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HILLCREST COMPLETES ONSHORE LOUISIANA DEVELOPMENT TRANSACTION

VANCOUVER, B.C. – Hillcrest Petroleum Ltd. (the “Company” or “Hillcrest”) is pleased to announce the Company has completed the transaction for the right to earn 75% working interest in 6200 acres located in the State of Louisiana (“Project Area”). As previously announced July 11th, 2016, Hillcrest signed a Letter of Intent (“LOI”) with an arms-length vendor whereby the Company will have the right to earn a 75% Working Interest in 6,200 acres located in the Project Area. The acreage is within a well established hydrocarbon producing area, and interpretation of existing technical data indicates that there are in excess of 60 potential development drilling locations contained within the project area.

The terms of the Formal agreement are as follows:

- The Company has agreed to undertake an initial six well development drilling program (“Initial Program”) with a maximum commitment of US\$3,000,000. The Company will progressively earn a 75% Working Interest in 80 acre well spacing units associated with each well drilled in the Initial Program.
- The Company may, at its sole discretion, continue drilling to earn a 75% working interest in the entire Project Area by drilling a total of ten wells, including the six wells from the Initial Program. After 10 wells are drilled, or when further development drilling in the Project Area is deemed to be self-funding from project production revenue, the Company will fund its Working Interest share of 75% of the cost of additional development wells.
- The Company will pay the vendor a cash acreage payment for each well drilled in the Project Area;
- The Company and vendor will negotiate a bonus to be paid in common shares of Hillcrest for each barrel of oil reserves incrementally added to the Proved, Developed Producing (“PDP”) category.
- On behalf of Hillcrest Petroleum, a third party funding group has provided the vendor with a payment of \$300,000 CDN as an acreage fee for the first 6 wells.
- Hillcrest Petroleum has undertaken to re-pay the third party funding group back entirely within one calendar year from closing.
- Upon Hillcrest retiring the balance of the funds advanced to the vendor, Hillcrest will own 100% of the rights, assigns, assets and all development of the acreage earned.
- The third party funding group will receive 1% monthly interest on the outstanding balance of the principal remaining.

- Hillcrest has agreed to provide the third party funding group 1,200,000 common shares of Hillcrest Petroleum as consideration for the funds being provided.
- A syndication fee of 300,000 common shares of Hillcrest Petroleum will be paid to Foremost Capital Corp for their efforts in securing third party funds.

“The closing of this transaction is an important event for our Company” Don Currie, Hillcrest Petroleum CEO, states “As stated in our earlier release, the acreage obtained as well as surrounding fields have produced oil and gas for decades and are expected to continue to do so through the application of improved drilling and completion techniques, further development and infill drilling. The transaction, as structured, allows Hillcrest to drill and develop the acreage at a reasonable pace, and if successful will add substantial production and reserves value to our currently undervalued Company. Hillcrest was able to secure the transaction via third party funding and will retain 100% of the project upon returning the capital to the funding group, making this transaction very attractive for the Company. In addition, the closing of this transaction allows Hillcrest to begin the transition from being primarily a non-operated offshore producer to becoming primarily an onshore project operator. We believe that focusing on conventional onshore projects, where Hillcrest is the largest working interest partner and operator, strengthens our ability to create and increase Company value.”

Hillcrest continues to focus towards further monetizing our current assets and establishing a development and production program through acquisition and development.

For more information on Hillcrest Petroleum Ltd., contact Donald Currie toll free at 1-855-609-0006 or visit the Company’s website at www.hillcrestpetroleum.com

ON BEHALF OF THE BOARD

Donald Currie
Chief Executive Officer and Director

Cautionary Statement Regarding “Forward-Looking” Information

Some of the statements contained in this news release are forward-looking statements and information within the meaning of applicable securities laws. Forward-looking statements and information can be identified by the use of words such as “expects”, “intends”, “is expected”, “potential”, “suggests” or variations of such words or phrases, or statements that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements and information are not historical facts and are subject to a number of risks and uncertainties beyond the Company’s control. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements, except as may be required by law.

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