Hawk Exploration Ltd.

Management's Discussion and Analysis

For the three months ended March 31, 2015

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 months ended March 31, 2015 and should be read in conjunction with the condensed interim financial statements for the three months ended March 31, 2015 and the audited financial statements for the years ended December 31, 2014 and 2013.

The financial data presented is in accordance with Canadian generally accepted accounting principles ("GAAP") as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA") and is presented in Canadian dollars, unless otherwise indicated. In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") which apply 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 May 26, 2015 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 2015; the timing and nature of the capital expenditure program in 2015; expected second quarter 2015 average production; the expected impact of the impending Alberta crown royalty review and the expected sources of funding for the 2015 capital expenditure program.

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 March 31,	
	2015	2014
Net cash provided by (used in) operating activities	**$ (1,122,890)**	$ 1,618,616
Net change in non-cash working capital	**1,852,817**	140,022
Cash flow from operations	**$ 729,927**	$ 1,758,638

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 three months ended March 31, 2015 of $729,927 multiplied by four to arrive at an annualized cash flow of $2,919,708. 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 and natural gas in western Canada and is based in Calgary, Alberta. On June 11, 2009, the Corporation closed its Initial Public Offering ("IPO") raising gross proceeds of $12 million. The Class A Shares of Hawk are listed on the TSX Venture Exchange under the trading symbol of HWK.A.

RESULTS OF OPERATIONS

The Corporation reported a net loss for the three months ended March 31, 2015 of $737,582 compared to a net loss of $650,744 for the three months ended March 31, 2014, comprised of the following items:

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

SALES VOLUMES

The Corporation sales volumes for the three months ended March 31, 2015 totaled 68,240 bbls (2014 – 61,289 bbls) of crude oil and NGLs and 11,266 mcf (2014 – 11,258) of natural gas. Hawk's daily average sales for the three months ended March 31, 2015 averaged 779 boe/d compared to 702 boe/d for the comparative three months of 2014. Oil and liquids sales have increased for the three months ended March 31, 2015 due to the Corporation's successful oil focused drilling program in the fourth quarter of 2014.

Sales volume by Product

	Three months ended March 31,	
	2015	2014
Crude oil (bbl/d)	**754**	675
Natural gas (mcf/d)	**110**	125
Natural gas liquids (bbl/d)	**4**	6
Total (boe/d)	**779**	702
Oil and liquids as percent of total	**97%**	97%

PETROLEUM AND NATURAL GAS SALES

Petroleum and natural gas sales for the three months ended March 31, 2015 totaled $2,449,761 or $34.94 per boe compared to $4,660,669 or $73.79 per boe for the three months ended March 31, 2014. Sales for the three months ended March 31, 2015 decreased compared to the first quarter of 2014 as a result of substantially lower oil prices in the first quarter of 2015. Despite an 11 percent increase in production in the first quarter of 2015 compared to the same period in 2014, Hawk's petroleum and natural gas sales decreased by 47 percent as Hawk's average sales price decreased 53 percent to $34.94 per in the first quarter of 2015 compared to $73.79 per boe for the months ended March 31, 2014.

The heavy oil differential ("Differential") in the first quarter of 2015, being the difference between the West Texas Intermediate ("WTI") price and the Western Canadian Select ("WCS") price, averaged US $14.73 per bbl compared to US $23.13 per bbl in the first quarter of 2014. As a percentage of WTI, the Differential for the first quarter of 2015 was 30.4% compared to 23.4% for the first quarter of 2014.

Sales by Product

	Three months ended March 31, 2015	2014
Crude oil sales	**$ 2,402,806**	$ 4,547,212
Natural gas sales	**31,840**	65,503
Natural gas liquids sales	**15,115**	47,954
	$ 2,449,761	$ 4,660,669
Oil and liquids sales as percent of total sales	**99%**	99%

Realized Prices

	Three months ended March 31, 2015	2014
Crude oil sales ($/bbl)	**$ 35.42**	$ 74.85
Natural gas sales ($/mcf)	**2.83**	5.82
Natural gas liquids sales ($/bbl)	**38.25**	89.65
Total Revenue ($/boe)	**$ 34.94**	$ 73.79

Average Benchmark Prices

	2015	2014
Crude oil - WTI (US$/bbl)	**$ 48.64**	$ 98.68
Crude oil - Edmonton Par ($/bbl)	**52.69**	100.18
Heavy oil - WCS (US$/bbl)	**33.90**	75.55
Natural gas – AECO spot ($/mcf)	**$ 2.75**	$ 5.72
Cdn$/US$ Average Exchange Rate	**1.24**	1.10

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 March 31, 2015, 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	$104.20 Fixed price swap	WTI – Nymex $Cdn	Jan 2015 to June 2015	$509,286
Finanical	Crude Oil	100 Bbl/d	$21.25 Fixed price swap	WCS differential $Cdn	Jan 2015 to June 2015	($70,459)
Finanical	Crude Oil	100 Bbl/d	$20.45 Fixed price swap	WCS differential $Cdn	Feb 2015 to Dec 2015	($116,818)
Finanical	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

At March 31, 2015, an asset of $402,879 (2014 – liability of $637,492) was recognized on the balance sheet for the fair value of the above commodity risk management contracts.

For the three months ended March 31, 2015, the Corporation recorded a loss of $65,574 (2014 – $626,081) as summarized in the following table:

Loss on commodity contracts

	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)
Realized gain (loss) per boe	**$**	**4.97**	$	(3.70)
Unrealized (loss) per boe		**(5.91)**		(6.21)
Total (loss) per boe	**$**	**(0.94)**	$	(9.91)

ROYALTIES

Royalties for the three months ended March 31, 2015 totaled $439,877 or $6.27 per boe compared to $955,694 or $15.13 per boe for the three months ended March 31, 2014. Royalties decreased for the three months ended March 31, 2015 compared to 2014 due to the decrease in sales revenue during the first quarter of 2015. As a percentage of sales, royalties decreased to 18% of sales in the first quarter of 2015 compared to 20.5% for the same period of 2014 due to much lower oil prices in the first quarter of 2015. The lower oil prices have the effect of reducing the effective royalty rate percentage for most crown royalties in Alberta and Saskatchewan. Hawk expects future royalty rate to average between 18 to 20 percent of sales.

Royalties by Type

	Three months ended March 31,			
		2015		2014
Crown royalties	**$**	**175,978**	$	420,501
Freehold royalties		**164,864**		400,449
Gross overriding royalties		**99,035**		134,744
Total Royalties	**$**	**439,877**	$	955,694
Royalties per boe	**$**	**6.27**	$	15.13
Royalties as a percent of revenue		**18.0%**		20.5%

PRODUCTION EXPENSES

Production expenses for the three months ended March 31, 2015 totaled $1,194,917 or $17.04 per boe compared to $1,352,479 or $21.41 per boe for the three months ended March 31, 2014. Total production expenses decreased for the three months ended March 31, 2015 compared to 2014 due to lower propane costs, fewer well work-overs, and the shut-in of higher cost uneconomic production in the first quarter of 2015.

Production expenses

	Three months ended March 31, 2015	2014
Total production expenses	**$ 1,194,917**	$ 1,352,479
Production expense per boe	**$ 17.04**	$ 21.41

TRANSPORTATION EXPENSES

Transportation expenses for the three months ended March 31, 2015 totaled $88,496 or $1.26 per boe compared to $104,610 or $1.66 per boe for the three months ended March 31, 2014. 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 decreased slightly in 2015 compared to 2014 as a result less clean oil hauled in 2015 and the hauling of more emulsion which is included in production expense in 2015.

Transportation expenses

	Three months ended March 31, 2015	2014
Total transportation expenses	**$ 88,496**	$ 104,610
Transportation expense per boe	**$ 1.26**	$ 1.66

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses ("G&A") for the three months ended March 31, 2015 totaled $252,652 or $3.60 per boe compared to $194,326 or $3.08 per boe for the three months ended March 31, 2014. Gross G&A expenses for the three months ended March 31, 2015 have increased due to higher consulting costs and slightly higher benefit expenses compared to the first quarter of 2014. Overhead recoveries in the first quarter of 2015 have decreased compared to 2014 due to lower capital expenditures and lower overhead recoveries from these operated capital expenditures.

G&A Expenses

	Three months ended March 31, 2015	2014
Gross G&A expenses	**$ 462,358**	$ 436,328
Capitalized salaries	**(165,000)**	(165,000)
Overhead recoveries	**(44,706)**	(77,002)
General and administrative expenses	**$ 252,652**	$ 194,326
G&A expenses per boe	**$ 3.60**	$ 3.08

The Corporation has six full time employees. For the three months ended March 31, 2015, Hawk capitalized $165,000 (2014 - $165,000) 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 months ended March 31, 2015, 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 March 31,	
	2015	2014
Share based compensation expense	**$ 46,717**	$ 25,143
Share based compensation expense per boe	**$ 0.67**	$ 0.40

During the three months ended March 31, 2015, Hawk recorded share based compensation expense of $46,717 compared to $25,143 for the three months ended March 31, 2014.

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 March 31, 2015, the Corporation recorded E&E expense of $22,928 or $0.33 per boe compared to $748,132 or $11.84 per boe for the three months ended March 31, 2014 with the majority of the expense for the first quarter of 2014 relating to the drilling and completion costs of an unsuccessful well in the Redwater area of Alberta.

Exploration and evaluation expense

	Three months ended March 31,	
	2015	2014
Exploration and evaluation expense	**$ 22,928**	$ 748,132
Exploration and evaluation per boe	**$ 0.33**	$ 11.84

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

Hawk recorded DD&A expense for the three months ended March 31, 2015 of $1,190,905 or $16.98 per boe compared to $1,109,776 or $17.57 per boe for the three months ended March 31, 2014. The increase in DD&A expense is a result of increased sales volumes in 2015 compared to 2014. The depletion calculation included future development costs of $12,493,000 at March 31, 2015 and at December 31, 2014.

Depletion, depreciation and amortization

	Three months ended March 31,	
	2015	2014
Depletion, depreciation and amortization	**$ 1,190,905**	$ 1,109,776
DD&A per boe	**$ 16.98**	$ 17.57

FINANCE EXPENSE

Finance expense for the three months ended March 31, 2015 totaled $103,733 compared to $325,749 for the three months ended March 31, 2014. Finance expense has decreased for the three months ended March 31, 2015 compared to 2014 due to the conversion of the Class B shares in July 2014 and the reduction in accretion of the Class B share liability. Cash finance expenses have increased for the three months ended March 31, 2015 due to increased utilization of the Corporation's credit facility compared to the first quarter of 2014.

Finance expense is comprised of the following items:

Finance expense

	Three months ended March 31,			
		2015		2014
Interest expense:				
Interest and fees on credit facility	**$**	**92,718**	$	61,518
Cash finance expense	**$**	**92,718**	$	61,518
Accretion of asset retirement obligation		**11,015**		14,462
Accretion of convertible Class B share liability		-		249,769
Finance expense	**$**	**103,733**	$	325,749
Cash finance expense per boe	**$**	**1.32**	$	0.97
Finance expense per boe	**$**	**1.48**	$	5.16

DEFERRED INCOME TAX

The Corporation recorded deferred income tax recovery for the three months ended March 31, 2015 of $218,456 compared to $130,577 for the three months ended March 31, 2014.

NETBACKS

Hawk realized average operating netbacks for the three months ended March 31, 2015 of $10.37 compared to $35.59 per boe for the three months ended March 31, 2014. The Corporation generated cash flow netbacks for three months ended March 31, 2015 of $10.42 per boe compared to $27.84 per boe for the three months ended March 31, 2014. Operating netbacks for the three months ended March 31, 2015 decreased significantly compared to the three months ended March 31, 2014 due to the 53 percent decrease in realized prices in the first quarter of 2015 offset by decreases to royalty, production and transportation expenses.

Netbacks

	Three months ended March 31,			
		2015		2014
Petroleum and natural gas sales	**$**	**34.94**	$	73.79
Royalties		**(6.27)**		(15.13)
Production expenses		**(17.04)**		(21.41)
Transportation expenses		**(1.26)**		(1.66)
Operating netback	**$**	**10.37**	$	35.59
General and administrative expense		**(3.60)**		(3.08)
Net cash interest expense		**(1.32)**		(0.97)
Realized gain (loss) on commodity contracts		**4.97**		(3.70)
Cash flow netback	**$**	**10.42**	$	27.84

CAPITAL EXPENDITURES

	Three months ended March 31,	
	2015	2014
Land	**$ 6,967**	$ 336
Geological and geophysical	**1,601**	16,101
Drilling	**376,493**	1,120,009
Completion	**28,443**	258,873
Production equipment and facilities	**64,640**	435,391
Capitalized general and administrative	**41,250**	41,250
Office equipment and other	**15,619**	12,000
Total property, plant and equipment	**$ 535,013**	$ 1,883,960
Land	**$ 50,716**	50,775
Geological and geophysical	**8,297**	122,151
Exploratory drilling	**9,334**	687,980
Capitalized general and administrative	**123,750**	123,750
Total exploration and evaluation	**$ 192,097**	984,656
Total capital expenditures	**$ 727,110**	$ 2,868,616

Hawk incurred capital expenditures on property, plant and equipment for the three months ended March 31, 2015 of approximately $0.5 million compared to $1.9 million for the three months ended March 31, 2014. During the first quarter 2015, the Corporation drilled one (1.0 net) vertical oil well in western Saskatchewan compared to three (3.0 net) vertical oil wells in western Saskatchewan in the first quarter of 2014. Drilling costs for the three months ended March 31, 2015 totaled approximately $0.4 million for the drilling of the one (1.0 net) well compared to $1.1 million in 2014 for the drilling of three (3.0 net) wells. The Corporation completed and equipped one (1.0 net) well in the first quarter of 2015 with completion costs totaling $28,000 compared to $0.3 million in the first quarter of 2014. Equipping costs related to the equipping of the one (1.0 net) well totaled $64,000 in the first quarter of 2015 compared to $0.4 million for the first quarter of 2014.

Hawk incurred capital expenditures on exploration and evaluation ("E&E") assets of approximately $0.2 million for the three months ended March 31, 2015 compared to approximately $1.0 million for the three months ended March 31, 2014. E&E capital spending for the three months ended March 31, 2015 included land acquisition costs of approximately $51,000 and capitalized salaries of $123,750.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2015, the Corporation had drawn $9.55 million on its existing credit facility and had a working capital deficit of approximately $1.4 million, compared to debt of $7.7 million and a working capital deficit of approximately $3.3 million at December 31, 2014. 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 scheduled to be conducted by May 31, 2015. The Corporation has held preliminary discussions with its lender regarding the renewal of its credit facility which is expected to be completed by June 30, 2015. 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.

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 March 31, 2015, the Corporation's net debt to annualized cash flow from operations ratio was in excess of two times at 3.8 times (December 31, 2014 – 1.5 times) due to decreased commodity prices in the first quarter of 2015, 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 funds flow from operations	**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 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, asset dispositions, 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 March 31, 2015 and as at the date of this MD&A:

	May 26, 2016	March 31, 2015
Class A common shares	45,575,952	45,575,952
Options to acquire Class A common shares	4,526,500	4,526,500

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 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. During 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.

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:

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.

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

In response to the depressed commodity prices, the Corporation has set a conservative capital budget for 2015 of approximately $2 million, of which $0.7 million was spent in the first quarter of 2015. Hawk plans to drill one (1.0 net) vertical well in the Coleville (Eureka) area of Saskatchewan which will earn the Corporation a 100% working interest in 480 acres of land under a farm-in agreement. The remainder of the capital program for 2015 will be for well recompletions in the Forest Bank area of western Saskatchewan where the Corporation plans to recomplete 4 (2.6 net) existing wellbores.

For the first quarter of 2015, WCS prices averaged $42.10 per bbl with the WCS differential averaging US $14.73 per bbl. The Corporation has seen an improvement in the WCS pricing environment to date in the second quarter of 2015 with WCS posted prices averaging $52.76 per bbl to date in the second quarter which is a 25% increase in WCS prices over the first quarter of 2015. The current posted WCS price is approximately $57.36 per bbl which is 36% increase over the first quarter of 2015. The improved pricing environment for WCS oil is due to both improved WTI prices as well as narrower WCS heavy oil differentials.

Hawk expects second quarter 2015 production to average approximately 680 boe/d. This decrease from the first quarter of 2015 is attributed to production curtailment associated with spring break up, the shut in of some uneconomic production volumes during the first and second quarters of 2015 and natural declines. Current production is approximately 720 boe/d, based on field estimates.

In light of the recent Alberta provincial election results and the impending royalty review, for the first quarter of 2015, 530 boe/d of the Corporation's production was from the province of Saskatchewan with the remaining 249 boe/d produced from Alberta. Of the 249 boe/d produced in Alberta in the first quarter of 2015, 140 boe/d or 18% of Hawk's total corporate production, was subject to Alberta crown royalties. Additionally, 88% of the $12.5 million of future capital identified in the Corporation's 2014 reserve report is located in the province of Saskatchewan while the remaining 12% of future capital is located on freehold land in Alberta that is not subject to Alberta crown royalties. Any future review of the Alberta crown royalty regime is not expected to have a significant impact on the Corporation or on its future capital projects.

SUMMARY OF QUARTERLY INFORMATION

Financial ($000's, except per share)	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Petroleum and natural gas sales	$ 2,450	$ 4,136	$ 4,627	$ 4,978	$ 4,661	$ 3,795	$ 4,788	$ 3,893
Cash flow from operations	730	1,816	1,732	1,949	1,759	1,299	2,105	1,613
Per share, basic and diluted	0.02	0.04	0.05	0.06	0.05	0.04	0.06	0.05
Net income (loss)	(738)	397	132	334	(651)	(1,532)	67	332
Per share, basic and diluted	(0.02)	0.01	0.00	0.01	(0.02)	(0.05)	0.00	0.01
Capital expenditures	727	3,453	2,499	1,849	2,869	3,105	3,342	419
Total assets (end of period)	$ 38,937	$ 39,801	$ 37,442	$ 36,849	$ 36,181	$ 34,460	$ 33,349	$ 31,227
Operations								
Average Daily Production								
Crude oil (Bbl/d)	754	729	628	638	675	661	588	591
Natural gas (Mcf/d)	110	110	116	95	125	107	123	178
Natural gas liquids (Bbl/d)	4	4	4	5	6	4	5	7
Total (Boe/d)	779	751	652	659	702	683	613	628
Operating netback ($/boe)	10.37	25.94	35.67	42.35	35.59	27.33	46.90	33.27
WCS heavy oil price (US $/bbl)	33.90	58.90	76.99	82.95	75.55	65.26	88.34	75.06

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, 2014.

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, 2014 with the exception of deferred taxes. Taxes in the interim periods are accrued using the tax rate that would be applicable to the expected total annual profit or loss.