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**HILLCREST SIGNS LETTER AGREEMENT TO  
NEGOTIATE A STRATEGIC ALLIANCE TO PURSUE OIL AND GAS  
ACQUISITIONS IN WESTERN CANADA**

VANCOUVER, B.C. / TheNewswire / Hillcrest Petroleum Ltd. (the “Company” or “Hillcrest”) is pleased to announce that it has signed a letter agreement (the “Letter Agreement”) with a private company (the “Partner”) to negotiate and form a strategic alliance (the “Strategic Alliance”) for the purpose of pursuing oil and gas acquisitions in Western Canada. It is anticipated that under the Strategic Alliance, Hillcrest will introduce the Partner to pre-screened acquisition opportunities to be operated and managed by Hillcrest, and the Partner would fund the acquisition and development thereof.

Hillcrest has compiled a register of potential acquisition targets in Western Canada, selected based on criteria including positive operating cash flow from current production operations, and the potential to increase the market value of the assets by more than 3x through field development activities. Hillcrest is currently in discussions with a number of these acquisition targets.

Under the proposed Strategic Alliance, Hillcrest will make these acquisition opportunities available to the Partner. Should the Partner elect to participate in one or more of the acquisition opportunities, Hillcrest will facilitate the acquisition and development of the assets with funding provided by the Partner and operate the acquired assets under joint venture agreements. The Partner intends to raise up to \$50,000,000 of funding for potential acquisitions and subsequent development of oil and gas assets through an asset backed token offering attached to the acquired oil and gas assets.

As a result of the Strategic Alliance, Hillcrest is no longer considering asset backed token financings in its own right and will continue focusing on its current business as an oil and gas company with its activities directed toward the acquisition, development and management of oil and gas assets.

It is anticipated that the Strategic Alliance will provide for the following:

- The Partner will have an exclusive first right of refusal to partner with Hillcrest and fund 100% of the acquisition and development costs associated with oil and gas assets identified by Hillcrest during the term of the Strategic Alliance.
- For any assets which the Partner elects to fund, Hillcrest will manage and operate those assets under the terms of joint venture agreements between Hillcrest and the Partner.

- Hillcrest will receive a 25% carried interest in any assets acquired.
- Hillcrest will receive a management fee and be entitled to recover its out-of-pocket costs for managing the assets.

The parties expect to complete a binding definitive agreement to give effect to the terms of the Letter Agreement by the end of May 2018.

Don Currie, Hillcrest CEO, states: “Hillcrest is excited to have created a working relationship with our potential new partner. The relationship between the parties will see their capital back our Western Canadian acquisition opportunities, with both parties benefiting as acquisitions are completed and further field development is commenced. The immediate value to Hillcrest is that we expect to be able to acquire significant interests in quality oil and gas assets we have identified and commenced discussions on over the last several months without significant equity capital raises, thus minimising shareholder dilution or avoiding it altogether. Our management team has an extensive track record of delivering value from upstream oil and gas projects and we believe this is an excellent time to be acquiring assets in the Western Canadian Sedimentary Basin.”

The Company has granted an aggregate of 300,000 incentive stock options to a director of the Company for the purchase of common shares exercisable at a price of \$0.06 per share until May 1, 2022.

**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](http://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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