

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Hillcrest Energy Technologies Ltd. (formerly Hillcrest Petroleum Ltd.)
Suite 1910 – 1030 W. Georgia Street
Vancouver, BC V6E 2Y3

Item 2 Date of Material Change

April 9, 2021

Item 3 News Release

A news release dated April 12, 2021 was disseminated and subsequently filed on SEDAR.

Item 4 Summary of Material Change

The Company announced \$5M equity facility agreement and first tranche closing. The Company also announced the grant of an aggregate of 13,700,000 restricted stock units

Item 5 Full Description of Material Change

The Company announced the closing of a \$5,000,000 equity facility agreement (the “**Investment Agreement**”) provided by **Mercer Street Global Opportunity Fund, LLC** (the “**Investor**” or “**Mercer Street**”). Hillcrest has received in escrow a First Tranche of CDN \$2,240,000. Hillcrest has the right, but not the obligation, to request further tranches under the Investment Agreement which are to be made available upon certain general conditions being met. Funds drawn are immediately converted into share units in the Company.

THE AGREEMENT

The Investment Agreement provides for unit (each a “**Unit**”) private placement offerings (the “**Offerings**”) to be conducted between the Company and the Investor over a 12-month period commencing on April 9, 2021 (the “**Term**”). Each Unit consists of one common share (each, a “**Common Share**”) of the Company and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”), with each Warrant exercisable into one Common Share at the Warrant Exercise Price (as defined below) for a period of 24 months from the closing date of each Tranche. The Offerings will be completed in tranches (each a “**Tranche**”), with each Tranche initiated by the Company and subject to acceptance by the Investor. A subsequent Tranche may not be initiated until the expiry of thirty trading days following the closing of the previous Tranche. The maximum amount of Units that may be subscribed for over the Term is \$5,000,000.

The Investment Agreement provides that the purchase price (“**Purchase Price**”) for each Unit purchased by the Investor in each Tranche shall be priced at a discount of 20% to the 20-day volume weighted average price (the “**Market Price**”) of the Common Shares traded

on the facilities of the principal exchange on which the Common Shares are listed, or such greater price as dictated by Policy 6 of the Canadian Securities Exchange (the “**Exchange**”), prior to the date of the filing of a CSE Form 9 with respect to each Tranche. The exercise price of the Warrants (“**Warrant Exercise Price**”) for each Tranche shall be set at a 50% premium to the Purchase Price.

In connection with a closing each Tranche, a finder shall receive a fee in the amount of 7% payable in cash for the aggregate proceeds to the Company on each Tranche, and Common Share purchase warrants in the amount of 7% of the aggregate number of Units sold in each Tranche (the “**Finder’s Warrants**”), with the Finder’s Warrants being exercisable at the same price at which such Units were distributed, or such higher price as may be required under the policies of the Exchange, for a period of 36 months from the date of distribution.

Pursuant to the Investment Agreement, the Company has closed in escrow, subject to ordinary closing conditions, a first Tranche in the amount of CDN \$2,240,000 (the “**First Tranche**”), pursuant to which the Company has issued 13,176,470 Units consisting of 13,176,470 Common Shares issued at a price of \$0.17 per Common Share, and 6,588,235 Warrants exercisable at a price of \$0.26 per Common Shares until April 9, 2023. The conversion price is based on the previous 20 days volume weighted average price (VWAP) which at time of closing April 8th was 0.2115 cents. In connection with the First Tranche, the Company has issued to the Investor a fee of CDN \$100,000, paid in Common Shares issued with a deemed issue price equal to the Market Price (the “**Share Payment**”). All securities issued in connection with the First Tranche and the Share Payment are subject to a statutory hold period of four-months and one day ending on August 10, 2021.

The Company intends to use the net proceeds of the Offering for general working capital.

The Company has also granted an aggregate of 13,700,000 restricted stock units (RSU) to certain directors, officers, consultants and employees of the Company as long-term incentive and performance awards, all in accordance with its restricted share unit plan (the “**RSU Plan**”). The RSU’s are subject to vesting criteria, most of which have already been met.

Item 5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted:

Donald Currie, Chief Executive Officer
Tel: 604-609-0006

Item 9 Date of Report

April 14, 2021