Hawk Exploration Ltd.

Interim Financial Statements
March 31, 2015

(Unaudited)
(Expressed in Canadian dollars)

Hawk Exploration Ltd.
Balance Sheet (Unaudited)
(Expressed in Canadian dollars)

As at	March 31, 2015	December 31, 2014
ASSETS		
Current Assets		
Trade and other receivables *(Note 12)*	**$ 1,034,124**	$ 1,492,838
Prepaid expenses	**44,847**	78,141
Commodity price contracts *(Note 12)*	**402,879**	817,279
	1,481,850	2,388,258
Non-current Assets		
Exploration and evaluation *(Note 4)*	**1,646,722**	1,643,476
Property, plant and equipment *(Note 5)*	**35,266,939**	35,445,339
Deferred income tax asset *(Note 7)*	**541,940**	323,484
	37,455,601	37,412,299
Total Assets	**$ 38,937,451**	$ 39,800,557
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables	**$ 2,523,779**	$ 4,868,604
Bank indebtedness *(Note 6)*	**9,550,000**	7,700,000
	12,073,779	12,568,604
Non-current Liabilities		
Decommissioning liability *(Note 8)*	**3,811,949**	3,529,799
Total Liabilities	**15,885,728**	16,098,403
Shareholders' Equity		
Share capital *(Note 9)*	**36,168,344**	36,168,344
Contributed surplus *(Note 9)*	**1,367,226**	1,280,075
Deficit	**(14,483,847)**	(13,746,265)
	23,051,723	23,702,154
Total Liabilities and Shareholders' Equity	**$ 38,937,451**	$ 39,800,557

Commitments *(Note 15)*

See accompanying notes to the interim financial statements.

Hawk Exploration Ltd.

Interim Statement of Comprehensive Loss (Unaudited)

(Expressed in Canadian dollars)

	Three months ended March 31, 2015	2014
Revenue		
Petroleum and natural gas sales	**$ 2,449,761**	$ 4,660,669
Royalties	**(439,877)**	(955,694)
Revenue	**2,009,884**	3,704,975
Loss on commodity contracts *(Note 12)*	**(65,574)**	(626,081)
	1,944,310	3,078,894
Expenses		
Production	**1,194,917**	1,352,479
Transportation	**88,496**	104,610
General and administrative	**252,652**	194,326
Share-based compensation *(Note 9)*	**46,717**	25,143
Exploration and evaluation *(Note 4)*	**22,928**	748,132
Depletion, depreciation and amortization *(Note 5)*	**1,190,905**	1,109,776
Finance expense *(Note 11)*	**103,733**	325,749
	2,900,348	3,860,215
Loss before income tax	**(956,038)**	(781,321)
Deferred income tax recovery *(Note 7)*	**218,456**	130,577
Comprehensive loss	**$ (737,582)**	$ (650,744)
Comprehensive loss per share, basic and diluted *(Note 9)*	**$ (0.02)**	$ (0.02)

See accompanying notes to the interim financial statements.

Hawk Exploration Ltd.
Interim Statement of Changes in Shareholders' Equity (Unaudited)
(Expressed in Canadian dollars)

	Attributable to Shareholders			
	Share Capital $	**Deficit $**	**Contributed Surplus $**	**Total Equity $**
Balance – January 1, 2015	**36,168,344**	**(13,746,265)**	**1,280,075**	**23,702,154**
Share based compensation – stock options	**-**	**-**	**87,151**	**87,151**
Comprehensive loss	**-**	**(737,582)**	**-**	**(737,582)**
Balance – March 31, 2015	**36,168,344**	**(14,483,847)**	**1,367,226**	**23,051,723**
Balance – January 1, 2014	25,293,008	(13,958,405)	1,012,516	12,347,119
Share based compensation – stock options	-	-	50,208	50,208
Comprehensive loss	-	(650,744)	-	(650,744)
Balance – March 31, 2014	25,293,008	(14,609,149)	1,062,724	11,746,583

See accompanying notes to the interim financial statements.

Hawk Exploration Ltd.
Interim Statement of Cash Flows (Unaudited)
(Expressed in Canadian dollars)

	Three months ended March 31, 2015	2014
Cash flow provided by (used in) operating activities		
Comprehensive loss	**$ (737,582)**	$ (650,744)
Adjustments for:		
Depletion, depreciation and amortization *(Note 5)*	**1,190,905**	1,109,776
Accretion of decommissioning liability *(Note 8)*	**11,015**	14,462
Accretion of Class B Share liability *(Note 10)*	**-**	249,769
Deferred income tax recovery *(Note 7)*	**(218,456)**	(130,577)
Exploration and evaluation *(Note 4)*	**22,928**	748,132
Unrealized loss on commodity contract *(Note 12)*	**414,400**	392,677
Share based compensation *(Note 9)*	**46,717**	25,143
Cash flow from operations	**729,927**	1,758,638
Net change in non-cash working capital *(Note 16)*	**(1,852,817)**	(140,022)
Net cash (used in) provided by operating activities	**(1,122,890)**	1,618,616
Cash flow provided by financing activities		
Proceeds from bank indebtedness	**1,850,000**	1,250,000
Net cash provided by financing activities	**1,850,000**	1,250,000
Cash flow used in investing activities		
Exploration and evaluation expenditures *(Note 4)*	**(192,097)**	(984,656)
Expenditures on property, plant and equipment *(Note 5)*	**(535,013)**	(1,883,960)
Net cash used in investing activities	**(727,110)**	(2,868,616)
Net increase in cash and cash equivalents	**-**	-
Cash, beginning of period	-	-
Cash, end of period	**$ -**	$ -
Supplemental cash flow information:		
Interest paid	**$ 95,727**	$ 65,270

See accompanying notes to the interim financial statements.

NOTE 1. DESCRIPTION OF BUSINESS

Hawk Exploration Ltd. ("Hawk" or the "Corporation") was incorporated under the laws of the Province of Alberta on February 2, 2009 with its registered office at 3300, 421 – 7th Avenue SW, Calgary, Alberta. The Corporation is engaged in the acquisition of, exploration for and development of crude oil and natural gas in western Canada. The Class A Shares of the Corporation are listed on the TSX Venture Exchange. All amounts included are stated in Canadian dollars, unless otherwise indicated.

NOTE 2. BASIS OF PRESENTATION

The condensed interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors made on May 26, 2015.

The Corporation prepares its condensed interim financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants. These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards "(IFRS)" as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Certain disclosures included in the notes to the annual financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB.
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NOTE 3. SIGNIFICANT ACCOUNTING POLICIES AND NEW ACCOUNTING STANDARDS

These condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements for the year ended December 31, 2014 with the exception of deferred tax**.** Taxes in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.

NOTE 4. EXPLORATION AND EVALUATION

	For the period ended March 31, 2015	For the year ended December 31, 2014
Balance, beginning of period	**$ 1,643,476**	$ 2,716,521
Cash additions	**192,097**	2,435,754
Capitalized share based compensation	**31,536**	105,513
Transfer to property, plant and equipment	**(197,459)**	(1,010,660)
Exploration and evaluation expense	**(22,928)**	(2,603,652)
Balance, end of period	**$ 1,646,722**	$ 1,643,476

During the three months ended March 31, 2015, the Corporation capitalized $123,750 (2014 - $123,750) of general and administration expenses directly attributable to exploration activities and capitalized $31,536 (2014 – $18,835) of share based compensation expense directly attributable to exploration activities.

For the three months ended March 31, 2015, the Corporation determined certain exploration and evaluation costs to be unsuccessful and not recoverable, and accordingly, $22,928 (2014 - $748,132) in capitalized costs was recognized as exploration and evaluation expense. The majority of the exploration expense during the three months ended March 31, 2015 pertained to lease rental costs on lands that are no longer deemed prospective.

For the three months ended March 31, 2015, the Corporation determined certain properties were commercially viable and accordingly $197,459 (2014 - $1,010,660) of accumulated exploration and evaluation costs were transferred to property, plant and equipment.

(Expressed in Canadian dollars, unless otherwise indicated)

NOTE 5. PROPERTY, PLANT AND EQUIPMENT

	Petroleum and natural gas properties	Office equipment and other	Total
	$	$	$
Cost			
At January 1, 2015	**64,517,461**	**476,021**	**64,993,482**
Cash additions	**519,394**	**15,619**	**535,013**
Capitalized share based compensation	**8,898**	**-**	**8,898**
Transfers from exploration and evaluation	**197,459**	**-**	**197,459**
Changes in decommissioning provision	**271,135**	**-**	**271,135**
Balance March 31, 2015	**65,514,347**	**491,640**	**66,005,987**
Accumulated Depletion, Depreciation and Impairments			
At January 1, 2015	**29,264,257**	**283,886**	**29,548,143**
Depletion, depreciation and amortization	**1,171,132**	**19,773**	**1,190,905**
Balance March 31, 2015	**30,435,389**	**303,659**	**30,739,048**
Carrying amount as at March 31, 2015	**35,078,958**	**187,981**	**35,266,939**

	Petroleum and natural gas properties	Office equipment and other	Total
	$	$	$
Cost			
At January 1, 2014	54,177,225	387,377	54,564,602
Cash additions	8,279,539	88,644	8,368,183
Disposition	(135,000)	-	(135,000)
Capitalized share based compensation	32,682	-	32,682
Transfers from exploration and evaluation	1,010,660	-	1,010,660
Acquisition of asset	1,141,713	-	1,141,713
GORR Disposition	(906,078)	-	(906,078)
Changes in decommissioning provision	916,720	-	916,720
Balance December 31, 2014	64,517,461	476,021	64,993,482
Accumulated Depletion, Depreciation and Impairments			
At January 1, 2014	24,849,824	213,177	25,063,001
Depletion, depreciation and amortization	4,414,433	70,709	4,485,142
Balance December 31, 2014	29,264,257	283,886	29,548,143
Carrying amount as at December 31, 2014	35,253,204	192,135	35,445,339

For the three months ended March 31, 2015, Hawk capitalized $41,250 (2014 -$41,250) of general and administrative costs. For the three months ended March 31, 2015, the Corporation capitalized $8,898 (2014 - $6,230) of share based compensation expense.

At March 31, 2015, $12,493,000 (March 31, 2014 - $2,566,000) of future development cost was included in costs subject to depletion and depreciation. At December 31, 2014, $12,493,000 of future development cost was included in costs subject to depletion and depreciation.

(Expressed in Canadian dollars, unless otherwise indicated)

NOTE 6. BANK INDEBTEDNESS

At March 31, 2015, the Corporation had available a $13.5 million revolving demand credit facility (the "Credit Facility") with a Canadian bank. The Credit Facility bears interest at the bank's prime rate plus 0.5 to 1.0 percent, or at bankers' acceptance rates plus a stamping fee of 1.75 percent to 2.25 percent. A standby fee of 0.2 to 0.3 percent is charged on the undrawn portion of the Credit Facility and is secured by a general security agreement with a floating charge over the assets of the Corporation. The Credit Facility is subject to review with the next review date on or before May 31, 2015 (See Liquidity section in Note 12).

At March 31, 2015, Hawk had $9.55 million of bank debt outstanding (December 31, 2014 – $7.7 million and March 31, 2014 - $6.15 million). At March 31, 2015, the Corporation was in compliance with all covenants contained in the Credit Facility (see Note 13).

NOTE 7. DEFERRED INCOME TAX

Future income tax expense differs from that which would be expected from applying the combined effective Canadian federal and provincial tax rate of 25.6 percent (2014 – 25.6 percent) to income before income taxes as follows:

	Three months ended March 31, 2015	2014
Loss before income taxes	**$ (956,038)**	$ (781,321)
Tax rate	**25.6%**	25.6%
Expected tax recovery	**(244,554)**	(199,783)
Adjustment resulting from:		
Non-deductible share-based payments	**26,234**	6,429
Accretion of convertible Class B share liability	**-**	63,866
Other	**(136)**	(1,089)
Deferred income tax recovery	**$ (218,456)**	$ (130,577)

NOTE 8. DECOMMISSIONING LIABILITY

The total future asset retirement obligation was estimated based on the Corporation's net ownership interest in all wells and facilities, the estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be significant. The total undiscounted amount of the estimated cash flows required to settle the asset retirement obligation is approximately $3.6 million (December 31, 2014 - $3.5 million) which will be incurred over the next 13 years with the majority of costs incurred between 2021 and 2028. An average nominal risk free interest rate of 1.22 percent (December 31, 2014 – 1.74 percent), and an inflation rate of 2 percent (December 31, 2014 – 2 percent), was used to calculate the fair value of the asset retirement obligation.

Changes to the liability were as follows:

	Three months ended March 31, 2015	Year ended December 31,2014
Asset retirement obligation, beginning of period	**$ 3,529,799**	$ 2,475,802
Liabilities incurred	**72,110**	459,018
Liabilities assumed on acquisition	**-**	79,588
Change in estimated future cash outflows	**-**	244,670
Change in discount rate	**199,025**	213,032
Accretion	**11,015**	57,689
Asset retirement obligation, end of period	**$ 3,811,949**	$ 3,529,799

(Expressed in Canadian dollars, unless otherwise indicated)

NOTE 9. SHARE CAPITAL

(a) Authorized

Unlimited number of voting Class A shares

Unlimited number of preferred shares, issuable in series

(b) Issued and outstanding

	Number of Shares	Amount
Class A shares		
Opening balance at January 1, 2014	34,605,953	$ 25,293,008
Issue of Class A common shares on exercise of stock options	169,999	83,749
Issue of Class A common shares upon conversion of Class B shares	10,800,000	10,800,000
Share issue costs (net of tax of $2,887)	-	(8,413)
Balance at December 31, 2014 and March 31, 2015	**45,575,952**	**$ 36,168,344**

(c) Stock options

The Corporation has a stock option plan (the "Plan") under which it is authorized to issue stock options to employees, officers, directors, and consultants for up to ten percent of the total issued and outstanding Class A Shares. Options granted under the Plan vest as to one-third on each of the first, second and third anniversaries from the date of grant and expire ten years from the date of grant.

The following table sets forth the changes in the stock options outstanding for the period ended March 31, 2015:

	Number of Options	Weighted Average Exercise Price	Number Exercisable
Stock options outstanding at January 1, 2014	2,285,000	$0.29	1,331,667
Options granted	2,591,500	$0.41	-
Options exercised	(169,999)	$0.35	(169,999)
Options cancelled	(180,001)	$0.35	-
Stock options outstanding at December 31, 2014	4,526,500	$0.36	1,615,000
Stock options outstanding at January 1, 2015	4,526,500	$0.36	1,615,000
Stock options outstanding at March 31, 2015	**4,526,500**	**$0.36**	**1,957,167**

On January 22, 2014, the Corporation granted 1,136,500 options to directors, officers and employees of Hawk to acquire Class A Shares of Hawk at an exercise price of $0.42. The options expire ten years from the date of the grant which occurred on January 22, 2014.

On August 26, 2014, the Corporation granted 1,455,000 options to directors, officers and employees of Hawk to acquire Class A Shares of Hawk at an exercise price of $0.41. The options expire ten years from the date of the grant which occurred on August 26, 2014.

(Expressed in Canadian dollars, unless otherwise indicated)

The following table sets forth information about the stock options outstanding at March 31, 2015:

Exercise Price	Number Outstanding	Weighted average Remaining life (years)	Weighted average Exercise Price	Number Exercisable	Weighted average Exercisable Price
$0.25	1,290,000	7.0	$0.25	860,000	$0.25
$0.35	755,000	4.2	$0.35	755,000	$0.35
$0.41	1,455,000	9.1	$0.41	-	-
$0.42	1,026,500	8.8	$0.42	342,167	$0.42
$0.30	4,526,500	7.7	$0.36	1,957,167	$0.32

(d) Share based compensation

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2015	**December 31, 2014**
Risk free rate (%)	-	1.38%
Expected life (years)	-	5
Expected volatility (%)	-	75%
Expected dividends	-	Nil
Estimated forfeiture rate	-	Nil
Weighted average fair value per option	-	$0.25

Share based compensation expense is amortized over the vesting period of each tranche of options granted. For the three months ended March 31, 2015, share based compensation expense totaled $46,717 (2014 - $25,143). Hawk also capitalized $40,434 (2014 - $25,065) of share based compensation for the three months ended March 31, 2015.

(e) Contributed Surplus

	March 31, 2015	**December 31, 2014**
Contributed surplus, beginning of period	**$ 1,280,075**	$ 1,012,516
Share based compensation expense	**46,717**	160,613
Share based compensation capitalized	**40,434**	138,195
Exercise of stock options	-	(31,249)
Contributed surplus, end of period	**$ 1,367,226**	$ 1,280,075

(f) Per share amounts

The weighted average basic number of Class A Shares outstanding for the three months ended March 31, 2015 was 45,575,952 (2014 – 34,605,953). For the three months ended March 31, 2015 the effect of the conversion of the stock option were excluded from the fully diluted number of Class A Shares outstanding as their impacts would have been anti-dilutive. For the three months ended March 31, 2014 the effect of the conversion of the Class B Shares and the conversion of the stock option were excluded from the fully diluted number of Class A Shares outstanding as their impacts would have been anti-dilutive.

NOTE 10. CONVERTIBLE CLASS B SHARES

On June 11, 2009, the Corporation issued 1,080,000 Class B shares on a flow-through basis as part of the Corporation's initial public offering. The Class B shares were 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 at the close of business on July 31, 2014, the 1,080,000 issued and outstanding Class B shares were converted into 10,800,000 Class A shares pursuant to the conversion formula described above.

(Expressed in Canadian dollars, unless otherwise indicated)

The Class B shares were determined to be compound instruments. As the Class B shares were convertible into Class A shares pursuant to the conversion formula described above, the number of Class A shares to be issued upon conversion was unknown, and therefore was presented as a liability. The Class B share liability was accreted using the effective interest rate method over the term of the Class B shares, such that the carrying amount of the financial liability was equal to the principal amount of $10.8 million at maturity.

The following table sets forth the convertible Class B share liability activities:

	March 31, 2015	December 31, 2014
Balance, beginning of period	**$ -**	$ 10,201,864
Accretion of convertible Class B share liability	**-**	598,136
Conversion of Class B share liability	-	(10,800,000)
Balance, end of period	**$ -**	$ -

NOTE 11. FINANCE EXPENSE

	Three months ended March 31, 2015	2014
Finance expense:		
Interest and fees on revolving credit facility	**$ 92,718**	$ 61,518
Accretion of decommissioning liability *(Note 8)*	**11,015**	14,462
Accretion of convertible Class B share liability *(Note10)*	-	249,769
Finance expense	**$ 103,733**	$ 325,749

NOTE 12. FINANCIAL INSTRUMENTS

Fair Values

The Corporation's financial instruments recognized on the balance sheet include cash, trade and other receivables, trade and other payables, bank indebtedness, and commodity price contracts. The fair value equals the carrying value for all financial instruments due to their short term nature.

The carrying value of these financial assets and liabilities is summarized as follows:

	March 31, 2015	December 31, 2014
Assets		
Trade and other receivables	**$ 1,034,124**	$ 1,492,838
Commodity price contracts	**402,879**	817,279
Liabilities		
Trade and other payables	**$ 2,523,779**	$ 4,868,604
Bank indebtedness	**9,550,000**	7,700,000

The Corporation's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

(Expressed in Canadian dollars, unless otherwise indicated)

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying value of trade and other receivables, trade and other payables and bank indebtedness included in the balance sheet approximate fair value due to the short term nature of those instruments. The fair value measurement of the commodity price contracts has a fair value hierarchy of Level 2. The Corporation uses level 3 inputs in the determination of the fair value less costs of disposal for the purposes of determining the recoverable amount of a CGU for impairment testing of PPE and E&E assets. There have been no transfers between levels in the year.

Credit Risk

Credit risk is primarily related to the Corporation's receivables from petroleum and natural gas marketers and joint venture partners and the risk of financial loss if a marketer or partner fails to meet its contractual obligations. Receivables from petroleum and natural gas marketers are normally collected on the 25th day of the month following production. The Corporation's policy to mitigate credit risk associated with these receivables is to establish marketing relationships with large, credit worthy purchasers. The Corporation has not experienced any collection issues with its petroleum and natural gas marketers. Receivables from joint venture partners are typically collected within one to three months of the joint venture bill being issued to the partner. The Corporation attempts to mitigate the risk from joint venture receivables by obtaining partner approval of significant capital expenditures prior to expenditure. There were no receivables allowed for or written off for the three months ended March 31, 2015 (2014 - $nil). The Corporation's accounts receivable consisted of the following as at:

	March 31, 2015	**December 31, 2014**
Revenue receivable from marketers	**$ 859,006**	$ 1,283,156
Joint venture receivables	**53,731**	171,663
Realized hedging income receivable	**109,030**	-
GST receivable	**2,254**	27,916
Cash call paid	**10,103**	10,103
	$ 1,034,124	$ 1,492,838

At March 31, 2015, the Corporation had $22,898 (December 31, 2014 - $23,417) of receivables that were considered past due from joint venture partners. The Corporation's most significant customer, a Canadian oil marketer, accounts for $848,882 of the trade and other receivables at March 31, 2015 (December 31, 2014 - $1,012,384). The Corporation's most significant joint venture partner, a Canadian public oil and gas company, accounts for $47,685 of the trade and other receivables at March 31, 2015 (December 31, 2014 - $64,097).

Liquidity Risk

Liquidity risk relates to the risk the Corporation will encounter should it have difficulty in meeting obligations associated with the financial liabilities. The financial liabilities on its balance sheet consist of accounts payable and accrued liabilities and bank indebtedness. Accounts payable consist of invoices payable to trade suppliers relating to the office and field operating activities and its capital spending program. The Corporation processes invoices within a normal payment period and are primarily due within one year of the statement of financial position date. Hawk anticipates it will continue to have adequate liquidity to fund its financial liabilities through its cash from operating activities and available undrawn credit facility. As a result of the precipitous decline in commodity prices, many oil and gas companies, including Hawk, are facing a number of uncertainties. There is no assurance that the amount or terms of the Corporation's credit facility will not be adjusted at the next review and if so, the Corporation may need to seek alternative sources of financing. At March 31, 2015, the Corporation was in compliance with all covenants contained in the Credit Facility (see Note 13).

Market Risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, and interest rates will affect the Corporation's net loss or the value of financial instruments.

Commodity Price Risk

Commodity price risk is the risk that future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by world and continental/regional economic and other events that dictate the level of supply and demand. The Corporation may utilize commodity price contracts to manage a portion of commodity price risk through the use of various risk management financial contracts. All such transactions are conducted in accordance with the risk management policy that has been approved by the Board of Directors. As at March 31, 2015, the Corporation had the following contracts:

Type	Commodity	Volume	Contract Price ($Cdn/Bbl)	Pricing Point	Term	Fair Value
Financial	Crude Oil	100 Bbl/d	$104.20 Fixed price swap	WTI – Nymex $Cdn	Jan 2015 to June 2015	$509,286
Financial	Crude Oil	100 Bbl/d	$21.25 Fixed price swap	WCS differential $Cdn	Jan 2015 to June 2015	($70,459)
Financial	Crude Oil	100 Bbl/d	$20.45 Fixed price swap	WCS differential $Cdn	Feb 2015 to Dec 2015	($116,818)
Financial	Crude Oil	100 Bbl/d	$73.05 Fixed price swap	WTI – Nymex $Cdn	July 2015 to Dec 2015	$80,870
Total fair value						$402,879

The fair value of the above contracts as at March 31, 2015 was an asset of $402,879 (December 31, 2014 – $817,279) which has been classified as a current asset in the statement of financial position.

The table sets forth the realized and unrealized gains and losses on the Corporation's commodity contracts as follows:

	Three months ended March 31, 2015	2014
Realized gain (loss) on commodity price contracts	**$ 348,826**	$ (233,404)
Unrealized loss on commodity price contracts	**(414,400)**	(392,677)
Total loss on commodity price contracts	**$ (65,574)**	$ (626,081)

Subsequent to March 31, 2015, Hawk entered into the following commodity price contract:

Type	Commodity	Volume	Contract Price ($Cdn/Bbl)	Pricing Point	Term
Financial	Crude Oil	100 Bbl/d	$72.65 Fixed price swap	WTI – Nymex $Cdn	July 2015 to Dec 2015

Foreign Currency Risk

Foreign currency risk is the risk that future cash flow will fluctuate as a result of changes in foreign exchange rates. Although all of the Corporation's petroleum and natural gas sales are denominated in Canadian dollars, the underlying market price in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian dollar and the United States dollar. The Corporation had no forward exchange rate contracts in place as at or for the three months ended March 31, 2015.

(Expressed in Canadian dollars, unless otherwise indicated)

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Corporation is exposed to interest rate risk to the extent the changes in market interest rates will impact the Corporation's bank debts that have a floating interest rate. The Corporation had no interest rate swap contracts in place as at or for the three months ended March 31, 2015.

NOTE 13. CAPITAL DISCLOSURES

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. The Corporation 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, sell assets 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 cash flow from operations ratio. Hawk's objective is to maintain a net debt to annualized cash flow from operations of less than two times. As at March 31, 2015, the Corporation had $9.55 million drawn (December 31, 2014 - $7.7 million) on its credit facility, and had a working capital deficit of approximately $1.4 million (December 31, 2014 - $3.3 million) comprised of:

		March 31, 2015		December 31, 2014
Current assets (excluding unrealized gain on commodity contracts)	**$**	**1,078,971**	$	1,570,979
Current liabilities (excluding bank debt and unrealized loss on commodity contracts)		**(2,523,779)**		(4,868,604)
Working capital deficit [(1)]	**$**	**(1,444,808)**	$	(3,297,625)

The Corporation's net debt to annualized cash flow from operations ratio was determined as follows:

		March 31, 2015		December 31, 2014
Bank debt	**$**	**9,550,000**	$	7,700,000
Working capital deficit [(1)]		**1,444,808**		3,297,625
Net debt	**$**	**10,994,808**	$	10,997,625
Annualized cash flow from operations [(2)]	**$**	**2,919,708**	$	7,255,782
Net debt to annualized cash flow from operations ratio		**3.8**		1.5

(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 operations is an additional-GAAP measure that is generally equal to cash flow from operating activities before changes in non-cash working capital as per the interim statement of cash flow on page 5 of $729,927. This amount is annualized by multiplying $729,927 by 4.

As at March 31, 2015, the Corporation's ratio of net debt to annualized funds flow from operations of 3.8 times (December 31, 2014 – 1.5 times) was well above the Corporation's target as a result of the decline in oil prices at the end of 2014 and into the first quarter of 2015. The Corporation has reduced its capital spending in 2015 in response to the low oil prices experienced in the first quarter of 2015. To monitor this ratio, Hawk prepares annual capital and operating budgets which are updated depending on varying factors such as general market conditions and levels of success of capital deployment.

The Corporation's share capital is not subject to any external restrictions; however Hawk is required to maintain a minimum working capital ratio of 1:1 to remain in compliance with its credit facility. For purposes of this calculation, working capital ratio is defined as the ratio of current assets plus any undrawn availability under the revolving credit facility to current liabilities excluding any amount drawn under the credit facility. At March 31, 2015, the Company had a working capital ratio of 2:1 (December 31, 2014 – 1.5:1), which is greater than the minimum ratio required. There were no changes to Hawk's approach to manage capital during the period.

(Expressed in Canadian dollars, unless otherwise indicated)

NOTE 14. RELATED PARTY TRANSACTIONS

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. For the three months ended March 31, 2015, the Corporation expensed $20,373 (2014 - $20,672) 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 months ended March 31, 2015, $22,529 (2014 - $41,302) of gross overriding royalties due to Trihawk under the terms of the farm-in agreement has been included in the statement of operations. At March 31, 2015, $15,034 (2014 - $30,287) was included in accounts payable as gross overriding royalties owing to Trihawk.

NOTE 15. COMMITMENTS

Under the office lease agreement as described in Note 14, the Corporation is committed to minimum annual lease payments as follows:

2015	$ 53,549
2016	$ 80,104
2017	$ 80,104
2018	$ 6,803

The Corporation has entered into certain farm-in agreements with third parties to earn working interests in additional prospective acreage. At March 31, 2015, Hawk's required future commitments under the terms of these agreements are estimated to be $0.3 million, which form part of the Corporation's capital program for 2015.

NOTE 16. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2015	**2014**
Changes in non-cash working capital:		
Trade and other receivables	**$ 458,714**	$ (378,321)
Prepaid expenses	**33,294**	42,516
Trade and other payables	**(2,344,825)**	195,783
	$ (1,852,817)	$ 140,022