27 November 2014

- Draft Private and Confidential -

Hardy Oil and Gas plc
("Hardy", the "Company" or the "Group")

Interim Results
for the six months ended 30 September 2014

Hardy Oil and Gas plc (LSE: HDY), the oil and gas exploration and production company focused in India, reports its results for the six months ended 30 September 2014.

All financial amounts are stated in US dollars unless otherwise indicated.

Summary

- PY-3 –The GOI Petroleum Secretary convened a meeting with stakeholders to facilitate a way forward. Hardy subsequently held two operating committee meetings and a number of other meetings with GOI officials to advance approvals. An updated FDP has been circulated to partners for final review and ratification prior to seeking final approval from the GOI.
- GS-01 – A draft farmout agreement is under review by both parties and the final outcome of these negotiations will be known in the near term. A field development plan for the Dhirubhai 33 natural gas discovery is with the GOI.
- CY-OS/2 – The GOI's appeal, against the Hon'ble tribunal award, in the High Court of Delhi (HC) was adjourned, at the GOI's request, for the fourth consecutive time. The matter was heard in the HC on 27 October and is now scheduled to be heard again on 27 November 2014.
- GOI policy – The GOI announced a New Domestic Natural Gas Guideline which benchmarks the gas price against a number of foreign markets, favouring low price net exporting regions.
- D3 – Notification of approval of the 12 month extension to the block exploration phase to the end of 2014 was received from the GOI in August 2014. The operator had requested that the extension be effective from the date of notification, which was declined by the DGH.
- Cash and short term investments at 30 September 2014 amounted to $22.9 million; Hardy has no debt.

Outlook

- PY-3 - Secure approval of the FDP from the GOI so that the Company can target the recommencement of production in 2015.
- GS-01 - Conclude discussions with the Company's joint venture partner to acquire their participating interest in the block.
- CY-OS/2 - Hardy will recommence work on the appraisal of the Ganesha-1 natural gas discovery once the block has been restored to the CY-OS/2 joint venture.
- D3 – In light of the GOI's new gas pricing and other policies, as well as the MOD access restrictions, the D3 joint venture is reviewing its plans for the block

Ian MacKenzie, Chief Executive Officer of Hardy, commented:

""Our primary objectives remain to secure key stakeholders approvals and initiate activity that will take us closer to realising production from our portfolio of assets. The Company remains in a strong working capital position from which to fund its planned work activity and we look forward to updating the market further in due course."

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CHAIRMAN'S STATEMENT

We have observed a number of encouraging developments and commitment from the leadership of the industry's political and regulatory bodies. A number of new policies have been introduced to address a number of outstanding PSC issues which have been constraining the approval process. Further, a committee of Secretaries has been empowered to facilitate resolution of operational issues in the implementation of PSCs. The GOI also announced a new pricing policy which implies a significantly lower price than the previously notified Rangarajan Committee formula. In light of the unattractive pricing and uncertainty surrounding the long-term price outlook for natural gas sales the D3 joint venture is reviewing its planned activity.

There are a number of key challenges to overcome in our operated assets but we remain optimistic that material progress will be made in the short term.

Our Strategy

Hardy has compiled an India focused portfolio with the potential to add value to shareholders by discovering, developing and ultimately delivering hydrocarbons to the local India market. The outcome of planned activity through 2015 is expected to verify our view on the longer-term prospects of our portfolio. In the interim, we will continue to consider all opportunities to accelerate value creation for our shareholders.

Market Overview

Natural Gas – India currently imports 13.5 MTPA of LNG and demand for natural gas is projected to grow by 19 per cent per annum. Domestic supply is expected to fall well short of demand growth, creating a robust environment in which to monetise the Group's current and potential gas discoveries. The GOI New Domestic Gas Pricing Guidelines ("the Guidelines") are heavily weighted towards excess supply markets resulting in pricing materially lower than prevailing prices of imported gas. Given the projected shortfall in supply the gas pricing policy is below expectations and is inconsistent with PSC provisions which require the Contractor to ensure the gas price is determined by a regional competitive arms-length price discovery process.

International oil prices have seen significant weakness over concerns of slowing global economic growth and robust supply capacity. The fiscal structure of the PSC allows for full cost recovery which provides our liquids projects with reasonable resilience to price volatility.

Operations

The Company's activities are firmly focused on the finalisation of the PY-3 comprehensive FDP which will enable us to meet our target to recommence production in 2015. We have made good progress towards this goal although there remain key commercial considerations – principally regarding levy obligations - which need to be resolved by the GOI prior to the FDP being formally considered.

On 21 August 2014 the D3 JV received confirmation of the extension of the exploration phase to the end of 2014 following which the operator has requested further extension to August 2015 citing excusable delays. Discussion with India’s Ministry of Defence (MOD) regarding access restrictions to southern portions of the block continued. The JV is currently reviewing the appropriate way forward, taking into account policies recently announced by the GOI and the overall prospectivity of the block.

The GOI’s appeal, against the Hon’ble Tribunal award in respect of CY-OS/2, in the High Court of Delhi was adjourned at the GOI’s request for the fourth time and is scheduled to be called again before the end of 2014. The Company believes that the unanimous international tribunal award is well reasoned and, as per the India Arbitration & Conciliation Act 1996, may not be subject to appeal in Indian courts. We believe that this position is further supported by the recent Indian Supreme Court judgement in a similar matter where the award of a foreign seated arbitration tribunal has been upheld.

The Company is continuing to pursue the acquisition of the operator’s participating interest in the GS-01 block and subsequently progress the approval of the proposed FDP. A draft farmout agreement is under review by both parties and the final outcome of these negotiations will be known in the near term.

Financial

The Group is reporting a total comprehensive loss of $1.4 million for the six months ended 30 September 2014 compared to a loss of $3.1 million for the same period in 2013. The reduction is attributable to forex and other onetime charges for the comparable period. Cash used in operating activities amounted to $1.8 million for the six months ended 30 September 2014 compared to a cash outflow of $2.9 million for the same period in 2013. The Group’s capital expenditure for the six months ended on 30 September 2014 amounted to $0.1 million. With cash and short-term investments of $22.9 million as at 30 September 2014, and no debt, the Group is well funded to meet its future work commitments.

Corporate

Mr Yogeshwar Sharma, Non-Executive Director, stepped down as a director with effect from 30 September 2014. The Board wishes to acknowledge Mr Sharma's immense contribution to Hardy, which he co-founded in 1997 and led in its early period of rapid growth. He helped build the Company's spread of exploration acreage in India that led to Hardy's successful listing, first on AIM and later on the Main Market of the London Stock Exchange. The Company expects to announce the appointment of a new independent Non-Executive Director in due course.

Risk management

The Company has previously established a risk and uncertainties review process involving the identification of key risks and implementation of strategies to mitigate these risks. The following principal risks facing the Group in the near-term remain: exploration risk inherent to any oil and gas business; the timing or execution of activities may not commence as forecast and delays may be experienced, and; the possible relinquishment of exploration and appraisal acreage.

Outlook

Our primary objectives remain to secure key stakeholders' approvals and initiate activity that will take us closer to realising production from our portfolio of assets. We have clear deliverables for each asset and management are fully accountable for the implementation of the agreed plans. We are further encouraged by the improved oversight environment developing under the new leadership of the GOI. The Group remains in a strong working capital position from which to fund its planned work activity.

Alasdair Locke
27 November 2014

OPERATIONAL SUMMARY

The Company's exploration and production assets are based in India and are held through its wholly owned subsidiary Hardy Exploration & Production (India) Inc. (HEPI).

Health Safety and Environment

The Company is committed to excellent health and safety practices which are at the forefront in all of our activities. Although all offshore activities are currently suspended, maintaining high HSE standards throughout the organisation remains core to all our undertakings. The Company's HSE policy document was reviewed and amended with increased focus on leadership and accountability.

Block CY-OS 90/1 (PY-3): *Oil Field (Hardy 18 per cent interest – Operator)*

Operations - The Secretary of MOPNG convened a meeting with stakeholders to facilitate a way forward. Hardy subsequently held two operating committee meetings and a number of other meetings with GOI officials to advance approvals. An updated FDP has been circulated to partners for final review and ratification prior to seeking final approval from the GOI.

Outlook - Secure approval of the FDP from the GOI after which we intend to target the recommencement of production in 2015. This will be achieved by securing the appropriate offshore production and storage facilities while simultaneously initiating planning for a development drilling programme.

Background - The PY-3 field is located off the east coast of India 80 km south of Pondicherry in water depths between 40m and 450m. The Cauvery Basin was developed in the late Jurassic / early Cretaceous period and straddles the present-day east coast of India. The licence, which covers 81km^2, produces high quality light crude oil (49° API).

Block GS-OSN-2000/1 (GS-01): *Appraisal (Hardy 10 per cent interest)*

Operations – Hardy continued discussions with the operator to acquire their 90 per cent interest and Operatorship. – A draft farmout agreement is under review by both parties and the final outcome of these negotiations will be known in the near term. Following which an agreement will be subject to the GOi approval of the transfer of interest and operatorship. A detailed FDP, for the Dhirubhai 33 natural gas discovery was submitted to GOI for review and approval in 2012. The development plan provides for several dry tree wells, an unmanned platform, multiphase pipeline to shore and onshore processing and export facilities.

Outlook – Conclude discussions with our joint venture partner to acquire their participating interest and the Operatorship of the block. Following this, a priority will be to secure GOI approval of the FDP and initiate planning for development.

Background – In 2011, the GS-01 joint venture secured the GOI's approval for a DOC proposal for the Dhirubhai 33 discovery (GS01-B1, drilled in 2007) which flow-tested at a rate of 18.6 mmscfd gas with 415 bbld of condensate through a 56/64 inch choke at flowing tubing head pressure of 1,346 psi. The GS-01 licence is located in the Gujarat-Saurashtra offshore basin off the west coast of India, northwest of the prolific Bombay High oil field, with water depths varying between 80m and 150m. The retained discovery area covers 600km^2.

Block KG-DWN-2003/1 (D3): *Exploration (Hardy 10 per cent interest)*

Operations - On 21 August 2014, the GOI issued confirmation of the 12 month extension to the first exploration phase to the end of 2014. The operator requested the exploration phase be extended by 12 months from the date of the notice. This request was subsequently rejected by the DGH.

The operator undertook a detailed drilling study of the block's high-graded prospect in the east portion of the block which highlighted significant drilling risk due to the prognosed subsurface overpressure environment. As a result of the risk assessment, the JV agreed not to progress with the drilling of this prospect.

On 10 November 2014, the GOI issued a new policy to address access restrictions imposed on exploration licenses subsequent to award which provides a one-time mechanism to relinquish a portion of the block with a proportionate reduction to the MWP commitments of the Contractor or the exit of the contract entirely. As previously announced the Defence Research & Development Organisation (DRDO) of the Ministry of Defence has classified approximately one third of the D3 block as a designated impact zone and as a result has imposed certain access restrictions to that area.

Outlook – The new GOI pricing policy implies a significantly lower price than the previously notified Rangarajan Committee formula. There remains some uncertainty surrounding a pricing premium for deep-water discoveries and the development of our D3 discoveries is dependent on the future long-term price outlook for gas sales. The JV is currently reviewing the appropriate way forward, taking into account policies recently announced by the GOI and the overall prospectivity of the block.

Background - Situated in the Krishna Godavari Basin on the East coast of India, the D3 exploration licence encompasses an area of 3,288km^2, in water depths of 400m to 2,200m, and is located approximately 45km offshore. The D3 block is operated by Reliance who holds a 60 per cent participating interest with BP and Hardy hold participating interests of 30 per cent and 10 per cent respectively. Four gas discoveries have been made via the Dhirubhai 39, 41, 44 and 52 (KGV-D3-A1, B1, R1 and W1) exploration wells. The joint venture has acquired approximately 3,250km^2 of 3D seismic data over the block.

The Ministry of Defence (via DGH) has communicated that the southwest portion of the D3 block, which amounts to more than 30 per cent of the area, falls under a DRDO designated impact zone.

Block CY-OS/2: *Appraisal (Hardy 75 per cent interest – Operator)*

The GOI's appeal against the unanimous international arbitration award to restore the block to the joint venture in the Delhi High Court of India continued. Hardy has also filed an execution petition with the Delhi High Court. To date the High Court has, at the request of the GOI, adjourned the hearing on four consecutive occasions. The next hearing is scheduled to be called on 27 November 2014.

The Company believes that it has a strong position as the unanimous international award is well reasoned and, as per the India Arbitration & Conciliation Act 1996, may not be subject to appeal in Indian courts.

Outlook **–** We will continue our endeavours to facilitate the restoration of the block to the CY-OS/2 joint venture in a timely manner. The GOI appeal is being heard in the Delhi High Court and this is likely to continue into 2015. Hardy will recommence work on the appraisal of the Ganesha-1 natural gas discovery once the block has been restored to the CY-OS/2 joint venture.

Background – Hardy is the operator of the CY-OS/2 exploration block and holds a 75 per cent participating interest*, through its wholly owned subsidiary Hardy Exploration & Production (India) Inc and GAIL holds the remaining 25 per cent participating interest. The block is located in the northern part of the Cauvery Basin immediately offshore from Pondicherry, India and covers approximately 859km^2. The licence comprises of two retained areas with the Ganesha-1 natural gas discovery located in the northern area, which comprises an area of approximately 300km^2.

* *CY-OS/2 – In the event of a declaration of commerciality, the Government of India's nominee is entitled to assume a 30 per cent participating interest in the block. As a result Hardy's participating interest would be 52.5 per cent.*

Ganesha-1 - The natural gas discovery Ganesha-1, announced in January 2007, was drilled to a depth of 4,089 metres and, encountered sandstone reservoir within the Cretaceous section. The well flow tested at a peak rate of 10.7 mmscfd. The Company published a competent person report, prepared by Gaffney, Cline & Associates and dated March 2011, which estimates gross 2C Contingent Resources of approximately 130 BCF.

A brief summary of the Hon'ble Tribunal's award is provided below;

Dispute - Hardy along with GAIL and ONGC are a party and operator to a PSC for the CY-OS/2 block. Hardy holds 75 per cent participating interest* in the block. Hardy and GAIL declared a gas discovery on 8 January 2007 which qualified as Non-Associated Natural Gas (NANG) under the terms of the PSC. The GOI however, stated that the discovery being Oil and the commerciality of the block not having been declared within 24 months from the date of the notification of the discovery, the block stood relinquished. Hardy had disputed the characterisation of the discovery as oil and the consequential relinquishment.

** CY-OS/2 – In the event of a declaration of commerciality, the Government of India's nominee is entitled to assume a 30 per cent participating interest in the block. As a result Hardy's participating interest would be 52.5 per cent.*

Hon'ble Tribunal - This dispute was referred to Arbitration under the PSC to a Tribunal consisting of 3 Arbitrators who were former Chief Justices of India. The Hon'ble Tribunal passed the award on 2 February 2013 at Kuala Lumpur, Malaysia.

Award summary - The Hon'ble tribunal has awarded and directed as follows:

a) The Ganesha-1 discovery made by Hardy and GAIL is NANG;
b) The order of relinquishment by the MOPNG was illegal, being on the erroneous impression that the discovery was oil;
c) That the parties shall be immediately relegated to the position in which they stood prior to the order of relinquishment and the block shall be restored to Hardy and GAIL;
d) Hardy shall be entitled to a period of three years from the date on which the block is restored to it, to carry out further appraisal;
e) MOPNG shall pay to Hardy and GAIL interest at the simple rate of 9 per cent per annum on the amount of Rs.5.0 billion spent by them on the block, from the date of relinquishment till the date of the award and 18 per cent until the date the block is restored.

As at 30 September 2014, Hardy's 75 per cent share of the interest awarded is approximately $40.4 million.

GROUP OUTLOOK

Our primary objectives remain to secure key stakeholders approvals and initiate activity that will take us closer to realising production from our portfolio of assets. The GOI's gas pricing policy for domestically produced natural gas is not consistent with our contractual right to market gas at arm's length as provided for in the NELP PSC's. Further, there remains uncertainty regarding an undefined premium for deep-water discoveries. Importantly, energy demand in India is growing at an exceptional rate and the country's structural supply shortfall should promote a geopolitical environment to complement our efforts. The Company remains in a strong working capital position from which to fund its planned work activity and we look forward to updating the market further in due course.

FINANCIAL REVIEW

Overview

In the six months ended 30 September 2014, the Group recorded total comprehensive loss of $1.4 million and exited the period with cash and short-term investments of $22.9 million with no debt.

Summary Statement of Comprehensive Income	**6 mth ended 30 Sept 2014 (unaudited) $ million**	6 mth ended 30 Sept 2013 (unaudited) $ million	15 mth ended 31 March 2014 (audited) $ million
Administrative expense Administrative expense fell by $1.5 million as a result of a $0.2 million recharge to operated joint ventures and a $0.3 million reduction in share based payments for 2014/15 and an additional $1.0 million of expenditures in 2013/14 attributed to foreign exchange loss and other extraordinary charges.	(1.7)	(3.2)	(6.2)
Finance cost Finance cost decreased from $0.3 million to $0.1 million due to a reduction in the annual decommissioning provision charge for PY-3. The decrease is attributable to minor adjustments in timing of abandonment assumption.	**(0.1)**	(0.3)	(0.4)
Taxation No current tax is payable for the 6 months ended 30 September 2014. The Group has recorded a deferred tax credit of $0.4 million. The deferred tax asset is expected to be realised with the recommencement of production from the PY-3 oil field and other production of oil and gas from those areas which are available for commercial development.	**0.4**	0.3	0.6
Total Comprehensive loss The Group's 54 per cent reduction in total comprehensive loss compared the six months ended 30 September 2014 is attributable to a reduction in administrative expenses described above.	**(1.4)**	(3.1)	(4.8)

Summary statement of financial position	**30 September 2014** (unaudited) **$ million**	31 March 2014 (audited) $ million
Non-current assets		
Non-current assets primarily represents successful or work-in-progress exploration expenditure. The increase is attributable to an increase in deferred tax asset of $0.4 million.	**96.3**	96.0
Current assets		
The Group's cash and short-term investments* reduced by $1.7 million.	**25.3**	27.3
Non-current liabilities		
The Group made an additional decommissioning provision for PY-3 of $0.1 million due to the unwinding of future value discounting.	**5.6**	5.5
Current liabilities		
Trade and other accounts payable declined by $0.4 million due to a reduction of outstanding cash calls to joint venture partners	**4.6**	5.0
Contingent asset		
The Group has considered a contingent asset of $40.4 million on the interest cost awarded by the arbitration tribunal for the block CY-OS/2 (note 7).	**40.4**	36.0

Summary Statement of Cash flows	**6 mth ended 30 Sept 2014 (unaudited)** **$ million**	6 mth ended 30 Sept 2013 (unaudited) $ million	15 mth ended 31 March 2014 (audited) $ million
Cash Flow (used in) operating activities			
Cash used in operating activities comprised of $1.5 million in administrative costs and $0.3 million in changes to working capital.	**(1.8)**	(2.9)	(4.7)
Capital Expenditure			
Capital expenditure was primarily associated with geophysical studies undertaken by the operator of the Group's D3 exploration licence.	**(0.1)**	-	(0.2)
Financing activity			
The fall in Group realises interest and investment income from its Indian rupee deposits including the PY-3 site restoration fund. Interest is realised from this account on 31 March.	**0.0**	0.0	0.6
Cash and Short-term Investments			
Sufficient resources available to meet ongoing capital, operating and administrative expenditure. The Group has no debt.	**22.9**	26.4	24.6

Accounting reference date

The Group had maintained different accounting reference dates for the Company and its India based activities. To streamline the Group’s reporting process, the Board resolved to synchronise the Group's accounting reference date to 31 March. The Group’s significant accounting policies and details of the significant judgements and critical accounting estimates are disclosed within the notes to the financial statements.

Liquidity risk management and going concern

The Company closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including changes in timing of developments and cost overruns of our activity. At 30 September 2014, the Company had liquid resources of approximately $22.9 million, in the form of cash and short-term investments, which is available to meet ongoing capital, operating and administrative expenditure. The Company’s forecasts, taking into account reasonably possible changes as described above, show that the Company will have sufficient financial resources for the 12 months from the date of approval of the 2014 Interim Statement and Accounts for the six months ended 30 September 2014. At the present time, the Group does not have any debt.

Market Overview

Natural Gas - India's demand for natural gas is expected to grow by about 19 per cent per annum (from 194 mmscmd in 2013 to 466 mmscmd in 2017) to meet the ever increasing requirements of the power, fertiliser and other industries. The CNG and city gas sector will also see a quantum growth in natural gas use. Furthermore, it is expected that by 2017, 300 cities will have the infrastructure for gas distribution. Domestic supply by 2017 is projected to be 231 mmscmd, falling well short of expected demand.

The GOI issued the New Domestic Natural Gas Guidelines, 2014 (the "Guidelines"). The Guidelines are based on a modification to the Rangarajan formula by:

a. Removal of both the Japanese and Indian LNG import components in the formula.
b. Consideration of Alberta Gas Reference price in place of Henry Hub Prices for Canadian consumption.
c. Consideration of Russian actual price in place of National Balancing Point price for the Russian consumption considered under Former Soviet Union (FSU) countries.
d. US$0.5 deductions on account of transportation and treatment charges to apply to all sectors of the economy, along with prevailing gas allocation policy

This price equates to approximately US$5.61 per MMbtu based on the net calorific value ("NCV") of the sales gas. This is an increase of 30 per cent from the previous notified price. Providing for the projected shortfall in supply the gas pricing policy is below expectation and is inconsistent with PSC provisions which require the Contractor to ensure gas value is determined by a regional competitive arms-length price discovery process.

The Company's PY-3 field is contracted to sell crude oil production at a price benchmark to Brent. After an extended period of stability global oil prices have recently experienced a renewed volatility. Poor economic growth in Europe and Asia, increasing supply capacity in America and uncertainty of the strategic objectives of OPEC members have contributed to the significant downgrade of pricing. Our current projects remain viable under the current oil price environment.

Oversight - The new government has been provided with a clear majority government and an unprecedented mandate to see through its plans. Energy security is continuing to be an active topic on the national agenda. Industry is providing a more coordinated voice through the AOGO, an oil and gas operator association, of which Hardy is an active member of. We have observed a marked change in the level of urgency in decision making and an effort to foster a more collaborative and constructive regulatory environment.

PRINCIPAL RISKS AND UNCERTAINTIES

The underlying risks and uncertainties inherent with Hardy's current business model have been grouped into four categories; strategic, financial, operational and compliance. The Board has identified principal risks and uncertainties for 2014/15 and establishing clear policies and responsibilities to mitigate their possible negative impact to the business, a summary of which is provided below:

RISK OR UNCERTAINTY	MITIGATING ACTION
Strategic - The Group's strategy is predominantly driven by the appraisal, development and production of its existing assets in India. There are risks inherent in the exploration, appraisal, development and production of oil and gas reserves and resources.	
1. Asset portfolio over-weighted to long-cycle appraisal and development licences	Preferential allocation of resources to advance current discoveries to the development stage. Continually assessing acquisition opportunities, consistent with stated objectives, offering near term production increases.
2. Sub-commercial exploration results	Effective portfolio management comprised with rigorous review and implementation of best practice exploration processes and techniques. Internal expertise review process and, when necessary third party consultation prior to Board approval.
Financial - Any volatility and future decreases in international crude oil prices or India natural gas prices could materially and adversely affect the Group's business, prospects, financial condition and results of operations. Other major financial risks facing the Company could be financing constraint for further exploration and development; cost inflation and overruns.	
1. Absence of stakeholder approval for proposed development and appraisal programmes	Regular and proactive communication with stakeholders to identify and maintain an understanding of key agendas and constraints. Maintain sufficient working capital to account for extended delays and maintain tight controls on overhead inflation.
2. GS-01 – Failure to secure the operator's interest in the block may result in deemed relinquishment of the block	Hardy has advised the operator and the GOI of its intent to continue with the asset. Hardy has issued request to assignment by RIL and is in regular communication with senior GOI officials. The Group's intangible assets include an amount of $5.0 million with respect to exploration expenditure for the GS-01 block.

3. D3 - Relinquishment of asset	The D3 JV is currently evaluating the asset in context with the GOI's new policies regarding natural gas pricing and other PSC management issues. The Group's intangible assets include an amount of $22.0 million with respect to exploration expenditure for the D3 block
4. CY-OS/2 – significant delay in enforcement of Tribunal award	Contracted legal expertise to ensure full compliance with India law and exercise of contractual and legal within the framework of the India's legal institutions. Maintain an open dialogue with the GOI to expedite a timely resumption of appraisal. The Group's intangible assets include an amount of $51.0 million with respect to CY-OS/2. The Group has considered contingent asset of $40.4 million
5. Liquidated damages for incomplete minimum work programmes	The Group has minimum work commitments on its exploration assets. The GS-01 block has reached the end of their exploration phase with outstanding MWP commitment and D3 has yet to be completed MWP. The Group makes provisions when the amount is ascertained by the operator of the licence.

Operational – Offshore exploration and production activities by their nature involve significant risks. Risks such as delays in executing work programmes, construction and commissioning of production facilities or other technical difficulties, lack of access to key infrastructure, adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations, explosions and other acts of God are inherent to the business.

1. Lack of control on timing of activity on D3	Proactive communication with partners to drive corporate interests and mandates. Each licence is governed by joint operating agreements, which provide for processes and procedures designed to ensure that the input and interests of non-operating partners are considered.
2. Securing timely approval for a PY-3 full field development plan	Proactive communication with partners to address individual interests and agendas. Clearly formulate and articulate mutual beneficial proposals. Mitigate expenditures prior to budget approvals.
3. Loss of key staff and succession planning	The Company's ability to compete in the upstream oil and gas exploration and production industry is dependent on being able to retain and attract experienced technical personnel. Structured performance based remuneration practices and promote a positive and rewarding work environment.

Compliance - The Group’s current business is dependent on the continuing enforceability of the PSCs, farm-in agreements and exploration and development licences. The Group’s core operational activities are dependent on securing various governmental approvals. Developments in politics, laws, regulations and/or general adverse public sentiment could compromise securing such approvals in the future.

1. Stakeholder sentiment	Communicate with investors and other stakeholders on a regular basis providing transparent and timely information. Effectively convey strategic goals and objectives and improve delivery.
2. Changing regulatory and political environment in India	Develop sustainable relationships with governments and communities. Indian PSC includes fiscal stability clauses. Actively collaborate with industry groups to formulate and communicate interests to government authorities.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the interim consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, as adopted by the EU; and
- give a true and fair view of the assets, liabilities and loss of the group; and
- the Interim report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first twelve months of the financial year and their impact on the set of interim consolidated financial statements; and a description of the principal risks and uncertainties for the remaining twelve months of the year.

On behalf of the Board

Ian MacKenzie,
Chief Executive Officer
26 November 2014

INDEPENDENT REVIEW REPORT TO HARDY OIL AND GAS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the 6 months ended 30 September 2014 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company, as a body, in accordance with our instructions. Our review has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have reached.

Directors' Responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note one, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 6 months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Crowe Clark Whitehill LLP
Statutory Auditor

London
27 November 2014

HARDY OIL AND GAS PLC
Consolidated Statement of Comprehensive Income
For the 6 months ended 30 September 2014

	6 months ended 30 September 2014 US$ (Unaudited)	6 months ended 30 September 2013 US$ (Unaudited)	15 months ended 31 March 2014 US$ (Audited)
Continuing Operations			
Revenue	**-**	-	-
Cost of Sales			
Production costs	**(66,135)**	(30,954)	486,095
Gross profit/ (loss)	**(66,135)**	**(30,954)**	**486,095**
Administrative expenses	**(1,658,155)**	(3,127,784)	(6,160,451)
Operating loss	**(1,724,290)**	**(3,158,738)**	**(5,674,356)**
Interest and investment income	**40,295**	86,906	689,803
Finance costs	**(123,209)**	(296,810)	(420,709)
Loss before taxation	**(1,807,204)**	**(3,368,642)**	**(5,405,262)**
Taxation	**379,036**	315,196	611,624
Total comprehensive loss for the period attributable to owners of the parent	**(1,428,168)**	**(3,053,446)**	**(4,793,638)**
Loss per share			
Basic and diluted	(0.02)	(0.04)	(0.07)
Comprehensive loss per share			
Basic & diluted	(0.02)	(0.04)	(0.07)

HARDY OIL AND GAS PLC
Consolidated Statement of Changes in Equity
For the 6 months ended 30 September 2014

	Share capital US$	Share Premium US$	Shares to be issued US$	Retained earnings / (loss) US$	Total US$
At 1 April 2013	730,734	120,686,590	4,598,745	(9,695,125)	116,320,944
Total Comprehensive loss for the year	-	-	-	(3,053,446)	(3,053,446)
Share based payment	-	-	(79,190)	-	(79,190)
Adjustment of lapsed vested options	-	-	-	-	-
Share options exercised	-	-	-	-	-
Restricted shares issued	-	-	-	-	-
At 30 September 2013 (Unaudited)	730,734	120,686,590	4,519,555	(12,748,571)	113,188,308
At 1 April 2014	**731,484**	**120,778,131**	**3,702,603**	**(12,475,951)**	**112,736,267**
Total Comprehensive loss for the period	**-**	**-**	**-**	**(1,428,168)**	**(1,428,168)**
Share based payment	**-**	**-**	**124,678**	**-**	**124,678**
Adjustment of lapsed vested options	**-**	**-**	**-**	**-**	**-**
Restricted shares issued	**-**	**-**	**-**	**-**	**-**
At 30 September 2014 (Unaudited)	**731,484**	**120,778,131**	**3,827,281**	**(13,904,119)**	**111,432,777**
At 1 January 2013	730,727	120,611,951	4,598,745	(9,517,575)	116,423,848
Total Comprehensive loss for the period	-	-	-	(4,793,638)	(4,793,638)
Share based payment	-	-	939,120	-	939,120
Adjustment of lapsed vested options	-	-	(1,835,262)	1,835,262	-
Restricted shares issued	1,157	166,180	-	-	167,337
At 31 March 2014 (Audited)	731,484	120,778,131	3,702,603	(12,475,951)	112,736,267

HARDY OIL AND GAS PLC
Consolidated Statement of Financial Position
As at 30 September 2014

	30 September 2014 US$ (Unaudited)	30 September 2013 US$ (Unaudited)	31 March 2014 US$ (Audited)
Assets			
Non-Current assets			
Property, plant and equipment	**5,825,173**	5,916,939	5,840,028
Intangible assets – exploration	**78,129,634**	77,892,010	78,049,506
Intangible assets – others	**-**	234	-
Site restoration deposits	**3,962,770**	3,575,554	4,083,776
Deferred tax asset	**8,376,572**	7,701,534	7,997,536
Total non-current assets	**96,294,149**	**95,086,271**	**95,970,846**
Current assets			
Inventories	**1,689,947**	2,024,502	1,689,947
Trade and other receivables	**710,041**	832,707	915,269
Short-term investments	**19,407,850**	22,022,011	20,652,380
Cash and cash equivalents	**3,485,442**	4,396,669	4,004,674
Total current assets	**25,293,280**	**29,275,889**	**27,262,270**
Total assets	**121,587,429**	**124,362,160**	**123,233,116**
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	**731,484**	730,734	731,484
Share premium	**120,778,131**	120,686,590	120,778,131
Shares to be issued	**3,827,281**	4,519,555	3,702,603
Retained loss	**(13,904,119)**	(12,748,571)	(12,475,951)
Total equity	**111,432,777**	**113,188,308**	**112,736,267**
Non-current liabilities			
Provision for decommissioning	**5,600,550**	5,422,533	5,512,694
Current liabilities			
Trade and other payables	**4,554,102**	5,751,319	4,984,155
Total current liabilities	**4,554,102**	**5,751,319**	**4,984,155**
Total liabilities	**10,154,652**	**11,173,852**	**10,496,849**
Total equity and liabilities	**121,587,429**	**124,362,160**	**123,233,116**

Approved and authorised for issue by the Board of Directors on 26 November, 2014

HARDY OIL AND GAS PLC
Consolidated Statement of Cash Flows
For the 6 months ended 30 September 2014

	6 months ended 30 September 2014 US$ (Unaudited)	6 months ended 30 September 2013 US$ (Unaudited)	15 months ended 31 March 2014 US$ (Audited)
Operating activities			
Operating loss	**(1,724,290)**	(3,158,738)	(5,674,356)
Depletion and depreciation	**17,094**	31,890	54,331
Share-based payments	**212,592**	534,147	1,328,323
Other non cash movements	**-**	-	59,117
Decrease / (increase) in inventory	**-**	-	334,555
Decrease / (increase) in trade and other receivables	**115,081**	(415,686)	(27,809)
(Decrease) / increase in trade and other payables	**(430,053)**	116,181	(1,087,856)
Cash flow (used in) operating activities	**(1,809,576)**	(2,892,206)	(5,013,695)
Taxation refund	**1,018**	-	297,373
Net Cash (used in) operating activities	**(1,808,558)**	**(2,892,206)**	**(4,716,322)**
Investing activities			
Expenditure on intangible assets – exploration	**(80,128)**	-	(230,710)
Expenditure on other fixed assets	**(2,239)**	(1,016)	(1,737)
Site restoration deposit	**121,006**	546,338	(113,148)
Realised from short term investments	**1,244,530**	3,271,068	5,380,427
Net cash from investing activities	**1,283,169**	**3,816,390**	**5,034,832**
Financing activities			
Interest and investment income	**41,510**	86,481	694,079
Financial costs	**(35,353)**	(26,327)	(60,065)
Net cash from financing activities	**6,157**	**60,154**	**634,014**
Net increase / (decrease) in cash and cash equivalents	**(519,232)**	**984,338**	**952,524**
Cash and cash equivalents at the beginning of the period	**4,004,674**	3,412,331	3,052,150
Cash and cash equivalents at the end of the period	**3,485,442**	**4,396,669**	**4,004,674**

HARDY OIL AND GAS PLC
Notes to the Consolidated Financial statements
For the six months ended 30 September 2014

1. Accounting Policies

i) Basis of preparation

These interim consolidated financial statements are for the six months ended 30 September 2014 and have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Statements*". The accounting policies applied are consistent with International Financial Reporting Standards (IFRS) adopted for use by the European Union. The accounting policies and methods of computation used in the interim consolidated financial statements are consistent with those used in the Company's Annual Report for 2013/14 and are expected to be applied for the year ended 31 March 2015.

ii) Cyclicality

The interim results for the six months ended 30 September 2014 are not necessarily indicative of the results to be expected for the full year 2014/15. The operations of Hardy Oil and Gas plc are not affected by seasonal variations.

2. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below:

i) Intangible assets - exploration

Hardy has been awarded costs and interest after the conclusion of the arbitration on the CY-OS/2 block, in which it holds a 75 per cent participating interest. Hardy's share of these awards totals approximately $40.4 million and has been disclosed as a contingent asset. This is regarded as a significant area of judgment and full details are disclosed in note 7 to these financial statements.

ii) Decommissioning

The liability for decommissioning is updated to the current cost estimates of decommissioning. Accordingly, the provision made in the books will reflect the risk free discounted future cost for decommissioning and this is an annual adjustment based on the changes in costs as a result of technical advancements and other factors.

iii) Deferred Tax Asset

The deferred tax asset will be realised with the recommencement of production from PY-3 field and also from the production of oil and gas from those areas which are available for commercial development. Further details are contained in note 4.

iv) Depletion

Depletion is based on best estimates of commercial reserves existing as at the balance sheet date. The determination of commercial reserves is based on assumptions which include those relating to the future prices of crude oil and natural gas, capital expenditure plans, cost of production and other factors.

3. Segment analysis

The Group is organised into two business units as at end of the year: India and United Kingdom. The India business unit is operated by the wholly owned subsidiary, Hardy Exploration & Production (India) Inc. and Hardy Oil and Gas plc operates in the United Kingdom.

The India business unit focuses on exploration and production of oil and gas assets in India. The United Kingdom business unit is the holding company. Management monitors these business units separately for resource allocation, decision making and performance assessment.

	September 2014 US$			
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
Operating loss	(360,106)	(1,364,184)	-	(1,724,290)
Interest income	34,825	5,470	-	40,295
Interest income on inter-corporate loan	-	554,574	(554,574)	-
Finance costs	(123,209)	-	-	(123,209)
Interest expense on inter-corporate loan	(554,574)	-	554,574	-
Loss before taxation	(1,003,064)	(804,140)	-	(1,807,204)
Taxation	209,921	169,115	-	379,036
Loss for the period	(793,143)	(635,025)	-	(1,428,168)
Segment assets	102,731,458	18,855,971	-	121,587,429
Inter-corporate loan	-	105,345,899	(105,345,899)	-
Segment liabilities	(10,047,299)	(107,353)	-	(10,154,652)
Inter-corporate borrowings	(105,345,899)	-	105,345,899	-
Capital expenditure	82,367	-	-	82,367
Depreciation, depletion and amortisation	(890)	(16,204)	-	(17,094)

	September 2013 US$			
	India	UK	Inter-segment eliminations	Total
Revenue				
Other income	-	-	-	-
Operating loss	(1,721,077)	(1,437,661)	-	(3,158,738)
Interest income	74,354	12,552	-	86,906
Interest income on inter-corporate loan	-	665,567	(665,567)	-
Finance costs	(296,810)	-	-	(298,810)
Interest expense on inter-corporate loan	(665,567)	-	665,567	-
Loss before taxation	(2,609,100)	(759,542)	-	(3,368,642)
Taxation	319,127	(3,931)	-	315,196
Loss for the period	(2,289,973)	(763,473)	-	(3,053,446)
Segment assets	102,968,120	21,394,040	-	124,362,160
Inter-corporate loan	-	103,479,020	(103,479,020)	-
Segment liabilities	(11,065,097)	(108,755)	-	(11,173,852)
Inter-corporate borrowings	(103,479,020)	-	103,479,020	-
Capital expenditure	-	(1,016)	-	(1,016)
Depreciation, depletion and amortisation	(6,977)	(24,913)	-	(31,890)

	March 2014 US$			
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
Operating loss	(1,763,244)	(3,911,112)	-	(5,674,356)
Interest income	665,711	24,092	-	689,803
Interest income on inter-corporate loan	-	1,400,810	(1,400,810)	-
Finance costs	(420,709)	-	-	(420,709)
Interest expense on inter-corporate loan	(1,400,810)	-	1,400,810	-
Loss before taxation	(2,919,052)	(2,486,210)	-	(5,405,262)
Taxation	73,823	537,801	-	611,624
Loss for the period	(2,845,229)	(1,948,409)	-	(4,793,638)
Segment assets	103,042,734	20,190,382	-	123,233,116
Inter-corporate loan	-	104,606,209	(104,606,209)	-
Segment liabilities	(10,323,356)	(173,493)	-	(10,496,849)
Inter-corporate borrowings	(104,606,209)	-	104,606,209	-
Capital expenditure	231,432	1,015	-	232,447
Unsuccessful exploration costs	-	-	-	-
Depreciation, depletion and amortisation	(13,242)	(41,089)	-	(54,331)

The Group is engaged in one business activity, the exploration, development and production of oil and gas. Other income relates to technical services to third parties, overhead recovery from joint venture operations and miscellaneous receipts, if any. Revenue arises from the sale of oil produced from the contract area PY-3 India and the revenue by destination is not materially different from the revenue by origin.

4. Taxation

Analysis of taxation (credit) for the period

	Sep 2014 US$	Sep 2013 US$	Mar 2014 US$
Current tax charge			
UK corporation Tax	**-**	-	-
Foreign Tax – India	**-**	-	-
Minimum alternate tax	**-**	-	-
Foreign tax – USA	**-**	-	-
Total current tax (credit)	**-**	(427)	-
Deferred tax (credit)	**(379,036)**	315,623	(611,624)
Taxation (Credit)	**(379,036)**	315,196	(611,624)

Indian operations of the Group are subject to a tax rate of 42.024 per cent which is higher than UK and US corporations tax rates. To the extent that the Indian profits are taxable in the US and/or the UK, those territories should provide relief for Indian taxes paid, principally under the provisions of double taxation agreements. Based on the current expenditure plans, the Group anticipates that the tax allowances will continue to exceed the depletion charge of each year, though the timing of related tax relief is uncertain.

5. Loss per share

Loss per share is calculated on a loss of US$ 1,428,168 for the six months ended 30 September 2014 (September 2013: US$3,053,446) on a weighted average of 73,148,416 Ordinary Shares for the six months ended 30 September 2014 (September 2013: 73,073,416). No diluted loss per share is calculated.

Comprehensive loss per share is calculated on a loss of US$ 1,428,168 for the six months ended 30 September 2014 (September 2013: US$3,053,446) on a weighted average of 73,148,416 Ordinary Shares for the six months ended 30 September 2014 (September 2013: 73,073,416). No diluted loss per share is calculated.

6. Property, plant and equipment

	Oil and gas assets US$	Other fixed assets US$	Total US$
Cost			
At 1 April 2013	35,524,396	1,741,417	37,265,813
Additions	-	1,016	1,016
Deletions	-	-	-
At 30 September 2013	35,524,396	1,742,433	37,266,829
At 1 April 2014	35,465,279	1,780,255	37,245,534
Additions	-	2,239	2,239
Deletions	-	-	-
At 30 September 2014	**35,465,279**	**1,782,494**	**37,247,773**
Depletion, Depreciation and amortisation			
At 1 April 2013	29,684,318	1,633,682	31,318,000
Charge for the period	-	31,890	31,890
At 30 September 2013	29,684,318	1,665,572	31,349,890
At 1 April 2014	29,684,318	1,721,188	31,405,506
Charge for the period	-	17,094	17,094
At 30 September 2014	**29,684,318**	**1,738,282**	**31,422,600**
Net book value at 30 September 2014	**5,780,961**	**44,212**	**5,825,173**
Net book value at 30 September 2013	5,840,078	76,861	5,916,939

7. Intangible assets – exploration

	India US$
Costs and net book value	
At 1 April 2013	77,892,010
Additions	-
At 30 September 2013	**77,892,010**
At 1 April 2014	78,049,506
Additions	80,128
At 30 September 2014	**78,129,634**

The details of the intangible assets stated above are as follows:

	US$
Exploration expenditure – block CY-OS/2	51,049,166
Exploration expenditure – block D3	22,033,290
Exploration expenditure – block GS-01	5,047,178
Total	**78,129,634**

In March 2009, Hardy were informed by the Government of India that the block CY-OS/2, in which Hardy holds a 75 per cent participating interest, was relinquished as Hardy had failed to declare commerciality within the two years from the date of discovery which is applicable to an oil discovery. Hardy disputed this ruling believing that the discovery was a gas discovery and consequently that it was entitled to a period of five years from the date of discovery to declare commerciality. As no agreement was reached the dispute was referred to arbitration under the terms of the PSC.

The arbitrators ruled on 2 February 2013 that the discovery was a gas discovery and consequently that the order for the relinquishment of the block was illegal. The arbitrators have ordered the Government of India to restore the block to Hardy and its partners and to allow them a period of three years from the date of restoration to complete the appraisal programme. In addition, the arbitrators awarded costs of $0.2 million and interest on the exploration expenditure incurred to date. As at 30 September 2014, Hardy's 75 per cent share of the interest awarded is approximately $40.4 million. On 2 August 2013 the Government of India filed an appeal, against the arbitration award, with the High Court Delhi, and the Company subsequently filed an execution petition before the High Court Delhi. Four hearings have been adjourned at the GOI request the final hearing is to commence in the last quarter of 2014

The Company believes that the unanimous international tribunal award is well reasoned and, based upon external legal advice that the award may not be subject to appeal in the Indian courts as per the India Arbitration and Conciliation Act 1996.

8. Intangible assets- others

	US$
Cost	
At 1 April 2013	508,728
Additions	-
At 30 September 2013	**508,728**
At 1 April 2014	508,728
Additions	-
At 30 September 2014	**508,728**
Accumulated depreciation	
At 1 April 2013	504,192
Charge for the period	4,302
At 30 September 2013	**508,494**
At 1 April 2014	508,728
Charge for the period	**-**
At 30 September 2014	**508,728**
Net book value as at 30 September 2014	**-**
Net book value as at 30 September 2013	234

Intangible assets-others represent the cost of software used for geological and geophysical studies and other software for normal business operations.

9. Share capital

The Company has authorised share capital of 200 million US$ 0.01 ordinary shares. Changes in issued and fully paid ordinary shares during the six months ended 30 September 2014 are as follows:

	Number US$ 0.01 Ordinary shares	**US$**
Beginning of the period	73,148,416	731,484
Share options exercised during the period	-	-
Restricted shares issued during the period	-	-

10. Share Options

Changes in outstanding share options during the six months ended 30 September 2014 are summarised below:

	Number of options	Weighted average price £
Outstanding at beginning of the period	3,164,933	1.98
Outstanding at the end of the period	3,414,933	1.86
Exercisable at the end of period	1,675,933	2.57

Detail regarding the estimated fair value of granted share options has been set out in note 8 (page 64) of the Company's 2013/14 Annual Report and Accounts.

11. Contingent liabilities

The Group issues guarantees in respect of obligations under various Production Sharing Contracts (PSC) in the normal course of business. The Group has provided a guarantee to the GOI for US$ 2,334,650 as at 30 September 2014 issued under a facility with HSBC plc Bank for the group's share of minimum work programme commitments for the year to 25 December 2014.

The Bank Guarantee were obtained by placing security deposits of £789,284 (US$1,312,500) and £326,538 (US$543,000) in the bank with the interest rate of 0.29% and 0.09% respectively. In addition, the parent company guarantees the Group's obligation under various PSCs to the Government of India. The guarantees are deemed to have negligible fair value and are therefore accounted for as contingent liabilities.

In the normal course of business the group may be involved in legal disputes which may give rise to claims. Provision is made in the financial statements for all claims where a cash flow is considered probable. No separate disclosure is made of the detail of claims as to do so could seriously prejudice the position of the group.

12. Dividends

The Board of Directors do not recommend the payment of an interim dividend for the period ended 30 September 2014.

13. Approval of interim Consolidated Financial Statements

These interim consolidated financial statements have been approved by the Board of Directors on 26 November 2014.

GLOSSARY OF TERMS

2C Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
2D/3D	two dimensional/three dimensional
$	United States Dollar
API°	American Petroleum Institute gravity
bbld	stock tank barrel per day
BCF	Billion cubic feet
BP	BP plc
CNG	Compressed natural gas
CY-OS/2	Offshore exploration licence CY-OS/2 located on the east coast of India
D3	Exploration licence KG-DWN-2003/1
DGH	Directorate General of Hydrocarbons
Dhirubhai 33	gas discovery on GS-01-B1 announced on 15 May 2007
Dhirubhai 39	gas discovery on KGV-D3-A1 announced on 13 February 2008
Dhirubhai 41	gas discovery on KGV-D3-B1 announced on 1 April 2008
Dhirubhai 44	gas discovery on KGV-D3-R1 announced on 22 December 2009
Dhirubhai 52	gas discovery on KGV-D3-W1 announced on 31 August 2010
DOC	Declaration of Commerciality
DRDO	Defence Research & Development Organisation of India
FDP	comprehensive full field development plan
GAIL	Gas Authority of India Limited
Ganesha-1	Non-associated natural gas discovery on Fan-A1 well located in CY-OS/2
GOI	Government of India
GS-01	Exploration licence GS-OSN-2000/1
H1	First half of the calendar year
Hardy	Hardy Oil and Gas plc
HEPI	Hardy Exploration & Production (India) Inc
HSE	Health Safety and Environment
IPO	Initial public offering
KPI	Key performance indicator
km	kilometre
km^2	square kilometre
LSE	London Stock Exchange
m	metre
mmscfd	million standard cubic feet per day
mmscmd	million standard cubic metres per day
MOD	Ministry of Defence Government of India
MOPNG	the Ministry of Petroleum and Natural Gas of the Government of India
MWP	minimum work programme
NANG	non associated natural gas
ONGC	Oil & Natural Gas Corporation

Prospective Resources	those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations
PSC	production sharing contract
PSDM	pre-stacked depth migration
psi	pounds per square inch
PY-3	licence CY-OS-90/1
Reliance	Reliance Industries Limited
Rs.	Indian rupee
the Company	Hardy Oil and Gas plc
the Group	Hardy Oil and Gas plc and Hardy Exploration & Production (India) Inc.
TRI	Total recordable injuries

NOTES TO THE EDITORS

Hardy Oil and Gas plc is an upstream oil and gas company focused in India. Its portfolio includes a blend of exploration, appraisal, and production assets. Hardy's goal is to evaluate and exploit its asset base with a view to creating significant value for its shareholders.

Hardy Oil and Gas plc is the operator of the PY-3 oil field (shut-in July 2011) located offshore India's east coast in the Cauvery basin. Hardy also has interests in three offshore exploration blocks in India's Saurashtra, Cauvery, and Krishna Godavari basins.

Hardy is incorporated under the laws of the Isle of Man and headquartered in Aberdeen, UK. Ordinary shares of Hardy were admitted to the Official List and the London Stock Exchange's market for listed securities effective 20 February 2008 under the symbol HDY.

The Company's Indian assets are held through the wholly owned subsidiary Hardy Exploration & Production (India) Inc, located in Chennai, India.

For further information please refer to our website at www.hardyoil.com

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