

HAWKLEY OIL AND GAS LIMITED
ACN 115 712 062

SUPPLEMENTARY PROSPECTUS

IMPORTANT INFORMATION

This Supplementary Prospectus is dated 26 May 2011 and is supplementary to the prospectus dated 2 May 2011 (**Prospectus**) issued by Hawkley Oil and Gas Limited (ACN 115 712 162) (**Company**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 26 May 2011. The ASIC does not take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the internet at www.hawkleyoilandgas.com.au.

This document is important and should be read in its entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged. The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor.

Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus. A copy of this Supplementary Prospectus will be available on the Company's website and the Company will send a letter to all Applicants who have subscribed for Shares in the Prospectus to the date of this Supplementary Prospectus advising them of the Supplementary Prospectus.

**HAWKLEY OIL AND GAS LIMITED
ACN 115 712 162**

SUPPLEMENTARY PROSPECTUS

1. RESIGNATION OF MR RICHARD REAVLEY AS CHIEF EXECUTIVE OFFICER

As announced on 24 May 2011, Mr Richard Reavley has resigned from the position of Chief Executive Officer of the Company.

Dr Michael Earle will assume responsibility for the role of Chief Executive Officer from 1 June 2011. Mr Earle joined the company recently as non-executive director. He brings more than 25 years of international technical, financial and corporate experience to the Company, having worked for several private and listed exploration and production companies and blue chip integrated major companies including BP, Hess Corporation and OMV.

Dr Earle's geosciences and commercial career has spanned Eastern Europe, Egypt, Pakistan, Singapore, Indonesia, Australia and Papua New Guinea. Dr Earle has been directly involved in identifying and evaluating prospects that led to commercial discoveries in Romania, Egypt, Libya, Pakistan, Vietnam and Papua New Guinea.

Whilst working as the Group Exploration Manager at Aurelian Oil & Gas PLC in 2008, Dr Earle was involved in various initiatives to identify and pursue new venture opportunities in Ukraine.

Dr Earle will receive a base salary of A\$350,000 plus superannuation contributions. He will also be eligible to receive performance rights, subject to shareholder approval. The term of the employment will be 3 years commencing June 2011.

Mr Reavley will remain with the company to assist with the transition for as long as is required.

2. SOROCHYNSKA WELL PRODUCTION UPDATE - FIRST 90 DAYS

As announced on 23 May 2011, the Company has provided an update on the first 90 days of production from Sorochynska Well #201.

2.1 Production and Revenue to April 30

Total production from February 17 to April 30 was 593 million cubic feet of gas and 20,710 barrels of condensate. During the first 30 days of production, the Well was run on a 6mm and then a 7mm choke. Since the choke was increased to 8mm, the production has averaged 7.2 million cubic feet of gas per day and over 250 barrels of condensate per day. The average daily gross revenue over that period was US\$94,000.

2.2 Cash flows to April 30

Total revenue from February 17 to April 30 was US\$6.76 million. Operating cash flow in the same period was US\$4.15 million, giving an operating cash flow margin of 61 per cent. The Company did not pay VAT during the period due to a VAT credit from previous capital expenditure.

2.3 Revenue to date

An additional US\$1.74 million has been received as a partial prepayment for gas for

May, bringing the total revenue to date to US\$8.5 million.

2.4 Gas and condensate prices

Product prices have strengthened in line with the Company's expectations following recent announcements by the Ukrainian Minister for Energy. From April 1, gross gas prices rose to US\$9.60 per thousand cubic feet. The Company has also seen an increase in condensate prices and since the beginning of April condensate has been selling for US\$115 per barrel.


2.7 Production license

The Company has commenced planning and compiling the necessary documentation for the conversion of the Sorochynska License to a full production license. This process will be accelerated once the reserve statement has been finalised and is expected to take three months from the time the application is submitted. Upon completion of the work program on the licence the Company's wholly owned subsidiary, Prime Gas, will have the sole option to convert to a 20 year production licence.

3. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.



David Riekie
Director
For and on behalf of
Hawkey Oil and Gas Limited

26 May 2011