

ASX Announcement – January 31, 2012

## Quarterly Activities Report for the Quarter Ended 31 December 2011

### Highlights:

- Production from the Sorochynska-201 well during the Quarter totaled 610 MMCF of gas and 21,000bbls of condensate, unchanged from the previous quarter;
- A total of 2.1bcf and 75,000 barrels was produced since the start of production in February 2011;
- Daily production at the end of the Quarter was measured at 6.8 MMCF/day of gas and 245bbl/day of condensate;
- Total income received during the Quarter was US\$7.6 million\*;
- At the end of December, Chernetska-1 was at a drilled depth of 4,514m with a planned final TD of 4,630m;
- Preparations continued for the next Sorochynska well, scheduled to be spud in January, 2012.

\*Slightly lower than last quarter due to timing differences with some cash receipts for this quarter collected in January.

### Sorochynska Licence

On 28<sup>th</sup> November, Hawkley increased the choke size on Sorochynska-201 from 9mm to 10mm and production of gas increased by 17 per cent from 6.1 MMCF/day to 7.2 MMCF/day.

Hawkley commissioned independent expert Moyes & Co. to produce an updated reserves assessment on the B18b horizon in the Sorochynska field, and in October, the company announced a three-fold increase in remaining reserves from 13bcf to 41bcf.

Preparations were underway to acquire a programme of 100km<sup>2</sup> (full-fold area) of 3D seismic data across the licence area in Q1 2012.

### Chernetska Licence

Chernetska-1 was deepened 1,275m from 3,239m to 4,514m. A 7m core was taken across the primary target of the B20 sandstone. Oil was reported in the mud while coring and while drilling ahead after coring,

### *Directors*

**Paul Morgan**  
Chairman

**Michael Earle**  
Chief Executive Officer

**David Riekie**  
Non-Executive Director

**John Hopkins**  
Non-Executive Director

### *Share Information*

|                   |              |
|-------------------|--------------|
| ASX Code:         | HOG          |
| Shares on issue:  | 285 million  |
| Options on issue: | 39.8 million |

|                          |             |
|--------------------------|-------------|
| Share Price (30 Jan 12): | 16c         |
| Market Cap:              | \$47million |

and spots of oil were observed on the retrieved core. Analysis of wireline logs over the B20 interval produced conflicting interpretations from two different specialists, one indicating that the B20 is porous and water-wet, the other suggesting a thin column of oil in each of two thin sandstone units with low porosity. Samples from the core were taken to a laboratory for measurement of porosity and permeability so that the wireline logs can be calibrated.

Chernetska-1 will drill ahead through the B24/25 exploration target during January.

### **Exploration and Development Expenditure**

\$3 million was expended on exploration and development and \$4million is planned in the coming quarter. Expenditures relate to seismic acquisition, drilling and related services.

Hawkley has more than \$16 million cash at its disposal to fund its ongoing programme of investment in the Ukraine, principally consisting of an exploration well either in Sorochynska or the Chernetska licence, and a programme of 3D seismic acquisition, the drilling of two development wells, and the construction of a gas plant in the Sorochynska licence.

### **ENDS**

For more information, contact  
Dr Michael Earle  
Chief Executive Officer  
Hawkley Oil & Gas Limited  
Ph: 9429 8856  
[www.hawkleyoilandgas.com](http://www.hawkleyoilandgas.com)

### **About Hawkley**

Hawkley Oil & Gas Limited 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, Hawkley 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.

