

NI 51-101 Form F1

**Hillcrest Resources Ltd.
Statement of reserves data
and other oil and gas information
as of December 31, 2011**

Differences from the previous version;

The following sections and exhibits were changed;

- Part 5
- Part 6
- Table 1 – Oil & Gas Reserves Summary
- Table 5 Forecast – Reconciliation of Company Gross Reserves by Principal Product

Prepared by AJM Deloitte

June 13, 2012

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Part 1 Date of statement

Date of statement: **June 13, 2012**
Effective date: **December 31, 2011**
Preparation date: **June 13, 2012**

Hillcrest Resources Ltd. (the "Company") oil and gas reserves were evaluated by Deloitte & Touche LLP ("AJM Deloitte"), effective December 31, 2011. AJM Deloitte was engaged by the Company to evaluate proved and proved plus probable reserves: no valuation of possible reserves or resources was undertaken. The AJM Deloitte evaluation was prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the *Canadian Oil and Gas Evaluation Handbook* ("COGE Handbook").

All of the Company's oil and gas reserves are located in the United States in the state of Texas.

The reserves on the properties described herein are estimates only. By nature, such forecasting of reserves and related economic parameters and analyses are forward-looking statements based on predictions of future events. Actual events or results may differ materially. Furthermore, the estimated future net revenue contained in the following tables does not necessarily represent the fair market value of the reserves. Boes may be misleading, particularly if used in isolation. A Boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

In certain instances, numbers may not total due to computer-generated rounding.

Part 2 Disclosure of reserves data

Item 2.1 Reserves data (forecast prices and costs)

Item 2.1.1 Breakdown of proved reserves (forecast case)

Please refer to NI 51-101 Table 1 Forecast – Summary of Oil and Gas Reserves in the Appendix.

Item 2.1.2 Net present value of future net revenue (forecast case)

Please refer to NI 51-101 Table 2 Forecast – Summary of Net Present Values of Future Net Revenue in the Appendix.

Item 2.1.3 Additional information concerning future net revenue (forecast case)

Please refer to NI 51-101 Table 3 Forecast – Total Future Net Revenue (Undiscounted) and NI 51-101 Table 4 Forecast – Unit Value of Net Reserves by Production Group in the Appendix.

Item 2.2 Supplemental disclosure of reserves data (constant prices and costs)

Supplemental constant price estimates are not reported.

Item 2.3 Reserves disclosure varies with accounting

The Company has no subsidiaries and is not a subsidiary of another company.

Item 2.4 Future net revenue disclosure varies with accounting

The Company has no subsidiaries and is not a subsidiary of another company.

Part 3 Pricing assumptions

Item 3.1 Constant prices used in estimates

Supplemental constant price estimates are not reported.

Item 3.2 Forecast prices used in estimates

Forecast oil and gas prices are laid out in the AJM Deloitte December 31, 2011 Price Forecast Table (see Appendix). All prices are stated in Canadian dollars unless otherwise indicated. Adjustments for oil differential and gas heating values are applied to these prices, as appropriate for each entity. Capital and operating costs are inflated.

Part 4 Reconciliation of changes in reserves

Item 4.1 Reserves reconciliation

Please refer to NI 51-101 Table 5 Forecast – Reconciliation of Company Gross Reserves by Principal Product in the Appendix.

Part 5 Additional information relating to reserves data

Item 5.1 Undeveloped reserves

	Light & medium oil		Heavy oil		Natural gas		NGLs		Coalbed methane	
	First attributed	Cumulative	First attributed	Cumulative	First attributed	Cumulative	First attributed	Cumulative	First attributed	Cumulative
	WI Mbbl	WI Mbbl	WI Mbbl	WI Mbbl	WI MMcf	WI MMcf	WI Mbbl	WI Mbbl	WI MMcf	WI MMcf
Proved undeveloped										
2009	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-
2011	29.9	29.9	-	-	44.0	44.0	0.2	0.2	-	-
Probable undeveloped										
2009	-	-	-	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-	-	-	-
2011	55.5	55.5	-	-	236.0	236.0	1.2	1.2	-	-

Reserves assigned to the uphole locations were based on volumetrics using AJM Deloitte's log analysis. The Donner #1 well has uphole gas potential in the Frio sands and Donner #2 has uphole gas potential in the Nonion Struma Formation. Additionally, the location, Prospect 1, has been assigned oil reserves based on the offset Nadsoil Donner #1 well logs along with seismic maps that were supplied to AJM Deloitte by Hillcrest. The Company intends to develop its proven undeveloped reserves commencing during the fourth quarter of 2012.

Item 5.2 Significant factors or uncertainties

Reserve estimates are subject to change with such factors as, updated production data, well performance and operational issues, ongoing development activities, price forecasts, and other economic conditions.

Item 5.3 Future development costs

Year	Undiscounted future costs net (M\$)		Discounted (10%) future costs net (M\$)	
	Proved	Proved + probable	Proved	Proved + probable
2012	288.0	288.0	262.86	262.86
2013	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0
2016	0.0	0.0	0.0	0.0
2017+	63.27	93.55	1.0	7.91
Total	351.27	381.55	263.86	270.78

The Company will continue to use internally generated cash flow from operations, debt financing (when appropriate) and new equity issues (if favorable) to finance its capital expenditure program. The cost of funding is unlikely to make any projects uneconomic. The Company's Donner #2 well began to produce revenue later than anticipated, however, the Company believes that it has the required resources to implement its capital expenditure program.

Part 6 Other oil and gas information

Item 6.1 Oil and gas properties and wells

Item 6.1.1 Major properties

Hartburg, Texas

The Hartburg field is located in Newton County, Texas, approximately five miles southwest of Deweyville, Texas. Hillcrest Resources Ltd. ("Hillcrest") holds a working interest of an APO of 30 percent and a BPO of 48 percent in two oil wells producing from the Lower Hackberry Formation. Donner #1 well has gas potential in various Frio sands. Donner #2 has gas potential in the Nonion Struma Formation with a BPO of 48 percent, which is currently being tied-in. Hillcrest also holds a working interest BPO of 48 percent in one Prospect well which will potentially produce from the Lower Hackberry Formation and has gas potential from the Nonion Struma Formation.

Item 6.1.2 Gross and net oil and gas wells

Country/Province	Oil		Gas		Non-producing		Total	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Canada								
US/Texas	2.0	1.02	-	-	1.0	0.48	3.0	1.5
Total	2.0	1.02	-	-	1.0	0.48	3.0	1.5

Item 6.2 Properties with no attributed reserves

The following properties have no reserves and no work commitments to maintain the properties in good standing:

Pedregosa Basin - The Company acquired a total of 120,080 gross acres located in Cochise and Graham County in the State of Arizona.

Montana project

Tulla well, Teton and Pondera County, Montana – 12,333 acres.
Teton County, Montana – 13,849 acres
Pondera County, Montana – 640 acres

Item 6.3 Forward contracts

There are no forward contracts applicable to any produced product.

Item 6.4 Additional information concerning abandonment and reclamation costs

No. of net wells	
Included in evaluation	2
Not included in evaluation	0

Property	Gross cost of abandonment and reclamation
Hartburg	50,000

The abandonment costs have been estimated based on the knowledge of Hillcrest's operator in the area and compared to known costs of wells with similar depths in Western Canada to ensure reasonableness. None of these costs are expected to take place in the next three years. Refer to NI 51-101 Table 3 for net abandonment costs.

Forecast abandonment costs	Proved		Proved plus probable	
	Undiscounted M\$	Discounted at 10% M\$	Undiscounted M\$	Discounted at 10% M\$
Next 3 fiscal years	-	-	-	-
Following years	64.53	9.32	108.90	23.16
Total	64.53	9.32	108.90	23.16

Forecast abandonment costs include locations.

Item 6.5 Tax horizon

The Company is expected to begin paying income tax in 2015.

Item 6.6 Costs incurred

For the year ended Dec 31, 2011

	Proved	Unproved	Grand Total
Property acquisition costs	129,555	1,571,761	1,701,316
Exploration costs - Drilling	784,381	-	784,381
Exploration Costs - Completion	554,721	-	554,721
Capitalized decommissioning costs (ARO)	23,181	-	23,181
Well equipping and tie-in	-	-	-
Capitalized G & A	-	-	-
PP & E write down	-	-	-
Gain on working interest	-	-	-
Grand Total	1,491,838	1,571,761	3,063,599

Item 6.7 Exploration and development activities

All activity is located within the country of the United States.

Well	Type	Gross well count/net well count
Nadsoil Donner #2	Gas	1/0.48

Item 6.8 Production estimates

Forecast production WI volume Jan 1/12 – Dec 31/12(from cash flow tables in Reserve Report)

	Proved	Proved + probable
Hartburg		
Oil NGLs(Mstb)	7.0	8.0
Gas (MMcf)	50.0	51.0
Total		
Oil & NGLs(Mstb)	7.0	8.0
Gas (MMcf)	50.0	51.0

Item 6.9 Production history

	Total company			
	Q1	Q2	Q3	Q4
	01/11-03/11	04/11-06/11	07/11-09/11	10/11-12/11
Volumes				
Oil, bbl				
Gas, Mcf				
Natural gas liquids, bbl				
Boe				
Production				
Oil, bopd	21	20	18	19
Gas, Mcf/d	-	-	-	-
Natural gas liquids, bopd	-	-	-	-
Boe/d	21	20	18	19
Price				
Averages				
Oil \$/bbl	98	112	101	115
Gas \$/Mcf	-	-	-	-
Natural gas liquids \$/bbl	-	-	-	-
Operating expenses, royalties, and netback				
Averages, \$/Boe				
Royalties paid*	-	-	-	-
Operating cost	15	12	13	25
Netback	83	100	88	90

*Royalties are included in operating costs

Reserve definitions

Reserves are classified in accordance with the following definitions which meet the standards established by National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities and found in Appendix 1 to Companion Policy 51-101 CP, Part 2 Definition of Reserves.

Reserve categories

Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on

- analysis of drilling, geological, geophysical and engineering data;
- the use of established technology; and
- specified economic conditions, which are generally accepted as being reasonable and are disclosed.

Reserves are classified according to the degree of certainty associated with the estimates:

Proved Reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves.

Development and production status

Each of the reserves categories (proved, probable and possible) may be divided into developed and undeveloped categories:

Developed Reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

Developed Producing Reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing, or if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

Developed Non-Producing Reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

Undeveloped Reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Appendix

NI 51-101 Table 1 Forecast – Oil and Gas Reserves Summary

NI 51-101 Table 2 Forecast – Summary of Net Present Values of Future Net Revenue

NI 51-101 Table 3 Forecast – Total Future Net Revenue (Undiscounted)

NI 51-101 Table 4 Forecast – Unit Value of Net Reserves by Production Group

NI 51-101 Table 5 Forecast – Reconciliation of Company Gross Reserves by Principal Product

AJM Deloitte December 31, 2011 Price Forecast

NI 51-101 Form F2

Hillcrest Resources Ltd.
NI 51-101 FORECAST CASE
OIL AND GAS RESERVES SUMMARY
AJM Deloitte December 31, 2011 Forecast Pricing (CAD)

VOLUMES IN IMPERIAL UNITS

Category	Oil						Natural Gas						Natural Gas Liquids		Sulphur		Total Boe	
	Light		Heavy		Bitumen		Solution		Associated and Non-Associated		Coalbed Methane		WI Gross Mstb	Co. Share Net Mstb	WI Gross Mlt	Co. Share Gross Mlt	WI Gross MBoe	Co. Share Net MBoe
	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mstb	Co. Share Net Mstb	WI Gross Mstb	Co. Share Net Mstb	WI Gross MMcf	Co. Share Net MMcf	WI Gross MMcf	Co. Share Net MMcf	WI Gross MMcf	Co. Share Net MMcf						
PDP	20.6	15.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.6	15.4	
PDNP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	154.4	115.8	0.0	0.0	0.8	0.6	0.0	26.5	19.9	
PUD	29.9	22.5	0.0	0.0	0.0	0.0	0.0	0.0	44.0	33.0	0.0	0.0	0.2	0.2	0.0	37.5	28.1	
TP	50.5	37.9	0.0	0.0	0.0	0.0	0.0	0.0	198.4	148.8	0.0	0.0	1.0	0.7	0.0	84.6	63.4	
PB	55.5	41.6	0.0	0.0	0.0	0.0	0.0	0.0	236.0	177.0	0.0	0.0	1.2	0.9	0.0	96.0	72.0	
P+P	106.0	79.5	0.0	0.0	0.0	0.0	0.0	0.0	434.3	325.7	0.0	0.0	2.2	1.6	0.0	180.5	135.4	

VOLUMES IN METRIC UNITS

Category	Oil						Natural Gas						Natural Gas Liquids		Sulphur		Total Boe	
	Light		Heavy		Bitumen		Solution		Associated and Non-Associated		Coalbed Methane		WI Gross E3m3	Co. Share Net E3m3	WI Gross E3t	Co. Share Gross E3t	WI Gross E3m3e	Co. Share Net E3m3e
	WI Gross E3m3	Co. Share Net E3m3	WI Gross E3m3	Co. Share Net E3m3	WI Gross E3m3	Co. Share Net E3m3	WI Gross E6m3	Co. Share Net E6m3	WI Gross E6m3	Co. Share Net E6m3	WI Gross E6m3	Co. Share Net E6m3						
PDP	3.3	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3	2.5	
PDNP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3	3.3	0.0	0.0	0.1	0.1	0.0	4.2	3.2	
PUD	4.8	3.6	0.0	0.0	0.0	0.0	0.0	0.0	1.2	0.9	0.0	0.0	0.0	0.0	0.0	6.0	4.5	
TP	8.0	6.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6	4.2	0.0	0.0	0.2	0.1	0.0	13.4	10.1	
PB	8.8	6.6	0.0	0.0	0.0	0.0	0.0	0.0	6.6	5.0	0.0	0.0	0.2	0.1	0.0	15.3	11.4	
P+P	16.8	12.6	0.0	0.0	0.0	0.0	0.0	0.0	12.2	9.2	0.0	0.0	0.3	0.3	0.0	28.7	21.5	

Hillcrest Resources Ltd.
NI 51-101 FORECAST CASE
SUMMARY OF NET PRESENT VALUES OF FUTURE NET REVENUE – WITH CORPORATE TAX POOLS
AJM Deloitte December 31, 2011 Forecast Pricing (CAD)

Effective: December 31, 2011

United States

RESERVES CATEGORY	Before Income Taxes					After Income Taxes					Unit Value
	0%	5%	10%	15%	20%	0%	5%	10%	15%	20%	Before Income Tax
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$	Discounted at 10%
											\$/boe
Proved Developed Producing	1,362.8	1,245.6	1,148.9	1,068.2	999.9	1,362.8	1,245.6	1,148.9	1,068.2	999.9	74.50
Proved Developed Non-Producing	463.9	418.6	381.2	350.0	323.5	463.9	418.6	381.2	350.0	323.5	19.18
Proved Undeveloped	2,167.8	1,520.4	1,249.1	1,062.4	916.0	2,167.8	1,520.4	1,249.1	1,062.4	916.0	44.43
Proved	3,994.6	3,184.6	2,779.3	2,480.5	2,239.4	3,994.6	3,184.6	2,779.3	2,480.5	2,239.4	43.83
Probable	5,431.0	2,762.6	1,929.5	1,470.7	1,162.5	5,431.0	2,762.6	1,929.5	1,470.7	1,162.5	26.80
Proved Plus Probable	9,425.6	5,947.2	4,708.8	3,951.2	3,401.9	9,425.6	5,947.2	4,708.8	3,951.2	3,401.9	34.77

Unit Value calculation based on Net Boe reserves.

Hillcrest Resources Ltd.
NI 51-101 FORECAST CASE
TOTAL FUTURE NET REVENUE – WITH CORPORATE TAX POOLS
AJM Deloitte December 31, 2011 Forecast Pricing (CAD)

Effective: December 31, 2011

United States

CATEGORY	Revenue*	Royalties	Operating Costs	Investment Costs	Well Abandonment Costs	Future Net Revenue Before Income Taxes	Income Taxes	Future Net Revenue After Income Taxes
	M\$	M\$	M\$	M\$	M\$	M\$	M\$	M\$
Proved Developed Producing	1,675.2	98.7	192.2	0.0	21.5	1,362.8	0.0	1,362.8
Proved Developed Non-Producing	519.7	30.6	25.2	0.0	0.0	463.9	0.0	463.9
Proved Undeveloped	3,059.8	180.2	317.5	351.3	43.0	2,167.8	0.0	2,167.8
Proved	5,254.8	309.5	534.9	351.3	64.5	3,994.6	0.0	3,994.6
Probable	7,529.2	443.5	1,580.1	30.3	44.4	5,431.0	0.0	5,431.0
Proved Plus Probable	12,784.0	753.0	2,115.0	381.5	108.9	9,425.6	0.0	9,425.6

*Revenue includes product revenue and other income from facilities, wells and corporate if specified.

Hillcrest Resources Ltd.
NI 51-101 FORECAST CASE
UNIT VALUE OF NET RESERVES BY PRODUCTION GROUP
AJM Deloitte December 31, 2011 Forecast Pricing

Effective: December 31, 2011

United States

	Reserves				NPV	Unit Value
	Oil	Gas	NGL	BOE		
	Net Mbbbl	Net MMcf	Net Mbbbl	Net boe		
					10%	
					M\$	\$/boe
LIGHT & MEDIUM CRUDE OIL						
Proved Developed Producing	15.4	0.0	0.0	15,421.6	1,148.9	74.50
Proved Undeveloped	22.5	0.0	0.0	22,451.5	1,242.8	55.36
Proved	37.9	0.0	0.0	37,873.1	2,391.8	63.15
Probable	41.6	0.0	0.0	41,618.7	1,792.0	43.06
Proved Plus Probable	79.5	0.0	0.0	79,491.8	4,183.8	52.63
ASSOCIATED & NON-ASSOCIATED GAS						
Proved Developed Non- Producing	0.0	115.8	0.6	19,877.6	381.2	19.18
Proved Undeveloped	0.0	33.0	0.2	5,662.8	6.3	1.12
Proved	0.0	148.8	0.7	25,540.5	387.5	15.17
Probable	0.0	177.0	0.9	30,379.8	137.5	4.53
Proved Plus Probable	0.0	325.7	1.6	55,920.3	525.1	9.39
TOTAL						
Proved Developed Producing	15.4	0.0	0.0	15,421.6	1,148.9	74.50
Proved Developed Non-Producing	0.0	115.8	0.6	19,877.6	381.2	19.18
Proved Undeveloped	22.5	33.0	0.2	28,114.3	1,249.1	44.43
Proved	37.9	148.8	0.7	63,413.6	2,779.3	43.83
Probable	41.6	177.0	0.9	71,998.6	1,929.5	26.80
Proved Plus Probable	79.5	325.7	1.6	135,412.1	4,708.8	34.77

Hillcrest Resources Ltd.
NI 51-101 FORECAST CASE
RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT

Opening Case: AJM June 30, 2010 Forecast Pricing (CDN\$)

Closing Case: AJM Deloitte December 31, 2011 Forecast Pricing

Effective: December 31, 2011

United States

	Light & Medium Oil			Heavy Oil			Associated & Non-Associated Gas			Coalbed Methane		
	Proved	Probable	Proved +Probable	Proved	Probable	Proved +Probable	Proved	Probable	Proved +Probable	Proved	Probable	Proved +Probable
	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb	Mstb
Opening Balance	78.0	132.0	21.0	0.0	0.0	0.0	36.7	189.2	225.9	0.0	0.0	0.0
Production	-8.3	0.0	-8.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical Revisions	-19.1	-76.5	-95.7	0.0	0.0	0.0	7.3	25.8	33.2	0.0	0.0	0.0
Extensions & Improved Recovery	0.0	0.0	0.0	0.0	0.0	0.0	154.4	20.9	175.3	0.0	0.0	0.0
Discoveries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dispositions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Economic Factors	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Infill Drilling	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Closing Balance	50.5	55.5	106.0	0.0	0.0	0.0	198.4	236.0	434.3	0.0	0.0	0.0

AJM Deloitte
Canadian Domestic Price Forecast
Base Case Forecast Effective December 31, 2011

					Crude Oil Pricing							Natural Gas Liquids Pricing				Natural Gas Pricing							Sulphur		
	Price Inflation Rate	Cost Inflation Rate	CAD to USD Exchange Rate		WTI at Cushing	WTI at Cushing	Edmonton City Gate	Edmonton City Gate	Med. Oil 29 Deg. API	Bow River 25 Deg. API	Heavy Oil 12 Deg. API	Edmonton Par Prices				Alberta Reference	Alberta AECO	Alberta AECO	Alberta System	Alberta Direct	B.C. Direct	Sask. Direct	NYMEX	NYMEX	Alberta Plant Gate
					US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl	US\$/bbl
H 1997	1.6%	1.6%	0.722		\$26.56	\$20.60	\$36.08	\$27.98	\$23.71	\$21.26	\$14.35	n/a	\$19.41	\$19.02	\$30.85	\$1.87	\$2.21	\$1.71	\$1.78	\$1.69	\$1.98	\$1.74	\$3.34	\$2.59	\$11.50
I 1998	0.7%	0.7%	0.675		\$18.25	\$14.38	\$25.49	\$20.08	\$16.94	\$14.63	\$9.43	n/a	\$11.97	\$12.92	\$22.35	\$1.94	\$2.63	\$2.07	\$1.90	\$1.95	\$2.00	\$2.13	\$2.68	\$2.11	(\$6.51)
S 1999	1.8%	1.8%	0.648		\$24.32	\$19.29	\$34.54	\$27.41	\$21.72	\$20.29	\$17.62	\$8.09	\$13.21	\$14.39	\$20.94	\$2.48	\$3.47	\$2.75	\$2.22	\$2.50	\$2.64	\$2.61	\$2.64	\$2.10	\$6.93
T 2000	2.6%	2.6%	0.674		\$37.41	\$30.22	\$54.89	\$44.33	\$39.89	\$34.46	\$28.57	\$14.10	\$32.59	\$36.51	\$46.30	\$4.51	\$6.96	\$5.62	\$4.84	\$5.47	\$4.73	\$5.05	\$5.35	\$4.32	\$13.59
O 2001	2.5%	2.5%	0.646		\$31.19	\$25.87	\$47.22	\$39.17	\$31.54	\$25.12	\$18.07	\$17.20	\$30.62	\$30.49	\$43.03	\$5.39	\$6.54	\$5.42	\$5.42	\$5.26	\$6.34	\$6.10	\$4.74	\$3.93	(\$14.50)
R 2002	2.3%	2.3%	0.637		\$30.68	\$26.11	\$47.39	\$40.33	\$35.52	\$31.89	\$27.63	\$11.21	\$20.92	\$27.78	\$41.22	\$3.88	\$4.92	\$4.19	\$3.85	\$4.03	\$4.09	\$4.08	\$3.94	\$3.36	\$12.74
L 2003	2.8%	2.8%	0.716		\$35.62	\$31.01	\$49.97	\$43.51	\$37.47	\$32.96	\$27.35	\$18.43	\$32.31	\$36.03	\$45.18	\$6.12	\$7.67	\$6.68	\$6.11	\$6.51	\$6.42	\$6.67	\$6.29	\$5.48	\$40.99
C 2004	1.8%	1.8%	0.770		\$46.28	\$41.45	\$59.13	\$52.96	\$45.76	\$38.01	\$30.44	\$19.04	\$35.20	\$44.07	\$55.49	\$6.31	\$7.32	\$6.55	\$6.32	\$6.38	\$6.52	\$6.84	\$6.98	\$6.25	\$40.82
A 2005	2.2%	2.2%	0.826		\$62.05	\$56.61	\$75.99	\$69.33	\$57.39	\$45.68	\$33.77	\$23.80	\$43.23	\$51.91	\$74.67	\$8.31	\$9.63	\$8.78	\$8.56	\$8.61	\$8.22	\$8.51	\$9.77	\$8.91	\$40.99
I 2006	2.0%	2.0%	0.882		\$70.78	\$66.06	\$78.58	\$73.34	\$62.42	\$52.04	\$39.68	\$19.81	\$44.11	\$58.16	\$78.19	\$6.56	\$7.01	\$6.54	\$6.63	\$6.35	\$6.57	\$7.11	\$7.23	\$6.75	\$19.51
2007	2.1%	2.1%	0.935		\$76.00	\$72.38	\$80.94	\$77.09	\$65.16	\$53.86	\$39.75	\$18.41	\$49.77	\$59.40	\$81.67	\$6.20	\$6.76	\$6.44	\$6.31	\$6.22	\$6.40	\$6.54	\$7.32	\$6.97	\$38.32
2008	2.4%	2.4%	0.943		\$102.32	\$99.58	\$105.66	\$102.83	\$93.26	\$83.97	\$73.17	\$22.61	\$56.94	\$83.56	\$109.80	\$7.88	\$8.38	\$8.15	\$8.13	\$7.92	\$8.21	\$8.19	\$9.12	\$8.88	\$304.51
2009	0.3%	0.3%	0.880		\$61.98	\$61.78	\$66.41	\$66.21	\$62.77	\$59.90	\$54.49	\$11.60	\$34.56	\$56.29	\$69.59	\$3.84	\$3.97	\$3.96	\$3.94	\$3.74	\$4.19	\$4.14	\$3.92	\$3.90	(\$4.97)
2010	1.8%	1.8%	0.971		\$79.42	\$79.42	\$77.79	\$77.79	\$73.48	\$68.16	\$60.59	\$11.52	\$45.60	\$69.02	\$84.68	\$3.76	\$4.00	\$4.00	\$4.07	\$3.76	\$4.00	\$3.90	\$4.38	\$4.38	\$57.81
2012	2.8%	2.8%	1.013		\$94.99	\$94.99	\$95.77	\$95.77	\$88.29	\$78.60	\$69.75	\$10.46	\$53.34	\$83.62	\$104.70	\$3.48	\$3.65	\$3.65	\$3.83	\$3.46	\$3.37	\$3.38	\$4.00	\$4.00	\$80.69
12 Mths H	0.0%	0.0%	0.000		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
0 Mths F	n/a	n/a	1.013		\$94.99	\$94.99	\$95.77	\$95.77	\$88.29	\$78.60	\$69.75	\$10.46	\$53.34	\$83.62	\$104.70	\$3.48	\$3.65	\$3.65	\$3.83	\$3.46	\$3.37	\$3.38	\$4.00	\$4.00	\$80.69
F 2012	0.0%	0.0%	1.000		\$100.00	\$100.00	\$98.00	\$98.00	\$91.00	\$81.20	\$76.40	\$9.60	\$53.90	\$83.30	\$102.90	\$3.25	\$3.50	\$3.50	\$3.20	\$3.30	\$3.20	\$3.45	\$3.80	\$3.80	\$80.00
O 2013	2.0%	2.0%	1.000		\$100.00	\$102.00	\$98.00	\$100.00	\$92.30	\$81.10	\$75.70	\$11.40	\$55.00	\$85.00	\$105.00	\$3.85	\$4.00	\$4.10	\$3.80	\$3.90	\$3.80	\$4.05	\$4.40	\$4.50	\$81.60
R 2014	2.0%	2.0%	1.000		\$100.00	\$104.05	\$98.00	\$102.00	\$93.00	\$80.00	\$74.00	\$13.20	\$56.10	\$86.70	\$107.10	\$4.45	\$4.50	\$4.70	\$4.40	\$4.50	\$4.40	\$4.65	\$4.80	\$5.00	\$83.25
E 2015	2.0%	2.0%	1.000		\$100.00	\$106.10	\$98.00	\$104.00	\$94.25	\$82.00	\$76.00	\$14.55	\$57.20	\$88.40	\$109.20	\$4.90	\$4.85	\$5.15	\$4.85	\$4.95	\$4.85	\$5.10	\$5.15	\$5.45	\$84.90
C 2016	2.0%	2.0%	1.000		\$100.00	\$108.25	\$98.00	\$106.10	\$95.60	\$84.10	\$78.10	\$15.75	\$58.35	\$90.20	\$111.40	\$5.30	\$5.15	\$5.55	\$5.25	\$5.35	\$5.25	\$5.50	\$5.45	\$5.90	\$86.60
A 2017	2.0%	2.0%	1.000		\$100.00	\$110.40	\$98.00	\$108.20	\$96.95	\$86.20	\$80.20	\$17.10	\$59.50	\$91.95	\$113.60	\$5.75	\$5.45	\$6.00	\$5.70	\$5.80	\$5.70	\$5.95	\$5.75	\$6.35	\$88.35
S 2018	2.0%	2.0%	1.000		\$100.00	\$112.60	\$98.00	\$110.35	\$98.35	\$88.35	\$82.35	\$18.30	\$60.70	\$93.80	\$115.85	\$6.15	\$5.70	\$6.40	\$6.10	\$6.20	\$6.10	\$6.35	\$6.00	\$6.75	\$90.10
T 2019	2.0%	2.0%	1.000		\$100.00	\$114.85	\$98.00	\$112.55	\$99.05	\$90.55	\$84.55	\$19.80	\$61.90	\$95.65	\$118.20	\$6.65	\$6.00	\$6.90	\$6.70	\$6.60	\$6.85	\$6.35	\$7.30	\$91.90	
2020	2.0%	2.0%	1.000		\$100.00	\$117.15	\$98.00	\$114.80	\$99.80	\$92.80	\$86.80	\$21.30	\$63.15	\$97.60	\$120.55	\$7.15	\$6.30	\$7.40	\$7.10	\$7.20	\$7.10	\$7.35	\$6.60	\$7.75	\$93.75
2021	2.0%	2.0%	1.000		\$100.00	\$119.50	\$98.00	\$117.10	\$102.10	\$95.10	\$89.10	\$22.35	\$64.40	\$99.55	\$122.95	\$7.50	\$6.50	\$7.75	\$7.45	\$7.55	\$7.45	\$7.70	\$6.85	\$8.20	\$95.65
2022	2.0%	2.0%	1.000		\$100.00	\$121.90	\$98.00	\$119.45	\$104.45	\$97.45	\$91.45	\$22.80	\$65.70	\$101.55	\$125.40	\$7.65	\$6.50	\$7.90	\$7.60	\$7.70	\$7.60	\$7.85	\$7.00	\$8.55	\$97.55
2023	2.0%	2.0%	1.000		\$100.00	\$124.35	\$98.00	\$121.85	\$106.85	\$99.85	\$93.85	\$23.40	\$67.00	\$103.55	\$127.95	\$7.85	\$6.50	\$8.10	\$7.80	\$7.90	\$7.80	\$8.05	\$7.00	\$8.70	\$99.50
2024	2.0%	2.0%	1.000		\$100.00	\$126.80	\$98.00	\$124.30	\$109.30	\$102.30	\$96.30	\$23.85	\$68.35	\$105.65	\$130.50	\$8.00	\$6.50	\$8.25	\$7.95	\$8.05	\$7.95	\$8.20	\$7.00	\$8.90	\$101.50
2025	2.0%	2.0%	1.000		\$100.00	\$129.35	\$98.00	\$126.75	\$111.75	\$104.75	\$98.75	\$24.30	\$69.70	\$107.75	\$133.10	\$8.15	\$6.50	\$8.40	\$8.10	\$8.20	\$8.10	\$8.35	\$7.00	\$9.05	\$103.55
2026	2.0%	2.0%	1.000		\$100.00	\$131.95	\$98.00	\$129.30	\$114.30	\$107.30	\$101.30	\$24.90	\$71.10	\$109.90	\$135.75	\$8.35	\$6.50	\$8.60	\$8.30	\$8.40	\$8.30	\$8.55	\$7.00	\$9.25	\$105.60
2027	2.0%	2.0%	1.000		\$100.00	\$134.60	\$98.00	\$131.90	\$116.90	\$109.90	\$103.90	\$25.35	\$72.55	\$112.10	\$138.50	\$8.50	\$6.50	\$8.75	\$8.45	\$8.55	\$8.45	\$8.70	\$7.00	\$9.40	\$107.70
2028	2.0%	2.0%	1.000		\$100.00	\$137.30	\$98.00	\$134.55	\$119.55	\$112.55	\$106.55	\$25.80	\$74.00	\$114.35	\$141.30	\$8.65	\$6.50	\$8.90	\$8.60	\$8.70	\$8.60	\$8.85	\$7.00	\$9.60	\$109.85
2029	2.0%	2.0%	1.000		\$100.00	\$140.00	\$98.00	\$137.20	\$122.20	\$115.20	\$109.20	\$26.40	\$75.45	\$116.60	\$144.05	\$8.85	\$6.50	\$9.10	\$8.80	\$8.90	\$8.80	\$9.05	\$7.00	\$9.80	\$112.05
2030	2.0%	2.0%	1.000		\$100.00	\$142.80	\$98.00	\$139.95	\$124.95	\$117.95	\$111.95	\$27.00	\$76.95	\$118.95	\$146.95	\$9.05	\$6.50	\$9.30	\$9.00	\$9.10	\$9.00	\$9.25	\$7.00	\$10.00	\$114.30
2031	2.0%	2.0%	1.000		\$100.00	\$145.70	\$98.00	\$142.75	\$127.75	\$120.75	\$114.75	\$27.45	\$78.50	\$121.35	\$149.90	\$9.20	\$6.50	\$9.45	\$9.15	\$9.25	\$9.15	\$9.40	\$7.00	\$10.20	\$116.60
2029+	2.0%	2.0%	1.000		0.0%	2.0%	0.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	0.0%	0.0%	2.0%	2.0%	2.0%	2.0%	0.0%	2.0%	2.0%	2.0%

Notes:

- All prices are in Canadian dollars except WTI and NYMEX gas which are in U.S. dollars.
- Edmonton city gate prices based on light sweet crude posted at major Canadian refineries. (40 Deg. API - 0.5% Sulphur)
- Natural Gas Liquid prices are forecasted at Edmonton therefore an additional transportation cost must be included to plant gate sales point.
- 1 Mcf is equivalent to 1 mmbtu.
- System gas prices includes TCOSL, Progas, Pan Alberta and Alliance.
- Real dollars listed include future growth in prices with no escalation considered.
- Alberta gas prices, except AECO, include an Average cost of service to the plant gate.

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**Form 51-101 F2
Report on reserves data
by
independent qualified reserves
evaluator or auditor**

To the Board of Directors of Hillcrest Resources Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as at December 31, 2011. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2011, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.
We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).
3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year end December 31, 2011, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management/Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited \$M	Evaluated \$M	Reviewed \$M	Total \$M
AJM Deloitte	Hillcrest Resources Ltd. Reserve estimation and economic evaluation December 31, 2011	United States	-	\$4,708.80	-	\$4,708.80

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are based on judgments regarding future events, actual events will vary and the variations may be material.

Executed as to our report referred to above:

AJM Deloitte
Fifth Avenue Place, East Tower
6th Floor, 425 – 1st Street S.W.
Calgary, Alberta
T2P 3P8

Original signed by: "Douglas S. Ashton"
Douglas S. Ashton, P. Eng.
Associate Partner

Execution date: April 24, 2012