

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** It contains the resolutions to be voted on at an Extraordinary General Meeting of Hardy Oil and Gas Plc (the "Company") to be held on 4 February 2008. If you are in any doubt as to the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your ordinary shares of US\$0.01 each in the Company ("Ordinary Shares"), please forward this document and the accompanying Form of Proxy for use in relation to the Extraordinary General Meeting as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

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**HARDY OIL AND GAS PLC**

*(Incorporated and registered in Isle of Man with registered number 087462C)*

15-19 Athol Street, Douglas, Isle of Man IM1 1LB

**Notice of Extraordinary General Meeting**

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Notice of an Extraordinary General Meeting of the Company, to be held at the Company's registered office, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB, at 10 am on 4 February 2008, is set out at the end of this document. The accompanying Form of Proxy for use in connection with the Extraordinary General Meeting should be completed and returned as soon as possible and, in any event, so as to reach the Company's registered office at 15-19 Athol Street, Douglas, Isle of Man IM1 1LB by no later than 10 am on 2 February 2008. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefor.

The distribution of this document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

## CONTENTS

	<i>Page</i>
Definitions	3
Letter from the Chairman of the Company	4
Notice of Extraordinary General Meeting	7

## DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy, unless the context requires otherwise:

"AIM"	the AIM market of the London Stock Exchange Plc
"Board" or "Directors"	the board of directors of the Company
"Disclosure and Transparency Rules"	the rules and regulations made by the UK Listing Authority in accordance with section 73(A) of the Financial Services and Markets Act 2000 relating to the disclosure of information in respect of financial instruments which have been admitted to a regulated market;
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company convened for 10 am on 4 February 2008 (or any adjournment thereof)
"Form of Proxy"	the accompanying form of proxy for use by Shareholders in relation to the EGM
"Group"	Hardy and its subsidiaries
"Hardy" or "the Company"	Hardy Oil and Gas Plc
"Notice of EGM"	the notice of Extraordinary General Meeting, set out at the end of this document
"Official List"	the Official List of the UK Listing Authority
"Ordinary Shares"	ordinary shares in the capital of the Company having a nominal value of US\$0.01 each
"Resolution"	the resolution set out in the Notice of EGM
"Shareholders"	the persons who are registered as the holders of Ordinary Shares
"Takeover Code"	City Code on Takeovers and Mergers
"UK"	the United Kingdom



HARDY OIL AND GAS PLC

**LETTER FROM THE CHAIRMAN OF THE COMPANY**

*(Incorporated and registered in Isle of Man with registered number 087462C)*

*Directors :*

E Paul Mortimer *(Non-Executive Chairman)*  
Sastry Karra *(Chief Executive)*  
Yogeshwar Sharma *(Chief Operating Officer)*  
Dinesh Dattani *(Finance Director)*  
Pradip Shah *(Non-Executive Director)*  
Dr Carol Bell *(Non-Executive Director)*

*Registered Office:*

15-19 Athol Street  
Douglas  
Isle of Man  
IM1 1LB

11 January 2008

*To Shareholders, and for information purposes only, to holders of options under the Group's employee share option scheme*

Dear Shareholder,

**ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

**1. Introduction**

The Board has announced today that it has called an Extraordinary General Meeting for 10 am on 4 February 2008 to adopt new Memorandum and Articles of Association.

As announced earlier on 11 January 2008 it is the Board's intention that the Company should move from AIM to the Official List and the Company is currently undertaking steps to facilitate this process. The Group has grown significantly since admission to AIM in 2005 and the Board now considers, having regard to the Company's market capitalisation, reserves and resource base, operations and production profile, the Official List to be a more appropriate platform than AIM for the continued growth of the Group.

The Directors anticipate that a move to the Official List will increase the public awareness and recognition of the Group and will raise its profile and status within its sector. Furthermore, the Directors believe that in due course the admission to the Official List should assist in increasing the liquidity of the Company's Ordinary Shares and increase its access to capital to fund its future exploration and development expenditures.

As part of this process the Directors believe that it is good corporate governance and in the Company's interests to adopt new Memorandum and Articles of Association. The new Memorandum and Articles of Association to be tabled at the EGM are similar to the Company's current Memorandum and Articles of Association but have been updated, inter alia, to reflect recent statutory amendments as well as changes in current market practice, as detailed below.

**The purpose of this document is to explain the reasons for calling an Extraordinary General Meeting and the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the EGM, notice of which is set out at the end of this document.**

**2. Extraordinary General Meeting**

You will find at the end of this document a notice convening the EGM to be held at the registered office of the Company, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB on 4 February 2008 at 10 am.

The Directors believe that as the Company is proposing to move to the Official List it is appropriate for the Company to adopt new Memorandum and Articles of Association at the Extraordinary General Meeting. Copies of the proposed new Memorandum and Articles of Association will be available from the Company's registered office from the date of the Notice of EGM until the date of the Extraordinary General Meeting and will also be on display at the Extraordinary General Meeting for at least 15 minutes prior to and until the conclusion of the EGM. A copy of the proposed new Memorandum and Articles of Association can also be found on the Company's website, [www.hardyoil.com](http://www.hardyoil.com).

Set out below is an explanation of the main amendments which are proposed to be included in the new Memorandum and Articles of Association:

#### Pre-emption Rights

At the Company's annual general meeting held on 26 July 2007 shareholders approved the disapplication of the provisions of Article 5.1 of the Articles of Association thereby allowing the Company to issue such amount of Ordinary Shares for cash as was equal to five per cent. of the issued share capital of the Company as at 26 July 2007.

It is proposed that new wording is inserted at Article 5.3 of the new Articles of Association affirming that such authority will continue to be effective in respect of the New Articles of Association.

#### Compulsory Transfer of Ordinary Shares

It is proposed that new wording is inserted into the Articles of Association which allows the Directors to require a Shareholder to transfer his Ordinary Shares where such a shareholding would either cause the Company to suffer a pecuniary or tax disadvantage, or more specifically may cause the Company and/or its assets to be subject to US regulations. In the event that the Shareholder does not respond to the Directors' transfer request the Company is then entitled to sell the relevant Ordinary Shares and the monies will be paid to the Shareholder, or held on trust if the Shareholder cannot be identified.

There is also an obligation on Shareholders to notify the Directors and request a transfer if they are aware that their shareholding may cause the Company to suffer as described above.

#### Proxies

Articles 71 and 72 have been amended to facilitate the use of electronic communication for shareholder proxy purposes.

#### Disclosure of Interests in Shares

Under the Disclosure and Transparency Rules all shareholders of a company listed on the Official List are required to notify the company if their interest in voting rights reaches, exceeds or falls below certain thresholds. In order to be in line with market practice the Directors propose that, despite the Company being incorporated outside the UK and thus subject to less onerous disclosure thresholds, the new Articles of Association should require Shareholders to notify the Company if their interest in voting rights reaches, exceeds or falls below three per cent. and each one per cent. threshold thereafter up to 100 per cent., as is the case for shareholders of UK companies and wording to this effect has been inserted at Article 77.1. In addition, it is proposed that a new Article 77.2 will allow the Directors to keep a register of substantial interests containing the information required to be disclosed under Article 77.1.

#### Deletion of Residency Requirements for Directors

The current Articles of Association include certain residency requirements for the Directors. This wording was originally inserted when the Company's share capital was admitted to trading on AIM, in order to ensure that the Company was not subject to the Takeover Code. However, once the Company is admitted to the Official List it will be automatically subject to the Takeover Code and this wording will no longer be necessary. Accordingly, the proposed Articles of Association will not contain any such restrictions.

### Appointment of Directors

The Directors propose inserting a new Article 82.2 which approves and confirms that the current directors of the Company are Sastry Karra, Yogeshwar Sharma, E Paul Mortimer, Pradip Shah, Dinesh Dattani and Dr Carol Bell

### Increase in Directors' fees

At present the Articles of Association state that Directors' fees shall not exceed US\$150,000 per annum. In light of the move to the Official List and the need in the future to be able to attract potential new non-executives to the Board, it is proposed that this cap should be increased to US\$500,000 per annum.

The Directors have resolved that following the Company's proposed move to the Official List and subject to the adoption of the new Articles of Association, Mr Mortimer's fees will increase to £48,000 per annum and Mr Shah and Dr Bell's fees will increase to £36,000 per annum.

### Other Changes

The opportunity is also being taken to make minor amendments to the Company's Articles of Association to update statutory references. However, this letter summarises the material differences between the current and the proposed Articles of Association. Changes of a minor, conforming or technical nature have not been mentioned specifically. Copies of the Memorandum and Articles of Association (showing the proposed changes) are available for inspection during normal business hours at the registered office of the Company until the date of the EGM or upon request from the Company Secretary. Copies will be available at the Extraordinary General Meeting and a copy can also be found on the Company's website: [www.hardyoil.com](http://www.hardyoil.com).

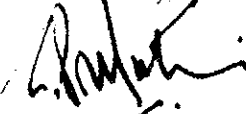
### **3. Action to be taken**

Shareholders will find enclosed with this document a Form of Proxy for use at the EGM. Whether or not you propose to attend the EGM in person, you are requested to complete the Form of Proxy and to return it to the Company's registered office, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB so as to arrive not later than 2 February 2008 at 10 am. Unless the Form of Proxy is received by this date and time, it will be invalid. The completion and return of a Form of Proxy will not preclude you from attending the EGM and voting in person if you so wish.

### **4. Recommendation**

**The Directors consider the Resolution to be proposed at the Extraordinary General Meeting is in the best interests of the Company and the Shareholders as a whole. Consequently, the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting as they intend to do in respect of their own beneficial holdings which in aggregate amount to 14,219,086 Ordinary Shares, representing 22.8 per cent. of the Company's current issued ordinary share capital.**

Yours faithfully,



**E Paul Mortimer**  
Non-Executive Chairman

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**To the Members of Hardy Oil and Gas plc (the "Company")**

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held on 4 February 2008 at the office of the Company, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB at precisely 10 am to consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

"That the Company adopt new Memorandum and Articles of Association in the form produced to this meeting and initialed by the chairman for the purposes of identification in substitution for the existing Memorandum and Articles of Association of the Company".

BY ORDER OF THE BOARD



**R V Vanderplank**  
Company Secretary

11 January 2008

Notes

1. A member of the Company entitled to attend and vote at the above-mentioned meeting is entitled to appoint another person as his proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
2. To be effective, forms of proxy must be lodged at the Company's registered office 15-19 Athol Street, Douglas, Isle of Man IM1 1LB not later than 10 am on 2 February 2008. Lodgement of a form of proxy will not prevent a member from attending and voting in person.

**HARDY OIL AND GAS PLC**  
**(the "Company")**

**FORM OF PROXY**

I/We.....

of.....

.....  
being a shareholder of the Company, hereby appoint each director and the secretary of the Company.....[See Note 1] as my/our proxy to attend, represent and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at 10.00 am on 4 February 2008 and at any adjournment thereof.

Please indicate with an 'X' in the space below how you wish your votes to be cast in respect of the special resolution which is set out in the Notice convening the meeting. If no specific direction as to voting is given, the proxy will vote at his discretion.

**FOR      AGAINST**

To adopt new Memorandum and Articles of Association  
in substitution for the existing Memorandum and Articles of  
Association of the Company.

Date: .....

Signature: .....

.....  
[See Note 2]

**NOTES:**

1. If you wish to appoint another person to be your proxy instead of each director and the secretary of the Company, you should delete the relevant words, write the name of your proxy in the space provided and initial the alteration.
2. This form must, (a) in the case of an individual, be signed by the appointor or his attorney duly authorised in writing; and (b) in the case of a corporation, be executed under its common seal or signed by an officer or attorney so authorised.
3. To be effective, forms of proxy must be lodged at the Company's registered office, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB, not later than 10.00 am on 2 February 2008. Lodgement of a form of proxy will not prevent a member from attending and voting in person.