

ASX Announcement – June 30, 2011**Hawkley Drilling and Production Operations
Monthly Update**

Hawkley Oil & Gas Limited (ASX code: HOG) is pleased to provide an update on its drilling and production operations in Ukraine. This will be a regular report on key activities and is scheduled to be released on the last business day of every month.

Sales during the month from the Sorochynska field amounted to 200MMscf of gas and 7,000bbls of condensate and generated AUS\$2.7MM of gross revenue and an operating cashflow margin of approximately 52 per cent. As at 30th June, Hawkley holds AUS\$13MM cash-at-bank.

Preparation continues for the **next Sorochynska well**, scheduled for Q4 2011. Hawkley has received expressions of interest from four drilling contractors and expects to conclude contract negotiations during July.

Chernetska-1 is drilling ahead in 16-inch hole. During the month of June, to the 29th, the well was drilled from 568m to 1,969m, a total of 1,401m drilled. Progress to date has been better than expected and enabled the schedule to recover from a delay of several days experienced in May waiting on delivery of new casing.

Drilling is programmed to continue to the next casing point, at 2,200m.

Background

Hawkley is an upstream company focused on the exploitation of undeveloped discoveries made in the Dneiper-Donets Basin in Ukraine. The Company owns 100 per cent of two exploration licences that include the right to pilot production of hydrocarbons. In 2010, the Company drilled its first well in the Sorochynska licence. Sorochynska-201 was a successful appraisal well and was put into production in February 2011.

Hawkley plans to build its own gas plant to enable production to be ramped up for additional production of gas and condensate at its Sorochynska licence.

Chernetska-1 was spud on 6th May 2011. It is the Company's second well in Ukraine and the first well to be drilled by Hawkley on its Chernetska licence.

Directors

Paul Morgan
Executive Chairman

Michael Earle
Chief Executive Officer

David Riekie
Non-Executive Director

John Hopkins
Non-Executive Director

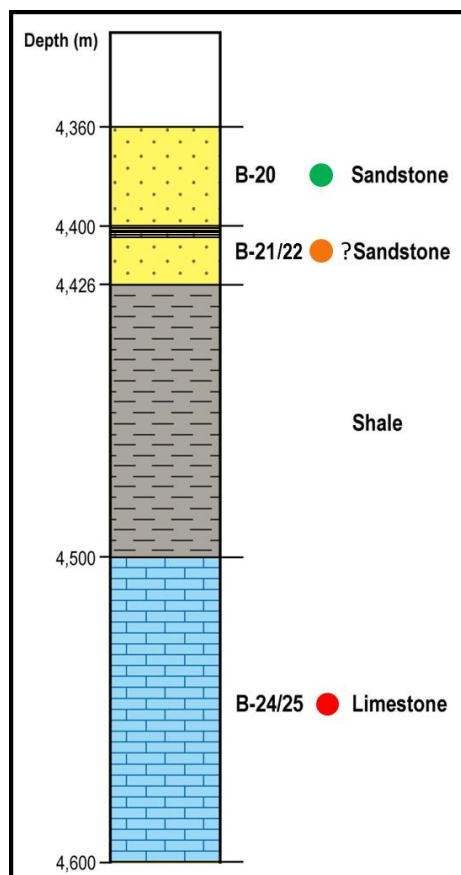
**Share Information
As at June 29th, 2011**

ASX Code:	HOG
Shares on issue:	285MM
Options on issue:	39.8MM
Share Price:	27c
Market Cap:	\$51MM

Chernetska Licence Prospectivity

Three different stratigraphic intervals of Visean age (Carboniferous Period) have flowed hydrocarbons on test in vintage (old) wells drilled in the licence area or area surrounding the licence. A schematic diagram of the expected section and reservoir targets is shown below.

A sandstone reservoir within the B20 interval flowed oil on test from the Slobidska-321 well drilled in 1979. Slobidska-321 is situated within the current licence area, and the B20 interval is the primary target of Hawkey's Chernetska-1 well. B20 is also the shallowest target of Chernetska-1, prognosed to be at a drilled depth of 4,360m +/-100m tolerance. On current performance, this well should tag the B20 interval during August.



Secondary targets in the well occur within the B21/22 and deeper B24/25 stratigraphic intervals. Sandstones within the B21/22 interval flowed gas and condensate in three fields at a distance of 4km to 17km from the Chernetska licence. The reservoir section is absent in all six wells drilled in the Chernetska Licence, and Hawkey's objective in the Chernetska-1 well is to encounter the updip edge of the proven reservoir, or a different sandstone body in the B21/22 interval.

B24/25 is a carbonate (limestone) interval that flowed gas on test from the Lakyzynska-7 well in 1997, now situated within Hawkey's licence. The formation produced 2bcf from an offset well named Kampanske and 50,000bbls condensate from the nearby Selukhivske field.

Chernetska-1 is programmed to drill the B21/22 and B24/25 targets, but this plan is subject to prevailing operational conditions after evaluating the the primary target of the B20 interval.

Chernetska-1 is being drilled on the crest of the B20 structure, in a position updip from the Slobidska-321 well that flowed oil. In March 2010, RISC made an independent assessment of the hydrocarbon resources and reserves in the B20 reservoir and assigned a range of 0.5MMbbl to 5MM bbl recoverable reserves to the structure, in the event that the Chernetska-1 well proves the effectiveness of the reservoir and the geological trap.

Chernetska-1 Progress

At the end of May, 16.8-inch casing was set at 403m drilled depth (DD). Drilling continued in 16-inch hole down to the current depth of 1,969m through an interbedded succession of Cretaceous, Jurassic and Triassic age mudstones, siltstones and sandstones. Progress during the month exceeded

expectations, averaging 55m drilled per day and with the active drilling time averaging almost 18hrs per day.

The well is expected to penetrate Top Permian at approximately 2,220m DD and the programme is to set 9.6-inch casing before drilling ahead down to the reservoir targets and a final TD of 4,600m.

Dry-hole cost for material and services is budgeted at US\$8MM and cost to date is US\$4MM.

CEO's Comments

Hawkley CEO Michael Earle said: *"Hawkley is fortunate to have a strong local team of highly experienced Ukrainian staff and managers in the Kiev office and the site locations where the drilling and production activities are taking place. This has helped to ensure that production has been maintained and that the performance of the drilling contractor and the progress of the well have exceeded expectations."*

ENDS

For more information, contact

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