(formerly Hillcrest Petroleum Ltd.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended
December 31, 2020

Report Date – April 30, 2021

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") is provided by the management of Hillcrest Energy Technologies Ltd. ("Hillcrest" or the "Company") as at and for the year ended December 31, 2020. This MD&A should be read in conjunction with the Company's audited annual consolidated financial statements for the years ended December 31, 2020 and 2019 (the "Annual Financial Statements").

The following information has been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). All financial results are reported in Canadian dollars, unless otherwise indicated, and production numbers represent Hillcrest's ownership interest.

Additional information relating to the Company, including the financial statements are available on the Hillcrest website at **hillcrestenergy.tech** or on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") website at **www.sedar.com**.

CORPORATE OVERVIEW

Hillcrest is listed for trading on the Canadian Securities Exchange (the "Exchange") under the symbol "HEAT" and on the OTCQB in the United States of America ("US") under the symbol "HLRTF." The Company's focus during 2020 was to maximize value from its conventional oil and gas operations in Western Canada (Refer to "Oil and Gas Properties" section) and to initiate its transition to clean energy technology. The Company is transitioning its business from oil and gas production to clean energy technology development and deployment, has engaged management and consultants with extensive relevant experience in clean energy technology development and is currently building its capability to expand the scope of the Company's activities in several new technology fields.

FORWARD-LOOKING STATEMENTS

This MD&A, which contains certain forward-looking statements pertaining to, among other things: additional capital funding; the Company's ability to obtain such funding and the use thereof; the Company's ability to continue as a going concern; the completion of private placements and the use of proceeds thereof; the existence of reserves; oil production rates and recovery from drilling operations; commercial viability of drilled wells; additional drilling locations; storage and transportation of oil and costs thereof; the timing, method, cost and recovery from drilling operations; infrastructure development and the timing and effects thereof; the Company's next phase of capital expenditures; regulatory approvals and the Company's ability to obtain applicable permits; future operation, general and administrative expenditures and the anticipated impact of the reduction thereof; performance and financial results; capital expenditures; the Company's working capital deficiency and capital requirements; the ability of the Company to satisfy the interest and principal owed to debt holders; estimates and assumptions made in accordance with IFRS requirements; and the Company's ability to generate shareholder value, which is intended to provide readers with a reasonable basis for assessing the financial performance of the Company. The use of any of the words "believe", "expect", "estimate", "will", "should", "intend" and similar expressions are intended to identify forward-looking statements.

FORWARD-LOOKING STATEMENTS (continued)

Forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained in this MD&A, which may prove to be incorrect, include but are not limited to: the general continuance of current or, where applicable, assumed industry conditions and the lack of any significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; the ability of the Company to obtain necessary permits; acquisition of lands; the Company's status as a going concern; costs and availability of equipment, labour, natural gas, fuel, oil, electricity, water and other key supplies; the accuracy of production data; the continuance of existing and, in certain circumstances, proposed tax and royalty regimes; the continuance of laws and regulations relating to environmental matters; the Company's ability to retain key employees and executives; assumptions relating to the costs of future wells; the accuracy of estimates of reserves volumes; the availability and timing of additional financing to fund the Company's capital and operating requirements as needed; and certain commodity price and other cost assumptions. Statements regarding future production, capital expenditures and development plans are subject to the risks and uncertainties normally incident to the exploration for and development and production of oil and gas that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These risks include, but are not limited to: inflation or lack of availability of goods and services; changes in commodity prices; unanticipated operating results or production declines; third party pipeline issues; environmental risks; drilling risks; financial markets; economic conditions; volatility in the debt and equity markets; regulatory changes; changes in tax or environmental laws or royalty rates; and certain other known and unknown risks listed under the section "Risks & Uncertainties" herein.

Although Hillcrest believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results, levels of activity and achievements and such statements are not guarantees of future performance.

The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

STRATEGY AND BUSINESS OBJECTIVES

The Company's business plan is to focus on sustainable and value per share growth. To accomplish this, the Company will continue to carry on the business of oil and gas production while also focusing on pursuing opportunities related to clean energy technology with potential to reduce greenhouse gas emissions.
In addition to the oil assets, the Company's objectives include pursuit of green energy projects, specifically further development and deployment of intellectual property ("IP") associated with the ANIGO Technology Ltd. Acquisition.

The management team's goal is to deploy management, technology and IP into projects or joint ventures ultimately creating a revenue stream using the technology and IP.

Over the next 12-month period, the Company will continue to transition from a hydrocarbon-based production company to one including revenues from both hydrocarbon production and sales and from developing, licensing or selling accessible or owned clean energy technology and IP. The Company intends to pursue global green energy opportunities.

STRATEGY AND BUSINESS OBJECTIVES (Continued)

The Company has been developing a green technology portfolio, which it expects to monetize in the future both through the sale of products and the licensing of its technology. However, no such revenue may be achieved from the green technology portfolio in the near term.

At present, the Company's plans for the production of green technology products will be contingent on the results of its research and development efforts, and the establishment of a base of consumers for such products, who may have specific needs in respect of the technology which would guide production efforts.

OIL AND GAS PROPERTIES

a) West Hazel Property, Saskatchewan

During the year ended December 31, 2017, the Company entered into a binding joint venture agreement ("JV Agreement") with a Canadian oil and gas company ("Juniorco") whereby the Company, via a wholly owned subsidiary, may earn up to a 75% Working Interest before payout ("BPO") and a 50% Working Interest after payout ("APO") and become the operator of record in the West Hazel field, a petroleum asset located in the Western Canadian Sedimentary Basin, by returning certain wells to service and restarting production.

In October 2018, the Company commenced the facility inspection, repair, upgrade and well reactivation activities required to re-establish oil production from previously producing wells on the West Hazel property.

In February 2019, the Company successfully re-established production from three wells and upgraded the related facilities by expending approximately $878,000 since entering into the JV Agreement. Pursuant to the JV Agreement, the Company is the operator of the field and earned its 75% BPO working interest in the property. In February 2019, the Company disposed of 17% of its operating profit interest from reactivated wells in the West Hazel property in exchange for a cash payment of $170,000, reducing the Company's BPO interest to 62.25% and its APO interest to 41.5%, which the Company's working interest will revert to after it has recovered all production reactivation costs from the production revenues.

Total field production for the year ended December 31, 2020 totaled 34,514 barrels at an average price of $36.45 CDN per barrel.

Hillcrest has also commenced technical studies to assess potential additional infield development opportunities.

b) Flaxcombe Property, Saskatchewan

On December 14, 2017, the Company entered into a farm-in agreement with Westcore Energy Ltd. whereby the Company would provide the funds required to work-over two existing but shut-in oil wells, the 16-13 and 07-13 wells, located in the Flaxcombe area of southwestern Saskatchewan and return them to production. The Company earned a 50% working interest in the two wells by contributing 100% of the cost of the work-over operations, which were estimated at $135,000. As at December 31, 2018, the Company has incurred $152,427 on the work-over operations.

OIL AND GAS PROPERTIES (continued)

The 16-13 well re-commenced production in January 2018 at a field estimated daily total fluid production rate of 41 barrels of oil per day ("bopd"), with a field estimated oil cut of 48%. The 07-13 well re-commenced production in February 2018 at a field estimated daily total fluid production rate of 91 bopd, with a field estimated oil cut of 11%. Due to a down-hole pump failure the 16-13 well was temporarily shut-in, but the well subsequently came back on line in June 2018.

Due to technical difficulties, both wells have since been shut in.

As a result of the poor performance of the field and a lack of profitability, the Company has recorded a full impairment of $202,525 on the Flaxcombe Property. The Company is currently in discussions with the operator to determine a future course of action, including disposal of the Company's interest in the property.

c) Hartburg Properties, Texas

In December 2017, the Company relinquished its mineral rights in the leases associated with the remaining well-bores. The Donner 2 well has since been acquired by a private third-party corporation, and the Company is no longer responsible for the ultimate plugging and abandonment costs for this well resulting in a gain of $9,923.

In October 2019 the Company paid its proportionate share to reclaim the Brown 1 Well.

The Company continues to retain ownership and abandonment liability for the Donner 4.

SELECTED QUARTERLY INFORMATION

The table below summarized information reported for the most recent eight quarterly periods:

	December 31, 2020 ($)	September 30, 2020 ($)	June 30, 2020 ($)	March 31, 2020 ($)
Total assets	1,808,632	1,185,767	909,745	**750,618**
Total liabilities	2,236229	3,044,458	3,647,537	**3,436,163**
Revenue	251,536	198,811	110,158	**136,244**
Net income (loss)	(410,831)	(1,486,967)	(117,209)	**(232,230)**
Earnings (loss) per share	(0.00)	(0.01)	(0.00)	**(0.00)**
Weighted average common shares Outstanding	144,159,918	137,039,416	124,616,784	**124,279,299**
	December 31, 2019 ($)	**September 30, 2019 ($)**	**June 30, 2019 ($)**	**March 31, 2019 ($)**
Total assets	863,898	1,234,139	1,104,211	**1,180,254**
Total liabilities	3,353,924	4,623,954	4,189,376	**4,159,059**
Revenue	325,499	377,620	205,819	**133,389**
Net income (loss)	(271,018)	(324,654)	(301,208)	**(305,049)**
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	**(0.00)**
Weighted average common shares Outstanding	**91,461,993**	**91,217,270**	**89,521,797**	**87,293,226**

Significant variations in the most recent eight quarters are discussed below:

a) During the quarters ended September 30, 2020 and December 31, 2020, revenue decreased from September 30, 2019 and December 31, 2019 as the Company obtained a much lower oil price and volume. Expenses increased as the Company entered into various monthly contracts and began the transition to clean technology. Total liabilities decreased as the Company used proceeds from its private placement to retire debt.
b) During the quarter ended June 30, 2020, revenue decreased from June 30, 2019 as the Company shut-in production for one and a half months, this also correlated to a decrease in expenses as the Company subcontracts for its services.
c) During the quarter ended March 31, 2020, total liabilities decreased as compared to March 31, 2019. Shares were issued for convertible debentures. The Company also completed a private placement and therefore was able to retire debt.

SELECTED ANNUAL INFORMATION

Selected annual information for the years ended December 31, 2020, 2019 and 2018 is presented below:

	2020	2019	2018
	($)	($)	($)
Total assets	1,808,632	863,898	**1,115,423**
Total liabilities	2,236,229	3,353,924	**3,787,915**
Shareholders' deficiency	(427,597)	(2,490,026)	**(2,672,492)**
Revenue, net of royalties	536,057	763,000	**47,779**
Net loss	(2,247,237)	(1,201,929)	**(1,866,535)**
Loss per share	**(0.02)**	**(0.02)**	**(0.02)**

LIQUIDITY AND CAPITAL RESOURCES

The Company had a working capital deficiency of $694,545 as at December 31, 2020, compared to $2,645,147 as at December 31, 2019. The balance has decreased as the Company raised funds by issuance of shares for private placements, in addition to warrant and option exercises.

During the year ended December 31, 2020, the Company reported a net loss of $2,247,237 (2019 – $1,201,929) due to the Company's oil production in 2020 from the West Hazel property wells being insufficient to cover the Company's corporate costs. As a result, the Company reported a cash outflow from operations of $1,572,168 (2019 - $482,104) for the year ended December 31, 2020. The Company's ability to meet its obligations as they fall due and to continue to operate as a going concern is dependent upon the continued financial support of its creditors, access to equity financial markets and ultimately, the attainment of profitable operations. As a result, the Company completed a non-brokered private placement during the year ended December 31, 2020 wherein it issued 20,442,000 units for aggregate gross proceeds of $1,022,100, received proceeds from the exercise of warrants in the amount of $1,203,222, and proceeds of $315,081 from the exercise of options.

Management has successfully utilized both debt and equity financing in the past, but there is no assurance that such funding will be available in the future or if it is that it will be on terms that are acceptable. If the Company is unable to obtain additional financing, it will experience liquidity problems and management expects that it will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. Any additional equity financing may involve substantial dilution.

Due to the conditions and events as noted above, there is material uncertainty casting significant doubt on the Company's ability to continue as a going concern.

As at the Report Date, the Company has $2,317,449 cash on hand and $Nil loans outstanding.

RESULTS OF OPERATIONS

Year Ended December 31, 2020

Revenue
The Company generated total revenue of $696,749 during the year ended December 31, 2020,compared to $1,042,327 during the year ended December 31, 2019. The decrease is due to the lower oil prices in Q1 and Q2 of 2020.

Costs
The Company's operating costs, depletion and depreciation expenses for the 2020 fiscal year decreased by $338,660 relative to 2019. This was due to the Company shutting down oil production in March/April of 2020. In addition, with the lower oil prices the Company delayed planned expenditures until subsequent to year end.

General and Administrative expenses
The Company's general and administrative expenses increased by $1,009,148 as the Company hired more consultants in transitioning to clean energy technology development and deployment. In addition, the Company increased its spending on corporate marketing, management remuneration, and increased stock compensation expenses by issuance of stock options to management and consultants.

Year Ended December 31, 2019

Revenue
The Company generated total revenue of $1,042,327 during the year ended December 31, 2019, compared to $52,263 during the year ended December 31, 2018. The increase is due to the Company reactivating three wells under the West Hazel farm-in agreement.

Costs
The Company's operating costs, depletion and depreciation and general and administrative expenses for 2019 fiscal year increased by $584,212 relative to 2018. This was due to the Company recording depletion and depreciation expenditures that come with producing oil. In addition, operating costs increased with the increase in oil production.

General and Administrative expenses
The Company's general and administrative expenses increased by $2,562 over the previous year. The Company's increased pay to management and consultants where offset by a decrease in office related expenses related to travel, rent and corporate marketing when compared to the 2018 fiscal year.

OUTSTANDING SHARE DATA

As at the Report Date there are 261,738,735 common shares outstanding, 17,000,000 shares issuable on the exercise of stock options (weighted average exercise price of $0.17), and 42,374,534 shares issuable on the exercise of share purchase warrants (weighted average exercise price of $0.10).

SUBSEQUENT EVENTS

Subsequent to December 31, 2020:

a) The Company issued 25,340,000 units in connection with a private placement at $0.05 per unit for gross proceeds of $1,267,000, $672,500 of which were received during 2020. Each unit consists of one common share and one share purchase warrant. Each Warrant will be exercisable into an additional common share of the Company at a price of $0.10 per share for a period of two years.

b) A total of 2,650,000 stock options were exercised for gross proceeds of $132,500.

c) A total of 11,913,334 share purchase warrants were exercised for gross proceeds of $968,833.

d) On March 2, 2021, the Company entered into a non-binding term sheet under which a third party would, upon closing, commit to purchase up to $5,000,000 of units from the Company. Each unit is to consist of one Company common share issued at a 20% discount to the Company's 20-day volume weighted average price ("VWAP") and one-half of one Company share purchase warrant exercisable for 24 months at a 50% premium to the 20-day VWAP. On April 9, 2021, the first tranche of financing under this term sheet closed, with the Company issuing 13,176,470 units at $0.17 per unit for proceeds of $2,240,000 and 588,235 finder's units valued at $0.17 per unit to pay a $100,000 financing fee.

e) On March 30, 2021, the Company delisted from the TSX Venture Exchange and listed on the Canadian Securities Exchange ("CSE), trading under the symbol "HEAT". Concurrent with the new listing on the CSE, the Company changed its name from Hillcrest Petroleum Ltd. to Hillcrest Energy Technologies Ltd.

f) On April 7, 2021, the Company acquired ANIGO Technologies Inc. ("ANIGO") by paying $200,000 cash and issuing 6,000,000 Company common shares.

g) On April 7, 2021, the Company granted 13,700,000 restricted share units ("RSUs") exercisable into Company common shares for nil proceeds to various Company directors, officers and consultants. The RSUs were exercised during April 2021 at a deemed value of $0.22 per share.

h) On April 8, 2021, the Company granted 10,700,000 share purchase options exercisable at $0.24 per share for five years to various Company officers, directors and consultants.

i) On April 13, 2021, the Company entered into a Joint Development Agreement with Systematec GmbH ("Systematec"), under which the Company and Systematec would engage in joint development activities and under which the Company is to issue to Systematec 2,750,000 Company common shares at a price of $0.24 per share and 2,000,000 Company common share purchase warrants exercisable at $0.24 per share for 60 months after issuance.

j) On April 16, 2021, the Company entered into a non-binding Memorandum of Intent under which the Company would have the opportunity to acquire up to a 51% interest in a Canadian private Company ("Privco"), with the intent of the Company and Privco together developing and commercializing energy efficiency projects and opportunities by combining IP and technologies.

OFF-BALANCE SHEET ARRANGEMENTS

The Company did not have any off-balance sheet debt, nor did it have any transactions, arrangements, obligations (including contingent obligations) or other relationships with any unconsolidated entities or other persons that may have material current or future effect on financial conditions, changes in the financial conditions, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenue or expenses.

COMMITMENTS

The Company had the following commitments as at December 31, 2020:

a) The Company has an office rental agreement with a term of 72 months, terminating on February 28, 2023. The landlord issued a notice of termination to the Company effective January 31, 2019 and has sent a demand for payment of $43,961 (US$32,245) representing unpaid rental charges under the rental agreement. The Company has recognized the full liability as at December 31, 2020.

b) On August 21, 2020, the Company signed a Financial and Advisory Services Agreement with a New York-based capital and advisory firm. The agreement has a term of one (1) year at a cost of US$15,000 per quarter.

RELATED PARTY TRANSACTIONS

The following summarizes the Company's related party transactions during the years ended December 31, 2020 and 2019. Key management personnel included the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), and directors and officers and companies controlled or significantly influenced by them:

Key management compensation

	2020	2019
	($)	($)
Management and consulting fees paid or accrued to directors, officers or corporations controlled by directors and officers of the Company*	415,301	271,350
Share-based payments paid to certain directors and officers of the Company in connection with the extension of the expiry dates of share purchase warrants and amendment of exercise prices of share purchase options	271,706	5,700
	687,007	277,050

a) As at December 31, 2020, a total of $Nil (December 31, 2019 - $69,431) was included in accounts payable and accrued liabilities owing to the directors and officers or corporations controlled by directors and officers of the Company for unpaid consulting fees and reimbursable expenses. These liabilities were non-interest bearing and payable on demand.

b) As at December 31, 2020 the Company owed a total of $Nil (December 31, 2018 - $51,805) in loan principal and interest to the Chairman of the Company pursuant to a December 27, 2018 loan agreement where the Company borrowed $45,000 from the Chairman. The loan bore interest at 15% and was repayable on demand.

c) During the year ended December 31, 2020, related parties forgave a net amount of $Nil (2019 - $235,850) in unpaid management and consulting fees accrued in prior years.

d) As at December 31, 2020, the Company was owed $129,805 (2019 - $Nil) from the CEO.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of oil and gas properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is primarily dependent on external financing to fund its activities. In order to carry out the planned clean technology development activities, expansion of current oil assets and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed using best efforts. The Company will continue to assess and seek to pursue opportunities if it feels there is sufficient economic potential and if it has adequate available or committed financial resources to complete such acquisitions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

Significant accounting policies and critical accounting estimates used during the year ended December 31, 2020 are disclosed in notes 2 and 3 of the 2020 audited annual consolidated financial statements. Preparing financial statements in accordance with IFRS requires management to make certain judgments and estimates. Changes to these judgments and estimates could have a material effect on the Company's financial statements and financial position.

OUTLOOK

The Company is focused on sustainable and value per share growth. To accomplish this, the Company will continue to carry on the business of oil and gas production while also focusing on pursuing opportunities related to clean energy technology with potential to reduce greenhouse gas emissions.

RISKS & UNCERTAINTIES

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to current and potential investors in the Company, but readers are cautioned that the list is not exhaustive. If any of these risks materialize into actual events or circumstances, or any other additional risks or uncertainties material to the Company's business occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), and business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment. The Company is engaged in developing and producing oil from its property in Saskatchewan and developing new clean technology and IP . Given the nature of the oil and gas and technology development businesses, the limited extent of the Company's assets and the present stage of exploration, the following risks, among others, should be considered.

RISKS & UNCERTAINTIES (continued)

Financing Risks and Dilution to Shareholders
The Company has limited financial resources and further exploration or acquisitions will require additional funds to complete. There can be no assurance that the Company will be successful in its efforts to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital may be raised through the issuance of additional equity or other forms of capital such as debt or sale of assets which may result in dilution to the Company's existing shareholders.

Fluctuating Oil and Gas Prices
The economics of oil and gas exploration are affected by many factors beyond the Company's control, including commodity prices, supply and demand in the market and the cost of operations. Depending on the price of commodities, the Company may determine that it is impractical to continue exploration. Any material decline in prices may result in the reduction of existing and potential profitable exploration and development activities as well as reducing the financing options available to the Company. Prices are prone to fluctuations and marketability is affected by government regulations relating to price, royalties and allowable production, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any commodities found on the properties.

Technology Development

Conflicts of Interest
There are potential conflicts of interest to which the directors and officers of this Company may be subject to in connection with the Company's operations. Certain of the directors and officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers may be in direct conflict with the Company. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the BCBCA and any other applicable corporate laws.

Local Resident Concerns
In addition to ordinary environmental issues, development of the Company's oil property could be subject to resistance from local residents that could either prevent or delay exploration and development of its properties.

Competition
The clean technology industry is highly competitive. The Company will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, access to potential customers for technologies developed and recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other companies could have a material adverse effect on the Company and its prospects.

RISKS & UNCERTAINTIES (continued)

Environmental Risks

The Company's field development program will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the oil and gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and federal, state and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

Development and Operating Risks

Oil and gas development involves a degree of risk. There is no assurance that expenditures made on future development by the Company will result in oil and gas production of sufficient value to pay back development costs. The recovery of expenditures on oil and gas properties are dependent on the ability of the Company to obtain financing necessary to complete the development of its field, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. The long-term commercial success of the Company is affected by its ability to develop and commercially produce oil and gas reserves from its properties. The Company is in the process of determining the technical feasibility and economically recoverable reserves. The Company attempts to control operating risks by maintaining a disciplined approach to execution of its development programs and production operations. Operational control allows the Company to manage costs, timing and sales of production and to ensure new production is brought on-stream in a timely manner. Additionally, oil and gas operations are subject to the usual risks involved in the development and production of oil and gas properties, including whether any of the remaining projects contain economically recoverable reserves and are able to generate any revenues from production.

Litigation

The Company and/or its directors may become subject to a variety of civil or other legal proceedings, with or without merit.

RISKS & UNCERTAINTIES (continued)

Uninsurable Risks

Development and production operations of oil and gas reserves involve numerous risks, including sub-surface production issues or mechanical failure in wells, uncontrolled release of hydrocarbons, fires, floods, hurricanes, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of, wells and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although the Company intends to take precautions to minimize risk that will be taken, operations are subject to hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks, such as environmental risks, as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's operations and financial condition and could cause a decline in the value of the Company's shares.

Regulatory, Permit and License Requirements

The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the development of oil and gas properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. Adverse changes to laws and regulations could have a material adverse effect on present and future exploration and development projects, operations, and capital expenditures. There can be no assurance that all permits which the Company may require for facilities and to conduct development operations on the properties will be obtainable on reasonable terms, or that such laws and regulations will not have an adverse effect on any development project which the Company might undertake. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of oil and gas companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

Reliance on Management and Dependence on Key Personnel

The success of the Company will be largely dependent upon the performance of its directors and officers and on the Company's ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

Availability of Equipment and Labour

The oil and gas industry is dependent on the availability of equipment and labour in the areas where such activities will be conducted. Demand for limited equipment and labour and restrictions imposed on access to equipment may affect the availability of such equipment to the Company which could delay development and production activities.

ADDITIONAL DISCLOSURE

Additional information relating to the Company and its regulatory filings is available on the Company's website at www.hillcrestenergy.tech and under the Company's profile on SEDAR at **www.sedar.com**.