

Hillcrest Announces \$5M Equity Facility, Warrant Incentive Program and Provides Update on Non-brokered Private Placement

Vancouver, British Columbia--(Newsfile Corp. - December 19, 2023) - Hillcrest Energy Technologies (CSE: HEAT) (OTCQB: HLRTF) (FSE: 7HI) ("Hillcrest" or the "Company"), is pleased to announce the intent to enter into a \$5 million equity facility and provides additional financing updates.

The Company further announces that it has negotiated a \$5,000,000 equity drawdown facility (the "**Equity Facility**") with a third-party investor, pursuant to which the Company may request draw downs and which in the investors sole discretion may be then fulfilled pursuant to the Equity Facility. The Company shall pay the investor a commitment fee equal to 2.5% of the total capital of the Company committed. On any drawdown amount, the Company shall pay 12% annualized interest, which may be payable in common shares or by deduction from the funded advance, at the option of the investor. Each drawdown will be in units (the "**Units**"), with each Unit consisting of one common share in the capital of the Company and one-half of one common share purchase warrant (each whole warrant, a "**Drawdown Warrant**"), The Units will be issued at the greater of the discounted market price permitted under the policies of the Canadian Securities Exchange (the "**CSE**"), and 90% of the 10 day average closing bid price of the common shares on the CSE (the "**Issue Price**"). All Drawdown Warrants issued as part of the Units will be exercisable at an exercise price equal to the greater of 125% of the Issue Price, and the minimum exercise price permitted by policies of the CSE and will be exercisable for a period of three years from the date of issuance.

The parties to the Equity Facility intend to close the first drawdown on or prior to January 12, 2024.

All securities issued pursuant to the Equity Facility will be subject to a statutory hold period of four months plus a day from the date of issuance in accordance with applicable securities legislation.

Warrant Incentive Program

The Company also announces the implementation of a warrant exercise incentive program (the "**Incentive Program**") to encourage the exercise of an aggregate of 5,114,690 common share purchase warrants (the "**Eligible Warrants**") exercisable to acquire common shares in the capital of the Company (the "**Warrant Shares**"). The Eligible Warrants include:

- 2,404,167 warrants exercisable at a price of \$2.10 per Warrant Share until December 9, 2023;
- 746,940 warrants exercisable at a price of \$2.10 per Warrant Share until December 17, 2023; and
- 1,963,583 warrants exercisable at a price of \$1.50 per Warrant Share until January 5, 2024.

Pursuant to the terms of the Incentive Program, and for the duration of the Incentive Program which shall be until January 5, 2024, holders of Eligible Warrants will be able to exercise such Eligible Warrants for \$0.35 per Warrant Share. Additionally, the expiry date of the Eligible Warrants currently set to expire on December 9, 2023, and December 17, 2023, was extended until January 5, 2024, to allow equal participation in the Incentive Program by the holders of all Eligible Warrants.

The Company intends to use the proceeds from the Incentive Program for technology and product development, commercialization, and general working capital. At the discretion of the Company, additional documentation may be requested from holders of Eligible Warrants wishing to exercise pursuant to the Incentive Program to ensure compliance with applicable securities laws.

Private Placement

The Company also announces that it will not be proceeding with a second tranche of its previously announced non-brokered private placement of units of the Company (the "**Units**"). As disclosed in the Company's news release on October 4, 2023, the Company issued an aggregate of 4,350,000 Units at a price of \$0.40 per Unit for gross proceeds of \$1,740,000.

The securities of the Company referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws. Accordingly, the securities of the Company may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This press release does not constitute an offer to sell or a solicitation of any offer to buy any securities of the Company in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Additional Corporate Update

The Company also announces that it has granted restricted share units ("RSUs") to consultants of the Company to acquire up to 183,000 common shares of the Company, pursuant to the Company's RSU Plan dated July 28, 2021. 150,000 of these RSUs will vest immediately with the remaining 33,000 vesting in tranches of 8,250 on a quarterly basis in 2024. The RSUs have a three-year term.

About Hillcrest Energy Technologies

Hillcrest Energy Technologies is a clean technology company focused on providing advanced power conversion technologies and digital control systems for next-generation powertrains and grid-connected renewable energy systems. From concept to commercialization, Hillcrest is investing in the development of energy solutions that will power a more sustainable and electrified future. Hillcrest is publicly traded on the CSE under the symbol "HEAT," on the OTCQB Venture Market as "HLRTF" and on the Frankfurt Exchange as "7HI". For more information, please visit: <https://hillcrestenergy.tech/>.

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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. This forward-looking information is provided as of the date of this news release. The forward-looking information reflects our current expectations and assumptions and is subject to a number of known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from any anticipated future results, performance or expectations expressed or implied by the forward-looking information. No assurance can be given that these assumptions will prove correct. Forward-looking statements and information are not historical facts and are subject to a number of risks and uncertainties beyond the Company's control. Investors are advised to consider the risk factors under the heading "Risks and Uncertainties" in the Company's MD&A for the year ended Dec. 31, 2022, available at www.sedar.com for a discussion of the factors that could cause the Company's actual results, performance and achievements to be materially different from any anticipated future results, performance or achievements expressed or implied by the forward-looking information. 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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