

1 June 2010

The Company Announcements Office  
Australian Securities Exchange  
Exchange Centre  
20 Bond Street  
SYDNEY NSW 2000

### **Market and Operations Update – Ukraine Gas-Condensate Projects**

As announced on Friday 28 May 2010, Incitive Limited has closed its previously announced \$5.5 million capital raising and effectively finalised one of the key components of its proposed reverse takeover by the Ukrainian-focused oil and gas explorer, Hawkley Oil & Gas Limited.

Incitive Limited is now proceeding to settlement of the transaction which includes the acquisition of Janita Global Limited (which presently trades as Hawkley Oil and Gas Limited), and it is anticipated that Incitive Limited's securities will commence trading on the Australian Securities Exchange (under the new name Hawkley Oil & Gas Limited (ASX: HOG)) in mid-June.

In advance of settlement please find enclosed a copy of an announcement from Janita Global Limited trading as Hawkley Oil and Gas Limited.

For further information please contact:

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June 1, 2010

## Market and Operations Update – Ukraine Gas-Condensate Projects

### Highlights:

- *Drilling of key Sorochynska Well #201 (2P reserves 13.2bcf of gas) progressing with final target objective expected to be reached by July 14*
- *Planning underway for Well #1 in the Chernetska Licence to test the B-20 oil accumulation*
- *Three potential new acquisitions currently under evaluation in the Ukraine*

International oil and gas company **Hawkley Oil & Gas Limited** is pleased to provide an update on development activities at its two licenses located in Ukraine's Dnieper-Donets gas basin, where it is aiming to bring its first gas-condensate production well on stream this year.

The development of these 100%-owned Exploration and Pilot Production Licences - Sorochynska and Chernetska – should provide a strong platform for Hawkley's core objective to become a leading independent oil and gas company operating in central and eastern Europe.

### Capital Raising

The Company recently closed its fund raising which saw AU\$5.5m raised through the issue of 27.5m shares. Richard Reavley, CEO said "We are extremely grateful for the unwavering support from our existing and new shareholders in allowing us to close the capital raising in such challenging conditions. The funds will be used to complete Well #201, an important step in the development of the company.

### Sorochynska Licence – Well #201 (Hawkley 100%)

The Sorochynska Licence should become Hawkley's first production asset in the Ukraine, with drilling of the Sorochynska Well #201 currently underway targeting a Proved and Probable gas resource of 13.2 billion cubic feet (BCF).

Well #201, which is a vertical well with deviation of less than 2<sup>0</sup>, is currently drilling ahead at 3,004 metres, with 245mm casing having been set to 2,426 metres. The planned well depth is 4,250 metres.

At these depths, the drilling rates have been slower than expected due to lack of pump pressure. The pumps are being continuously repaired as there are long lead times (50-60 days delivery time) to obtain new and reconditioned pumps.

Drilling rates with the down-hole motor driven bit have been around 4 metres per hour. With conventional drilling, the Company is only achieving about 1 metre/hr. Routine repairs to the pumps will continue.

The current expected date to target depth is July 14, which will be followed by well completion and testing.

The Company is currently finalising access to the international pipeline and a gas plant located approximately 7km from the well site. Some of the long-lead equipment to connect the well to the gas plant has been ordered and is expected to be delivered within two months.

At this stage, in anticipation of a successful Well #201, the Company is expecting first gas and condensate sales from the Sorochynska Licence by the third quarter of 2010.

#### **Chernetska License (Hawklely 100%)**

The Company has lodged an application for the use of land to drill Well #1, which is planned to test the B-20 oil accumulation encountered in Well #321 and to test the B21/22 and B24/24 gas bearing horizons.

The planning of the construction of Well #1 is well advanced and will begin as soon as possible after the activities at Well #201 are completed in the Sorochynska Licence

#### **New Projects**

The Company is currently evaluating three potential acquisitions, as well as investigating the potential for unconventional gas plays within the Ukraine. Recent developments in international E&P concerning unconventional gas plays are well documented. Richard Reavley notes "Our focus is currently very much on the conventional space but we have recently also begun look at the potential for unconventional gas plays both on our current properties and potential targets. The potential in Ukraine is very exciting and we plan to fully leverage our technical and geological expertise to evaluate the potential in the basin."

#### **Ukrainian Gas Markets**

Despite recent assertions in the press regarding dramatic reductions in the Ukrainian gas price as a result of negotiations with Russian state enterprises, gas prices in the Ukraine remain strong.

The State body that regulates oil, gas and electricity markets in Ukraine (National Electricity Regulatory Commission (NERC) sets the price cap on a monthly basis. The current gross price in Ukraine has been set at USD320.5 per mcm (USD8.57 per mcf) or USD7.14 per mcf net of VAT.

The NERC has confirmed that the current pricing levels will remain in place through 2010. In recent years domestic gas prices have accelerated towards net-back parity pricing with Europe.

#### **Political Developments**

The Company notes also the commentary regarding the recent presidential election where Viktor Yanukovich narrowly beat Yulia Tymoshenko. Much of the discussion has centered around a lurch towards Russian influence. Richard Reavley said "The experience on the ground post election is in fact a positive one as the regime looks to cement relationships with east and west. Our team has operated successfully in Ukraine for many years and they have seen huge changes over the years but the general direction of the industry is a positive one and we are committed to being at the forefront of that effort."

#### **Near Term Outlook**

The Company's objective for 2010 is to use the funds from the recent capital raising to complete the drilling at Well #201. The resultant cash flow from a successful Well #201 will be used to complete preparations for the well at Chernetska and to pursue further opportunities within the sector.

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### **Competent Person**

*The technical information provided in this announcement has been compiled by Mr Paul Morgan, the current chairman of Hawkley Oil & Gas Limited and a qualified geologist with over 30 years experience. Mr Morgan is a member of the American Association of Petroleum Geologists. Mr Morgan has reviewed the results, procedures and data contained in this announcement. Mr Morgan consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears.*

