



Suite 1300 1030 W Georgia St
Vancouver BC, V6E 2Y3
Tel: 604-609-0006
Toll-free: 1-855-609-0006
Fax: 778-379-0991

July 26, 2017

TSX-V: HRH
OTCQB: HLRTF

HILLCREST OBTAINS ALBERTA ENERGY REGULATOR OPERATOR LICENSE APPROVAL

VANCOUVER, B.C. – Hillcrest Petroleum Ltd. (the “Company” or “Hillcrest”) is pleased to announce that the Company has been approved by Alberta Energy Regulator (AER) to Operate oil and gas assets in Alberta. This is an important step for Hillcrest to move forward with the Alberta part of its work program to re-establish production from oil and gas assets in Alberta and Saskatchewan under its recently announced Joint Venture Agreement.

As previously announced May 10, 2017, Hillcrest 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 Operate two petroleum assets located in Western Canada (the “Fields” or “Assets”). The Company expects to restore combined production from the Fields to approximately 400 barrels of oil per day (“bopd”) by providing capital funding and technical expertise.

The JV Agreement is consistent with the letter agreement initially signed by the parties and announced on February 21, 2017. Select 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 expects to recover 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.
- This transaction is subject to TSX Venture Exchange approval.

“The first step required to move forward with restoring production has been reached.” Don Currie, Hillcrest Petroleum CEO, states: “Being approved as operator in the Province of Alberta was required for Hillcrest too coordinate work programs with local service companies and vendors. The Company will update the shareholders as we progress towards production of the assets.”

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.