

NI 51-101 Form F1

**Hillcrest Resources Ltd.
Statement of reserves data
and other oil and gas information
as of December 31, 2012**

**Prepared by Ryder Scott Company - Canada
April 8, 2013**

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Part 1 Date of statement

Date of statement: **April 8, 2013**
Effective date: **December 31, 2012**
Preparation date: **April 8, 2013**

Hillcrest Resources Ltd. (the "Company") oil and gas reserves were evaluated by Ryder Scott Company - Canada ("Ryder Scott"), effective December 31, 2012. Ryder Scott was engaged by the Company to evaluate the proved, probable and possible reserves for the subject properties. The Ryder Scott 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 Newton County, Texas, U.S.A.

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. Volumes quoted as Barrels Oil Equivalent (BOE) 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 Ryder Scott December 31, 2012 Price Forecast Table 6 and Table 7 (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 annually at the rate of 2.0 percent for 2013 and each year thereafter until the major hydrocarbon product reaches its final price.

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 Mbbbl	WI Mbbbl	WI Mbbbl	WI Mbbbl	WI MMcf	WI MMcf	WI Mbbbl	WI Mbbbl	WI MMcf	WI MMcf
Proved undeveloped										
2010	-	-	-	-	-	-	-	-	-	-
2011	29.9	29.9	-	-	44	44	0.2	0.2	-	-
2012	-	-	-	-	-	-	-	-	-	-
Probable undeveloped										
2010	-	-	-	-	-	-	-	-	-	-
2011	55.5	55.5	-	-	236	236	1.2	-	-	-
2012	75.3	75.3	-	-	-	-	-	-	-	-
Possible undeveloped										
2010	-	-	-	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-	-	-	-
2012	37.5	37.5	-	-	-	-	-	-	-	-

The previous study assigned Donner #1 well uphole gas potential in the Frio sands. This study does not assign any reserves pending sustained economic production. Donner #2 has ceased production from lower 7150 Hackberry sand and has been recompleted to the previous behind pipe gas potential in the 7300 Hackberry (Nonion Struma) Formation. Additionally, the locations, Donner #3 and Donner #5 have been assigned undeveloped oil reserves in the 7150 Hackberry sand based on the offset Nadsoil Donner #1 and Donner #2 well logs along with seismic maps that were supplied to Ryder Scott by Hillcrest. Previously only location Donner #5 was included as proved undeveloped, this study moved this location and a new location Donner #3 to probable undeveloped due to geologic uncertainty. The Company intends to develop its probable undeveloped reserves commencing in the fourth quarter of 2013 and first quarter 2014.

Item 5.2 Significant factors or uncertainties

The estimated reserves presented in this report, as of December 31, 2012, are related to hydrocarbon prices based on escalated price parameters. As a result of both economic and political forces, there is significant uncertainty regarding the forecasting of future hydrocarbon prices. Recoverable reserves and the income attributable thereto have a direct relationship with hydrocarbon prices actually received; therefore, volumes of reserves actually recovered and amounts of income actually received may differ significantly from the estimated quantities presented in this report. Results of this study are summarized below.

Estimates of reserve quantities and their associated categories or classifications may be revised in the future as additional geoscience or engineering data become available. Furthermore, estimates of the recoverable quantities and their associated categories or classifications may also be revised due to other factors such as changes in economic conditions, results of future operations, effects of regulation by governmental agencies or geopolitical or economic risks.

Item 5.3 Future development costs

Year	Undiscounted future costs net (M\$)		Discounted (10%) future costs net (M\$)	
	Proved	Proved + probable	Proved	Proved + probable
2013	0	1,011	0	946
2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
2018+	0	0	0	0
Total	0	1,011	0	946

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 #3 and Donner #5 wells will begin to produce revenue late in 2013 and early 2014. In order to meet its capital expenditure requirements, management plans to raise the necessary capital funding by a public offering on its shares or seek a debt financing arrangements.

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 BPO of 48 percent and an APO of 30 percent in two oil wells producing from the Lower Hackberry Formation. Donner #1 has reached payout while the Donner #2 has not. Donner #2 has been recompleted as a gas well in the 7300 Hackberry (Nonion Struma) Formation with a BPO working interest of 48 percent. The well initially produced from the 7150 Lower Hackberry sand, but was recompleted to the current zone. Hillcrest also holds a working interest BPO of 48 percent in two undeveloped locations, Donner #3 and Donner #5 both classified as probable, which will potentially produce from the 7150 Lower Hackberry Formation. No other zones have been assigned reserves in these undeveloped locations pending sustained economic production.

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	1	0.3	1	0.48	0	0	2	0.78
Total	1	0.3	1	0.48	0	0	2	0.78

Item 6.2 Properties with no attributed reserves

The following properties were sold during the year and have no reserves assigned to Hillcrest's interests:

Pedregosa Basin - 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	0
Not included in evaluation	2

Property	Gross cost of abandonment and reclamation
Hartburg	0

The estimate of zero net abandonment cost after salvage was utilized in the report at the request of Hillcrest. While this is considered a reasonable and consistent estimate by operators in the area, Ryder Scott has not performed a detailed study of Hillcrest's estimate and expresses no opinion. In accordance with COGEH, the abandonment cost was included in the undeveloped locations economic analysis to verify the economic viability of said locations. At the request of the client, the abandonment costs were removed for the final report.

Forecast abandonment costs	Proved		Proved plus probable	
	Undiscounted	Discounted at 10%	Undiscounted	Discounted at 10%
	M\$	M\$	M\$	M\$
Next 3 fiscal years	-	-	-	-
Following years	0	0	0	0
Total	0	0	0	0

Item 6.5 Tax horizon

Based on the proved reserves and the current depreciation pools the Company is not expected to be in a taxable position. Using the proved plus probable reserve projection and attributable income, the Company is expected to begin paying Canadian income tax in 2014.

Item 6.6 Costs incurred

For the year ended Dec 31, 2012

	<i>Proved</i>	<i>Unproved</i>	<i>Grand Total</i>
Property acquisition costs	-	930,054	930,054
Exploration costs - Drilling	-	-	-
Exploration Costs - Completion	139,926	-	139,926
Capitalized decommissioning costs (ARO)	46,738	-	46,738
Well equipping and tie-in	-	-	-
Capitalized G & A	-	-	-
PP & E write down	-	-478,145	-478,145
Gain on working interest	-	-	-
Grand Total	186,664	451,909	638,573

Item 6.7 Exploration and development activities

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

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

Item 6.8 Production estimates

(Estimated annual 2013 production from reserve report by Ryder Scott)

	<i>Proved</i>	<i>Proved + Probable</i>
Hartburg Field, Texas		
Oil NGLs(Mstb)	4.9	8.6
Gas (MMcf)	73	86
Total		
Oil & NGLs(Mstb)	4.9	8.6
Gas (MMcf)	73	86

Item 6.9 Production history

	Total company			
	Q1	Q2	Q3	Q4
	01/12-03/12	04/12-06/12	07/12-09/12	10/12-12/12
Volumes				
Oil, bbl	2,020	2,041	1,627	1,343
Gas, Mcf	-	3,469	10,945	15,499
Natural gas liquids, bbl	-	-	-	-
Boe	2,020	2,619	3,451	3,927
Production				
Oil, bopd	22	22	18	15
Gas, Mcf/d	-	38	119	168
Natural gas liquids, bopd	-	-	-	-
Boe/d	22	29	38	43
Price				
Averages				
Oil \$/bbl	98.00	112.00	101.00	115.00
Gas \$/Mcf	-	2.60	2.79	3.14
Natural gas liquids \$/bbl	102.00	78.00	55.00	47.00
Operating expenses, royalties, and netback				
Averages, \$/Boe				
Royalties paid*	-	-	-	-
Operating cost	19.00	18.00	8.00	5.00
Netback	83.00	60.00	47.00	42.00

*Royalties are included in operating costs

PETROLEUM RESERVES DEFINITIONS

NATIONAL INSTRUMENT 51 – 101

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;
- specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed.

RESERVES CATEGORIES

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

Proved Reserves

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

Probable 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

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.

Other criteria that must also be met for the categorization of reserves are provided in Section 5.5 of the Canadian Oil and Gas Evaluation handbook (COGEH).

RESERVE STATUS CATEGORIES

Each of the reserves categories may be divided into developed and undeveloped categories.

Developed Reserves

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 (e.g., 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

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

Developed non-producing reserves include shut-in and behind pipe reserves. These are 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.

Shut-in reserves are expected to be recovered from:

- 1. completion intervals which are open at the time of the estimate but which have not yet started producing;*
- 2. wells which are shut-in for market conditions or pipeline connections;*
- 3. wells which are not capable of production for mechanical reasons.*

Behind pipe reserves are expected to be recovered from zones in existing wells which will require additional completion work or future re-completion prior to start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves

Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., 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.

In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities, and completion intervals in the pool and their respective development and production status.

LEVELS OF CERTAINTY FOR REPORTED RESERVES

The qualitative certainty levels contained in the definitions of the various reserves categories are applicable to individual Reserves Entities, which refers to the lowest level at which reserves estimates are preformed, and to Reported Reserves, which refers to the highest level sum of individual entity estimates for which reserve estimates are presented. Reported Reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves;
- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable reserves;
- at least a 10 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable plus possible reserves.

A quantitative measure of the certainty levels pertaining to estimates prepared for the various reserves categories is desirable to provide a clearer understanding of the associated risks and uncertainties. However, a quantitative measure of the probability associated with a reserves estimate is generated only when a probabilistic analysis is performed. The majority of reserves estimates will be prepared using deterministic methods that do not provide a mathematically derived quantitative measure of probability. In principle, however, there should be no difference between estimates prepared using probabilistic or deterministic methods. It must be recognized that, regardless of the method used, conditions of uncertainty that are inherent in all reserves estimates cannot be eliminated, and that the estimates themselves represent the evaluator's professional judgment in the application of the definitions and guidelines appropriately and objectively.

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

Ryder Scott December 31, 2012 Price Forecast

NI 51-101 Form F2

Table 1

HILLCREST RESOURCES LTD.
SUMMARY OF OIL AND GAS RESERVES
as of December 31, 2012

RYDER SCOTT FORECAST PRICES AND COSTS DECEMBER 31, 2012

United States

RESERVES CATEGORY	Oil						Natural Gas						NATURAL GAS LIQUIDS		SULPHUR		TOTAL BOE	
	LIGHT AND MEDIUM OIL		HEAVY OIL		BITUMEN		ASSOCIATED		NON-ASSOCIATED		COALBED METHANE		WI Gross (Mbbbl)	Net (Mbbbl)	WI Gross (Mbbbl)	Net (Mbbbl)	WI Gross (MBOE)	Net (MBOE)
	WI Gross (Mbbbl)	Net (Mbbbl)	WI Gross (Mbbbl)	Net (Mbbbl)	WI Gross (Mbbbl)	Net (Mbbbl)	WI Gross (MMcf)	Net (MMcf)	WI Gross (MMcf)	Net (MMcf)	WI Gross (Mbbbl)	Net (Mbbbl)						
PROVED																		
Developed Producing	10.3	7.7	0.0	0.0	0.0	0.0	0	0	120	90	0	0	0.0	0.0	0.0	0.0	30.3	22.7
Developed Non-Producing	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	0.0	0.0
Undeveloped	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	0.0	0.0
TOTAL PROVED (1P)	10.3	7.7	0.0	0.0	0.0	0.0	0	0	120	90	0	0	0.0	0.0	0.0	0.0	30.3	22.7
PROBABLE	77.3	51.9	0.0	0.0	0.0	0.0	0	0	41	30	0	0	0.0	0.0	0.0	0.0	84.0	56.9
POSSIBLE	37.5	21.1	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	37.5	21.1
TOTAL PROVED + PROBABLE (2P)	87.6	59.6	0.0	0.0	0.0	0.0	0	0	161	120	0	0	0.0	0.0	0.0	0.0	114.3	79.6
TOTAL PROVED + PROBABLE + POSSIBLE (3P)	125.1	80.7	0.0	0.0	0.0	0.0	0	0	161	120	0	0	0.0	0.0	0.0	0.0	151.8	100.8

Table 2

HILLCREST RESOURCES LTD.
SUMMARY OF OIL AND GAS RESERVES
as of December 31, 2012

RYDER SCOTT FORECAST PRICES AND COSTS DECEMBER 31, 2012

United States	NET PRESENT VALUES OF FUTURE NET REVENUE										UNIT VALUE BEFORE INCOME TAX DISCOUNTED AT (10%/YEAR)	
	BEFORE INCOME TAXES DISCOUNTED AT (%/YEAR)					AFTER INCOME TAXES DISCOUNTED AT (%/YEAR)						(\$/Net BOE) (1)
	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)		
RESERVES CATEGORY												
PROVED												
Developed Producing	\$903	\$857	\$815	\$775	\$739	\$903	\$857	\$815	\$775	\$739	\$35.87	
Developed Non-Producing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	
Undeveloped	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0.00	
TOTAL PROVED (1P)	\$903	\$857	\$815	\$775	\$739	\$903	\$857	\$815	\$775	\$739	\$35.87	
PROBABLE	\$3,958	\$3,266	\$2,705	\$2,249	\$1,874	\$2,816	\$2,338	\$1,948	\$1,627	\$1,361	\$47.52	
POSSIBLE	\$2,058	\$1,442	\$1,033	\$756	\$565	\$1,401	\$1,000	\$730	\$545	\$415	\$48.90	
TOTAL PROVED + PROBABLE (2P)	\$4,862	\$4,123	\$3,520	\$3,024	\$2,612	\$3,719	\$3,195	\$2,763	\$2,402	\$2,100	\$44.20	
TOTAL PROVED + PROBABLE + POSSIBLE (3P)	\$6,920	\$5,564	\$4,553	\$3,780	\$3,177	\$5,120	\$4,195	\$3,493	\$2,947	\$2,515	\$45.18	

(1) Unit value calculated on Net BOE Reserves
BOE conversion using 6 Mcf/BOE

Table 3

**HILLCREST RESOURCES LTD.
TOTAL FUTURE NET REVENUE
(UNDISCOUNTED)
as of December 31, 2012**

RYDER SCOTT FORECAST PRICES AND COSTS DECEMBER 31, 2012

United States

RESERVES CATEGORY	REVENUE	PRODUCTION TAXES SURCHARGES & ROYALTIES	OPERATING COSTS	DEVELOPMENT COSTS	ABANDONMENT AND RECLAMATION COSTS	FUTURE NET REVENUE BEFORE INCOME TAXES	INCOME TAXES	FUTURE NET REVENUE AFTER INCOME TAXES
	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)	(M\$)
Proved Reserves (1P)	\$1,118	\$125	\$91	\$0	\$0	\$903	\$0	\$903
Proved Plus Probable Reserves (2P)	\$6,849	\$547	\$430	\$1,011	\$0	\$4,862	\$1,142	\$3,719
Proved Plus Probable Plus Possible Reserves (3P)	\$9,317	\$722	\$665	\$1,011	\$0	\$6,920	\$1,799	\$5,120

Table 4

HILLCREST RESOURCES LTD.
UNIT VALUE OF NET RESERVES BY PRODUCTION GROUP
as of December 31, 2012
RYDER SCOTT FORECAST PRICES AND COSTS DECEMBER 31, 2012

United States

	Reserves					Unit Value
	Oil	Gas	NGL	BOE	NPV	
	Net Mbbbl	Net MMcf	Net Mbbbl	Net MBOE	10% M\$	
LIGHT & MEDIUM CRUDE OIL						
						\$/BOE
Proved Developed Producing	7.7	0	0	7.7	\$603	81.27
Developed Non-Producing	0	0	0	0	0	
Proved Undeveloped	0	0	0	0	0	
TOTAL PROVED (1P)	7.7	0	0.0	7.7	\$603	81.27
Probable	51.9	0	0	51.9	\$2,630	50.71
Possible	21.1	0	0	21.1	\$1,033	48.90
Proved Plus Probable (2P)	59.6	0	0	59.6	\$3,233	54.65
Proved Plus Probable Plus Possible (3P)	80.7	0	0	80.7	\$4,266	53.14
ASSOCIATED & NON-ASSOCIATED GAS						
						\$/Mcf
Proved Developed Producing	0	90	0	15.0	\$212	2.31
Developed Non-Producing	0	0	0	0.0	0	
Proved Undeveloped	0	0	0	0.0	0	
TOTAL PROVED (1P)	0	90	0	15.0	\$212	2.31
Probable	0	30	0	5.1	\$74	2.33
Possible	0	0	0	0.0	0	
Proved Plus Probable (2P)	0	120	0	20.0	\$286	2.33
Proved Plus Probable Plus Possible (3P)	0	120	0	20.0	\$286	2.33
TOTAL						
						\$/BOE
Proved Developed Producing	7.7	90	0	22.7	\$815	35.81
Developed Non-Producing	0	0	0	0.0	\$0	
Proved Undeveloped	0	0	0	0.0	\$0	
TOTAL PROVED (1P)	7.7	90	0	22.7	\$815	35.81
Probable	51.9	30	0.0	56.9	\$2,704	47.50
Possible	21.1	0	0.0	21.1	\$1,033	48.90
Proved Plus Probable (2P)	59.6	120	0.0	79.6	\$3,519	44.19
Proved Plus Probable Plus Possible (3P)	80.7	120	0.0	100.8	\$4,552	45.17

NPV @10% and volumes rounded and may not match the report detail
BOE conversion using 6 Mcf/BOE

Table 5

HILLCREST RESOURCES LTD.
RECONCILIATION OF COMPANY GROSS RESERVES BY PRINCIPAL PRODUCT
as of December 31, 2012
RYDER SCOTT FORECAST PRICES AND COSTS DECEMBER 31, 2012

United States

FACTORS	Light and Medium Oil			Heavy Oil / Bitumen			Associated & Non Associated Gas (Sales)			CoalbedMethane		
	Gross Proved (Mbbbl)	Gross Probable (Mbbbl)	Gross Proved & Probable (Mbbbl)	Gross Proved (Mbbbl)	Gross Probable (Mbbbl)	Gross Proved & Probable (Mbbbl)	Gross Proved MCMCF	Gross Probable MCMCF	Gross Proved & Probable MCMCF	Gross Proved MCMCF	Gross Probable MCMCF	Gross Proved & Probable MCMCF
Estimated Reserves At December 31, 2011	50.5	55.5	106.0	0	0	0	198.4	236.0	434.3	0.0	0.0	0.0
Extensions	0	0	0	0	0	0	0	0	0	0	0	0
Improved Recovery	0	0	0	0	0	0	0	0	0	0	0	0
Discoveries	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
Dispositions	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
Technical revisions**	(34.2)	21.75	(12.4)	0	0	0	(46)	(195)	(241)	0	0	0
Production	(6.0)	0	(6.0)	0	0	0	(32)	0	(32)	0	0	0
Estimated Reserves At December 31, 2012***	10.3	77.3	87.6	0	0	0	120	41	160	0	0	0

Footnotes: * previous and current projections assume active waterdrive reservoir, no incremental reserves due to extension of economic limit with changing prices and operating costs.

** Previous evaluation considered locations Donner #3 and Donner #5 as probable undeveloped, this evaluation considers the locations probable but assigned a portion as possible.

This evaluation incorporated the additional 3D seismic interpretation and new geologic structure and isocore volumetric maps .

This study combined well performance, volumetric and analogy to estimate the reserves.

This resulted in shifting reserves for undeveloped locations from probable undeveloped to possible undeveloped due to uncertainty in geology and recovery factors.

Previous evaluation assigned reserves to the Frio sand. This evaluation did not assign any reserves to the Frio pending sustained economic production.

Well Donner #2 ceased production in the 7150 Lower Hackberry sand and recompleted to 7300 Hackberry sand as a gas well.

No remaining reserves assigned to the 7150 Lower Hackberry in well Donner #2 pending sustained economic production.

No reserves were assigned to the Frio sand.

Hillcrest has informed Ryder Scott that they intend to develop all the reserves included herein during the 4th quarter 2013 and first quarter 2014.

*** Additional reserves are assigned as probable producing and possible undeveloped.

RYDER SCOTT COMPANY

CANADIAN OIL AND NGL PRICE FORECAST TABLE

Effective December 31, 2012

YEAR	Exchange Rate 1 CDN -> US	\$ U.S.				\$ CAD									
		WTI @ Cushing \$/bbl	Brent North Sea Blend \$/bbl	Edmonton MSW 40° API \$/bbl	Bow River Heavy Stream @ Hardisty 21.8° API \$/bbl	Lloyd Blend @ Hardisty 20.9° API \$/bbl	12° API @ Hardisty \$/bbl	Midale Medium @ Cromer \$/bbl	Condensate \$/bbl	Pentanes+ \$/bbl	Butane \$/bbl	Propane \$/bbl	Ethane \$/bbl		
History															
2003	0.71	31.14	28.80	43.14	32.68	31.65	27.46	37.56	44.10	43.58	36.07	32.40	17.81		
2004	0.77	41.46	38.26	52.54	37.60	36.18	31.49	45.94	55.77	53.03	44.02	35.20	18.35		
2005	0.82	56.47	54.47	68.72	44.83	42.99	36.44	57.47	77.30	71.33	51.88	43.24	24.12		
2006	0.89	66.11	65.14	72.77	51.54	50.07	44.63	62.13	78.05	75.03	58.16	44.12	18.78		
2007	0.93	72.31	72.46	75.14	53.71	51.63	46.35	65.07	82.05	76.41	55.87	47.81	18.25		
2008	0.96	99.60	96.85	102.16	84.40	82.87	82.26	93.17	111.03	116.17	90.79	61.55	23.81		
2009	0.87	61.69	61.49	65.90	60.29	58.34	57.82	62.79	68.88	65.86	56.21	34.62	11.64		
2010	0.97	79.46	79.50	77.50	68.48	66.95	64.23	73.78	84.24	81.71	68.79	45.32	11.48		
2011	1.02	95.08	111.27	95.03	78.54	76.80	71.87	89.11	104.18	101.88	86.98	52.41	9.63		
2012	1.00	94.20	111.65	87.21	75.81	74.44	69.27	83.67	100.83	99.37	75.85	31.14	5.80		
2012 Q1	1.00	102.89	118.49	92.23	83.03	81.52	75.96	88.79	110.18	108.87	84.24	40.75	6.38		
2012 Q2	1.00	93.48	108.41	83.95	72.56	71.19	65.37	79.57	100.22	98.02	73.39	27.15	4.85		
2012 Q3	1.00	92.27	109.61	84.33	71.24	69.88	64.91	80.34	95.45	93.06	70.33	25.21	5.78		
2012 Q4 Partial	1.01	88.16	110.09	88.87	76.69	75.52	71.62	87.16	95.79	93.82	74.61	32.06	6.93		
Forecast															
2013	1.00	90.00	105.00	92.00	73.56	71.81	68.11	83.61	100.18	98.55	79.49	42.19	8.83		
2014	1.00	92.00	102.00	93.72	75.00	73.24	69.54	85.21	102.10	100.49	81.11	51.55	9.44		
2015	1.00	95.00	100.00	96.30	77.16	75.38	71.68	87.62	104.97	103.40	83.55	56.93	10.04		
2016	1.00	97.00	98.00	98.01	78.59	76.81	73.11	89.22	106.89	105.34	85.17	57.88	10.65		
2017	1.00	99.00	97.38	99.73	80.03	78.24	74.54	90.83	108.80	107.28	86.80	58.82	11.87		
2018	1.00	100.98	99.38	101.43	81.46	79.65	75.96	92.42	110.70	109.20	88.40	59.76	12.11		
2019	1.00	103.00	101.41	103.17	82.91	81.09	77.40	94.04	112.64	111.16	90.04	60.72	12.36		
2020	1.00	105.06	103.48	104.94	84.39	82.56	78.88	95.69	114.61	113.16	91.71	61.70	12.61		
2021	1.00	107.16	105.59	106.74	85.90	84.06	80.38	97.38	116.62	115.19	93.42	62.69	12.87		
2022	1.00	109.30	107.74	108.58	87.44	85.59	81.91	99.10	118.68	117.27	95.16	63.71	13.13		
2023	1.00	111.49	109.94	110.46	89.01	87.15	83.48	100.85	120.77	119.39	96.93	64.74	13.40		
2024+								No Further Escalation							

Notes: Costs are escalated annually at the rate of 2.0 percent for 2013 and each year thereafter until the major hydrocarbon product reaches its final price.

RYDER SCOTT COMPANY

CANADIAN NATURAL GAS AND SULPHUR PRICE FORECAST TABLE

Effective December 31, 2012

YEAR	Exchange Rate 1 CDN -> US	ALBERTA				BC		SASK.	\$ CAD Sulphur \$/LT		
		\$ U.S.	\$ CAD			\$ CAD	\$ U.S.	\$ CAD			
		Nymex @ Henry Hub \$/MMBTU	AECO-C / NIT 30 Day Spot \$/MMBTU	Alta Field 30 Day Spot \$/MMBTU	Aggregator Average Field \$/MMBTU	Station #2 \$/MMBTU	Huntington MMBTU	Provincial Average \$/MMBTU			
History											
2003	0.71	5.63	6.70	6.14	6.02	6.45	4.63	6.17	30.33		
2004	0.77	5.85	6.79	6.22	6.36	6.63	5.28	6.25	31.63		
2005	0.82	8.79	8.48	7.89	8.47	8.23	7.19	8.14	33.39		
2006	0.89	6.76	6.98	6.44	6.59	6.49	6.30	6.74	20.19		
2007	0.93	6.95	6.61	6.07	6.38	6.41	6.54	5.98	26.81		
2008	0.96	8.85	5.79	7.56	8.24	8.12	8.34	7.99	329.27		
2009	0.87	3.89	4.14	3.73	3.92	4.05	3.95	3.81	15.23		
2010	0.97	4.40	4.13	3.83	3.83	3.93	4.33	3.91	42.34		
2011	1.02	4.01	3.67	3.46	3.58	3.36	3.88	3.52	106.50		
2012	1.00	2.75	2.40	2.21	2.14	2.36	2.78	2.21	101.65		
2012 Q1	1.00	2.46	2.52	2.32	2.28	2.40	2.91	2.26	99.71		
2012 Q2	1.00	2.27	1.83	1.65	1.83	1.80	2.04	1.77	109.32		
2012 Q3	1.00	2.87	2.19	2.00	2.16	2.22	2.54	2.14	92.22		
2012 Q4 Partial	1.01	3.39	3.06	2.85	2.58	3.03	3.62	2.90	110.80		
Forecast											
2013	1.00	3.75	3.21	2.97	3.09	3.08	3.54	3.07	95.00		
2014	1.00	4.00	3.43	3.17	3.29	3.29	3.76	3.27	90.00		
2015	1.00	4.25	3.65	3.37	3.50	3.51	3.97	3.48	85.00		
2016	1.00	4.50	3.87	3.57	3.71	3.73	4.19	3.68	85.00		
2017	1.00	5.00	4.31	3.97	4.13	4.16	4.63	4.09	85.00		
2018	1.00	5.10	4.40	4.05	4.21	4.24	4.71	4.17	86.70		
2019	1.00	5.20	4.49	4.13	4.29	4.33	4.80	4.25	88.43		
2020	1.00	5.31	4.58	4.21	4.38	4.42	4.89	4.34	90.20		
2021	1.00	5.41	4.68	4.29	4.47	4.51	4.98	4.42	92.01		
2022	1.00	5.52	4.77	4.38	4.56	4.61	5.08	4.51	93.85		
2023	1.00	5.63	4.87	4.47	4.65	4.70	5.17	4.60	95.72		
2024+				No Further Escalation							

Notes: Costs are escalated annually at the rate of 2.0 percent for 2013 and each year thereafter until the major hydrocarbon product reaches its final price.

**FORM 51-101F2
REPORT ON RESERVES DATA
BY
RYDER SCOTT COMPANY-CANADA**

To The Board of Directors of Hillcrest Resources Ltd.

1. We have evaluated the Company's reserves data as at December 31, 2012. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2012, 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 as at December 31, 2012, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator	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) (CAD M\$)			
			Audited	Evaluated	Reviewed	Total
Ryder Scott Company	Estimate of Reserves and Future Income Report Prepared January 31, 2013	USA	N/A	\$3,520	N/A	\$3,520

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.
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 are based on judgments regarding future events, actual results will vary and the variations may be material.

Executed as to our report referred to above:

Ryder Scott Company-Canada, Calgary, Alberta, Canada

Execution Date: Dated as of the 8th day of April, 2013

Signed by: Original signed by: "Larry P. Connor"

Larry P. Connor, P.Eng.
Managing Senior Vice President