

ASX Announcement – February 27th, 2012**Hawkley Oil & Gas Ltd****Board Changes & Operational Update**

Hawkley Oil and Gas ("Hawkley", "Company") announces the following update.

Board Changes

Michael Earle, the Company's CEO has informed the Board of his intention to leave the Company to pursue other interests. Mr Earle's decision is accepted by mutual consent and is effective immediately.

Richard Reavley, the founding CEO of the Company has been acting as consultant to the Company in recent months will assume the role of CEO. Mr Reavley will also join the Board of Directors.

Hawkley announces that further changes to the Board will take place with Paul Morgan resigning from his position of Chairman and non-executive director and John Hopkins also stepping down from his positions as non-executive director of the Company. David Riekie will continue as a non-executive director.

Glenn Featherby, who is one of the founders of the company, will join the Board of Directors and will assume the role of Executive Chairman.

Mr Featherby has over 30 years experience in corporate advisory work and has worked extensively in the resources sector. He worked with KPMG in Perth and London before establishing his own accounting practice in Perth in 1997. Mr Featherby is Chairman of Forte Energy a resources company with assets in Africa that is dual listed on the ASX and AIM markets. He has previously been finance director of AIM-listed Regal Petroleum Plc and non-executive director of Canadian and AIM-listed European Goldfields Limited.

Both Mr Reavley and Mr Featherby reside in London and these appointments reflect the increasing importance of having key executives located close to both the operations in the Ukraine and to the investor markets in Europe. This will provide the appropriate balance to the needs of a growing international oil and gas company.

The Company intends to announce further additions to the board at the appropriate time.

Building for the future

The near term strategic objectives are consistent with the Company's strategy to further build on the foundations established and transition the business into a sizeable oil and gas company focused on Eastern Europe. Hawkley is establishing an appropriate Board to increase gas and condensate production from its Ukrainian assets, as well as expand its reserves and resources aggressively in the short term. The current production of 1,350 boed and with quarterly revenues of \$8million provides a strong base for the Company moving forward.

In addition, Hawkley is considering broadening its exposure to international investors and, as a result of this, the Company is considering dual listing through the issue of shares on the AIM stock exchange in London. Further updates on these plans will follow in due course.

Chairman's Comments

Chairman Glenn Featherby said "We wish to thank Paul, Michael and John for their efforts with regard to Hawkley and wish them all well with their future endeavours.

The Company is particularly indebted to Paul Morgan for his contribution as a founder and Chairman since 2007. In particular, he has used his considerable experience and ability to assist and develop people within the company at all levels. The Company is pleased to announce that Mr Morgan's experience and knowledge of the company will remain through a consulting agreement.

Looking forward, Hawkley has an exciting pipeline of activity ahead as we look to exploit the prospectivity within our high quality assets in Ukraine. This is a truly transformational period for the Company and we have an extremely active forward program that includes new wells and 3D seismic programmes.

We are looking to match our operational success with a Board that has the necessary skills and experience to take this Company to its next platform of growth. "

Operational Update Sorochynska

The Company recently spudded the #202 development well, which is scheduled for completion in Q3 2012 and will complement the already strong production from the #201 well. The #201 well is currently producing at 6.5 million cubic feet of gas per day with 220 barrels of condensate per day, having just celebrated its first year of production in which it produced in excess of 2.4 billion cubic feet of gas, providing >US\$25m in revenue for the Company. 2P reserves of over 40 billion cubic feet of gas and 1 million barrels of condensate remain to be extracted at the field.

Hawkley is in the final stages of converting the exploration licence to a 20 year production licence and this should be completed in due course. 3D seismic was recently acquired, which should assist in delineating additional development well locations as well as high grading several of the large leads and prospects on the block to a drill ready status.

Additional analysis of the resource potential at Sorochynska is nearing completion, with a full report expected in Q1 2012. Initial results are highly encouraging.

Work continues on the design and specification for the Sorochynska Gas Plant, which will provide significant cost savings and operational efficiencies allowing full ramp up of the development of the existing discovered resource and also any further discoveries.

Chernetska

The Chernetska #1 well is scheduled for completion and flow testing in mid March 2012. Whilst the unexpected results in the primary target are disappointing, the Company believes that potential in the deeper zones warrants testing.

All of the above programmes for the Ukrainian operations can be funded from current cash and future cash flows to end 2012.

ENDS

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About Hawkley

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 well and was put into production in February 2011. Hawkley intends to build its own gas handling plant in 2012 to enable production to be ramped up for additional production of gas and condensate at its Sorochynska Licence. Incremental production could come from additional development wells on the Sorochynska Field as well as new reserves related to exploration and appraisal drilling.

COMPETENT PERSONS STATEMENT

The hydrocarbon reserves estimates of Sorochynska are based on information compiled by P. Dee Patterson, BS, MBA. Mr Patterson is a registered Professional Engineer with 30 years of relevant experience and is qualified in accordance with ASX Listing Rule 5.11. Mr Patterson is a Managing Director of Moyes and Co Inc. and has consented to the inclusion of the information in the form and context in which it appears.