

**Hillcrest Petroleum Ltd.  
Onshore Properties**

**FORM 51-101F1  
For the Year Ended December 31, 2015**

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

Hillcrest Petroleum Ltd.  
Statement of Reserves Data and Other Oil & Gas Information  
For the Year Ended December 31, 2015

**TABLE OF CONTENTS**

PART 1 DATE OF STATEMENT

Item 1.1 Relevant Dates

PART 2 DISCLOSURE OF *RESERVES DATA*

Item 2.1 Reserves Data (Forecast Prices and Costs)

Item 2.2 Supplementary Disclosure (Constant Prices and Costs)

Item 2.3 Reserves Disclosure Varies with Accounting

Item 2.4 Future Net Revenue Disclosure Varies with Accounting

PART 3 PRICING ASSUMPTIONS

Item 3.1 Constant Prices Used in Supplemental Estimates

Item 3.2 Forecast Prices Used in Estimates

PART 4 RECONCILIATIONS OF CHANGES IN *RESERVES*

Item 4.1 Reserves Reconciliation

PART 5 ADDITIONAL INFORMATION RELATING TO *RESERVES DATA*

Item 5.1 Undeveloped Reserves

Item 5.2 Significant Factors or Uncertainties

Item 5.3 Future Development Costs

PART 6 OTHER *OIL AND GAS* INFORMATION

Item 6.1 Oil and Gas Properties and Wells

Item 6.2 Properties with no Attributed Reserves

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

Item 6.3 Forward Contracts

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

Item 6.5 Tax Horizon

Item 6.6 Costs Incurred

Item 6.7 Exploration and Development Activities

Item 6.8 Production Estimates

Item 6.9 Production History

**Hillcrest Petroleum Ltd.**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**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, 2015, and for the year ended December 31, 2015. The preparation date of the information being provided in this statement is March 13, 2016.

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, 2015 upon which DBA issued their report dated March 13, 2016.

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.

When converting natural gas measured in thousands of cubic feet (Mcf) to barrels of oil equivalent ("BOE") the Company has adopted the standard measure of 6 Mcf = 1 BOE. A BOE conversion ratio of 6 Mcf = 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. BOE comparisons may be misleading, particularly if used in isolation.

**Hillcrest Petroleum Ltd.**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**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:

<b>Hillcrest Resources Ltd.</b> <b>Summary of Oil and Gas Reserves</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs - US Dollars</b>								
<b>Reserves</b>								
	Light and Medium Oil		Heavy Oil		Natural Gas (Non-associated and Associated)		Natural Gas Liquids	
Reserve Category	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)
Proved Developed Producing	53.0	14.8	-	-	255.0	161.0	-	-
Proved Developed Non-Producing	-	-	-	-	-	-	-	-
Proved Undeveloped	-	-	-	-	-	-	-	-
Probable	7.4	1.9	-	-	254.0	171.0	-	-

2. 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:

<b>Hillcrest Resources Ltd.</b> <b>Summary of Net Present Values of Future Net Revenue</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs - US Dollars</b>					
<b>Net Present Values of Future Net Revenue</b>					
	<b>Before Income Taxes Discounted at (%/Year)</b>				
Reserve Category	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
Proved Developed Producing	705.5	663.4	622.3	589.9	557.8
Proved Developed Non-Producing	-	-	-	-	-
Proved Undeveloped	-	-	-	-	-
Probable	532.7	471.9	419.1	373.1	333.1



**Hillcrest Petroleum Ltd.**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

3. 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:

<b>Hillcrest Resources Ltd.</b> <b>Total Future Net Revenue</b> <b>(Undiscounted)</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs - US Dollars</b>								
Reserve Category	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Development Costs (M\$)	ARO Costs (M\$)	Production Taxes (M\$)	Ad Valorem Taxes (M\$)	Future Net Revenue After TOTI (M\$)
Proved Developed Producing	1,248	-	385	-	50	75	31	558
Proved Undeveloped	-	-	-	-	-	-	-	-
Probable	716	-	112	-	-	53	18	533
Possible	-	-	-	-	-	-	-	-

**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.

**Hillcrest Petroleum Ltd.**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**Part 3      PRICING ASSUMPTIONS**

**Item 3.1      Constant Prices Used In Supplemental Disclosure**

Optional - Not Presented

**Item 3.2      Forecast Prices Used In Estimates**

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

<b>Hillcrest Resources Ltd.</b> <b>Summary of Pricing and</b> <b>Inflation Rate Assumptions</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs - US Dollars</b>				
Year	WTI Cushing Oil Price US\$/BBL	Henry Hub Natural Gas Price US\$/MMBtu	Inflation Rate %/Yr	Exchange Rate US\$/Cdn\$
2016	45.00	2.25	1.50	0.70
2017	60.00	3.00	1.50	0.75
2018	70.00	3.50	1.50	0.80
2019	80.00	4.00	1.50	0.83
2020	81.20	4.25	1.50	0.85
2021	82.42	4.31	1.50	0.85
2022	83.65	4.38	1.50	0.85
2023	84.91	4.44	1.50	0.85
2024	86.18	4.51	1.50	0.85
2025	87.48	4.58	1.50	0.85
Thereafter	esc 1.5%	esc 1.5%	1.50	0.85

**Hillcrest Petroleum Ltd.**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**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, 2015 through December 31, 2015:

<b>Hillcrest Resources Ltd.</b>		
<b>Reconciliation of Company Gross Reserves</b>		
<b>Total Proved</b>		
<b>As of December 31, 2015</b>		
<b>Forecast Prices and Costs - US Dollars</b>		
Category	<u>Light &amp; Medium Oil</u> Gross Proved Mstb	<u>Natural Gas</u> Gross Proved MMcf
<b>Beginning Gross Reserves, January 1, 2015</b>	14.1	252.0
Acquisitions	-	-
Drilling Extensions (Infill Drilling)	-	-
Improved Recovery	-	-
Technical Revisions	66.4	195.8
Exploration Discoveries	-	-
Dispositions	-	-
Economic Factors	-	-
Production	(27.4)	(192.5)
<b>Ending Gross Reserves, December 31, 2015</b>	<b>53.0</b>	<b>255.3</b>

**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, 2015 through December 31, 2015: None Reported.

The Company has reported no undeveloped reserves for the year ended December 31, 2015, 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, 2015, 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, 2015.

**Hillcrest Petroleum Ltd.**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**PART 6. OTHER OIL AND GAS INFORMATION**

**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.

<b>Oil Wells Producing</b>		<b>Gas Wells Producing</b>	
Gross	Net	Gross	Net
2	0.59	1	0.68

**Item 6.2 Properties with No Attributed Reserves**

None as of December 31, 2015

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

None as of December 31, 2015

**Item 6.3 Forward Contracts**

None in place as of December 31, 2015.

**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, 2015).

At December 31, 2015, the Company reported its discounted liability for asset retirement obligations as \$156,384. 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 \$159,708 for 1.63 net wells; discounted at 10% cost is \$112,130 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 an undiscounted cost of US\$41,400.

**Item 6.5 Tax Horizon**

Based on current reserves, the Company currently does not estimate that income taxes are likely to become payable before 2016, 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.

**Hillcrest Petroleum Ltd.**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**Item 6.6 Costs Incurred**

In the year ending December 31, 2015, 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	-
Development costs – proved properties	201
Property acquisition costs – proved properties	-
Pipeline engineering and design costs	-
Exploration costs	-
	201

**Item 6.7 Exploration and Development Activities**

At December 31, 2015, the Company drilled or completed no exploratory wells in its Texas oil and natural gas properties. The Company drilled and completed no development wells in its Texas oil and natural gas properties.

**Item 6.8 Production Estimates**

The gross volume of production estimated for the year ended December 31, 2016 included in future net revenue calculations for gross proved reserves and gross probable reserves estimated under Item 2.1.

<b>Gross 2016 Production Volumes (Company Working Interest Before Royalties)</b>					
	Total	Light and Medium Oil	Natural Gas	Natural Gas Liquids	Non-Conv. Gas
	(BOE)	(Barrels)	(Mcf)	(Barrels)	(MMCF)
Total Proved	21,117	6,090	90,160	-	-
Total Probable	3,357	40	19,900	-	-
Total Proved Plus Probable	24,474	6,130	110,060	-	-
Total Possible	-	-	-	-	-
Total Proved Plus Probable Plus Possible	24,474	6,130	110,060	-	-
<i>* Barrel of oil equivalent, 6 Mcf:1 barrel</i>					

**Item 6.9 Production History**

The Company's share of production volumes by field for the year ended December 31, 2015 were as follows:

	MBBLs	MMCF
Hartburg Field	8.4	132.3
Total	8.4	132.3

**Hillcrest Petroleum Ltd.**  
**Offshore Properties**  
(held by Hillcrest GOM, Inc.)

**FORM 51-101F1**  
**For the Year Ended December 31, 2015**

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

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**TABLE OF CONTENTS**

**PART 1 DATE OF STATEMENT**

Item 1.1 Relevant Dates

**PART 2 DISCLOSURE OF *RESERVES DATA***

Item 2.1 Reserves Data (Forecast Prices and Costs)

Item 2.2 Supplementary Disclosure (Constant Prices and Costs)

Item 2.3 Reserves Disclosure Varies with Accounting

Item 2.4 Future Net Revenue Disclosure Varies with Accounting

**PART 3 PRICING ASSUMPTIONS**

Item 3.1 Constant Prices Used in Supplemental Estimates

Item 3.2 Forecast Prices Used in Estimates

**PART 4 RECONCILIATIONS OF CHANGES IN RESERVES**

Item 4.1 Reserves Reconciliation

**PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA**

Item 5.1 Undeveloped Reserves

Item 5.2 Significant Factors or Uncertainties

Item 5.3 Future Development Costs

**PART 6 OTHER OIL AND GAS INFORMATION**

Item 6.1 Oil and Gas Properties and Wells

Item 6.2 Properties with no Attributed Reserves

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

Item 6.3 Forward Contracts

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

Item 6.5 Tax Horizon

Item 6.6 Costs Incurred

Item 6.7 Exploration and Development Activities

Item 6.8 Production Estimates

Item 6.9 Production History

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

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

**Hillcrest GOM, Inc. Offshore Properties**

**Part 1 DATE OF STATEMENT**

This statement of reserves data and other oil and gas information has been prepared as at 31<sup>st</sup> December 2015 for the Hillcrest GOM, Inc. 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 and natural gas reserves and net present values of future net revenue of Hillcrest GOM, Inc. 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 subject properties are located in federal waters in the Gulf of Mexico, and these properties were independently evaluated by DBA for the year ended December 31, 2015 upon which DBA issued their report dated April 11, 2016.

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.

When converting natural gas measured in thousands of cubic feet (Mcf) to barrels of oil equivalent (“BOE”) the Company has adopted the standard measure of 6 Mcf = 1 BOE. A BOE conversion ratio of 6 Mcf = 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. BOE comparisons may be misleading, particularly if used in isolation.



**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**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 the federal waters of the Gulf of Mexico:

Hillcrest GOM, Inc. Summary of Oil and Gas Reserves As of December 31, 2015 Forecast Prices and Costs - US Dollars								
Reserves								
Reserve Category	Light and Medium Oil		Heavy Oil		Natural Gas (Non-associated and Associated)		Natural Gas Liquids	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)
Proved Developed Producing	120.0	100.0	-	-	41.0	34.0	-	-
Proved Developed Non-Producing	308.0	257.0	-	-	168.0	141.0	-	-
Proved Undeveloped	322.0	269.0	-	-	361.0	301.0	-	-
Probable	92.0	77.0	-	-	150.0	125.0	-	-
Possible	95.0	80.0	-	-	42.0	41.0	-	-

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

2. 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:

<b>Hillcrest GOM, Inc.</b>					
<b>Summary of Net Present Values of</b>					
<b>Future Net Revenue</b>					
<b>As of December 31, 2015</b>					
<b>Forecast Prices and Costs - US Dollars</b>					
Net Present Values of Future Net Revenue					
	Before Income Taxes				
	Discounted at (%/Year)				
Reserve Category	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
Proved Developed Producing	4,683.9	4,287.9	3,939.1	3,630.9	3,357.6
Proved Developed Non-Producing	16,842.8	11,689.6	8,324.8	6,059.5	4,493.6
Proved Undeveloped	7,942.3	4,774.2	2,664.1	1,250.4	303.2
Abandonment Costs	(10,502.0)	(6,323.3)	(4,497.8)	(3,631.1)	(3,163.9)
<b>Total Proved</b>	18,967.0	14,428.3	10,430.1	7,309.7	4,990.5
Probable	3,217.6	2,136.6	1,460.9	1,028.3	744.8
<b>Total Proved + Probable</b>	22,184.6	16,654.9	11,891.0	8,337.9	5,735.3
Possible	5,186.7	3,452.7	4,370.2	1,674.3	1,214.4
<b>Total Proved + Probable + Possible</b>	27,371.3	20,017.6	16,261.2	10,012.2	6,949.7

3. 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:

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

Hillcrest GOM, Inc. Total Future Net Revenue (Undiscounted) As of December 31, 2015 Forecast Prices and Costs - US Dollars								
Reserve Category	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Development Costs (M\$)	ARO Costs (M\$)	Production Taxes (M\$)	Ad Valorem Taxes (M\$)	Future Net Revenue After TOTI (M\$)
Proved Developed Producing	5,354	-	670	-	-	-	-	4,684
Proved Developed Non-Producing	20,616	-	1,669	2,104	-	-	-	16,843
Proved Undeveloped	21,422	-	2,238	11,091	151	-	-	7,942
Abandonment - All Fields	-	-	-	-	10,502	-	-	(10,502)
<b>Total Proved</b>	47,392	-	4,577	13,195	10,653	-	-	18,967
Probable	6,379	-	750	2,407	8	-	-	3,215
<b>Total Proved + Probable</b>	53,772	-	5,327	15,601	10,661	-	-	22,182
Possible	6,472	-	1,285	-	-	-	-	5,187
<b>Total Proved + Probable + Possible</b>	60,244	-	6,612	15,601	10,661	-	-	27,369

**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.

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**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**

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

<b>Hillcrest GOM, Inc.</b> <b>Summary of Pricing and</b> <b>Inflation Rate Assumptions</b> <b>As of December 31, 2015</b> <b>Forecast Prices and Costs - US Dollars</b>				
Year	WTI Cushing Oil Price US\$/BBL	Henry Hub Natural Gas Price US\$/MMBtu	Inflation Rate %/Yr	Exchange Rate US\$/Cdn\$
2016	45.00	2.25	1.50	0.70
2017	60.00	3.00	1.50	0.75
2018	70.00	3.50	1.50	0.80
2019	80.00	4.00	1.50	0.83
2020	81.20	4.25	1.50	0.85
2021	82.42	4.31	1.50	0.85
2022	83.65	4.38	1.50	0.85
2023	84.91	4.44	1.50	0.85
2024	86.18	4.51	1.50	0.85
2025	87.48	4.58	1.50	0.85
Thereafter	esc 1.5%	esc 1.5%	1.50	0.85

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**Part 4 RECONCILIATION OF CHANGE IN RESERVES**

**Item 4.1 Reserves Reconciliation**

The following is a reconciliation of gross reserves by product of the Company since January 1, 2015 through December 31, 2015:

Hillcrest GOM, Inc. Reconciliation of Company Gross Reserves Total Proved As of December 31, 2015 Forecast Prices and Costs - US Dollars		
Category	<u>Light &amp; Medium Oil</u> Gross Proved Mstb	<u>Natural Gas</u> Gross Proved MMcf
<b>Beginning Gross Reserves, January 1, 2015</b>	677.8	733.5
Acquisitions	-	-
Drilling Extensions (Infill Drilling)	-	-
Improved Recovery	-	-
Technical Revisions	133.4	-
Exploration Discoveries	-	-
Dispositions	-	-
Economic Factors	-	(229.6)
Production	(60.8)	(28.0)
<b>Ending Gross Reserves, December 31, 2015</b>	750.3	475.9

**Part 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA**

**Item 5.1 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.

	<u>Light and Medium Oil (Mbbbl)</u>	<u>Associated and Non-associated Gas (MMcf)</u>
Aggregate prior to 2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	268.8	372.4
2015	269.0	301.2

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

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:

	<u>Light and Medium Oil</u>	<u>Associated and Non-associated Gas</u>
Aggregate prior to 2010	-	-
2011	-	-
2012	-	-
2013	-	-
2014	147.5	256.9
2015	76.7	125.2

**Item 5.2 Significant Factors or Uncertainties Affecting Reserves Data**

See notes to the Company's financial statements for the year ended December 31, 2015, 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**

<b>Hillcrest GOM, Inc.</b>		
<b>Future Development Costs</b>		
<b>As of December 31, 2015</b>		
<b>Forecast Prices and Costs - US Dollars</b>		
	Total Proved	Total Proved + Probable
2016	1,397.6	1,397.6
2017	1,487.7	1,487.7
2018	207.6	207.6
2019	934.7	934.7
2020	-	-
Total for all years undiscounted	4,027.6	4,027.6
Total for all years discounted at 10%/yr	3,294.5	3,294.5

**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.

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**PART 6. OTHER OIL AND GAS INFORMATION**

**Item 6.1 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, 2015:

	Oil		Natural Gas	
	Gross	Net	Gross	Net
Offshore				
Producing	8	2.10	1	0.07
Non-producing	16	1.99	20	1.15

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

**Item 6.2 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	24,687	2,595	1315
Total	24,687	2,595	1315

**Item 6.3 Forward Contracts**

Currently, the Company has no forward contracts.

**Item 6.4 Additional Information Concerning 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 \$10.50 million undiscounted (\$4.50 million discounted at 10%).

**Hillcrest Petroleum Ltd. Offshore Properties**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2015**

**Item 6.5 Tax Horizon**

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

**Item 6.6 Costs Incurred**

In the year ending December 31, 2015, 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	-
Development costs – proved properties	102
Property acquisition costs – proved properties	-
Pipeline engineering and design costs	-
Exploration costs	-
	102

**Item 6.7 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, 2015.

**Item 6.8 Production Estimates**

The gross volume of production estimated for the year ended December 31, 2016 included in future net revenue calculations for gross proved reserves and gross probable reserves estimated under Item 2.1.

<b>Hillcrest GOM, Inc.</b>					
<b>Gross 2016 Production Volumes (Company Working Interest Before Royalties)</b>					
	Total	Light and	Natural Gas	Natural Gas	Non-Conv.
	(BOE)	Medium Oil	(Mcf)	Liquids	Gas
		(Barrels)		(Barrels)	(MMCF)
Total Proved	41,468	38,960	15,050	-	-
Total Probable	647	480	1,000	-	-
Total Proved Plus Probable	42,115	39,440	16,050	-	-
Total Possible	1,240	860	2,280	-	-
Total Proved Plus Probable Plus Possible	43,355	40,300	18,330	-	-

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