Hawk Exploration Ltd.

Management's Discussion and Analysis

For the three and six months ended June 30, 2014

This management's discussion and analysis ("MD&A") of financial condition and results of operations for Hawk Exploration Ltd. ("Hawk" or the "Corporation") is for the three and six months ended June 30, 2014 and should be read in conjunction with the condensed interim financial statements for the three and six months ended June 30, 2014 and the audited financial statements for the years ended December 31, 2013 and 2012.

The financial data presented in this MD&A is in accordance with Part I of Canadian Generally Accepted Accounting Principles ("GAAP") which incorporated International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. The Corporation's condensed interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

This MD&A is dated August 21, 2014 and was reviewed and approved by the Corporation's Audit Committee and Board of Directors. This MD&A, along with other statutory filings, are available on SEDAR at www.sedar.com or on the Corporation's website at www.hawkexploration.ca.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking statements. All forward-looking statements are based on the Corporation's beliefs and assumptions based on information available at the time the assumption was made. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Hawk believes the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. Such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A.

In particular, but without limiting the forgoing, this MD&A contains forward-looking statements pertaining to the following: the performance characteristics of Hawk's oil and natural gas properties; business strategies and plans; projections of market prices and cost; supply and demand for oil and natural gas; planned development of the Corporation's oil and natural gas properties; capital expenditure programs for 2014; the timing and nature of the capital expenditure program in 2014; expected 2014 average production; and the anticipated closing date of the acquisition of Trihawk assets**.**

The material factors and assumptions used to develop these forward-looking statements include, but are not limited to: the ability of the Corporation to engage drilling contractors, to obtain and transport equipment, services, supplies and personnel in a timely manner and at an acceptable cost to carry out its activities and plans; the ability of the Corporation to market its oil and natural gas and to transport its oil and natural gas to market; the timely receipt of regulatory approvals and the terms and conditions of such approval; the ability of the Corporation to obtain drilling success consistent with expectations; and the ability of the Corporation to obtain capital to finance its exploration, development and operations.

Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below: volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions and exploration and development programs; geological, technical, drilling and processing problems; changes in tax laws and incentive programs relating to the oil and natural gas industry; failure to realize the anticipated benefits of acquisitions; general business and market conditions; and certain other risks detailed from time to time in Hawk's public disclosure documents (including, without limitation, those risks identified in Hawk's Annual Information Form filed on SEDAR).

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Except as required under applicable securities laws, Hawk does not undertake any obligation to publicly update or revise any forward-looking statements.

ADDITIONAL GAAP AND NON-GAAP FINANCIAL MEASURES

The MD&A contains additional GAAP financial measures that do not have any standardized meaning as prescribed by GAAP. Additional GAAP financial measures are line items, headings or subtotals in addition to those required under GAAP, and financial measures disclosed in the notes to the financial statements which are relevant to an understanding of the financial statements and the Corporation’s financial performance. Additional GAAP financial measures used in the MD&A include cash flow operations, working capital deficit and net bank debt. Users are cautioned that additional GAAP financial measures may not be comparable with the calculation of similar measures by other entities.

Cash flow from operations is used by Hawk to analyze operating performance, leverage and liquidity. Cash flow from operations per share is calculated using the same weighted average number of shares outstanding as used in the calculation of net income per share. Cash flow from operations is based on cash flow from operating activities prior to any changes in non-cash working capital and is reconciled as follows:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Net cash provided by operating activities	**$ 1,263,732**	$ (131,084)	**$ 2,882,348**	$ 486,848
Net change in non-cash working capital	**685,581**	1,743,745	**825,603**	2,330,057
Cash flow from operations	**$ 1,949,313**	1,612,659	**$ 3,707,951**	$ 2,816,905

The Corporation also uses the term bank debt and working capital deficit as a percentage of annualized cash flow from operations as a way to manage liquidity and capital resources. Annualized cash flow from operations is calculated by taking the cash flow from operation for the six months ended June 30, 2014 of $3,707,951 multiplied by two to arrive at an annualized cash flow of $7,415,902. Working capital deficit includes trade and other receivables, prepaid expenses and trade and other payables from the unaudited interim financial statements.

Hawk also uses the term operating and cash flow netbacks and per boe metrics which are non-GAAP measures. These measures are key performance indicators, however do not have a standardized meaning as prescribed by GAAP, and therefore, may not be comparable with the calculation of similar measures by other entities. Operating netbacks are determined by deducting royalties, production, and transportation expenses from petroleum and natural gas sales on a per boe basis. Cash flow netbacks are determined by deducting general and administrative expenses, net cash interest expense and realized gains and losses on commodity contracts on a per boe basis from operating netbacks, as defined above. Management considers operating and cash flow netbacks to be important measures as they demonstrate profitability relative to current commodity prices. The Corporation uses these measures to help evaluate its performance.

Cash flow from operations, operating and cash flow netbacks are not intended to represent operating profits, nor should they be viewed as an alternative to cash flow provided by operating activities, net earnings or other measures of financial performance calculated in accordance with GAAP.

BOE PRESENTATION

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet (mcf) of natural gas to one barrel (bbl) of oil is based on an energy conversion method primarily applicable at the burner tip and is not intended to represent a value equivalency at the wellhead. All boe conversions in this MD&A are derived by converting natural gas to oil in the ratio of six thousand cubic feet of natural gas to one barrel of oil. Certain financial amounts are presented on a per boe basis, such measurements may not be consistent with those used by other companies.

DESCRIPTION OF BUSINESS

Hawk was incorporated under the laws of the Province of Alberta on February 2, 2009, is engaged in the exploration, development and production of conventional crude oil in western Canada and is based in Calgary, Alberta. On June 11, 2009, the Corporation closed its Initial Public Offering raising gross proceeds of $12 million. The Class A Shares of Hawk are listed on the TSX Venture Exchange under the trading symbols of HWK.A.

RESULTS OF OPERATIONS

The Corporation reported net income for the three months ended June 30, 2014 of $334,092 and a net loss of $316,652 for the six months ended June 30, 2014 compared to net income of $332,097 and $172,976, respectively for the three and six months ended June 30, 2013, comprised of the following items:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Petroleum and natural gas sales	**$ 4,978,736**	$ 3,893,419	**$ 9,639,405**	$ 6,810,060
Royalties	**(1,033,745)**	(848,220)	**(1,989,439)**	(1,320,190)
	3,944,991	3,045,199	**7,649,966**	5,489,870
Gain (loss) on commodity contracts	**(132,043)**	41,389	**(758,124)**	(82,164)
	3,812,948	3,086,588	**6,891,842**	5,407,706
Production expenses	**1,296,405**	1,029,840	**2,648,884**	1,993,427
Transportation expenses	**108,389**	113,546	**212,999**	198,551
General and administrative expenses	**240,126**	239,230	**434,452**	391,813
Share-based compensation expense	**38,536**	11,499	**63,679**	40,770
Exploration and evaluation expense	**145,112**	5,839	**893,244**	10,637
Depletion, depreciation and impairment	**1,089,734**	888,962	**2,199,510**	1,854,302
Finance expense	**340,875**	290,796	**666,624**	558,123
	3,259,177	2,579,712	**7,119,392**	5,047,623
Income (loss) before income tax	**553,771**	506,876	**(227,550)**	360,083
Deferred income tax expense (recovery)	**219,679**	174,779	**(89,102)**	187,107
Comprehensive income (loss)	**$ 334,092**	$ 332,097	**$ (316,652)**	$ 172,976
Comprehensive income (loss) per share – basic and diluted	**(0.01)**	0.01	**(0.01)**	0.01

SALES VOLUMES

Sales volumes for the three months ended June 30, 2014 totaled 58,541 bbls (2013 – 54,446 bbls) of crude oil and NGLs and 8,678 mcf (2013 – 16,195) of natural gas. Hawk's daily average sales for the three months ended June 30, 2014 was 659 boe/d compared to 628 boe/d for the three months ended June 30, 2013. The Corporation's sales volumes for the six months ended June 30, 2014 totaled 119,830 bbls (2013 – 108,182) of crude oil and NGL's and 17,432 mcf (2013 – 30,477) of natural gas. Hawk's daily average sales for the six months ended June 30, 2014 averaged 680 boe/d compared to 626 boe/d for the six months ended June 30, 2013.

Oil and liquids sales have increased for the both the three and six months ended June 30, 2014 due to the Corporation's successful oil focused drilling program in the second half of 2013 and the first quarter of 2014. The Corporation drilled three (2.9 net) oil wells in the second quarter of 2014, but none of these wells were on production prior to June 30, 2014.

Sales volume by Product

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Crude oil (bbl/d)	**638**	591	**657**	591
Natural gas (mcf/d)	**95**	178	**110**	168
Natural gas liquids (bbl/d)	**5**	7	**5**	7
Total (boe/d)	**659**	628	**680**	626
Oil and liquids as percent of total	**98%**	95%	**97%**	96%

PETROLEUM AND NATURAL GAS SALES

Petroleum and natural gas sales for the three months ended June 30, 2014 totaled $4,978,736 or $83.00 per boe compared to $3,893,419 or $68.13 per boe for the three months ended June 30, 2013. Sales for the three months ended June 30, 2014 increased over the three month period in 2013 as Hawk's average realized sales price per boe increased 22 percent over the period and production volumes increased 5 percent over this same period. Petroleum and natural gas sales for the six months ended June 30, 2014 totaled $9,639,405 or $78.27 per boe compared to $6,810,060 or $60.13 per boe for the six months ended June 30, 2013. Sales for the six months ended June 30, 2014 increased over the comparable six month period in 2013 as Hawk's average realized sales price per boe increased 30 percent over the period and production volumes increased 9 percent over this same period.

The heavy oil differential ("Differential") for the three months ended June 30, 2014, being the difference between the West Texas Intermediate ("WTI") price and the Western Canadian Select ("WCS") price, averaged US $20.04 per bbl compared to US $19.16 per bbl in the second quarter of 2013. For the six months ended June 30, 2014, the Differential averaged US $21.59 per bbl compared to US $25.56 per bbl for the six months ended June 30, 2013.

Sales by Product

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Crude oil sales	**$ 4,895,702**	$ 3,794,898	**$ 9,442,914**	$ 6,621,545
Natural gas sales	**41,720**	58,503	**107,224**	105,718
Natural gas liquids sales	**41,314**	40,018	**89,267**	82,797
	$ 4,978,736	$ 3,893,419	**$ 9,639,405**	$ 6,810,060

Realized Prices

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Crude oil sales ($/bbl)	**$ 84.29**	$ 70.55	**$ 79.46**	$ 61.91
Natural gas sales ($/mcf)	**4.81**	3.61	**5.38**	3.47
Natural gas liquids sales ($/bbl)	**89.57**	61.21	**89.61**	67.30
Total Revenue ($/boe)	$ **83.00**	$ 68.13	**$ 78.27**	$ 60.13

Average Benchmark Prices

Crude oil - WTI (US$/bbl)	**$ 102.99**	$ 94.22	**$ 100.84**	$ 94.30
Crude oil - Edmonton Par ($/bbl)	**104.13**	92.94	**101.94**	90.85
Heavy oil - WCS (US$/bbl)	**82.95**	75.06	**79.25**	68.74
Differential – (US$/bbl)	**20.04**	19.16	**21.59**	25.56
Natural gas – AECO spot ($/mcf)	**$ 4.69**	$ 3.35	**$ 5.20**	$ 3.19
Cdn$/US$ Average Exchange Rate	**1.09**	1.01	**1.10**	1.02

COMMODITY CONTRACTS

The Corporation has established a commodity risk management policy approved by the Board of Directors. The purpose of the commodity risk management policy is to protect planned capital budgets, safeguard the economics of acquisitions, and provide downside cash flow protection. At June 30, 2014, Hawk had the following commodity risk management contracts outstanding:

Type	Commodity	Volume	Contract Price ($Cdn/Bbl)	Pricing Point	Term	Fair Value
Financial	Crude Oil	100 Bbl/d	$90.00 Floor/$103.80 Ceiling	WTI – Nymex $Cdn	April 2014 to Sept 2014	($104,032)
Financial	Crude Oil	100 Bbl/d	$101 Fixed price swap	WTI – Nymex $Cdn	Jan 2014 to Dec 2014	($209,632)
Financial	Crude Oil	100 Bbl/d	$21.80 Fixed price swap	WCS differential $Cdn	April 2014 to Dec 2014	$12,089
Financial	Crude Oil	100 Bbl/d	$100.25 Fixed price swap	WTI – Nymex $Cdn	July 2014 to Dec 2014	($184,780)
Total fair value						($486,355)

At June 30, 2014, a liability of $486,355 (2013 - $61,264) was recognized on the balance sheet for the fair value of the above commodity risk management contracts.

For the three and six months ended June 30, 2014, the Corporation recorded a loss of $132,043 and $758,124, respectively, as summarized in the following table:

Loss (gain) on commodity contracts

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Realized loss on commodity contracts	**$ 283,180**	$ 3,861	**$ 516,584**	$ 3,861
Unrealized loss (gain) on commodity contracts	**(151,137)**	(45,250)	**241,540**	78,303
Total loss on commodity contracts	**$ 132,043**	$ (41,389)	**$ 758,124**	$ 82,164
Realized loss per boe	**$ 4.72**	$ 0.07	**$ 4.19**	$ 0.03
Unrealized (gain) loss per boe	**(2.52)**	(0.79)	**1.96**	0.69
Total (gain) loss per boe	**$ 2.20**	$ (0.72)	**$ 6.15**	$ 0.72

Subsequent to June 30, 2014, the Corporation entered into a fixed price swap for WTI crude oil at a price of CAD $104.25 per bbl on a notional 100 bbls per day for the period from January 1, 2015 to June 30, 2015.

ROYALTIES

Royalties for the three months ended June 30, 2014 totaled $1,033,745 or $17.23 per boe compared to $848,220 or $14.84 per boe for the three months ended June 30, 2013 and as a percentage of revenue for the three months ended June 30, 2014, royalties averaged 20.8% (2013 – 21.8%) of petroleum and natural gas revenue. Royalties for the six months ended June 30, 2014 totaled $1,989,439 or $16.15 per boe compared to $1,320,190 or $11.66 per boe for the six months ended June 30, 2013 and as a percentage of revenue for the six months ended June 30, 2014, royalties averaged 20.6% (2013 – 19.4%) of petroleum and natural gas revenue.

Royalties increased for both the three and six months ended June 30, 2014 compared to same periods in 2013 due to an increase in sales revenue during the three and six month periods in 2014. The Corporation expects its future royalty expense, as a percentage of sales revenue, to be in the range of 20 to 21 percent.

Royalties by Type

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Crown royalties	**$ 411,263**	$ 369,243	**$ 831,764**	$ 619,313
Freehold royalties	**420,849**	389,534	**821,297**	642,326
Gross overriding royalties	**201,633**	89,443	**336,378**	58,551
Total Royalties	**$ 1,033,745**	$ 848,220	**$ 1,989,439**	$ 1,320,190
Royalties per boe	**$ 17.23**	$ 14.84	**$ 16.15**	$ 11.66
Royalties as a percent of revenue	**20.8%**	21.8%	**20.6%**	19.4%

PRODUCTION EXPENSES

Production expenses for the three months ended June 30, 2014 totaled $1,296,405 or $21.61 per boe compared to $1,029,840 or $18.02 per boe for the three months ended June 30, 2013. Production expenses for the six months ended June 30, 2014 totaled $2,648,884 or $21.51 per boe compared to $1,993,427 or $17.60 per boe for the three months ended June 30, 2013. Total production expenses increased for the three months ended June 30, 2014 compared to 2013 due to increased production volumes. On a per boe basis, production expenses were higher at $21.61 per boe for the second quarter of 2014 compared to $18.02 per boe for the second quarter of 2013 due to increased road and lease maintenance costs, well workover expenses and increased property taxes in 2014 compared to 2013.

Production expenses

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Total production expenses	**$ 1,296,405**	$ 1,029,840	**$ 2,648,884**	$ 1,993,427
Production expense per boe	**$ 21.61**	$ 18.02	**$ 21.51**	$ 17.60

TRANSPORTATION EXPENSES

Transportation expenses for the three months ended June 30, 2014 totaled $108,389 or $1.81 per boe compared to $113,546 or $1.99 per boe for the three months ended June 30, 2013. Transportation expenses for the six months ended June 30, 2014 totaled $212,999 or $1.73 per boe compared to $198,551 or $1.75 per boe for the six months ended June 30, 2013. Transportation expenses incurred by Hawk relate to the costs of trucking clean oil to crude oil sales terminals and to the costs of transporting natural gas to the sales point. These costs have increased slightly for the six months ended June 30, 2014 compared to the same period of 2013 as a result of increased production volumes**.**

Transportation expenses

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Total transportation expenses	**$ 108,389**	$ 113,546	**$ 212,999**	$ 198,551
Transportation expense per boe	**$ 1.81**	$ 1.99	**$ 1.73**	$ 1.75

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses ("G&A") for the three months ended June 30, 2014 totaled $240,126 or $4.00 per boe compared to $239,230 or $4.19 per boe for the three months ended June 30, 2013. General and administrative expenses ("G&A") for the six months ended June 30, 2014 totaled $434,452 or $3.53 per boe compared to $391,813 or $3.46 per boe for the six months ended June 30, 2013. Gross G&A expenses for the six months ended June 30, 2014 are higher than in the comparable periods of 2013 due mainly to higher salary expense in 2014.

G&A Expenses

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Gross G&A expenses	**$ 468,173**	$ 426,515	**$ 904,501**	$ 806,013
Capitalized salaries	**(165,000)**	(150,000)	**(330,000)**	(300,000)
Overhead recoveries	**(63,047)**	(37,285)	**(140,049)**	(114,200)
General and administrative expenses	**$ 240,126**	$ 239,230	**$ 434,452**	$ 391,813
G&A expenses per boe	**$ 4.00**	$ 4.19	**$ 3.53**	$ 3.46

The Corporation has six full time employees. For the three and six months ended June 30, 2014, Hawk capitalized $165,000 and $330,000, respectively (2013 - $150,000 and $300,000, respectively) of salary expense directly related to exploration activities.

SHARE BASED COMPENSATION EXPENSE

Share based compensation expense was calculated using the Black Scholes option pricing model to estimate the fair value of options granted and amortized over the vesting period of the options granted. The stock option plan is fully described in Note 9(c) of the condensed interim financial statements for the three and six months ended June 30, 2014, while the assumptions used in determining share based payments expense are fully described in Note 9(d) of the condensed interim financial statements.

Share Based Compensation Expenses

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Share based compensation expense	**$ 38,536**	$ 11,499	**$ 63,679**	$ 40,770
Share based compensation expense per boe	**$ 0.64**	$ 0.20	**$ 0.52**	$ 0.36

During the three and six months ended June 30, 2014, Hawk recorded share based compensation expense of $38,536 and $63,679, respectively compared to $11,499 and $40,770, respectively for the three and six months ended June 30, 2013.

EXPLORATION AND EVALUATION EXPENSE

The Corporation's exploration and evaluation ("E&E") expense relate to the capitalized costs from exploration and evaluation assets that have been expensed or expenses incurred during the period in the pre-exploration phase that cannot be capitalized under IFRS. For the three months ended June 30, 2014, the Corporation recorded E&E expense of $145,112 or $2.42 per boe compared to $5,839 or $0.10 per boe for the three months ended June 30, 2013. For the six months ended June 30, 2014, the Corporation recorded E&E expense of $893,244 or $7.25 per boe compared to $10,637 or $0.09 per boe for the six months ended June 30, 2013 with the majority of the expense for the six months ended June 30, 2014 relating to the drilling and completion costs of an unsuccessful well in the Redwater area of Alberta. For the three months ended June 30, 2014, E&E expense is comprised of seismic costs of approximately $75,000 incurred in the Forest Bank area of western Saskatchewan and comprised of lease clean up costs at the unsuccessful Redwater area well.

Exploration and evaluation expense

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Exploration and evaluation expense	**$ 145,112**	$ 5,839	**$ 893,244**	$ 10,637
Exploration and evaluation per boe	$ **2.42**	$ 0.10	**$ 7.25**	$ 0.09

DEPLETION, DEPRECIATION AND AMORTIZATION ("DD&A")

Hawk recorded DD&A expense for the three months ended June 30, 2014 of $1,089,734 or $18.17 per boe compared to $888,962 or $15.55 per boe for the three months ended June 30, 2013. For the six months ended June 30, 2014, Hawk recorded DD&A expense of $2,199,510 or $17.86 per boe compared to $1,854,302 or $16.37 per boe.

The increase in DD&A expense is a result of increased sales volumes in 2014 compared to 2013. The depletion calculation included future development costs of $2,566,000 at June 30, 2014 and at December 31, 2013.

Depletion, depreciation and amortization

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Depletion, depreciation and amortization	**$ 1,089,734**	$ 888,962	**$ 2,199,510**	$ 1,854,302
DD&A per boe	**$ 18.17**	**$** 15.55	**$ 17.86**	$ 16.37

FINANCE EXPENSE

Finance expense for the three and six months ended June 30, 2014 totaled $340,875 and $666,624, respectively, compared to $290,796 and $558,123, respectively for the three and six months ended June 30, 2013. Finance expense has increased in 2014 compared to 2013 due to higher utilization of the Corporation's credit facility throughout 2014 compared to the same period in 2013, resulting in higher interest charges. Finance expense is comprised of the following items:

Finance expense

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Interest expense:				
Interest and fees on credit facility	**$ 67,578**	$ 46,063	**$ 129,096**	$ 85,313
Cash finance expense	**$ 67,578**	$ 46,063	**$ 129,096**	$ 85,313
Accretion of asset retirement obligation	**$ 14,535**	$ 10,149	**$ 28,997**	$ 11,795
Accretion of convertible Class B share liability	**258,762**	234,584	**508,531**	461,015
Finance expense	**$ 340,875**	$ 290,796	**$ 666,624**	$ 558,123
Cash finance expense per boe	**$ 1.13**	$ 0.81	**$ 1.05**	$ 0.75
Finance expense per boe	**$ 5.68**	$ 5.09	**$ 5.41**	$ 4.93

DEFERRED INCOME TAX

The Corporation recorded deferred income tax expense for the three and six months ended June 30, 2014 of $219,679 and $89,102, respectively, compared to $174,779 and $187,107, respectively for the three and six months ended June 30, 2013.

NETBACKS

Hawk realized average operating netbacks for the three and six months ended June 30, 2014 of $42.35 and $38.88 per boe, respectively, compared to $33.27 and $29.13 per boe, respectively, for the three and six months ended June 30, 2013. The Corporation generated cash flow netbacks for three and six months ended June 30, 2014 of $32.50 and $30.11 per boe, respectively, compared to $28.20 and $24.89 per boe, respectively, for the three and six months ended June 30, 2013. Operating netbacks for the three and six months ended June 30, 2014 have increased compared to the comparable periods in 2013 due to increased realized prices in 2014 offset by increases to royalty and production expenses.

Netbacks

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Petroleum and natural gas sales	**$ 83.00**	$ 68.13	**$ 78.27**	$ 60.13
Royalties	**(17.23)**	(14.84)	**(16.15)**	(11.65)
Production expenses	**(21.61)**	(18.03)	**(21.51)**	(17.60)
Transportation expenses	**(1.81)**	(1.99)	**(1.73)**	(1.75)
Operating netback	**$ 42.35**	$ 33.27	**$ 38.88**	$ 29.13
General and administrative expense	**(4.00)**	(4.19)	**(3.53)**	(3.46)
Net cash interest expense	**(1.13)**	(0.81)	**(1.05)**	(0.75)
Realized loss on commodity contracts	**(4.72)**	(0.07)	**(4.19)**	(0.03)
Cash flow netback	**$ 32.50**	$ 28.20	**$ 30.11**	$ 24.89

CAPITAL EXPENDITURES

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Land	**$ 31,867**	$ 32,116	**$ 32,203**	$ 33,472
Geological and geophysical	**20,830**	37,760	**36,931**	37,760
Drilling	**995,275**	96,554	**2,115,284**	1,035,223
Completion	**256,351**	165,922	**515,224**	527,703
Production equipment and facilities	**99,964**	5,296	**535,355**	388,824
Capitalized general and administrative	**41,250**	37,500	**82,500**	75,000
Office equipment and other	**-**	-	**12,000**	17,093
Total property, plant and equipment	**$ 1,445,537**	$ 375,148	**$ 3,329,497**	$ 2,115,075
Land	$ **49,749**	$ 5,317	**$ 100,524**	$ 61,331
Geological and geophysical	**111,522**	113,629	**233,673**	307,715
Exploratory drilling	**118,174**	32,320	**806,154**	47,727
Capitalized general and administrative	**123,750**	112,500	**247,500**	225,000
Dispositions	-	(220,000)	-	(220,000)
Total exploration and evaluation	$ **403,195**	$ 43,766	**$ 1,387,851**	421,773
Total capital expenditures	$ **1,848,732**	$ 418,914	**$ 4,717,348**	$ 2,536,848

Hawk incurred capital expenditures on property, plant and equipment for the three months ended June 30, 2014 of approximately $1.4 million compared to $0.4 million for the three months ended June 30, 2013. During the second quarter 2014, the Corporation drilled three (2.9 net) vertical oil wells in western Saskatchewan compared to none during the second quarter of 2013. Drilling costs for the three months ended June 30, 2014 totaled approximately $1.0 million for the drilling of the three (2.9 net) wells. The Corporation incurred approximately $0.3 million in completion costs in the second quarter of 2014 and incurred approximately $0.1 million for the equipping of wells in the second quarter of 2014.

Hawk incurred capital expenditures on exploration and evaluation ("E&E") assets for the three and six months ended June 30, 2014 of approximately $0.4 and $1.4 million, respectively compared to approximately $0.1 and $0.4 million, respectively for the three and six months ended June 30, 2013. Included in E&E spending for the six months ended June 30, 2014 were drilling and completion costs of approximately $0.8 million for the drilling of an unsuccessful well in the Redwater area of Alberta. The remainder of spending on E&E capital in the first quarter of 2014 was focused on the acquisition of undeveloped land and seismic data in its core area of western Saskatchewan and east central Alberta.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2014, the Corporation had drawn $6.7 million on its $12 million credit facility and had a working capital deficit of approximately $1.9 million, compared to debt of $4.9 million and a working capital deficit of approximately $2.7 million at December 31, 2013. At June 30, 2014, Hawk had a $12 million revolving demand credit facility with a Canadian bank. The credit facility bears interest at the bank's prime rate plus three-quarters percent or at bankers' acceptance rates plus a stamping fee of 2 percent. The credit facility is secured by a $25 million fixed and floating charge demand debenture with a floating charge over the assets of the Corporation.

On July 25, 2014, Hawk entered into a new $13.5 million revolving credit facility ("New Credit Facility") with a new Canadian bank. The New Credit Facility bears interest at the bank's prime rate plus 0.50% to 1.00% depending on the Corporation's debt to cash flow ratio or at bankers' acceptance rates plus a stamping fee of 1.75% to 2.25% depending on the Corporation's debt to cash flow ratio. The New Credit Facility is secured by a general security agreement over the assets of the Corporation.

The Corporation's policy is to maintain a strong capital base for the objectives of maintaining financial flexibility, creditor and market confidence and to sustain the future development of the business. The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. Hawk considers its capital structure to include shareholders' equity, bank debt and working capital. In order to maintain or adjust the capital structure, the Corporation may from time to time issue new shares, seek debt financing and adjust its capital spending to manage current and projected debt levels. The Corporation monitors its capital structure using a measure of net debt to annualized funds flow from operations ratio. Hawk's objective is to maintain a net debt to annualized cash flow from operations ratio of less than two times.

At June 30, 2014, the Corporation's net debt to annualized cash flow from operations ratio was less than two times at 1.2 times (December 31, 2013 – 1.2 times), determined as follows:

	June 30, 2014	December 31, 2013
Bank debt	**$ 6,700,000**	$ 4,900,000
Working capital deficit [1]	**1,900,067**	2,725,670
Net debt	**8,600,067**	7,625,670
Annualized cash flow from operations [2]	$ **7,415,902**	$ 6,220,836
Net debt to annualized funds flow from operations	**1.2**	1.2

[1] Working capital deficit is an additional-GAAP measure that includes trade and other receivables, prepaid expenses, and trade and other payables.
[2] Cash flow from operations is an additional-GAAP measure. See disclaimer and reconciliation of cash flow from operations to net cash provided from operating activities on page 3 of this MD&A.

Hawk intends to finance its future working capital requirements and capital expenditures by way of cash flow from operating activities and the undrawn portion of its revolving credit facility, however additional financing may be required in the future. Additional financing may be through a combination of debt financing and/or equity financing. Although the Corporation has been successful in the past in obtaining equity financing, there are no assurances that future equity financing will be available on acceptable terms to the Corporation. Hawk intends to monitor its capital spending and its future debt levels to react to changing market conditions.

SHARE CAPITAL

The following table sets forth the share capital and stock options outstanding as at June 30, 2014 and as at the date of this MD&A:

	August 21, 2014	June 30, 2014
Class A common shares	45,575,952	34,725,952
Convertible Class B common shares	-	1,080,000
Options to acquire Class A common shares	3,071,500	3,199,834

The Class B common shares are convertible (at the option of the Corporation) at any time after July 2, 2012 and on or before June 30, 2014 into Class A shares. The number of Class A shares to be issued upon conversion of one Class B share is calculated by dividing $10 by the greater of $1 and the then current market price of the Class A shares at the date of conversion.

Effective July 31, 2014, all remaining Class B shares were automatically converted into Class A shares pursuant to the conversion formula described above that resulted in the issuance of an additional 10,800,000 Class A shares.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation does not have any special purpose entities nor is it a party to any arrangements that would be excluded from the balance sheet.

RELATED PARTY TRANSACTION

The Corporation leases office space, office furnishings, and computer and telephone equipment from a company controlled by certain members of management of Hawk. The lease was made in the Corporation’s normal course of operations. During the three and six months ended June 30, 2014, the Corporation expensed $20,672 and $41,344, respectively (2013 - $20,672 and $41,344, respectively) pertaining to office lease costs.

The Corporation has a farm-in agreement with Trihawk Energy Ltd., (“Trihawk”), a company owned by certain members of management of Hawk. Under the terms of the farm-in agreement, Hawk has the option to farm-in on certain lands owned by Trihawk in return for a ten percent, non-convertible, gross overriding royalty. The farm-in agreement was made in the normal course of operations. For the three and six months ended June 30, 2014, $45,789 and $87,091, respectively (2013 - $10,570 and $20,077, respectively) of gross overriding royalties due to Trihawk under the terms of the farm-in agreement has been included in the statement of operations. At June 30, 2014, $30,208 (2013 - $8,124) was included in accounts payable as gross overriding royalties owing to Trihawk.

The Corporation obtains legal services from a firm in which one of the Corporation’s former directors is a partner. Included in general and administrative expenses for the three and six months ended June 30, 2014 was $11,431 and $12,092, respectively (2013 - $17,649 and $21,432, respectively) relating to legal services. At June 30, 2014, accounts payable included $10,278 (2013 - $3,972) related to these legal services. These legal services were provided in the normal course of operations.

COMMITMENTS

Under an office lease agreement, as discussed in the Related Party Transaction section, the Corporation is committed to minimum annual lease payments as follows:

2014	$ 41,684
2015	$ 7,023

The Corporation has entered into certain farm-in agreements with third parties to earn working interests in additional prospective acreage. At June 30, 2014, Hawk’s required future commitments under the terms of these agreements are estimated to be $1.2 million, which form part of the Corporation’s capital program for 2014.

SUBSEQUENT EVENTS

Related Party Transaction

On August 1, 2014, Hawk entered into a purchase and sale agreement with Trihawk and certain other parties to acquire certain petroleum and natural gas properties in the plains region of Alberta and Saskatchewan in exchange for a gross overriding royalty over the acquired assets (“Acquisition”). As noted in Note 14, Trihawk is a related party and the Acquisition of the assets would be considered to be a related party transaction. The independent members of Hawk’s Board of Directors, with the assistance of the non-interested members of the Corporation's executive team and third party advisors, examined, reviewed, negotiated and approved the Acquisition and related documentation. The Acquisition was approved by the independent members of Hawk's Board of Directors and is expected to close on or about August 29, 2014.

Conversion of Class B Shares

On July 31, 2014, all of the Corporation's issued and outstanding Class B shares were automatically converted to Class A shares of the Corporation with a conversion ratio of ten Class A shares for each Class B share so converted, in accordance with the terms of the Class B shares resulting in the issuance of an additional 10,800,000 Class A shares.

RISKS AND UNCERTAINTIES

The business of exploration, development, production and acquisition of oil and gas reserves involves a number of uncertainties and as a result Hawk is exposed to certain business risks inherent in the oil and gas industry which impact Hawk's results. Information on these and other risk factors that could affect operations or financial results are included in more detail under the heading "Risk Factors" in Hawk's most recently filed Annual Information Form which can be found at www.sedar.com or on the Corporation's website at www.hawkexploration.ca.

OUTLOOK

The Corporation will continue to focus on developing its heavy oil properties in east Central Alberta and western Saskatchewan and has set a $10 Million capital budget for 2014. Hawk expects to drill five (4.7 net) vertical wells and one (1.0 net) horizontal well in the second half of 2014. Hawk plans to drill vertical wells at Forest Bank (1.0 net), in western Saskatchewan, and Cadogan (0.7 net), in east central Alberta in the second half of 2014. The Corporation also expects to drill a horizontal well (1.0 net) in the Eureka area of western Saskatchewan in the second half of 2014. The remainder of Hawk's capital program for 2014 is expected to include a combination of additional vertical drilling in the Lloydminster area of Saskatchewan and recompletion activities at Forest Bank.

Hawk's current production is approximately 680 boe/d, based on field estimates. As a result of wet spring and summer weather in western Saskatchewan that delayed drilling and completion activities, Hawk expects its 2014 production to average between 700 to 725 boe/d, down from its previous average 2014 production guidance of 800 boe/d.

SUMMARY OF QUARTERLY INFORMATION

Financial ($000's, except per share)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Petroleum and natural gas sales	$ 4,978	$ 4,661	$ 3,795	$ 4,788	$ 3,893	$ 2,917	$ 3,294	$ 3,046
Cash flow from operations	1,949	1,759	1,299	2,105	1,613	1,204	1,484	1,432
Per share, basic and diluted	0.06	0.05	0.04	0.06	0.05	0.03	0.04	0.04
Net income (loss)	334	(651)	(1,532)	67	332	(159)	(529)	69
Per share, basic and diluted	0.01	(0.02)	(0.05)	0.00	0.01	(0.00)	(0.02)	0.00
Capital expenditures	1,849	2,869	3,105	3,342	419	2,118	2,919	2,852
Total assets (end of period)	$ 36,849	$ 36,181	$ 34,460	$ 33,349	$ 31,227	$ 31,832	$ 30,713	$ 29,226
Operations								
Average Daily Production								
Crude oil (Bbl/d)	638	675	661	588	591	591	549	500
Natural gas (Mcf/d)	95	125	107	123	178	159	205	126
Natural gas liquids (Bbl/d)	5	6	4	5	7	6	9	5
Total (Boe/d)	659	702	683	613	628	624	592	526
Operating netback ($/boe)	42.35	35.59	27.33	46.90	33.27	24.88	31.25	32.39
WCS heavy oil price (US $/bbl)	82.95	75.55	65.26	88.34	75.06	62.41	70.07	70.49

CRITICAL ACCOUNTING ESTIMATES

The significant accounting policies, judgments, estimates and assumptions used by Hawk are disclosed in the Corporation's annual audited financial statements for the year ended December 31, 2013.

SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

The interim financial statements follow the same accounting policies and methods of application as the annual financial statements for the year ended December 31, 2013 with the exception of deferred taxes and the newly adopted accounting policies as outlined below. Taxes in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

Effective January 1, 2014, the Corporation adopted the amended IAS 32 – Financial Instruments and IFRIC 21 – Accounting for Levies. The adoption of these accounting policies had no impact on the Corporation's condensed interim financial statements.

Future Accounting Pronouncements

In February 2014, the IASB tentatively decided to require an entity to apply IFRS 9 Financial Instruments for annual periods beginning on or after January 1, 2018. The full impact of the standard on the Corporation's financial statements will not be known until changes are finalized. Early adoption is permitted.