

ASX Announcement – January 29, 2016**Quarterly Activities Report for the Quarter Ended 31 December 2015**

Hawkley Oil & Gas Limited (“Hawkley” or “The Company”) provides the following report on activities for the quarter ended 31 December 2015.

Business Development

The Sorochynska 201 well in Ukraine remains closed. Whilst temporary increases in royalty rates under the Ukraine Government’s emergency budget measures have now been removed, economic assessments of potential well work-overs and other investment opportunities in Ukraine continue to be adversely impacted by the political situation in Ukraine and the depressed oil & gas market generally.

With the ongoing political tensions and conflict between Ukraine and Russia, the Board has placed a greater interest in opportunities outside the region to provide geographic and political diversity. Hawkley continues to look for and assess opportunities to realise value from its 100% owned Ukraine assets as well as consider potential corporate transactions to increase value for shareholders. The Company is in advanced negotiations for a potential sale of its Ukraine assets and looks forward to updating the market on this shortly.

Discussions continue with interested parties in respect to potential corporate transactions and partnerships to improve the Company’s future prospects and reduce its dependence on Ukraine. With the sustained downturn in the oil & gas sector, the Board has broadened its scope to consider opportunities in other sectors. Shareholders should be aware that there is no certainty of such discussions and negotiations leading to a transaction being concluded.

Corporate

At the AGM in November 2015, shareholders approved conversion rights in relation to two unsecured loans provided by an entity associated with the Chairman and an entity associated with a major shareholder. A total of A\$255,000 had been provided to Hawkley under the loans, which became due for repayment on 31 December 2015.

Directors

Glenn Featherby
Executive Chairman

Bill Foster
Non-Executive Director

Anthony Reilly
Non-Executive Director

Share Information

ASX Code:	HOG
Shares on Issue:	288.2M
Options on Issue:	11.0M
Share Price*:	0.3¢
Market Cap*:	\$0.9M

*As at 29th January, 2016

The Company advises that the lenders elected not to convert their debts and is pleased to advise that additional funding was obtained subsequent to the end of the quarter to repay the convertible loans and provide additional working capital. The new unsecured loans are from a third party for amounts of A\$270,000 and US\$150,000 (A\$211,000). The loans are repayable by 30 April 2015 and incur interest of 4.5% per annum calculated daily and applied upon settlement.

Sorochynska Production Licence

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

In November 2014, the Sorochynska 201 well in Ukraine experienced a sudden significant decrease in production. Investigations identified that the change in performance was due to water influx. Production ceased during December whilst investigations into possible remedies continued.

Additional compression equipment was installed and commissioned in March 2015 in an effort to resume production. Testing and commissioning of the additional equipment was carried out successfully, however the gas volume and pressure at the inlet was not sufficient for the compressor to continue operation. The well is currently closed and efforts to restart production have not been successful.

Stoliarovska Production Licence

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

The licence area is covered by a relatively closed space grid of mixed vintage seismic. In December 2013 Ukrgeofizika provided a report reprocessing and interpreting the 2D seismic data set which has been reviewed by Hawkley. The timing and extent of further exploration is subject to an improvement in the Company's current financial position and the results of farm-out discussions.

Chernetska Exploration & Production Licence

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

The timing and extent of further exploration is subject to an improvement in the Company's current financial position and the results of farm-out discussions.

Petroleum Tenements

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

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. Hawkley's current vision is to rebuild shareholder value after very difficult operating conditions in Ukraine in recent years

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.

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.

