

ASX Announcement – July 30, 2014**Quarterly Activities Report for the Quarter Ended 30 June 2014****Highlights**

- Production for the quarter from the Sorochynska Field totaled 186 mmscf gas and 3,659 Bbls of condensate;
- Total income from production during the Quarter was US\$2.15 million;
- Positive cash flow of \$82k from operations in June quarter;
- Commissioning of gas compressor completed – Increase in gas production of 5.2% in June quarter ;
- Production now stable at 2.1mmscfgpd;
- Cost reduction program continues to solidify cash position;
- Operations remain unaffected by geopolitical situation in Ukraine;
- Local Ukrainian currency stabilises against US dollar;
- Discussions with potential farm-out opportunities for Ukraine projects ongoing;

Hawkley Oil & Gas Limited (“Hawkley” or “The Company”) is pleased to report on activities for the quarter ended 30 June 2014. During the quarter, Hawkley has increased production at the Sorochynska 201 well in Ukraine, returned The Company to a positive cash flow position and advanced progress on the potential farm-out opportunity for its 100% owned project portfolio in Ukraine.

Directors**Glenn Featherby**

Executive Chairman

Richard Reavley

Chief Executive Officer

Lord Risby

Non-Executive Director

Graham Lyon

Non-Executive Director

Bill Foster

Non-Executive Director

Share Information

ASX Code:	HOG
Shares on Issue:	287.2M
Options on Issue:	17.0M
Share Price*:	1.7¢
Market Cap*:	\$4.9M

*As at 29th July, 2014

Sorochynska Production Licence

Location: Onshore Dnieper-Donets Basin, Ukraine
Area: 96.7km²
Hawkley's Interest: 100% & Operator

Both the Sorochynska gas plant and Sorochynska-201 production well operated with 97% uptime in the quarter. Sorochynska-201 produced 186 mmscf gas and 3,659 barrels of condensate, representing an average daily rate of 2.05 mmscf gas and 40 Bbls of condensate. Since the start of production in February 2011, Sorochynska-201 has produced 6.8 Bcf gas and 161,302 Bbls condensate.

During the quarter, Hawkley successfully commissioned a compressor at the Company's gas plant and was fully permitted for electricity supply. Post commissioning, production has stabilised at 2.1 mmscfpd and 40 barrels of condensate per day.

Stoliarovska Production Licence

Location: Onshore Dnieper-Donets Basin, Ukraine
Area: 47km²
Hawkley's Interest: 100% & Operator

As previously advised, the licence area is covered by a relatively closed space grid of mixed vintage seismic. In 2013 Ukrgeofizika was contracted to reprocess and reinterpret the 2D seismic data set. Ukrgeofizika's reprocessing and interpretation report was received in December 2013 and is currently being reviewed by Hawkley's technical team.

Chernetska Exploration & Production Licence

Location: Onshore Dnieper-Donets Basin, Ukraine
Area: 51.7km²
Hawkley's Interest: 100% & Operator

A technical review of the licence is in progress.

Farm-out Negotiations

During the June quarter the Company continued to make considerable progress on farm-out negotiations for the 100% owned portfolio of Ukrainian assets. While a final agreement has not yet been reached, negotiations are ongoing and the Company will update shareholders upon the successful finalisation of an agreement.

Exploration and Development Expenditure

\$0.35 million was expended on exploration and development during the quarter, consisting primarily geological studies in accordance with work programmes. Hawkley has some \$0.81 million cash at its disposal as well as estimated income to be generated from the Sorochynska-201 well of some \$2.0 million.

Petroleum Tenements

There have been no acquisitions, disposals or changes in beneficial interests in petroleum tenements during the Quarter.

Geo-political Issues and Foreign Exchange

Hawkley would like to emphasise that the Company's Ukrainian operations remain unaffected by the ongoing political tensions in some parts of Ukraine. This is evidenced by the normalisation of production volumes and return to a cash flow positive position, with all staff remaining safe.

In a positive shift from the previous quarter, Hawkley is pleased to advise that the local Ukraine currency, the Hyvnia, has stabilised against the US dollar with no significant fluctuations witnessed during the quarter. It should again be noted that receipts for gas and condensate sales are US dollar denominated which mitigates ongoing currency risk. Capital controls established by the Ukrainian government remain in place in an effort to safeguard the economy and protect foreign exchange reserves.

Cost Reduction Programme

Following on from the previous quarter, Hawkley has continued to undertake a strategic review of all company expenditure and has introduced a number of cost cutting measures. Head office costs have been reduced by a further \$450k pa. These measures have enabled Hawkley to strengthen its cash position from the previous quarter.

Business Development

Hawkley's strategy to maximize value from its existing Ukraine assets remains in place, and negotiations with potential farm-in and joint venture partners are ongoing. As previously stated, the Company also continues to assess opportunities in Ukraine and other regions that meet Hawkley's criteria and do not require significant acquisition capital to be raised.

ENDS

For more information, please contact:

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About Hawkley Oil & Gas Ltd

Hawkley Oil & Gas Ltd (ASX: HOG) is an exploration, development and production company with 100 per cent owned assets in Ukraine, a country with huge untapped gas potential. With a focus on emerging markets, its vision is to create a world-class independent oil and gas company with a portfolio of quality assets in some of the most prolific hydrocarbon basins in the world.

The company's current assets include:

Sorochynska (100% HOG): Approximately 320km east of Kiev in the Poltava region of Ukraine, 3km to the west of Velyki Sorochynska village. Includes a gas plant owned and operated by Hawkley and a pipeline connected to well 201.

Stoliarovska (100% HOG): Located 25km east-southeast of Romny in the Sum'ska Oblast, 225km to the east of Kiev. Situated 40km east-southeast and 60km north of Hawkley's Chernetska and

Sorochynska licences respectively. In March 2013, Hawkley completed the acquisition of the Stoliarovska Production Licence for a US\$2.6 million.

Chernetska (100% HOG): Approximately 300km north east of Kiev in the Talalayvskiy district of the Chernigiv region of Ukraine, about 2km to the southeast of the village of Chernetska, in the northwestern part of the Dnieper-Donets Basin.

