NEWS RELEASE

Company Update

June 24, 2014 – Perth

Mako Hydrocarbons Ltd. (ASX: MKE, **Mako** or the **Company**) would like to provide a market update on its activities and circumstances.

As previously announced in November 2012, the Company, along with its partners in the Black Swan Ltd joint venture, Tamaska Oil and Gas Limited (ASX:TMK) and Transerv Energy Limited (ASX:TSV) sold their combined interest in those lands and the Company applied a portion of the consideration received (CAD$1.5M out of a total of CDN$4M) against its secured debt held by Grand Novel Developments Limited (**Grand Novel**).

Aside from this ancillary sale, the Company's sole focus had been the finalisation of its joint venture arrangements with Canadian Pan Ocean Limited (**CPO**), including the sale of its producing Provost asset, once CPO was in a position to close the initial phase of its financing.

In anticipation of this, by Q4 the Company was already well advanced on a phased closure of its Canadian based operations including the staged lay-off of almost all staff and management. This process was effectively completed around mid-December and did crystalise a number of termination payments and other obligations.

Throughout November, December and into early February, the Board were advised that receipt of a closing date for CPO's initial financing, agreed with a European private equity syndicate in late October, was imminent. In response to the continual delays and deferrals, even allowing for the Christmas/New Year period, the Company continually sought, and received, assurance that CPO's expectations were reasonable.

By late February, or early March, MKE could no longer anticipate a joint venture, or accompanying drilling program, of the scale and nature originally proposed. As such the Board was forced to re-assess its strategic alternatives for the future, including the assumption that CPO's financing would not materialise.

It should be noted that over the last twelve months the Company has continually sought, or investigated, alternatives for the commercialisation of the Duvernay lands, but for a variety of circumstances, independent of the prospectivity of those lands, such alternatives appear to be very rare.

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Given these circumstances the Company began its own initiative to realise the Provost asset in late January, rather than continue to rely upon CPO. Those initiatives have been ongoing and we now have two current, though conditional, offers under negotiation or due diligence

The Company has also joined its partners, TMK and TSV, in initiating a new sale process for selected parcels of Duvernay in an effort to realise further value from some of these lands which are now surplus to any drilling initiative, whether by way of CPO or otherwise. At the same time the Company also continues to pursue smaller joint venture or potential farm-in opportunities.

Irrespective of this sale process the Company intends to continue to hold a material and strategic parcel of Duvernay lands going forward for the foreseeable future. Pending this, MKE Canada Limited has formally transferred operatorship of the Duvernay lands to Woma Energy Limited as the Company no longer retains the personnel or infrastructure to responsibly continue in this role in the short term. Once the sale process has concluded and the lands that MKE will retain have been specified, operatorship will be re-assigned.

In the interim the partners have recently realised the gross amount of CND$500,000 (net CND$250,000 to Mako) for the sale of Rock Creek rights, predominately to Beringer Energy Inc.

The proceeds received, or anticipated, from the sales noted above will be applied firstly to the retirement of the remaining Grand Novel debt and release of its security. Though that facility has matured, and currently attracts penalty interest, Grand Novel has been fully cooperative with MKE in allowing selected assets to be realised in an orderly fashion to maximise returns.

Thereafter, any remaining obligations arising from the closure of the Calgary office and termination of employees and contractors will be settled.

The recent announcement of the resignation of MKE's Canadian non-executive directors almost completes the restructure of the Company. The Calgary office has been closed for some months and the only personnel remaining aside from Mr Paul Griese, are previous executives assisting with one or other of the sale transactions from time to time on a contract basis.

In the absence of any funded proposal from CPO, the Company will continue to explore any opportunity to appraise or develop the Duvernay or Rock Creek lands that it will retain, though the Board's current view is that any such proposal is likely to be on a limited and 'piecemeal' basis. Additionally, the Board has begun to review and consider other opportunities to broaden the Company's portfolio for the future.

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As a consequence of being unable to file financial statements for the years ending 31 December 2012 and 2013, and holding corresponding annual general meetings, in accordance with the Corporations Act, the Company has been responding to inquiries from ASIC in relation to these breaches. In its submission to ASIC, the Company submitted that ASIC should not take any action against the Company. The Company indicated that once the asset sale processes outlined above had completed, it believed that it would be in a position to bring all outstanding regulatory and compliance issues up to date and resume trading once more on the ASX.

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