

ASX Announcement – December 23rd, 2011**Hawley Oil & Gas: Chernetska-1 Update**

Hawley Oil & Gas is pleased to provide an update on the progress of the Chernetska-1 well in the company's Chernetska Licence in Ukraine.

- A 7m long core was taken in the B20 unit, from 4,370m to 4,377m drilled depth;
- The well was deepened from 4,377m to 4,414m in order to drill through the B21 unit;
- Wireline logs were run across the openhole section to TD;
- Correlation of the geology with adjacent wells shows that in the Chernetska-1 the B20 unit is comprised of two sandstone intervals, not one interval as in the downdip discovery well Slobidska-321;
- The upper sandstone is 3m thick and has 11% average porosity; the lower sandstone is 3m thick has 11.5% average porosity;
- Provisional analysis of the wireline logs indicates that both of the B20 sandstones and the B21 sandstone are water-wet;
- However, oil was reported in the mud during coring, and in the core after it was retrieved, and the logs are now being evaluated by Hawley's competent person for a second opinion;
- In the meantime, Hawley plans to drill ahead to the next target horizon, the B24/25 carbonate, and to a TD of 4,600m, as per programme;
- Hawley expects the additional drilling to take 10-14 days.

Directors**Paul Morgan**
Chairman**Michael Earle**
Chief Executive**David Riekie**
Non-Executive Director**John Hopkins**
Non-Executive Director**Share Information**

ASX Code:	HOG
Shares on issue:	285.5 million
Options on issue:	39.8 million
Share Price:	22c
Market Cap:	\$63 million

CEO's Comments

Chief Executive Dr Michael Earle said "the major objective of the Chernetska Prospect was to appraise the B20 oil discovery, and to target the B21 sandstone, which showed indications of oil on wireline logs in offset well Slobidska-321. In the light of the results encountered in the well, we are re-interpreting the seismic data and will re-map the Chernetska structure in order to understand the implications of the results at the well location.

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In the meantime, Hawkley intends to drill ahead into the B24/25 carbonate unit, which carries the majority of the contingent resources in the licence area. The B24/25 prospect is a stratigraphic trap controlled by reservoir quality, and therefore the chance of success at this level is independent of the B20 and B21 levels where the presence of a sealing fault in the updip direction of the prospect was required to form a valid trap for hydrocarbons.

An openhole test of the B21 reservoir is not now feasible because there is no proper place to install the packer. However, in the event that the final evaluation of the wireline logs provides encouragement, a cased-hole test might be considered.”

ENDS

For more information, contact:

Dr Michael Earle

Chief Executive

Hawkley Oil & Gas Limited

Ph: 08 9429 8856

www.hawkleyoilandgas.com

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. The company is presently engaged in appraising an old oil discovery made in its Chernetksa Licence.

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