

NIGHTHAWK ENERGY PLC
(“Nighthawk” or “the Company”)

Jolly Ranch Update

Nighthawk, the US focused hydrocarbon and production company (Tickers: AIM: HAWK and OTCQX: NHEGY), announces an update in respect of the Jolly Ranch project (“Jolly Ranch”) in which it holds a 50% working interest with Running Foxes Petroleum Inc., the operator, holding the remaining 50% interest.

Jolly Ranch comprises both conventional and non-conventional oil producing horizons targeting primarily Pennsylvanian age formations, namely the Marmaton (conventional) and Cherokee and Atoka (non-conventional) shales.

The project covers approximately 370,000 gross acres located in Lincoln, Elbert and Washington Counties, Colorado. In July 2009 Schlumberger Data & Consulting Services (“Schlumberger”) reported that the P50, or most likely, oil in place in the three primary formations across approximately two-thirds of the acreage is 1.462 billion barrels gross. In addition, the assessment stated that there is reasonable certainty of reservoir and source rock continuity over the project area and surrounding acreage.

Highlights

- Jolly Ranch is a potentially world class shale oil project located in the southern part of the Denver Basin
- 13 vertical development wells targeting the Cherokee and Atoka shales (including one well which was sidetracked horizontally), three shallower wells and two salt water disposal wells have been drilled on the project. In addition, an existing production well completed in an Atoka sandstone reservoir has been acquired from the State of Colorado
- The project is producing oil from the Atoka and Cherokee shales at depths of 6,500 to 7,500 feet
- The operator anticipates an upward trend in production from current average test production levels of approximately 150 barrels of oil per day to an initial target of 1,000 barrels gross per day during 2010
- The operator has completed three new 3-D seismic surveys that are presently being interpreted. Re-evaluation of the previous 3-D seismic surveys has indicated a number of conventional targets, basement faulting and areas of potential sweet spots

- Schlumberger has been engaged to complete an extended modelling and reservoir simulation to allow development of production and recovery profiles, with the results to be used as the basis of an independent reserves assessment
- Companies that are actively leasing in the area are Unit Corporation, EOG Resources, Newfield Exploration, Sundance Energy, Wiepking-Fullerton Energy and McElvain Oil and Gas
- As at 22 February 2010 Nighthawk had US\$18.3 million in cash and liquid investments and remains debt free

David Bramhill, Managing Director of Nighthawk, said:

"Nighthawk's primary objective is to build value around Jolly Ranch, a sizeable low risk, high reward asset. We are focused on increasing production levels, in conjunction with proving up the extent of the asset in order to generate maximum value. We believe that Jolly Ranch can be established as a high value shale play similar to prolific shale projects such as the Bakken, Barnett and others throughout the US Mid-continent. These shale plays can command exceptional exit prices once producibility and economic parameters are exhibited."

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Tim Heeley B.Eng (Hons) a member of the Society of Petroleum Engineers, Fellow of the Geological Society of London and a Chartered Energy Engineer, who is Commercial Director

of Nighthawk and has over 13 years of experience in the hydrocarbons industry, has approved the technical information contained in this announcement.

Overview of Jolly Ranch Project

Strategic Objective

Nighthawk's strategic objective is to create value for shareholders by building a scalable hydrocarbon company focused on low risk, high reward assets in a politically and fiscally stable environment.

The directors believe that this can be achieved through proving up Jolly Ranch to a level that establishes the project as a high value shale play similar to prolific US shale projects such as the Barnett and, particularly, the Bakken, a major US shale oil play. Prices from recent shale oil M&A transactions have averaged in excess of US\$5,000 per acre.

The directors also recognise that the demonstration of sustained production is a critical element in the proving up process, not only as a source of revenue but principally in building the value of the acreage.

Progress to Date

Over the past 18 months Nighthawk has invested over US\$30 million in the Jolly Ranch project. These funds have been utilised in land acquisition, drilling and completing wells, the construction of production, storage and off-take infrastructure, seismic acquisition and geological and geophysical assessments.

The wells are being developed in accordance with current practice for optimising production from the Cherokee and Atoka shale formations. To date, 13 wells have been drilled targeting these formations, as well as two wells which are being utilised as salt-water disposal wells, Craig 6-4 SWD and Jolly Ranch 10-1 SWD. All 13 wells have been cased as producers and 11 have seen completion operations, all of which have flowed oil under test conditions. As at 31 December 2009, the cumulative test production from the 11 wells was 21,238 barrels gross. The two most recently drilled wells await completion. The quality of the oil is good ranging from 32 to 41 API gravity as independently verified by Weatherford Laboratories.

The test work has been, and continues to be, focused on the refinement of completion techniques critical for understanding the optimum recovery profile for each individual formation which contain multiple interbedded shale horizons. Combined mean net pay thicknesses in the Cherokee and Atoka formations are 20 feet and 38 feet respectively.

Well testing involves a combination of perforation, fracking, acidising and swabbing procedures. Initial test production has delivered good flow rates from a number of wells providing optimism for sustained production in the future. Although short term initial production tests may not be indicative of future producing rates, each production test yields valuable information in respect of the producibility of the zones and have so far reinforced the lateral extent of the oil in place. Following this extensive test work, Nighthawk anticipates an upward trend in production from average test production levels of approximately 150 barrels of oil per day to 1,000 barrels per day during 2010.

Modelling and Reservoir Simulation

Schlumberger Data and Consulting Services has now been engaged to compile an extended modelling and reservoir simulation project on behalf of Nighthawk utilising the extensive drilling and development activities undertaken over the nine months since the last report.

A detailed reservoir simulation model for the Jolly Ranch area will be generated which can be used for the development of oil production profiles and EUR (estimated ultimate recovery) data. The results of this study will then be used as the basis of an independent reserves assessment.

Data Overview

A number of factors including drilling results, test and historical production reviews, petroleum system studies, source rock geochemistry, independently generated petrophysical models and economic scoping studies have all contributed to the belief that Jolly Ranch represents a high impact economic shale oil development project.

The internal and independent assessments completed to date in respect of Jolly Ranch have confirmed significant oil in place and producibility, as well as technical and economic viability.

A summary of the key findings of these reports are as follows:

Source Rock Geochemistry

Organic rich shales, as found in the Cherokee and Atoka formations, are typically viewed as the source rocks for hydrocarbons. Through the thermal maturation process, organic matter converts to oil and gas over geologic time, typically millions to tens of millions of years. Source rock geochemistry from cores taken while drilling has been used at Jolly Ranch to assess the present day level of thermal maturity and the potential for hydrocarbon generation. These shales are within the oil generation window and the oil potential in the source rock has been independently evaluated by Weatherford Laboratories.

Core samples have been collected from certain wells and cuttings were analysed to evaluate source rock potential and thermal maturity of the organic rich shales in the Cherokee and Atoka formations. Rock Eval pyrolysis, another method of analysis, and visual microscopy were also used. Integrating this data with petrophysical interpretation and additional geologic and production data have assisted in developing a more advanced understanding of the hydrocarbon potential in the Cherokee and Atoka.

Humble Geochemistry, a division of Weatherford Laboratories, performed a Leco TOC (total organic carbon) analysis over core samples from certain wells. Total Organic Carbon is a measurement of the organic richness of sedimentary rocks and is one of the first steps toward assessing the potential of a sediment to generate hydrocarbons. Samples evaluated from certain Cherokee and Atoka shales all showed excellent TOC values in excess of 5% with some exceeding 10%. The table below sets out the industry standard classification of total organic carbon in source rock.

Generation Potential	TOC Content in Shales (wt%)
Poor	<0.5%
Fair	0.5-1.0%
Good	1.0-2.0%
Very Good	2.0-5.0%
Excellent	>5%

Oil in Place

In July 2009, Schlumberger completed an independent evaluation of the hydrocarbons in place over approximately 246,000 project acres (termed the "Southern Acreage Model") and concluded that the P50, or most likely, oil in place in the Marmaton, Atoka and Cherokee formations, the three primary targets, using probabilistic methods, was 1.462 billion barrels gross of conventional and unconventional oil. The remaining 124,000 project acres will be evaluated at a later date for estimates of oil in place.

In addition, a further model encompassing an area of 885,988 acres, surrounding and including the detailed study of 246,000 acres, but not including the remaining unevaluated 124,000 project acres, was also generated and evaluated. The P50 (most likely) figure was calculated to be 5.258 billion barrels oil in place, highlighting the lateral continuity of the reservoirs and source rocks across the total acreage and in addition, the regional continuity of the formations.

The P50 oil in place calculated for the conventional Marmaton formations alone in the Southern Acreage Model is approximately 900 million barrels. The Marmaton formations

are known producers in the Denver Basin and several companies in the past have operated viable oil fields concentrating on this formation.

The objective of Nighthawk is to focus at this stage of Jolly Ranch development on the unconventional shale zones which are believed to be laterally extensive over the project acreage. However, the Marmaton oil in place represents a high value element of the Jolly Ranch asset with known production profiles and completion methods. As the Marmaton is the shallowest of the targeted productive zones within the stratigraphy of Jolly Ranch, it thereby lends itself to being exploited following the successful exploitation of the deeper shales and should be regarded as having upside potential within the asset.

The gross oil in place figures for the unconventional Cherokee and Atoka formations were as follows:

Formation	P10 OIP (mmbbl)	P50 OIP(mmbbl)	P90 OIP (mmbbl)
Cherokee	109	157	218
Atoka	310	373	439
Total	419	530	657

Log analysis of oil in place from a number of the wells drilled confirms or exceeds the figures indicated within the independent report. For example, in the core production area, log analysis of the recently drilled Craig 6-4 SWD well indicates oil in place at reservoir conditions for the Atoka and Cherokee formations at depths of 6,497 to 7,164 feet to be 1.53 million barrels on a 40 acre spacing. This equates to 38,000 barrels per acre. The preliminary economic analysis set out below has been based on 160 acre spacing.

Based on historical production and analogue data from the Bakken and other shale oil plays, the internal estimate of recovery factors ranges between 10% and 20%.

Producibility

Production data from both historical and current wells have provided evidence for both the concept of the producibility of the project and the cross validation of the oil in place within the current core area of Jolly Ranch.

These evaluations confirm empirically that production can be achieved from the Cherokee and Atoka formations.

Production data in respect of Cherokee and Atoka production from historical third party wells are as follows;

Operator	Well (Completed Zone)	Active Dates	Production (bbls)
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Mull Drilling	Craig 1 (Cherokee)	1984-1986	18,229
BHP America	Craig 4-34 (Cherokee)	1985-1986	22,674
Anschutz	Craig 8-1X (Atoka)	1994-1996	14,622
Wiepking-Fullerton	Sellon 29-8 (Cherokee)	2008-present	3,608
Wiepking-Fullerton	Withers 10-12 (Cherokee)	2005-present	24,774
Wiepking-Fullerton	State Monk 23-6-1 (Cherokee)	2008-present	21,538
Wiepking-Fullerton	Forristan Ranch State 22-30 (Cherokee)	2007-present	42,562

The Cherokee and Atoka shale formations at Jolly Ranch are composed of numerous discrete shale horizons over a gross interval of approximately 600 feet. These zones have been analysed and undergone various completion practices to determine which horizons and completion methods will provide the optimal producers in a given well bore. Consequently the level of test production varies significantly between individual wells as set out below. The optimised completion practices are now being applied to all wells with a view to bringing them on to full scale production.

Well	Date of first test production	Total test production to 31 December 2009 (bbls)
Jolly 16-1	Nov 2008	996
Jolly 2-1	Nov 2008	481
Jolly 4-13	Feb 2009	2,072
Jolly 10-5	May 2009	1,329
Craig 15-32	Dec 2008	2,499
Craig 4-4	Feb 2009	12,265
Craig 8-1	Feb 2009	176
Craig 15-34	Apr 2009	91
Craig 7-34	May 2009	21
Craig 4-33	Nov 2009	1,268
Craig 12-33	Jan 2010	40
Craig 10-28	Awaiting completion	-
Craig 12-28	Awaiting completion	-
Total production		21,238

Craig 15-32H

The Craig 15-32H horizontal leg was drilled off the original Craig 15-32 vertical well to a total depth of 8,544 feet, of which 2,006 feet was drilled horizontally through the Cherokee formation. Three of the four stages of the lateral section of the well were successfully sand fraced. Initial swabbing operations prior to this exercise produced in excess of 100 barrels

of oil per day. The well requires mechanical remediation following these exercises, which will be undertaken subsequent to the production focused completion exercises in the Cherokee and Atoka zones on the vertical wells.

Salt Water Disposal Wells

Craig 6-4 SWD

The Craig 6-4 SWD was permitted and drilled as a salt water disposal well to reduce the operating costs of production and development. During drilling excellent hydrocarbon bearing formations were encountered within the Cherokee and Atoka shales between 6,489 and 7,079 feet. Log analysis has indicated approximately 1.533 million barrels of oil in place on 40 acre spacing. In light of this result, a twin production well has been permitted to be drilled at a later date.

Jolly 10-1

The Jolly 10-1 encountered hydrocarbons, however for logistical reasons, it is being utilised as a salt water disposal well to reduce the operating costs of production and development.

J-Sand and Codell Wells

In January 2009 a small drilling programme was undertaken consisting of three shallow wells, the Fisher 13-20 targeting the J-Sand formation and the Jolly 9C-1 and Jolly 16C-1 targeting the Codell formation. The operator has reported that the recent testing of the Codell wells indicated low concentrations of hydrocarbons and a decision was made not to complete these wells and therefore, they have been or will be cemented and abandoned in accordance with State regulations. Due to the focus on the Cherokee and Atoka shales, the J-Sand formation and the Codell formation will not be pursued. These wells are not considered material to the project.

The Manassas Field

At the request of the State of Colorado, in February 2009 Nighthawk and Running Foxes took control of the Williams 10-27 well at no cost to the partnership. The well is located in Township 14S R56W on land already leased by Nighthawk and Running Foxes in the south of the Jolly Ranch area.

The Williams 10-27 well is part of the Manassas oilfield, which was discovered in 1976 by Petro-Lewis. The well was completed in a sandstone interval between 7,296 to 7,304 feet within the Atoka formation and produced oil and gas.

Evaluation of historic data shows there to be a full suite of Atoka and Cherokee shales present and indicates their prospectivity. In addition, the well bore is in good condition with significant pressure at the wellhead. As the well is located approximately four miles to the south of the current core project area, the confirmed extent of the Jolly Ranch Group shale play has been considerably increased through the acquisition. In addition, there are 10 feet of Marmaton reservoir present within the well bore which also appear to be potentially productive.

The interpretation of a recent 3-D seismic shoot around the Williams 10-27 well has upgraded this area to a high priority appraisal situation for the shales.

The Bluebird Oil Field

The inactive Bluebird oil field produced approximately 1 million barrels of oil between September 1985 and October 1998 and was acquired in December 2008 in a land package offered at a State of Colorado land sale. The acreage lies within the Mustang Creek section of the Jolly Ranch project.

Whilst current priorities dictate that Nighthawk and Running Foxes focus on proving up and raising the production profile within the Craig Ranch and Jolly Ranch area, the Bluebird oil field represents a further development opportunity at an appropriate time.

Seismic

Whilst it has been indicated that there is a very high likelihood that the Atoka and Cherokee shales are present across the whole acreage, in order to extract an optimum volume of oil the well location needs to be carefully selected. In this respect the recent reprocessing and reinterpretation of the original 3-D seismic surveys has led to the identification of certain seismic and petrophysical indicators, such as natural fracture mechanisms, which when tied back into the existing well logs could indicate areas of optimum production out of the shale horizons. In order to apply these techniques across a wider area, a further 25,920 acres of 3D seismic has been shot and is currently being processed.

Regional Activity

The immediate area surrounding Jolly Ranch continues to see increasing activity. Unit Corporation, EOG Resources, Newfield Exploration, Sundance Energy, Wiepking-Fullerton Energy and McElvain Oil and Gas are all at various stages of exploration and development. Anadarko remain one of the largest landholders in the region.

Preliminary Economics

The results of current preliminary economic studies compiled by Nighthawk and Benavides Petroleum Engineering Inc., a Denver based consultancy, indicate the project concept to be economically viable and demonstrate high rates of return on investment.

The study was executed assuming a single vertical well with a gross capital cost of US\$1.4 million completed on 160 acre spacing with 100,000 barrels of gross recoverable oil in the Atoka and Cherokee formations.

The study used reasonable assumptions including comparative figures for variables such as decline and initial production rates and incorporated an industry standard 10% discount rate on a life-of-well basis. A US\$70 oil price delivers a post-tax net back to Nighthawk of approximately 40% of the sales price.

With these assumptions and taking account of all royalties and production taxes, plus applicable regional and federal taxes, the discounted cash flow over the life of the well has been estimated to be US\$4.7 million, providing a rate of return on the cost of the well of 330% on a discounted basis. On this basis, capital expenditure on the well pays back in less than six months.

These returns compare favourably to other petroleum development projects on a global basis and demonstrate the financial robustness of the project. Although horizontal wells may be used in the future, given these encouraging preliminary economics, the directors believe that, at this stage of development, vertical wells offer excellent value and rate of return.