



PRESS RELEASE

HAWK ANNOUNCES SECOND QUARTER 2015 RESULTS

August 21, 2015 – Calgary, Alberta – Hawk Exploration Ltd. (“Hawk” or the “Corporation”) is pleased to announce its results for the three and six months ended June 30, 2015. The Corporation’s interim financial statements for the three and six months ended June 30, 2015 and its management’s discussion and analysis for the three and six months ended June 30, 2015 are available for viewing on SEDAR at www.sedar.com under Hawk’s profile or on the Corporation’s website at www.hawkexploration.ca under Investor Information – Financial Reports.

HIGHLIGHTS

Highlights for the three months ended June 30, 2015 were as follows:

- Generated cash flow from operations of \$1.2 million in the second quarter, a 36% decrease from the \$1.9 million in cash flow in the second quarter of 2014 but a significant improvement over the \$0.7 million of cash flow in the first quarter of 2015;
- Averaged 694 boe/d of production in the second quarter of 2015, a 5% increase over the 659 boe/d average production in the same period of 2014;
- Reduced combined operating and transportation expenses by 14% to \$20.19 per boe from \$23.42 per boe in the second quarter of 2014; and
- Reduced net debt and working capital deficit by \$0.8 million in the second quarter to \$10.2 million at June 30, 2015.

Selected financial and operational information for the three and six months ended June 30, 2015 is provided as follows:

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	% Change	2015	2014	% Change
Financial (\$000’s except per share amounts)						
Petroleum and natural gas sales	\$ 3,176	\$ 4,979	(36%)	\$ 5,626	\$ 9,639	(42%)
Cash flow from operations ⁽¹⁾	1,160	1,949	(41%)	1,890	3,708	(49%)
Per share	0.02	0.06	(67%)	0.04	0.11	(64%)
Comprehensive income (loss)	(393)	334	(218%)	(1,131)	(317)	257%
Per share	(0.01)	0.01	(200%)	(0.03)	(0.01)	200%
Capital expenditures ⁽²⁾	372	1,849	(80%)	1,099	4,717	(77%)
Working capital deficit - excluding bank debt and commodity contracts, end of period ⁽¹⁾				\$ 607	\$ 1,900	(68%)
Bank debt, end of period				9,600	6,700	43%
Total assets, end of period				\$ 38,227	\$ 36,849	4%
Common Shares outstanding end of period:						
Class A Shares				45,576	34,726	31%
Class B Shares				-	1,080	(100%)
Options to acquire Class A Shares				4,485	3,200	40%

	Three months ended June 30,			Six months ended June 30,		
	2015	2014	% Change	2015	2014	% Change
Operations						
Production						
Crude oil and natural gas liquids (bbl/d)	672	643	5%	714	662	8%
Natural gas (mcf/d)	131	95	38%	128	110	16%
Total (boe/d)	694	659	5%	736	680	8%
Oil and liquids as percent of total	97%	98%	(1%)	97%	97%	-%
Average Selling Price						
Crude oil and ngl's (per bbl)	\$ 51.43	\$ 84.33	(39%)	\$ 42.99	\$ 79.55	(46%)
Natural gas (per mcf)	2.70	4.81	(44%)	2.76	5.38	(49%)
Total (per boe)	\$ 50.32	\$ 83.00	(39%)	\$ 42.23	\$ 78.27	(46%)
Operating netback (per boe at 6:1) ⁽³⁾						
Price	\$ 50.32	\$ 83.00	(39%)	\$ 42.23	\$ 78.27	(46%)
Royalties	(9.07)	(17.23)	(47%)	(7.60)	(16.15)	(53%)
Production expense	(18.69)	(21.61)	(14%)	(17.82)	(21.51)	(17%)
Transportation expense	(1.50)	(1.81)	(17%)	(1.37)	(1.73)	(21%)
Operating netback (\$/boe)	\$ 21.06	\$ 42.35	(50%)	\$ 15.44	\$ 38.88	(60%)

⁽¹⁾ The terms cash flow from operations, cash flow from operations per share, working capital deficit and net debt to annualized cash flow ratio are additional GAAP financial measures. These measures are further described on page 3 of the Corporation's MD&A for the three and six months ended June 30, 2015 under the heading "Additional GAAP and Non-GAAP Financial Measures". Users are cautioned that additional GAAP financial measures may not be comparable with the calculation of similar measures by other entities.

⁽²⁾ Capital expenditures include cash exploration and evaluation expenditure plus cash property, plant and equipment net of dispositions and exclude asset retirement obligations and capitalized share-based payments.

⁽³⁾ Management uses the terms operating and cash flow netbacks per boe 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. Management considers operating and cash flow netbacks to be important measures as they demonstrate profitability relative to current commodity prices.

Operational Review and Update

Production for the second quarter of 2015 averaged 694 boe/d which was negatively impacted by wet roads and spring break up conditions at certain wells in April and May 2015. Hawk did not drill any wells in the second quarter of 2015 but did undertake optimization activity on certain wells in western Saskatchewan during the quarter. Despite only drilling one (0.7 net) well in 2015, Hawk has not experienced any significant production decline to date. The Corporation's current production is estimated to be approximately 750 boe/d, a modest decline from our first quarter 2015 average production rate of 779 boe/d.

Production improvements have been experienced at both Hoosier and Forest Bank, both in western Saskatchewan, due to successful production optimization. At Yonker, in western Saskatchewan, production has decreased from approximately 70 bbl/d to 20 bbl/d due to increased water cuts. The Corporation has recently acquired additional seismic data at Yonker to target structurally higher reservoir for future development drilling.

Financial

Hawk achieved cash flow from operations in the second quarter of 2015 of approximately \$1.2 million compared to \$1.9 million for the second quarter of 2014 due to a 40 percent decrease in Hawk's realized oil price. The realized oil price decrease was partially offset by a 5 percent increase in total production volumes as well as a 14 percent decrease in operating and transportation costs per boe.

West Texas Intermediate (“WTI”) crude oil prices averaged US \$57.94 per bbl in the second quarter of 2015, a decrease of 44% compared to an average of US \$102.99 per bbl in the second quarter of 2014. As a partial offset to this decline, the differential between Western Canadian Select (“WCS”) and WTI (“Differential”) narrowed significantly to US \$11.59 per bbl in the second quarter of 2015 compared to US \$20.04 per bbl for the second quarter of 2014. As a result, WCS prices averaged US \$46.35 per bbl in the second quarter of 2015 compared to US \$82.95 per bbl in the second quarter of 2014. These movements led to an average realized oil price of \$51.49 per bbl in the second quarter of 2015, a 39% decline from the second quarter of 2014, but a substantial improvement from the 2015 first quarter averaged realized oil price of \$35.42 per bbl. The Differential, however, has widened out again and the Corporation expects lower pricing for its oil in the third quarter of 2015.

Hawk generated an operating netback of \$21.06 per boe for the second quarter of 2015 compared to \$42.35 per boe for the second quarter of 2014 with the decrease solely due to significantly lower realized oil pricing. The Corporation continues to see improvement in its cost structure as combined operating and transportation costs per boe averaged \$20.19 per boe compared to \$23.42 per boe for the second quarter of 2014 which is a 14 percent reduction.

At June 30, 2015, Hawk had \$9.6 million drawn on its credit facility. The Corporation reduced its net indebtedness from \$11 million at the end of the first quarter of 2015 to \$10.2 million at June 30, 2015. Based on second quarter cash flow of \$1.16 million, the corporation’s net debt to annualized cash flow ratio improved to 2.2 times.

Outlook

Hawk set a 2015 capital budget of \$2 million of which \$1.1 million was spent up to June 30, 2015. Hawk plans to drill one (1.0 net) 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. This well is expected to be drilled by the end of the third quarter. Additional capital spending for the second half of 2015 includes 3 (2.0 net) recompletions of existing well bores in the Forest Bank area. Given the current commodity prices however, the Corporation may defer the well recompletions until commodity prices improve.

The Corporation will continue to focus on debt reduction in light of the continued decline in commodity prices into the third quarter of 2015. We continue to expect to see improvements in the overall cost structure in the industry as Hawk’s operating and transportation costs per boe for the six months ended June 30, 2015 have decreased by 17 percent from the same period of 2014.

Despite minimal capital investment in 2015, the Corporation’s production has been resilient with current production estimated at 750 boe/d which speaks to the solid asset base the Corporation has built. As noted in our press release on May 26, 2015, approximately 70 percent of Hawk’s production is located in the province of Saskatchewan. In addition, 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.

Updated Corporate Presentation

An updated corporate presentation is available for viewing on the Corporation’s website at www.hawkexploration.ca under Investor Info – Presentation.

Hawk is an emerging exploration company engaged in the exploration, development and production of conventional crude oil and natural gas in western Canada and is based in Calgary, Alberta. The Class A Shares of Hawk trade on the TSX Venture Exchange under the trading symbols of HWK.A.

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as the term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Certain statements contained in this press release 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 press release should not be unduly relied upon. These statements speak only as of the date of this press release.

In particular, but without limiting the foregoing, this press release 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 the remainder of 2015 and; the timing of and nature of capital expenditure program for 2015.

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 including, without limitation: 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, the other factors discussed under "Risk Factors" in the Corporation's most recently filed Annual Information Form).

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 press release 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.

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 press release 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.