



1410 - 1030 W Georgia St
Vancouver BC, V6E 2Y2
Tel: 604-609-0006
TollFree: 855-609-0006
Fax: 778-379-0991

May 10, 2017

TSX-V: HRH
OTCQB: HLRTF

HILLCREST SIGNS BINDING JOINT VENTURE AGREEMENT FOR WESTERN CANADA ASSETS

VANCOUVER, B.C. – Hillcrest Petroleum Ltd. (the “Company” or “Hillcrest”) is pleased to announce that the Company has signed a binding Joint Venture Agreement (the “JV Agreement”) with a Canadian oil and gas company (“Juniorco”) whereby the Company, via a wholly owned subsidiary, will earn up to a 75% Working Interest and become the operator of record in two petroleum assets located in Western Canada (the “Fields” or “Assets”). The Company expects to restore production from the Fields collectively to approximately 400 barrels of oil per day (“bopd”) by providing capital funding and additional technical and operational expertise. As announced on February 21, 2017, The Company expects that production from the Fields will be restored during the second quarter of this year. The Company also has plans to pursue further production increases from within the Fields through additional development activities in the remainder of 2017.

The JV Agreement is consistent with the letter agreement initially signed by the parties and announced on February 21, 2017. The primary terms of the JV Agreement are as follows:

- The Company, appointed as operator, will earn up to 75% of the Juniorco’s Working Interest in the Fields by contributing technical expertise and funding to restore production from the Fields. Hillcrest’s Working Interest will revert to 50% once the Company has recovered all production restoration costs from the production revenues. Gross production from both Fields collectively is expected to be approximately 400 bopd upon restoration.
- Hillcrest has arranged third party project funding, and these funds are to be provided on a non-dilutive basis to Hillcrest shareholders. Total project funding, including the placement of Operator deposits and Licence Liability Rating (LLR) Bonds, is estimated to cost CDN\$2,200,000. Project funding will be secured by both the Assets and the Company.
- Approximately CDN\$900,000 in project costs is required to re-establish production from the Fields by way of equipment installation and upgrades, and well work-overs. These projects are expected to reduce operating expenses and restore production, thereby increasing the operating netbacks.
- Project costs include the placement of approximately CDN\$1,300,000 in LLR Bonds. The Company will consistent with the regulatory requirement request the return of these LLR Bonds once economic production from the Fields has been re-established for a certain period of time, thereby substantially reducing the net investment in the project.

- The Company will also immediately commence assessment of additional infield development opportunities, such as well re-completions and infill development drilling, which will be pursued in the second half of this year.
- Hillcrest shall obtain the regulatory approvals required for the Company to perform as an oil and gas operator within the Provinces of Alberta and Saskatchewan. Such regulatory approvals are expected within 30 days.
- Upon obtaining all regulatory approvals, the production restoration project will commence.

This transaction is subject to TSX Venture Exchange approval.

“Hillcrest is very pleased to have negotiated and secured the majority Working Interest in these Assets.” Don Currie, Hillcrest Petroleum CEO, states: “The project will provide cash flow and has the ability to grow through further development in and around the Fields. The Assets had been producing in excess of 400 bopd prior to being shut-in due to cyclically low product prices; and only modest investment is required to re-activate the existing wells. The Company will earn a majority working interest in the Fields at very favourable effective dollar per flowing barrel cost metrics, and expected gradual increases in commodity prices and reduced operating expenses will enhance the profitability of the Fields. In addition to restoring production, the Fields have further development potential which we intend to aggressively exploit in the second half of 2017. While we continue to review and pursue US-based opportunities, our management team has a long history of creating value in the Western Canada Sedimentary Basin, and we believe this is an opportune time to re-enter this world class jurisdiction.”

In addition to the acquisition and project funding, Hillcrest is proceeding with a non brokered private placement for the sale of up to 7,142,857 Units at a price of \$0.07 per Unit for gross proceeds of up to \$500,000. Each Unit consists of one common share (“Share”) plus one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share (a “Warrant Share”) at a price of \$0.10 for a two year period from closing (the “Offering”). The Company may be paying finder’s fees up to the amount permitted by the TSX Venture Exchange policies. All securities issued pursuant to the Offering will be subject to a statutory hold period of four months plus a day in accordance with applicable securities laws. The placement funds will be used to retire the remainder of the secured debt, licensing and registration costs in both Saskatchewan and Alberta and for general operation and expenses.

For more information on Hillcrest Petroleum Ltd, contact Don 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.

Neither TSX Venture Exchange nor its Regulations Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.