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Making a Move from Transformative Thinking to Innovation Execution

As I think about the past year, we entered 2021 with the bold intention of future-proofing the business by transitioning away from our legacy operations as an oil and gas exploration company and into clean technology. I'm proud of the incredible progress we've made in realizing this goal and increasing shareholder value. Moving forward it is extremely important for Hillcrest to remain laser-focused on executing our plan.

Over the course of 2022, we will demonstrate our strength as a clean tech innovation company recognized for delivering high value, high-performance digital control solutions for next generation electric powertrains and grid-connected renewable energy systems. To be clear, Hillcrest will develop and commercialize Hillcrest wholly owned IP and technology, not as a licensee or agent for other's owned technologies. Our priority will remain with what we develop, own and control.

Conversations with potential commercialization partners for our HEI technology are already underway and 2022 is the year the Company intends to deliver our HEI MVP/commercial demonstration prototypes. Additionally, work continues on our second technology - a novel system control concept incorporating our HEI tech as a fundamental component in a system-level powertrain technology. The incredible market potential for the technologies we are developing is evidenced by the accelerating momentum toward electrification and greatly expanded deployment of inverter-based power generation. Hillcrest intends to be a global leader in the development and design of next-generation digital control solutions that will power a more efficient and sustainable future.

From a capital standpoint, the Company successfully retired all outstanding debt and raised more than \$10 million in equity in 2021. Financial security allowed us to assemble a proprietary and proven combination of power electronics, control methods and system design expertise through the execution of several key arrangements. We acquired proprietary control system firmware and hired the firmware's creator, Ari Berger, as our CTO. We entered into a collaborative technology development agreement with Systematec GmbH, a well-respected German electric vehicle power electronics design firm. We built and are staffing a top-notch lab and research facility. The base is set for our commercialization plans as Hillcrest continues to hire, build and innovate.

We knowingly entered a high stakes, hyper-competitive market. We did this with confidence and the belief that great tech and a top-notch delivery team will drive the level of commercial success that we're all working toward. Commercializing tech is a process with many steps that requires focus and expertise to move from transformative thinking into innovation execution. Hillcrest will continue to build a team that has experience and connections with potential end users, licensees, and development partners in the sectors we intend to target. Our strict focus and experienced team is in place for a reason – to secure access to the potential partners and opportunities critical to the successful commercialization of our technologies. We're a company that must do everything possible to punch above our weight.

Transformative execution occurs when the right people and operating principles are in place. In 2021, we started building a world-class team of expert advisors and consultants. Michael Moskowitz and Dr. Heinz-Georg Burghoff are recognized leaders in their fields and are adding immeasurable value in evaluating and introducing North American and European commercial opportunities. I anticipate other experienced industry insiders will join our efforts in the coming months, all with a purpose of cementing Hillcrest's position as an innovator.

We are also proud of the progress made thus far in integrating environmental, social and governance (ESG) principles into all aspects of our operations. The Company has adopted and implemented critical corporate governance policies and will continue to take steps that shareholders expect to see. ESG has fast become a priority focus for investors when evaluating companies, as performing well and doing well for society now go hand in hand. Hillcrest understands this need and is committed to this important reality.

2022 will be a year of innovation and execution for Hillcrest. We look forward to creating value and capitalizing on our ongoing achievements. The biggest asset of any public company is the support of the shareholders. All at Hillcrest understand this and appreciate the incredible support and involvement our shareholders have shown over the past year. We will work tirelessly to continually earn your support!

Don Currie