting Date, provided that, unless otherwise specified in the Grant Agreement, one third of the RSUs included in a Grant shall vest on each of the first three anniversaries of the Grant Date.

14.2 Settlement.

- (a) A Participant's RSUs adjusted in accordance with the applicable multiplier, if any, as set out in the Grant Agreement, and rounded down to the nearest whole number of RSUs, shall be settled, by a distribution as provided below to the Participant or his or her Beneficiary following the Vesting thereof in accordance with Section 14.1 or 14.6, as the case may be, subject to the terms of the applicable Grant Agreement.
- (b) Settlement of RSUs shall occur upon or as soon as reasonably practicable following Vesting and, in any event, on or before December 31 of the third year following the year in which the Participant performed the services to which the Grant of RSUs relates, or, in respect of RSUs held by U.S. Participants, at such other time or times that will cause the RSUs, to be exempt from or compliant with Section 409A of the U.S. Tax Code.
- (c) Settlement shall be made, in the sole discretion of the Corporation or as specified in the applicable Grant Agreement and subject to payment or other satisfaction of all related withholding obligations in accordance with Section 7.1, by:
 - (i) the issuance of one Share for each RSU then being settled. If the Corporation elects to pay Vested RSUs in the form of Shares, those Shares may be authorized and unissued Shares or outstanding Shares acquired on the open market through the facilities of an independent broker. If the Shares are to be acquired on the open market through the facilities of an independent broker, the Corporation shall contribute to an independent broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares required and such independent broker shall, as soon as practicable thereafter, purchase those Shares, on behalf of such Participant, on the Stock Exchange on which the Shares are listed or traded;
 - (ii) a cash payment equal to the Fair Market Value on the Vesting Date of the RSUs being settled in cash (subject to Section 14.3); or
 - (iii) or a combination of Shares and cash.

14.3 Postponed Settlement. If a Participant's RSUs would, in the absence of this Section 14.3 be settled within a Blackout Period applicable to such Participant, such settlement shall be postponed until the earlier of the Trading Day following the date on which such Blackout Period ends (or as soon as practicable thereafter) and the otherwise applicable date for settlement of the Participant's RSUs as determined in accordance with Section 14.2, and the Fair Market Value of any RSUs being settled in cash will be determined as of the earlier of the Trading Day on which the Blackout Period ends and the day prior to the settlement date.

14.4 Failure to Vest. For greater certainty, a Participant shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any RSUs that do not become Vested.

14.5 Resignation. Subject to the applicable Grant Agreement and Section 14.8, in the event a Participant's employment is Terminated as a result of the Participant's resignation (which is not in connection with a constructive dismissal by the Corporation or an Affiliate), no RSUs that have not Vested prior to the date on which the Participant submits his or her resignation, including dividend equivalent RSUs in respect of such RSUs, shall vest and all such RSUs shall be forfeited immediately. Any RSUs that have vested as of the date of Termination shall be settled as soon as reasonably practicable in accordance with Section 14.2

14.6 Death or Disability. Subject to the applicable Grant Agreement, in the case of a Participant's Termination due to death, or in the case of the Participant's Disability: (i) all RSUs granted to the Participant

that were granted prior to the year that includes the Participant's date of death or Disability Date, as the case may be, that have not Vested prior to the Participant's date of death or Disability Date, as the case may be, and related dividend equivalent RSUs, shall continue to vest during the twelve (12) month period following such date of death or Disability Date, as the case may be, and in the case of a Grant of RSUs that are subject to Performance Conditions, subject to the achievement of the applicable Performance Conditions and the adjustment of the number of RSUs that vest to reflect the extent to which such Performance Conditions were achieved, as if the Participant had remained Employed throughout such period.

The number of RSUs granted to a Participant in the year that includes the Participant's date of death or Disability Date that remain eligible to vest following such date of death or Disability Date (the "**Special Pro Rated RSUs**") shall be determined by the formula $A \times B/C$ where:

- A equals the total number of RSUs relating to such Grant that have not previously Vested,
- B equals the total number of days between January 1 of the year that includes the Grant Date of such Grant and the Participant's date of death or Disability Date, and
- C 365.

The Special Pro Rated RSUs, together with any dividend equivalent RSUs attributable thereto, shall continue to vest during the twelve (12) month period following such date of death or Disability Date, as the case may be, and in the case of a Grant of RSUs that are subject to Performance Conditions, subject to the achievement of the applicable Performance Conditions and the adjustment of the number of Special Pro Rated RSUs that vest to reflect the extent to which such Performance Conditions were achieved, as if the Participant had remained Employed throughout such period. The balance of the RSUs included in a Grant made in the year that includes the Participant's date of death or Disability Date that are not Special Pro Rated RSUs shall be forfeited and cancelled as of the Participant's date of death or Disability Date, as the case may be.

Any RSUs that have vested as of such date of death or Disability Date shall be settled as soon as reasonably practicable in accordance with Section 14.2.

Except only as may be required to satisfy the express minimum requirements of applicable employment standards legislation, the Participant shall have no further entitlement to RSUs following the date of death or Disability and waives any claim to damages in respect thereof whether related or attributable to any contractual or common law termination entitlements or otherwise.

14.7 Termination of Employment without Cause. Subject to the applicable Grant Agreement and Section 14.8, in the event of a Participant's Termination due to the termination of the Participant's employment or termination of the Participant's contract for services by the Corporation or an Affiliate without Cause (which shall include a constructive dismissal by the Corporation or an Affiliate) prior to the end of a Vesting Period relating to a Grant, any RSUs that have not Vested prior to the date of such Termination shall be immediately forfeited and cancelled, including dividend equivalent RSUs in respect of such RSUs, and any RSUs that have vested as of the date of such Termination shall be settled as soon as reasonably practicable in accordance with Section 14.2. Except only as may be required to satisfy the express minimum requirements of applicable employment standards legislation, the Participant shall have no further entitlement to RSUs following the date of Termination and waives any claim to damages in respect thereof whether related or attributable to any contractual or common law termination entitlements or otherwise.

14.8 Extension of Vesting. The Board may, at the time of Termination or a Disability Date, extend the period for Vesting of RSUs, but not beyond the original end of the applicable Vesting Period.

14.9 Vesting Requirement. For so long as the Shares are listed and posted for trading on the TSX-V and, in such case, other than as may be permitted or not prohibited pursuant to Policy 4.4 — *Security Based Compensation* of the TSX-V Corporate Finance Manual, no RSUs may vest before the date that is one year following the Grant Date of such RSUs.

14.10 Termination of Employment for Cause. In the event a Participant's employment is Terminated for Cause by the Corporation or an Affiliate, no RSUs that have not Vested prior to the date of the Participant's Termination for Cause including dividend equivalent RSUs in respect of such RSUs, shall vest and shall be forfeited immediately. Any RSUs that have vested as of the date of such Termination for Cause shall be settled as soon as reasonably practicable in accordance with Section 14.2. Except only as may be required to satisfy the express minimum requirements of applicable employment standards legislation, the Participant shall have no further entitlement to RSUs following the date of Termination and waives any claim to damages in respect thereof whether related or attributable to any contractual or common law termination entitlements or otherwise.

PART IV – DEFERRED SHARE UNITS

15. DEFINITIONS

15.1 "Annual Remuneration" means all amounts payable to a Non-Employee Director by the Corporation in respect of the services provided by the Non-Employee Director to the Corporation in connection with such Non-Employee Director's service on the Board in a fiscal year, including without limitation (i) the annual base retainer fee for serving as a director, (ii) any annual retainer fee for serving as a member of a Board committee; and (iii) any annual retainer fee for chairing a Board committee which amounts shall, unless otherwise determined by the Board, be payable Quarterly in arrears; provided that "Annual Remuneration" shall not include any amounts received by a Non-Employee Director as a reimbursement for expenses incurred in attending meetings or any DSUs awarded, including the payment thereof under Section 16.3(b).

15.2 "DSU Account" means the book-entry notional account maintained by the Corporation in its books for a Non-Employee Director to record the DSUs credited to such Non-Employee Director, respectively.

15.3 "Election Notice" means the written election under Section 16.2 to receive DSUs, in such form as may be prescribed by the Board from time to time. Until changed by the Board, the Election Notice shall be in the form of Schedule A hereto.

15.4 "Entitlement Date" has the meaning ascribed thereto in Section 16.5.

15.5 "Quarter" means a fiscal quarter of the Corporation, which, until changed by the Corporation, shall be the three-month period ending March 31, June 30 September 30 and December 31 in any year and "Quarterly" means each Quarter from time to time.

15.6 "Termination Date" means, with respect to a Non-Employee Director, the earliest date on which both of the following conditions are met: (i) the Non-Employee Director has ceased to be employed by the Corporation or any Affiliate thereof for any reason whatsoever; and (ii) the Non-Employee Director is not a member of the Board nor a director of an Affiliate; provided that, solely with respect to any U.S. Taxpayer, such cessation of services must also constitute a "separation from service" within the meaning of Section 409A of the Code.

15.7 "Valuation Date" means the date used to determine the Market Price of a DSU for purposes of determining the number of DSUs to be credited to a Non-Employee Director under Section 16.3, which, in any event, shall not be earlier than the first business day of the year in respect of which the DSUs are being provided.

16. ELECTION UNDER THE PLAN

16.1 Payment of Annual Remuneration. Subject to Section 16.2 and such rules, regulations, approvals and conditions as the Board may impose, a Non-Employee Director may elect to receive the balance of his or her Annual Remuneration in the form of DSUs, cash or any combination thereof.

16.2 Election Process.

- (a) Subject to Section 16.1, a person who is a Non-Employee Director on the effective date of the Plan may elect to receive a percentage (as specified in the Election Notice) of his or her Annual Remuneration for the year in which the Plan becomes effective, in DSUs by completing and delivering to the Chief Financial Officer of the Corporation or his or her delegate, an initial irrevocable Election Notice by no later than 30 days after the effective date of the Plan, provided that, such Election Notice shall apply only to the portion of the Non-Employee Director's Annual Remuneration payable for services provided after the Election Notice is filed, and further provided, that, in the case of any U.S. Taxpayer who is participating in a nonqualified deferred compensation plan, within the meaning of Section 409A of the U.S. Tax Code and that plan must be aggregated with the Plan under Section 409A of the U.S. Tax Code, such election shall remain in effect with respect to the Annual Remuneration of such U.S. Taxpayer until a new election may be made in accordance with Section 16.2(c).
- (b) Subject to Section 16.1, a person who becomes a Non-Employee Director during a year may elect to receive a percentage (as specified in the Election Notice) of his or her Annual Remuneration payable for services provided after the Election Notice is filed, in DSUs by completing and delivering an irrevocable Election Notice by no later than 30 days after such individual is elected or appointed to the Board provided that, such Election Notice shall apply only to the portion of the Non-Employee Director's Annual Remuneration payable for services provided after the Election Notice is filed and further provided, that, in the case of any U.S. Taxpayer who is participating in a nonqualified deferred compensation plan, within the meaning of Section 409A of the U.S. Tax Code and that plan must be aggregated with the Plan under Section 409A of the U.S. Tax Code, such election shall remain in effect with respect to the Annual Remuneration of such U.S. Taxpayer until a new election may be made in accordance with Section 16.2(c).
- (c) Except as provided in Section 16.2(a) and 16.2(b), a Non-Employee Director may elect to receive a percentage (as specified in the Election Notice) of his or her Annual Remuneration in DSUs, for subsequent fiscal years, by completing and delivering to the Chief Financial Officer of the Corporation an irrevocable Election Notice on or before December 31 immediately preceding the first day of each such subsequent fiscal year to which the election is intended to apply.
- (d) An election made under any of Section 16.2(a), (b) or (c) shall continue to apply to a Non-Employee Director's Annual Remuneration until replaced by a subsequent election. Subject to Section 16.1, a Non-Employee Director's Annual Remuneration that is not subject to an election pursuant to Section 16.2(a), (b) or (c) shall be payable in cash.
- (e) For greater certainty, no election may be made during a Blackout Period that applies to a Non-Employee Director.
- (f) Notwithstanding Sections 16.2(a), (b) or (c), the Corporation shall not effect any election of a Non-Employee Director to receive compensation in DSUs (and shall notify any applicable Non-Employee Director of such determination) if the Board does not believe such action is appropriate having regard for any material information to which the Board may be privy that has not been publicly disclosed, provided, that, with respect to any election made by a U.S. Taxpayer, any such decision to disregard an election pursuant to Section 16.2(f)

shall be made no later than the date on which the election must become non-revocable for purposes of Section 409A of the U.S. Tax Code.

16.3 Crediting of DSUs.

- (a) Any DSUs elected by a Non-Employee Director pursuant to an election under Section 16.2 shall be credited to the Non-Employee Director's DSU Account in respect of the Annual Remuneration earned in a Quarter as of the applicable Valuation Date (and within 30 days thereafter) which, unless otherwise determined by the Board, shall be the last day of the Quarter in which such Annual Remuneration was earned. The number of DSUs (including fractional DSUs) to be credited to a Non-Employee Director's DSU Account as of a particular Valuation Date pursuant to this Section 16.3(a) shall be determined by dividing the portion of that Non-Employee Director's Annual Remuneration for the applicable Quarter to be satisfied by DSUs by the Market Price on the particular Valuation Date.
- (b) Separate and apart from any DSUs granted pursuant to Section 16.3(a), the Board may award such number of DSUs to a Non-Employee Director as the Board deems advisable to provide the Non-Employee Director with appropriate equity-based compensation for the services he or she renders to the Corporation. The Board shall determine the date on which such DSUs may be granted, the Valuation Date and the date as of which such DSUs shall be credited to a Non-Employee Director's DSU Account, together with any terms or conditions with respect to the vesting of such DSUs. The Corporation and a Non-Employee Director who receives an award of DSUs pursuant to this Section 16.3(b) shall enter into a Grant Agreement to evidence the award and the terms, including terms with respect to vesting, applicable thereto.
- (c) Subject to any terms and conditions as may be determined by the Board and set out in the applicable Grant Agreement, DSUs credited to a Non-Employee Director's DSU Account under Section 16.3(a), together with any additional DSUs granted in respect thereof under Section 16.4, will fully vest on the date that such DSU are credited to such Non-Employee Director's DSU Account.
- (d) DSUs credited to a Non-Employee Director's DSU Account under Section 16.3(b) will vest in accordance with such terms and conditions as may be determined by the Board and set out in the applicable Grant Agreement, provided, however, that for so long as the Shares are listed and posted for trading on the TSX-V and, in such case, other than as may be permitted or not prohibited pursuant to Policy 4.4 — *Security Based Compensation* of the TSX-V Corporate Finance Manual, such DSUs may not vest prior to the first anniversary of the applicable Grant Date. Additional DSUs credited under Section 16.4 that are attributable to DSUs credited pursuant to Section 16.3(b) will vest at the same time and subject to the same conditions as the DSUs to which they are attributable.

16.4 Dividends. On any payment date for dividends paid on Shares, a Non-Employee Director's DSU Account shall be credited with dividend equivalents in respect of DSUs as of the record date for payment of such dividends. Such dividend equivalents shall be converted into additional DSUs (including fractional DSUs) based on the Fair Market Value as of the date on which the dividends on the Shares are paid. For greater certainty, additional DSUs shall continue to be credited under this Section 16.4 with respect to DSUs that remain credited to the Non-Employee Director's Account after his or her Termination Date.

Notwithstanding the foregoing, (i) should the Corporation not have sufficient Shares available to satisfy an increase in the number of Shares of the Corporation, at a particular time, which have been reserved for issuance upon the exercise of a DSU but which have not been issued (the "**Unissued DSU Shares**"); or (ii) should the increase of the number of Unissued DSU Shares result in the Corporation breaching a limit on grants or issuances set out in Sections 4 and 5, then in lieu of increasing the number of Unissued DSU Shares, the Corporation may pay the holders of each DSU such amount in cash, if any, as is

determined by the Board in its sole and unfettered discretion to be appropriate in order to properly satisfy the Corporation's obligations.

16.5 Redemption of DSUs.

- (a) Subject to Sections 16.6, 16.7 and 16.8, a Non-Employee Director who is not a U.S. Taxpayer may elect up to a maximum number of times as may be specified by the Corporation for this purpose, a date as of which either a portion (specified in whole percentages or number of DSUs on any one date) or all of the DSUs credited to the Non-Employee Director's Account shall be redeemed (each such date being an "**Entitlement Date**") by filing an irrevocable written redemption election with the Chief Financial Officer of the Corporation (or the person who is otherwise designated by the Corporation to receive such elections) prior to the Entitlement Date. No Entitlement Date elected by a Non-Employee Director pursuant to this Section 16.5(a) (i) shall be before the three (3) month anniversary of the Non-Employee Director's Termination Date or (ii) later than the earlier of: (a) December 15 of the calendar year following the year in which the Non-Employee Director's Termination Date occurs or (b) the one year anniversary of the Non-Employee Director's Termination Date. Where a Non-Employee Director to whom this Section 16.5(a) applies does not elect a particular date or dates within the permissible period set out above as his Entitlement Date or Entitlement Dates, as the case may be, there shall be a single Entitlement Date for such Non-Employee Director which, subject to Sections 16.7, shall be the earlier of (a) December 15 of the year following the year in which the Non-Employee Director's Termination Date occurs and (b) the one year anniversary of the Non-Employee Director's Termination Date.
- (b) Notwithstanding anything contrary in the Plan, subject to Section 16.7, the Entitlement Date of a U.S. Taxpayer shall be the three (3) month anniversary of his or her Termination Date.
- (c) Notwithstanding anything contrary in the Plan, a Non-Employee Director shall have no right to receive Shares or a cash payment, as compensation, damages or otherwise, with respect to any DSUs issued pursuant to Section 16.3(b) that have not Vested prior to such Non-Employee Director's Termination Date. All such DSUs that have not Vested shall be forfeited immediately.

16.6 Settlement of DSUs. A Non-Employee Director, or the Beneficiary of a Non-Employee Director, as the case may be, who redeems DSUs hereunder shall be entitled to receive one Share for each DSU then being settled, a cash payment in an amount equal to the Fair Market Value of the DSUs that are being redeemed as of the Entitlement Date applicable to such DSUs, or a combination of Shares and cash, all as determined by the Board in its sole discretion, or as specified in the applicable Grant Agreement and subject to payment of any applicable withholding taxes and other required source deductions. If the Corporation elects to redeem DSUs in the form of Shares, those Shares may be authorized and unissued Shares or outstanding Shares acquired on the open market through the facilities of an independent broker. If the Shares are to be acquired on the open market through the facilities of an independent broker, the Corporation shall contribute to an independent broker an amount of cash sufficient, together with any reasonable brokerage fees or commission fees related thereto, to purchase the whole number of Shares required and such independent broker shall, as soon as practicable thereafter, purchase those Shares, on behalf of such Participant, on the Stock Exchange on which the Shares are listed or traded.

16.7 Extended Entitlement Date. In the event that the Board is unable, by a Non-Employee Director's Entitlement Date, to compute the final value of the DSUs recorded in such Non-Employee Director's DSU Account by reason of the fact that any data required in order to compute the Fair Market Value of a Share has not been made available to the Board and such delay is not caused by the Non-Employee Director, then the Entitlement Date shall be the next following Trading Day on which such data is made available to the Board.

16.8 Limitation on Extension of Entitlement Date. Notwithstanding any other provision of the Plan, all amounts payable to, or in respect of, a Non-Employee Director that is a U.S. Taxpayer hereunder shall be paid on or before December 31 of the calendar year that includes the Termination Date.

16.9 Death of Non-Employee Director. In the event of a Non-Employee Director's death, any and all DSUs then credited to the Non-Employee Director's DSU Account shall become payable to the Non-Employee Director's Beneficiary in accordance with Sections 16.6, 16.7 and 16.8 and, provided the deceased Non-Employee Director was not a U.S. Taxpayer, such Beneficiary may make any election with respect to the Entitlement Date(s) for such DSUs as the Non-Employee Director could have made immediately prior to his or her death, provided that, for greater certainty, any election that the Non-Employee Director made under Section 16.5 prior to his or her date of death shall not be revocable by the Non-Employee Director's Beneficiary. Where the deceased was a U.S. Taxpayer, any and all DSUs then credited to the Non-Employee Director's Account on the Non-Employee Director's date of death will be payable to the Non-Employee Director's Beneficiary as soon as reasonably practicable after the Non-Employee Director's date of death and in any case such payment shall be made by December 31 of the calendar year in which the death occurs.

16.10 Only Non-Employee Director May Receive DSU. For the avoidance of doubt, only Non-Employee Directors may receive Grants of DSUs made under the Plan.

APPENDIX "A"
ADDENDUM FOR PARTICIPANTS SUBJECT TO UNITED STATES TAXATION

The purpose of this Addendum is to establish certain rules and limitations applicable to awards issued under the Plan to Participant who is subject to United States tax ("**U.S. Participant**"). Terms defined in the Plan and used herein shall have the meanings set forth in the Plan document, as amended from time to time.

1. GENERAL.

- (a) In the event of any contradiction, whether explicit or implied, between the provisions of this Addendum and the remainder of the Plan, the provisions of the Addendum shall prevail with respect to Grants of Options, RSUs, DSUs or other awards under the Plan to a U.S. Participant.
- (b) Notwithstanding any provision of the Plan to the contrary, it is intended that any payments under the Plan either be exempt from or comply with Section 409A of the U.S. Tax Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each U.S. Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such U.S. Participant in connection with the Plan or any other plan maintained by the Corporation (including any taxes and penalties under Section 409A of the Code), and neither the Corporation nor any Subsidiary of the Corporation shall have any obligation to indemnify or otherwise hold such U.S. Participant (or any beneficiary) harmless from any or all of such taxes or penalties.

2. DEFINITIONS.

As used in this Addendum to the Plan and, unless otherwise specified, the following terms have the following meanings:

- (a) "**Code**" means the U.S. Internal Revenue Code of 1986, as amended, and regulations and other guidance thereunder.
- (b) "**Separation from Service**" shall mean that employment or service with the Corporation and any entity that is to be treated as a single employer with the Corporation for purposes of United States Treasury Regulation Section 1.409A-1(h) terminates such that it is reasonably anticipated that no further services will be performed.
- (c) "**Specified Employee**" means a U.S. Participant who meets the definition of "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code.

3. STOCK OPTIONS.

- (a) Exercise Price. For the avoidance of doubt and notwithstanding anything to the contrary in the Plan or otherwise, any Option issued to a U.S. Participant shall have per Share Exercise Price, as applicable, that is no less than "fair market value" on the date of grant which value shall be determined in accordance with Section 409A of the Code.
- (b) Term (Duration). For the avoidance of doubt and notwithstanding anything to the contrary in the Plan or otherwise, in no event, including as a result of any Blackout Period, shall the expiry date of any Option granted to a U.S. Participant be extended beyond the date which it would have expired in accordance with its terms if such Option has a per Share Exercise

Price, as applicable, that is less than the “fair market value” (as determined under Section 409A of the Code) of the Shares on the date of the proposed extension.

- (c) Adjustments. Notwithstanding any provision of the Plan or otherwise, any adjustment to an Option issued to a U.S. Participant shall be made in accordance with the requirements of Section 409A of the Code.
- (d) Incentive Stock Options. Incentive Stock Options shall be granted only subject to and in compliance with Section 422 of the Code, and only to Eligible Persons who are employees of the Corporation and its Affiliates and who are eligible to receive an Incentive Stock Option under the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a nonstatutory stock option properly granted under the Plan. Notwithstanding anything to the contrary in the Plan, if an Incentive Stock Option is granted to a Participant who owns stock representing more than ten percent of the voting power of all classes of stock of the Corporation or of a parent or subsidiary of the Corporation (within the meaning of Sections 424(e) and 424(f) of the Code), the term of the Incentive Stock Option shall not exceed five years from the date of grant of such Option and the Exercise Price shall be at least 110% of the Market Price (on the date of grant) of the shares subject to the Option. To the extent that the aggregate Market Price (determined as of the date of grant) of Shares for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Corporation) exceeds \$100,000, such excess Incentive Stock Options shall be treated as nonstatutory stock options.
- (e) Notification of ISO Disqualifying Disposition. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Corporation in writing immediately after the date on which the Participant makes a disqualifying disposition of any Shares acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Shares before the later of (i) two years after the date of grant of the Incentive Stock Option and (ii) one year after the date of exercise of the Incentive Stock Option. The Corporation may, if determined by the Board and in accordance with procedures established by the Board, retain possession, as agent for the applicable Participant, of any Shares acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instruction from such Participant as to the sale of such Shares.

4. RSUs.

- (a) Settlement of RSUs. Notwithstanding any other provision of the Plan, all amounts payable to a U.S. Participant under the Plan, including, without limitation, the issuance or delivery of Shares or a lump sum cash payment, shall be paid or delivered no later than March 15th of the year immediately following the year in which the Vesting Date occurs in respect of the particular RSU.
- (b) Dividend Equivalents. Any additional RSUs (or amounts credited in respect of underlying RSUs) issued to a U.S. Participant in respect of an existing RSU grant shall be settled at the same time as the underlying RSUs for which they were awarded.
- (c) Change in Control. In the event that the timing of payments in respect of any grant of RSUs that would otherwise be considered “deferred compensation” subject to Section 409A of the Code would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant

to Section 409A of the Code and any Treasury Regulations promulgated thereunder or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of "disability" pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

- (d) Payments to Specified Employees. Solely to the extent required by Section 409A, any payment in respect of RSUs which is subject to Section 409A and which has become payable on or following Separation from Service to any U.S. Participant who is determined to be a Specified Employee shall not be paid before the date which is six (6) months after such Specified Employee's Separation from Service (or, if earlier, the date of death of such Specified Employee). Following any applicable six (6) month delay of payment, all such delayed payments shall be made to the Specified Employee in a lump sum on the earliest possible payment date.

5. ADMINISTRATION.

Without derogating from the powers and authorities of the Board under the Plan, and unless specifically required under Applicable Law, the Board may amend or modify this Addendum to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Section 409A or other tax regulation. In the case of U.S. Participants the Board may accelerate the payment of benefits upon a Plan termination only if the termination occurs:

- (a) within twelve (12) months of a corporate dissolution taxed under section 331 of the Code, or with the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), provided that the payments under the Plan are included in the U.S. Participant's gross income in the latest of (i) the calendar year in which the Plan termination occurs, (ii) the calendar year in which such benefit becomes vested or (iii) the first calendar year in which the payments are administratively practicable;
- (b) within 30 days preceding or within twelve (12) months following a change in control event, as defined in U.S. Treasury Regulations §1.409A-3(i)(5); or
- (c) upon any other termination event permitted under Section 409A of the Code.

SCHEDULE A

HIGHWOOD ASSET MANAGEMENT LTD. Omnibus Incentive Plan (the "Plan")

ELECTION NOTICE

I. Election

1. Pursuant to Section 16.2(a) or (b) of the Plan and subject to Part II of this Notice, I hereby irrevocably elect to receive:

_____ %

of the Annual Remuneration that may be payable to me for the year in which this election is filed in accordance with Part III of this Election Notice, in respect of services performed after the date on which this Notice is filed, in the form of DSUs ("**DSUs**") governed by the Plan, and the balance, if any, of such Annual Remuneration in cash, net of applicable withholdings.

2. Pursuant to Section 16.2(c) of the Plan and subject to Part II of this Notice, I hereby irrevocably elect to receive:

_____ %

of the Annual Remuneration that may be payable to me for the year commencing after the date this election is filed in accordance with Part III of this Election Notice in the form of DSUs, and the balance, if any, of such Annual Remuneration in cash, net of applicable withholdings.

II. Acknowledgement

I confirm and acknowledge that:

1. I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.
2. I will not be able to require Highwood Asset Management Ltd. (the "**Corporation**") to redeem DSUs granted under the Plan until my Termination Date or a later date if required under the terms of the Plan.
3. When DSUs credited to my account pursuant to this election are redeemed in accordance with the terms of the Plan after my Termination Date, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Corporation will make all withholdings as required by law at that time.
4. I understand that the value of DSUs is based on the value of the Shares and therefore is not guaranteed.
5. I understand that no funds will be set aside to guarantee the payment of DSUs. Future payment of DSUs will remain an unfunded liability recorded on the books of the Corporation.
6. I acknowledge that the foregoing is only a brief outline of certain key provisions of the Plan. In the event of any discrepancy between the terms of the Plan and the terms of this Election Notice, the terms of the Plan shall prevail. All capitalized expressions used herein shall have the same meanings as in the Plan unless otherwise defined herein.

III. Filing and Effective Date

I understand this election is to be filed by sending it electronically to the Chief Financial Officer of the Corporation. If this is an initial election filed pursuant to 16.2(a) or (b) of the Plan, the election shall apply to the portion of my Annual Remuneration for the year in which this election is filed that relates to services performed after the date this election is filed as provided in this Part III. If this is an election filed pursuant to Section 16.2(c), the election shall apply to my Annual Remuneration for the year commencing immediately after the end of the calendar year in which this election is filed as provided in this Part III.

Date

(Name of Director)

(Signature of Director)