

**Hillcrest Energy Technologies Ltd.  
(formerly Hillcrest Petroleum Ltd.)**

**FORM 51-101F1  
For the Year Ended December 31, 2021**

***STATEMENT OF RESERVES DATA  
AND OTHER OIL AND GAS INFORMATION***

**Hillcrest Energy Technologies Ltd.**  
**(formerly Hillcrest Petroleum Ltd.)**  
**Statement of Reserves Data and Other Oil & Gas Information**  
**For the Year Ended December 31, 2021**

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**FORM 51-101F1**  
**STATEMENT OF RESERVES DATA**  
**AND OTHER OIL AND GAS INFORMATION**

**PART 1      DATE OF STATEMENT**

The effective date of the information being provided in this statement is as at December 31, 2021, and for the year ended December 31, 2021. The preparation date of the information being provided in this statement is April 28, 2022.

For a glossary of terminology and definitions relating to the information included within this statement (including the aforementioned dates) readers are referred to National Instrument 51-101 (“NI 51-101”).

All dollar figures are Canadian Dollars, unless otherwise specified.

**PART 2      DISCLOSURE OF RESERVES DATA**

The following is a summary of the oil and natural gas reserves and net present values of future net revenue of Hillcrest Energy Technologies Ltd. and its subsidiaries (the “Company”) as evaluated by Trimble Engineering Associates Ltd, (“TEAL”), an independent qualified reserves evaluator appointed by the Company pursuant to NI 51-101.

Readers should note that the totals in the following tables may not add due to rounding.

The estimated future net revenue figures contained in the following tables do not necessarily represent the fair market value of the Company’s reserves. There is no assurance that the forecast price and cost assumptions contained in the TEAL report will be attained and variances could be material. Other assumptions relating to costs and other matters are included in the TEAL report. The recovery and reserves estimates attributed to the Company’s properties described herein are estimates only. The actual reserves attributed to the Company’s properties may be greater or less than those calculated.

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**Item 2.1 Reserves Data (Forecast Prices and Costs)**

1. Breakdown of Reserves (Forecast Case)

Note – No economic reserves have been forecast.

<b>Hillcrest Energy Technologies Ltd.</b> <b>Summary of Reserves</b> <b>As of December 31, 2021</b>			
	Proved Developed Producing	Total Proved	Proved Plus Probable
<b><u>Oil - Mbbbl</u></b>			
Property Gross	0.0	0.0	0.0
Company WI	0.0	0.0	0.0
Company RI	0.0	0.0	0.0
Company Net	0.0	0.0	0.0
<b><u>Gas - MMcf</u></b>			
Property Gross	0.0	0.0	0.0
Company WI	0.0	0.0	0.0
Company RI	0.0	0.0	0.0
Company Net	0.0	0.0	0.0
<b><u>NGL's - Mbbbl</u></b>			
Property Gross	0.0	0.0	0.0
Company WI	0.0	0.0	0.0
Company RI	0.0	0.0	0.0
Company Net	0.0	0.0	0.0
<b><u>BOE's - Mboe</u></b>			
Property Gross	0.0	0.0	0.0
Company WI	0.0	0.0	0.0
Company RI	0.0	0.0	0.0
Company Net	0.0	0.0	0.0

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2. Net Present Value of Future Net Revenue (Forecast Case)

Note – No economic reserves have been forecast.

<b>Hillcrest Energy Technologies Ltd.</b> <b>Present Worth of Future Net Revenue</b> <b>Before Income Tax (M\$ Cdn)</b> <b>As of December 31, 2021</b>			
	Proved Developed Producing	Total Proved	Proved Plus Probable
Undiscounted	0.0	(486.7)	(486.7)
Discounted @ 5%	0.0	(467.9)	(467.9)
10%	0.0	(450.8)	(450.8)
15%	0.0	(435.0)	(435.0)
20%	0.0	(420.4)	(420.4)

3. Additional Information Concerning Undiscounted Future Net Revenue (Forecast Case)

Not applicable

**Item 2.2      Supplementary Disclosure (Constant Prices and Costs)**

Not applicable

**Item 2.3      Reserves Disclosure Varies with Accounting**

Not applicable

**Item 2.4      Future Net Revenue Disclosure Varies with Accounting**

Not applicable

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**Part 3        PRICING ASSUMPTIONS**

**Item 3.1        Constant Prices Used in Supplemental Estimates**

Not applicable

**Item 3.2        Forecast Prices Used In Estimates**

The following summarizes the assumptions used in estimating reserves data disclosed in Item 2.1:

Hillcrest Energy Technologies Ltd. Summary of Pricing and Inflation Rate Assumptions As of December 31, 2021 Forecast Prices and Costs				
Year	WTI Cushing Oil Price US\$/BBL	WCS CDN\$/BBL	Inflation Rate %/Yr	Exchange Rate US\$/Cdn\$
2022	72.00	75.00	2.00	0.80
2023	69.00	71.00	2.00	0.80
2024	67.00	68.00	2.00	0.80
Thereafter	esc 2.0%	esc 2.0%	2.00	0.80

No economic reserves have been forecast. Operating costs have been calculated from historical data where possible. Where operating reports were unavailable, future costs have been estimated based on experience with similar operations in the vicinity of the properties.

Capital and operating costs have been escalated at 2.0% per annum beyond 2022.

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**PART 4 RECONCILIATION OF CHANGES IN RESERVES**

**Item 4.1 Reserves Reconciliation**

Hillcrest Energy Technologies Ltd. Reserves Reconciliation Summary As of December 31, 2021				
	Proved (DP) Heavy Oil	Total Proved Heavy Oil	Total Probable Heavy Oil	Total Proved and Probable Heavy Oil
Opening Balance	28.6	273.4	78.7	352.2
Production	(0.9)	(0.9)	0	(0.9)
Technical Revision	(27.7)	(272.6)	(78.7)	(351.3)
Closing Balance	0.0	0.0	0.0	0.0

**PART 5. ADDITIONAL INFORMATION RELATING TO RESERVES DATA**

**Item 5.1 Undeveloped Reserves**

Not applicable

**Item 5.2 Significant Factors or Uncertainties Affecting *Reserves Data***

See notes to the Company's financial statements for the year ended December 31, 2021, for a discussion of some of the important economic factors and significant uncertainties likely to affect the components of oil and gas information and the reserves data disclosed herein. In addition, such components may be affected by material fluctuations in commodity prices, material changes in current taxation or royalty rates and/or federal regulations governing the conduct of oil and gas activities.

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**Item 5.3 Future Development Costs**

No Development Capital has been forecast.

**PART 6. OTHER OIL AND GAS INFORMATION**

**Item 6.1 Oil and Gas Properties and Wells**

The Company has nine (9) wells and one (1) facility, in the West Hazel property in Saskatchewan. The wells are no longer producing and no remaining reserves have been assigned. The Company wrote down the value of its oil and gas properties to \$Nil and recognized an impairment loss of \$2,180,055 during the year ending December 31, 2021.

Seven (7) of the nine (9) wells have been downhole abandoned, and surface cut and capped. Remaining work to be done are two (2) well abandonments and the lease cleanup and reclamation work.

**Item 6.2 Properties with no Attributed Reserves**

Not applicable

**Item 6.2.1 Significant Factors or Uncertainties Relevant to Properties with No Attributed Reserves**

The Company is waiting on additional environmental assessment reporting work to be completed in order to firm up the scope and costs of the lease remediation required.

**Item 6.3 Forward Contracts**

Not applicable

**Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs**

The Company's abandonment and reclamation costs are ascertained by estimating the costs using current techniques to fulfill the current obligations in regard to wells that are under appraisal or pending development. The Company routinely estimates and provides for asset retirement obligations with respect to all property interests, including oil and natural gas properties, in its consolidated financial statements in accordance with Canadian generally accepted accounting principles (See Notes to Consolidated financial statements for the year ended December 31, 2021).

At December 31, 2021, the Company reported its liability for asset retirement obligations as \$374,163 (undiscounted liability of \$360,722). The costs were estimated based on the Government of Saskatchewan License Liability Inventory (LLI) Report. The remaining abandonment and remediation work will be completed in 2022 and 2023.



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**Item 6.5 Tax Horizon**

Based on current reserves, the Company currently does not estimate that income taxes are likely to become payable, subject to current assumptions of production levels, operating and capital expense deductions, commodity prices and currently available operating loss carry forwards. There are no income taxes associated with the estimated future net cash flows estimated from current proved reserves based on the Company's basis in its assets and net operating loss carry forwards available to offset taxable income within its consolidated group.

**Item 6.6 Costs Incurred**

In the year ending December 31, 2021, the Company made the following expenditures (whether capitalized or charged to expense):

<i>In Thousand Canadian dollars</i>	Canada
	2021
	(\$)
Property acquisition costs – proved properties	-
Development costs – proved properties	2,300.1
Property acquisition costs – proved properties	-
Pipeline engineering and design costs	-
Exploration costs	-
	2,300.1

**Item 6.7 Exploration and Development Activities**

During the year ended December 31, 2021, the Company incurred costs of \$1,577,922 related to drilling a short horizontal lateral oil well with multi-zone production potential. Development costs above are associated with drilling the new well and re-activating production from the previously shut-in field.

**Item 6.8 Production Estimates**

The gross volume of production estimated for the year ended December 31, 2022 included in future net revenue calculations for gross proved reserves and gross probable reserves estimated under Item 2.1 is 0 bbl.

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**Item 6.9      Production History**

The West Hazel field was shut in prior to 2019.

Quarterly oil production (bbl) during 2019 was:

Q1	3,731
Q2	5,467
Q3	11,343
Q4	11,130
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Total	31,671

Quarterly oil production (bbl) during 2020 was:

Q1	10,062
Q2	4,893
Q3	8,601
Q4	10,958
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Total	34,514

Quarterly oil production (bbl) during 2021 was:

Q1	9,208
Q2	7,689
Q3	494
Q4	1,197
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Total	18,588

Average unit per bbl value metrics (\$CDN/bbl) for 2019 were:

Price received	\$53.80
Royalties	\$13.75
Production Costs	\$36.67
Netback	\$3.38

Average unit per bbl value metrics (\$CDN/bbl) for 2020 were:

Price received	\$32.54
Royalties	\$7.19
Production Costs	\$25.56
Netback	\$(0.21)

Average unit per bbl value metrics (\$CDN/bbl) for 2021 were:

Price received	\$54.00
Royalties	\$12.91
Production Costs	\$39.12
Netback	\$1.97