



Suite 1700 3050 Post Oak Blvd
Houston, Texas 77056
Tel: 713-626-9564
Toll-free: 1-855-609-0006
Fax: 713-626-0888

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HILLCREST COMPLETES ONSHORE SALE OF TWO OFFSHORE PROPERTIES

VANCOUVER, B.C. – Hillcrest Petroleum Ltd. (the “Company” or “Hillcrest”) announces the Company has completed a transaction to divest of the Company interests in two Gulf of Mexico properties. This transaction was completed with the objective of removing onerous Asset Retirement Obligations (“ARO”) that were deemed too large to be covered through a declining production and revenue stream and is consistent with the Company’s strategic objective of focusing on conventional onshore oil and gas development.

Oil production from these assets has decreased by over 35% since early 2014 and without additional capital investment, oil production will continue to decline, forcing unit production costs to increase. The joint venture partners involved have been unable to agree upon additional capital investment programs designed to increase production levels, which had a decisive impact on the decision by Hillcrest to proceed with the transaction.

“This is an important transaction for our Company” Don Currie, Hillcrest Petroleum CEO, states “Although we are divesting of a property that had reasonable production levels, the production is relatively high cost and is operated by others. Although we had plans in place to increase oil production rates through well re-completion operations and development drilling, our non-operated position in these properties restricted our ability to execute influence on these initiatives. As production continues to decline, and with production costs remaining relatively constant and in some cases increasing, we have experienced a decrease in net revenue with the last month being essentially break even. In addition, the potential impact of the new Federal bond regulations is likely to significantly increase capital requirements for offshore production operations, further adding to the challenge the Company would face. The Company will receive significant relief from present and future costs due to this transfer of ownership.”

This transaction will enable the Company to allocate resources towards higher valued opportunities located onshore, while also removing a significant forward obligation from our balance sheet.”

The terms of the transaction are as follows:

- The Company has agreed to assign its working interest in the Eugene Island 32 (“EI32”) and West Cameron 498 (“WC498”) blocks to the purchaser.
- Consideration for the transfer of the assets by the Company to purchaser was offset against the outstanding joint interest billings owed by the Company to the purchaser at closing.
- The purchaser fully assumes the Company’s portion of the forward ARO for EI32 and WC498. Based upon a third party review completed in late 2015, the estimated undiscounted cost of the ARO net to the Company, would have been approximately USD\$7,000,000.

The Company is also announcing a private placement of up to 15,000,000 units at \$0.05 to raise gross proceeds of \$750,000. Each unit consists of a common share and one half of a share purchase warrant wherein each whole warrant entitles the holder to acquire an additional common share of the Company at \$0.08 for a period of two years from the date of closing. The Company anticipates closing a first tranche of approximately \$365,000 immediately, subject to TSX Venture Exchange approval, with a second tranche expected to close in due course. Board members and management of the Company intend to participate in the placement for a minimum of \$150,000 to a maximum of \$250,000, representing approximately 33% of the total placement. Proceeds from the placement will be used to pay down or retire secured debt, fund registration requirements in Texas and Louisiana, and provide general working capital.

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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