

**Hillcrest Petroleum Ltd.
Onshore Properties**

**FORM 51-101F1
For the Year Ended December 31, 2014**

***STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION***

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FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION

PART 1 DATE OF STATEMENT

The effective date of the information being provided in this statement is as at December 31, 2014, and for the year ended December 31, 2014. The preparation date of the information being provided in this statement is February 18, 2015.

For a glossary of terminology and definitions relating to the information included within this statement (including the aforementioned dates) readers are referred to National Instrument 51-101 (“NI 51-101”).

All dollar figures are US Dollars, unless otherwise specified.

PART 2 DISCLOSURE OF RESERVES DATA

The following is a summary of the oil and natural gas reserves and net present values of future net revenue of Hillcrest Petroleum Ltd. and its subsidiaries (the “Company”) as evaluated by D Braxton & Associates, (“DBA”), an independent qualified reserves evaluator appointed by the Company pursuant to NI 51-101. The Company has two properties with proved reserves, situated onshore Texas, (United States) and these properties were independently evaluated by DBA for the year ended December 31, 2014 upon which DBA issued their report dated February 17, 2015.

Readers should note that the totals in the following tables may not add due to rounding.

The estimated future net revenue figures contained in the following tables do not necessarily represent the fair market value of the Company’s reserves. There is no assurance that the forecast price and cost assumptions contained in the DBA report will be attained and variances could be material. Other assumptions relating to costs and other matters are included in the DBA report. The recovery and reserves estimates attributed to the Company’s properties described herein are estimates only. The actual reserves attributed to the Company’s properties may be greater or less than those calculated.

The Company has adopted the standard measure of 6 Mcf: 1 BOE when converting natural gas to barrels of oil equivalent. BOE’s may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf to 1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Hillcrest Petroleum Ltd. Onshore Properties
Statement of Reserves Data and Other Oil & Gas Information
For the Year Ended December 31, 2014

Item 2.1 Reserves Data (Forecast Prices and Costs)

1. Breakdown of Reserves (Forecast Case) - The following summarizes the aggregate proved reserves of the Company which are located in Texas:

Summary of Oil and Gas Reserves as of December 31, 2014 Forecast Prices and Costs								
Reserves (United States)								
Reserve Category	Light and Medium Oil		Heavy Oil		Natural Gas non-associated (associated)		Natural Gas Liquids	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)
Proved Developed Producing	48.9	14.1	-	-	527.9	251.6	-	-
Proved Developed Non-producing	-	-	-	-	-	-	-	-
Proved Undeveloped	-	-	-	-	-	-	-	-
Total Proved	48.9	14.1	-	-	527.9	251.6	-	-
Probable	21.6	6.3	-	-	154.2	75.6	-	-
Possible	-	-	-	-	-	-	-	-

Net Present Value of Future Net Revenue (Forecast Case) – The following summarizes the future net revenue attributable to the Company’s proved reserves disclosed in section 1, estimated using forecast prices and costs before deducting future income tax expenses, if any, calculated without discount and using discounts as presented:

Summary of Net Present Values of Future Net Revenue as of December 31, 2014 Forecast Prices and Costs, USD						
United States	Net Present Values of Future Net Revenue ⁽¹⁾					Unit Value Before Income Tax Discounte
	Before Income Taxes Discounted at (%/Year)					
Reserve Category	0% (M\$)	5% (M\$)	10% (M\$)	15% (M\$)	20% (M\$)	
Proved Developed Producing	\$ 1,396	\$ 1,330	\$ 1,269	\$ 1,212	\$ 1,158	\$ 22.64
Proved Developed Non-producing	\$ -	\$ -	\$ -	\$ -	\$ -	
Proved Undeveloped	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Proved²	\$ 1,396	\$ 1,330	\$ 1,269	\$ 1,212	\$ 1,158	\$ 22.64
Probable ²	\$ 659	\$ 590	\$ 528	\$ 474	\$ 426	\$ 27.97
Possible ²	\$ -	\$ -	\$ -	\$ -	\$ -	

⁽¹⁾ Amounts before and after income taxes are equivalent.

⁽²⁾ Expressed as dollars per BOE's - barrel oil equivalents

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2. Additional Information Concerning Undiscounted Future Net Revenue (Forecast Case) – The following summarizes by reserve category (Proved, Probable or Possible) the elements using forecast pricing and costs of the undiscounted future net revenue and the per unit value of future net revenue before income tax:

Total Future Net Revenue					
As of December 31, 2014					
Forecast Prices and Costs					
	<i>Undiscounted (In Thousands)</i>				
	<i>Proved</i>	<i>Probable</i>	<i>Total Proved plus Probable</i>	<i>Possible</i>	<i>Total Proved, Probable and Possible</i>
Revenue	\$ 2,116	\$ 971	\$ 3,086	\$ -	\$ 3,086
Royalties	(198)	(119)	\$ (317)	-	(317)
Operating costs	(458)	(192)	\$ (650)	-	(650)
Development costs	-	-	\$ -	-	-
Abandonment & reclamation costs	(65)	-	\$ (65)	-	(65)
Future Net Revenue Before Income Tax	1,396	659	\$ 2,055	-	2,055
Future income tax	-	-	-	-	-
Future Net Revenue After Income Tax	\$ 1,396	\$ 659	\$ 2,055	\$ -	\$ 2,055
Per BOE ⁽¹⁾ Before Income Tax					\$ 27.43

⁽¹⁾ Expressed as dollars per BOE's - barrel oil equivalents

3. Additional Information Concerning Discounted Future Net Revenue (Forecast Case) – The following summarizes by reserve category (Proved, Probable or Possible) the elements using forecast pricing and costs of the future net revenue discounted at 10% and the per unit value of discounted future net revenue before income tax:

Net Present Value of Future Net Revenue		
Light and Medium Crude Oil (including solution gas and associated by-products)		
as of December 31, 2014		
Forecast Prices and Costs, \$USD		
Reserve Category	Future Net Revenue Before Income Taxes (Discounted at 10%/Year)	
	(M\$)	\$/Per BOE
Proved Developed	\$ 1,269	\$ 22.64
Proved Undeveloped	\$ -	
Probable	\$ 528	\$ 27.97
Possible	\$ -	

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Item 2.2 Supplemental Disclosure (Constant Prices and Costs)

Optional – not presented.

Item 2.3 Reserves Disclosure Varies With Accounting

In determining reserves to be disclosed, the Company prepares consolidated financial statements and includes 100 percent of the reserves attributable to the parent company and 100 percent of the reserves attributable to its wholly-owned subsidiaries. There are no minority interests related to any subsidiaries of the Company.

Item 2.4 Future Net Revenue Disclosure Varies With Accounting

As discussed in Item 2.3, the Company prepares consolidated financial statements and no portion of future net revenue related to the Company's oil and gas reserves is attributable to a minority interest in a subsidiary held by non-affiliates.

Part 3 PRICING ASSUMPTIONS

Item 3.1 Constant Prices Used In Supplemental Disclosure

Optional - Not Presented

Item 3.2 Forecast Prices Used In Estimates

- The following summarizes the pricing assumptions by product used in estimating reserves data disclosed in Item 2.1:

Summary of Pricing Assumptions as of December 31, 2014 Forecast Prices ⁽¹⁾		
Year	WTI Cushing Oil Price \$/BBL	Henry Hub Natural Gas Price \$/MMBtu
Forecast:		
2015	\$ 65.00	\$ 3.25
2016	\$ 80.00	\$ 3.75
2017	\$ 90.00	\$ 4.00
2018	\$ 91.35	\$ 4.50
2019	\$ 92.72	\$ 5.00
Thereafter	Escalated at 1.5%/year	Escalated at 1.5%/year
Actual Price Received in 2014:		
Weighted Average	\$ 93.00	\$ 4.28

⁽¹⁾ Pricing assumptions determined by the Company's independent reserves evaluator

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PART 4 RECONCILIATION OF CHANGES IN RESERVES

Item 4.1 Reserves Reconciliation

The following is a reconciliation of gross reserves by product of the Company since January 1, 2014 through December 31, 2014:

Gross Reserves Reconciliation						
As of December 31, 2014						
	Oil		Gas		Oil Gas	
	Gross Proved		Gross Probable		Gross Proved + Probable	
	<u>MBBl's</u>	<u>Mmcf</u>	<u>MBBl's</u>	<u>MMCF</u>	<u>MBBl's</u>	<u>MMCF</u>
Beginning Gross Reserves, January 1,	48.6	453.3	24.4	339.8	73.0	793.1
Purchased	-	-	-	-	-	-
Drilling Extensions (infill drilling)	-	-	-	-	-	-
Improved recovery	-	-	-	-	-	-
Technical revisions	16.6	315.7	(2.8)	(170.8)	13.8	144.9
Economic factors	-	-	-	-	-	-
Discoveries	-	-	-	-	-	-
Dispositions	-	-	-	-	-	-
Production to December 31	(17.6)	(254.2)	-	-	(17.6)	(254.2)
Ending Gross Reserves, December 31,	47.6	514.8	21.6	169.0	69.2	683.8

PART 5. ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Item 5.1 Undeveloped Reserves

The following is a reconciliation of gross reserves by product for probable undeveloped reserves of the Company's since January 1, 2014 through December 31, 2014: None Reported.

The Company has reported No undeveloped reserves for the year ended December 31, 2014, within the meaning of that term under NI 51-101, either proved, probable and possible reserves. These undeveloped reserves relate to the continuing evaluation of the property interests at the Hartburg Field.

Item 5.2 Significant Factors or Uncertainties Affecting Reserves Data

See notes to the Company's financial statements for the year ended December 31, 2014, for a discussion of some of the important economic factors and significant uncertainties likely to affect the components of oil and gas information and the reserves data disclosed herein. In addition, such components may be affected by material fluctuations in commodity prices, material changes in current taxation or royalty rates and/or state and federal regulations governing the conduct of oil and gas activities.

Item 5.3 Future Development Costs

None as of December 31, 2014.

PART 6. OTHER OIL AND GAS INFORMATION

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Item 6.1 Oil and Gas Properties and Wells

The Company's only properties with attributed reserves are the Hartburg Field, Newton County, Texas, onshore United States. The following summarizes wells, capable of producing which have reserves attributed to them.

Oil Wells Producing		Gas Wells Producing	
Gross	Net	Gross	Net
2	0.59	2	1.04

Item 6.2 Properties with No Attributed Reserves

None as of December 31, 2014

Item 6.2.1 Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves

None as of December 31, 2014

Item 6.3 Forward Contracts

None in place as of December 31, 2014.

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

The Company's abandonment and reclamation costs are ascertained by estimating the costs using current techniques to fulfill the current obligations in regard to wells that are under appraisal or pending development. The Company routinely estimates and provides for asset retirement obligations with respect to all property interests, including oil and natural gas properties, in its consolidated financial statements in accordance with Canadian generally accepted accounting principles (See Notes to Consolidated financial statements for the year ended December 31, 2014).

At December 31, 2014, the Company reported its liability for asset retirement obligations as \$49,599 USD. The costs were estimated based on an abandonment price per foot of well depth in the area of production less salvage value. The undiscounted cost is \$64,800 for 1.63 net wells; discounted at 10% cost is \$49,599 for 1.63 net wells. All abandonment costs are included in the cash flows. The amount expected to be spent in the next 3 years is discounted cost of \$32,603USD.

Item 6.5 Tax Horizon

Based on current reserves, the Company currently does not estimate that income taxes are likely to become payable before 2015, subject to current assumptions of production levels, operating and capital expense deductions, commodity prices and currently available operating loss carry forwards. There are no income taxes associated with the estimated future net cash flows estimated from current proved reserves based on the Company's basis in its assets and net operating loss carry forwards available to offset taxable income within its consolidated U.S. group.

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Item 6.6 Costs Incurred

In the year ending December 31, 2014, the Company made the following expenditures (whether capitalized or charged to expense):

<i>In Thousand US dollars</i>	United States
Property acquisition costs - proved properties	\$ 285
Development costs -proved properties	\$ 1,045
Property acquisition costs - unproved properties	\$ 125
Pipeline engineering and design costs	\$ -
Exploration costs	\$ -
	\$ 1,454

Item 6.7 Exploration and Development Activities

At December 31, 2014, the Company drilled or completed no exploratory wells in its Texas oil and natural gas properties. The Company did drill and complete two development wells in its Texas oil and natural gas properties, the Brown #1 and the Donner #4. The Donner #4 was placed on production in March 2014 and produced through December 2014 when an influx of sand into the wellbore caused production from the well to be temporarily shut-in. The Brown #1 was also placed on production in March 2014 and, during the fourth quarter 2014, was producing an average of 500mcf of natural gas per day.

Item 6.8 Production Estimates

The gross volume of production estimated for the year ended December 31, 2014 included in future net revenue calculations for gross proved reserves and gross probable reserves estimated under Item 2.1.

GROSS 2015 PRODUCTION VOLUMES (COMPANY WORKING INTEREST BEFORE ROYALTIES)					
	Total (BOE)	Light and Medium Oil (Barrels)	Natural Gas (Mcf)	Natural Gas Liquids (Barrels)	Non-Conv. Gas (MMcf)
Total Proved	74,709	18,811	335,390		
Total Probable	25,180	8,392	100,732		
Total Proved Total Probable	99,889	27,202	436,122		
Total Possible	0	0	0		
Total Proved Plus Probable Total Possible	99,889	27,202	436,122		

**barrel of oil equivalent, 6 Mcf: 1 barrel*

Item 6.9 Production History

The Company's share of production volumes by field for the year ended December 31, 2014 were as follows:

	MBBLs	MMCF
Hartburg Field	4.9	110
Total	4.9	110

Hillcrest Petroleum Ltd.

Offshore Properties

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STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

Hillcrest Petroleum Ltd. Offshore Properties

Part 1 Date of Statement

This statement of reserves data and other oil and gas information has been prepared as at 31st December 2014 for the Hillcrest Petroleum offshore properties. For a glossary of terminology and definitions relating to the information included within this statement (including the aforementioned dates) readers are referred to National Instrument 51-101 ("NI 51-101").

All dollar figures are US Dollars, unless otherwise specified.

Part 2 Disclosure of Reserves Data

Reserves and Future Net Revenue

The following is a summary of the oil, natural gas liquids/condensate and natural gas reserves and the value of future net revenue of Hillcrest Petroleum Ltd. ("Hillcrest" or the "Company"). The reserves data set forth below is based on evaluations prepared by the Company's independent reserves engineering firm, Netherland Sewell and Associates, Inc. ("NSAI") and dated April 17, 2015. NSAI evaluated the Company's offshore assets. The pricing used in the forecast price evaluation is set forth in the notes to the tables.

All evaluations of future revenue are after the deduction of future income tax expenses, unless otherwise noted in the tables, royalties, development costs, production costs and well abandonment costs but before consideration of indirect costs such as administrative, overhead and other miscellaneous expenses. The estimated future net revenue contained in the following tables do not necessarily represent the fair market value of the Company's reserves. There is no assurance that the forecast price and cost assumptions contained will be attained, and variances could be material. Other assumptions and qualifications relating to costs and other matters are included in the Report. The recovery and reserves estimates on the Company's properties described herein are estimates only. The actual reserves on the Company's properties may be greater or less than those calculated.

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Oil and Gas Reserves Based on Forecast Prices and Costs

	Oil (Mbbbl)	NGL/ Condensate (Mbbbl)	Natural Gas (MMcf)
Proved Developed Producing	39.1	-	19.7
Proved Developed Non-Producing	258.0	1.2	220.3
Proved Undeveloped	268.7	0.1	372.4
Total Proved	565.8	1.3	612.4
Total Probable	146.2	1.3	256.9
Total Proved Plus Probable	712.0	2.6	869.4
Total Possible	53.0	-	42.4
Total Proved + Probable+ Possible	765.0	2.6	911.8

Net Present Values of Future Net Revenue Based on Forecast Prices and Costs

Category	Future Net Revenue Before Income Taxes (M\$)				
	Discounted at 0%	Discounted at 5%	Discounted at 10%	Discounted at 15%	Discounted at 20%
Proved Developed Producing	876.2	859.5	844.1	829.7	816.4
Proved Developed Non-Producing	18,907.0	15,756.5	13,312.9	11,383.4	9,835.8
Proved Undeveloped	2,319.0	1,415.0	705.4	145.8	(297.2)
Abandonment Costs	(12,030.9)	(8,490.4)	(6,243.9)	(4,767.1)	(3,761.3)
Total Proved	10,071.3	9,540.7	8,618.5	7,591.9	6,593.6
Probable	10,540.0	8,092.4	6,335.7	5,048.1	4,086.2
Proved + Probable	20,611.4	17,633.1	14,954.2	12,639.9	10,679.8
Possible	3,329.6	2,159.3	1,430.4	966.0	664.1
Proved + Probable + Possible	23,940.9	19,792.4	16,384.6	13,606.0	11,343.9

Totals may not add because of rounding.

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Total Future Net Revenue by Property and Production Group Based on Forecast Prices and Costs

Total Proved Category

Field	Company Revenue				Property and Mineral Taxes (M\$)	Capital Costs (M\$)	Abandonment Costs (M\$)	Operating Costs (M\$)	Future Net Revenue Before Income Taxes ⁽¹⁾ (M\$)	
	Light/Medium Oil (M\$)	NGL/Condensate (M\$)	Natural Gas (M\$)	Burden and NPI (M\$)					Discounted at 0%	Discounted at 10%
East Cameron 148/160	0.0	0.0	0.0	0.0	0.0	0.0	571.8	0.0	(571.8)	(521.9)
Eugene Island 32	55,551.4	117.7	2,314.2	9,567.2	0.0	13,279.0	8,766.0	13,042.3	13,328.7	11,268.4
High Island A-561	0.0	0.0	0.0	0.0	0.0	0.0	204.2	0.0	(204.2)	(186.4)
South Timbalier 68	0.0	0.0	0.0	0.0	0.0	0.0	240.5	0.0	(240.5)	(173.0)
Ship Shoal 149	0.0	0.0	0.0	0.0	0.0	0.0	128.7	0.0	(128.7)	(112.0)
Ship Shoal 246/271	0.0	0.0	0.0	0.0	0.0	0.0	965.2	0.0	(965.2)	(880.9)
Vermilion 218	0.0	0.0	0.0	0.0	0.0	0.0	735.9	0.0	(735.9)	(640.4)
West Cameron 311	0.0	0.0	0.0	0.0	0.0	0.0	732.5	0.0	(732.5)	(668.5)
West Cameron 498 SA	131.4	0.0	0.0	27.1	0.0	8.2	424.5	88.5	(416.9)	(339.8)
West Cameron 587	0.0	0.0	0.0	0.0	0.0	0.0	763.1	0.0	(763.1)	(664.1)
West Delta 64/65	0.0	0.0	0.0	0.0	0.0	0.0	498.5	0.0	(498.5)	(455.0)
Abandonment Escrow	0.0	0.0	0.0	0.0	0.0	0.0	(2,000.0)	0.0	2,000.0	1,992.1
Total	55,682.8	117.7	2,314.2	9,594.4	0.0	13,287.3	12,030.9	13,130.8	10,071.3	8,618.5

Totals may not add because of rounding.

⁽¹⁾ Future net revenue is negative after deducting estimated abandonment costs.

Total Proved Plus Probable Category

Field	Company Revenue				Property and Mineral Taxes (M\$)	Capital Costs (M\$)	Abandonment Costs (M\$)	Operating Costs (M\$)	Future Net Revenue Before Income Taxes ⁽¹⁾ (M\$)	
	Light/Medium Oil (M\$)	NGL/Condensate (M\$)	Natural Gas (M\$)	Burden and NPI (M\$)					Discounted at 0%	Discounted at 10%
East Cameron 148/160	0.0	0.0	0.0	0.0	0.0	0.0	571.8	0.0	(571.8)	(521.9)
Eugene Island 32	71,102.1	255.4	3,444.8	12,342.4	0.0	15,846.2	8,766.0	14,006.1	23,841.6	17,579.1
High Island A-561	0.0	0.0	0.0	0.0	0.0	0.0	204.2	0.0	(204.2)	(186.4)
South Timbalier 68	0.0	0.0	0.0	0.0	0.0	0.0	240.5	0.0	(240.5)	(173.0)
Ship Shoal 149	0.0	0.0	0.0	0.0	0.0	0.0	128.7	0.0	(128.7)	(112.0)
Ship Shoal 246/271	0.0	0.0	0.0	0.0	0.0	0.0	965.2	0.0	(965.2)	(880.9)
Vermilion 218	0.0	0.0	0.0	0.0	0.0	0.0	735.9	0.0	(735.9)	(640.4)
West Cameron 311	0.0	0.0	0.0	0.0	0.0	0.0	732.5	0.0	(732.5)	(668.5)
West Cameron 498 SA	172.0	0.0	0.0	35.5	0.0	8.2	424.5	93.6	(389.8)	(314.8)
West Cameron 587	0.0	0.0	0.0	0.0	0.0	0.0	763.1	0.0	(763.1)	(664.1)
West Delta 64/65	0.0	0.0	0.0	0.0	0.0	0.0	498.5	0.0	(498.5)	(455.0)
Abandonment Escrow	0.0	0.0	0.0	0.0	0.0	0.0	(2,000.0)	0.0	2,000.0	1,992.1
Total	71,274.1	255.4	3,444.8	12,377.9	0.0	15,854.4	12,030.9	14,099.7	20,611.4	14,954.2

Totals may not add because of rounding.

⁽¹⁾ Future net revenue is negative after deducting estimated abandonment costs.

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Notes from the Report prepared by the evaluation engineers:

RESERVES AND PRODUCTION FORECASTS

We have estimated the proved, probable, and possible reserves and future revenue, as of December 31, 2014, to the Hillcrest interest in certain oil and gas properties located in Eugene Island 32 Field.

Proved Developed Producing Reserves

For wells with sufficient production history, our estimates of proved developed producing reserves are based on historical performance. For producing wells that lack sufficient production history upon which performance-related estimates of reserves can be based, our estimates are based on volumetric estimates. Net rock volumes are determined by well control down to estimated hydrocarbon-water contacts. Original oil-in-place (OOIP) volumes are then determined by applying petrophysical and reservoir properties to the net rock volumes. Recovery factors ranging from 30 to 35 percent have been used to estimate the proved developed producing reserves.

Proved Developed Non-Producing Reserves

Proved developed non-producing reserves are estimated based on volumetric analysis or performance analysis. Net rock volumes are determined by well control down to estimated hydrocarbon-water contacts or lowest-known hydrocarbon. OOIP and original gas-in-place (OGIP) volumes are then determined by applying petrophysical and reservoir properties to the net rock volumes. Recovery factors ranging from 15 to 60 percent have been used to estimate the proved developed non-producing reserves. Where prior production history was sufficient, our estimates of reserves are based on historical performance.

Proved Undeveloped Reserves

Proved undeveloped reserves are estimated based on volumetric analysis. Net rock volumes are determined by well control down to estimated hydrocarbon-water contacts or lowest-known hydrocarbon. OOIP and OGIP volumes are then determined by applying petrophysical and reservoir properties to the net rock volumes. Recovery factors ranging from 20 to 65 percent have been used to estimate the proved undeveloped reserves.

Probable Reserves

For wells with sufficient production history, our estimates of probable reserves are based on historical performance. All other estimates are based on volumetric analysis. Net rock volumes are determined by well control down to estimated hydrocarbon-water contacts or lowest-known hydrocarbon. OOIP and OGIP volumes are then determined by applying petrophysical and reservoir properties to the net rock volumes. Recovery factors ranging from 25 to 65 percent have been used to estimate the probable reserves.

Possible Reserves

Possible reserves are estimated based on volumetric analysis. Net rock volumes are determined by well control down to estimated hydrocarbon-water contacts or lowest-known hydrocarbon. OOIP volumes are then determined by applying petrophysical and reservoir properties to the net rock volumes. Recovery factors ranging from 25 to 30 percent have been used to estimate the possible reserves.

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Part 3 Pricing Assumptions

The pricing assumptions used in the Report with respect to net values of future net revenue (forecast). Operating costs are held constant through December 31 2015 and escalated at 2% per year thereafter. NSAI is an independent qualified reserves evaluators appointed pursuant to NI 51-101.

Period Ending	Oil, NGL and Condensate Price (US\$/bbl)	Natural Gas Price (US\$/MMbtu)
12/31/2015	64.88	3.390
12/31/2016	75.35	3.825
12/31/2017	81.23	4.075
12/31/2018	84.95	4.388
12/31/2019	88.57	4.700
12/31/2020	92.25	4.919
12/31/2021	94.97	5.138
12/31/2022	96.74	5.320
12/31/2023	98.57	5.527
12/31/2024	100.41	5.692
12/31/2025	100.83	5.806

Thereafter, escalated 2 percent on January 1 of each year

Part 4 Reconciliation of Change in Reserves

Reconciliation of Company Net Reserves by Principal Product Type Based on Forecast Prices and Costs

The offshore assets were acquired by the Company on December 19th, 2014. As such, there were no reserves allocated for the prior corresponding period.

	Light and Medium Oil			Associated and Non-Associated Gas		
	Net Proved (Mbbbl)	Net Probable (Mbbbl)	Net Proved Plus Probable (Mbbbl)	Net Proved (MMcf)	Net Probable (MMcf)	Net Proved Plus Probable (MMcf)
At December 31, 2013	0	0	0	0	0	0
Improved Recovery						
Technical Revisions						
Discoveries						
Acquisitions	567	148	715	612	257	869
Dispositions						
Economic Factors						
Production						
At December 31, 2014	567	148	715	612	257	869

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Part 5 Additional Information Relating to Reserves Data

Undeveloped Reserves

The following table sets forth the volumes of proved undeveloped reserves that were attributed for each of the Company's product types for the most recent five financial years and in the aggregate before that time.

	Light and Medium Oil (Mbbbl)	Associated and Non-associated Gas (MMcf)
Aggregate prior to 2010	-	-
2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	268.8	372.4

The following table sets forth the volumes of probable undeveloped reserves that were attributed for each of the Company's product types for the most recent five financial years and in the aggregate before such time:

	Light and Medium Oil	Associated and Non-associated Gas
Aggregate prior to 2010	-	-
2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	147.5	256.9

Future Development Costs

	Total Proved Estimated using Forecast Prices and Costs (US\$M)	Total Proved Plus Probable Estimated using Forecast Prices and Costs (US\$M)
2015	2146.4	2146.4
2016	10765.2	10765.2
2017	0	0
2018	55.8	2942.4
2019	113.8	170.7
Total For all years undiscounted	13081.2	16024.7
Total For all years discounted at 10%/year	11950.4	14092.1

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Significant Factors or Uncertainties

The estimation of reserves requires significant judgment and decisions based on available geological, geophysical, engineering and economic data. These estimates can change substantially as additional information from ongoing development activities and production performance becomes available and as economic and political conditions have an impact on oil and gas prices and costs.

Part 6 Other Oil and Gas Information

Oil and Gas Properties and Wells

The following table sets forth the number of wells in which the Company held a working interest as at December 31, 2014:

	Oil		Natural Gas	
	Gross	Net	Gross	Net
Offshore				
Producing	10	2.63	6	0.6
Non-producing	7	1.84	18	0.92

The Company's offshore wells are located in the shallow water shelf area, offshore Louisiana in the Gulf of Mexico.

Costs Incurred

The Company did not incur any capital costs associated with the offshore assets for the period ending December 31, 2014.

Exploration and Development Activities

The Company did not participate in any Exploration or development activities in the offshore area in the period ending December 31, 2014.

Properties with No Attributed Reserves

The following table summarizes the gross and net acres of unproved properties in which we have an interest and also the number of net acres for which our rights to develop or exploit will, absent further action, expire within one year:

	Gross Acres	Net Acres	Net Acres Expiring Within 1 Year
Offshore Louisiana	32,344	3,852	147
Total	33,266	4,217	275

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Forward Contracts

Currently, the Company has no forward contracts.

Abandonment and Reclamation Costs

We estimate well abandonment costs area by area. Such costs are assigned to the reserve well in the Reports and are included as deductions in arriving at future net revenue. The expected total abandonment costs included in the Reports under Proved reserves category is \$12.10 million undiscounted (\$6.30 million discounted at 10%).

Tax Horizon

The Company does not expect to be taxable in the immediately foreseeable future.

Production Estimates

The following table sets forth the volume of production estimated for 2015 (net Company reserves):

	Light and Medium Oil		Natural Gas	
		(Mbbbl)		(MMcf)
Proved Producing		35.5		17.6
Proved Non-Producing		0.6		0

Substantially all of the production from the offshore properties in 2015 will be from the Eugene Island Field, as set forth in the table below.

	Light and Medium Oil		Natural Gas	
		(Mbbbl)		(MMcf)
Proved Producing		34.7		17.6
Proved Non-Producing		0		0