30 August 2012

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

Half Year Results for six months ended 30 June 2012

Hardy Oil and Gas plc (LSE: HDY), the oil and gas exploration and production company focused in India, reports its Half Year Results for the six months ended 30 June 2012.

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

SUMMARY

Operational

- D3 - Submitted a revised Declaration of Commerciality proposal for the Dhirubhai 39 and 41 natural gas discoveries
- D3 - Awarded a PSDM processing contract for 3D data covering the eastern area of the block
- PY-3 - Remained shut-in pending partner consensus on the field’s facility requirement and the subsequent approval of a redevelopment plan
- D9 - Relinquished the block due to poor hydrocarbon potential of the block

Financial

- No revenue due to the shut-in of the PY-3 oil field (H1 2011: $7.4 million)
- Capital expenditures amounted to $1.2 million, principally on the payment to Government of India for the unfinished work programme for the block D9 (H1 2011: $4.3 million)
- Total loss amounted to $7.2 million (H1 2011: loss of $1.1 million)
- Cash outflow from operations (before changes in non-cash working capital) $4.4 million (H1 2011: inflow $2.5 million)
- Cash and short-term investments at 30 June 2012 amounted to $30.9 million; the Company has no long-term debt

Corporate

- Initiated comprehensive review of the Company’s assets, strategy and resources. Relocating corporate office to Aberdeen
- Cost rationalisation exercise undertaken resulting in a reduction in annual overhead costs of approximately $1.0 million
- In January 2012 the Company announced the appointment of Alasdair Locke as Non-Executive Chairman
- In March 2012 the Company announced the appointment of Ian MacKenzie as Chief Executive Officer and Peter Milne as a Non-Executive Director. Yogeshwar Sharma remains on the Board as a Non-Executive Director

Outlook

- D3 - Carry out geological and geophysical studies and plan to drill the fifth exploration well in the first half of 2013
- GS-01 - Work with the operator to submit a development plan before the end of 2012
- PY-3 - Achieve consensus among partners for the field's facility requirement and submit a redevelopment plan for approval
- CY-OS/2 - Completion of the dispute resolution process expected by the end of 2012

Commenting on the Interim Results, Alasdair Locke, Chairman of Hardy, said:

"We continue to review our assets and consider new opportunities. Given our cash resources of $30.9 million and asset base, we are well placed to ensure we build shareholder value."

For further information please contact:

Hardy Oil and Gas plc 020 7471 9850
Ian MacKenzie, *Chief Executive Officer*
Richard Galvin, *Treasurer*

Arden Partners plc 020 7614 5917
Richard Day
Justine Waldisberg

Tavistock Communications 020 7920 3150
Simon Hudson
Jeremy Carey

CHAIRMAN'S STATEMENT

Overview

The Company continued to focus on its exploration and development assets in India. In March 2012 the Company announced our intention to undertake a comprehensive review of the Company's assets, strategy and objectives to be led by Chief Executive Officer, Ian MacKenzie. Further work is still in progress in this regard. In the meantime we have initiated steps to reduce the Company's overhead costs and we continue to evaluate all opportunities to optimise value from existing assets.

Strategic Review

Upon his appointment, Mr Ian MacKenzie, Chief Executive Officer of Hardy, initiated a comprehensive strategic review of the Company with a clear mandate to evaluate the Company's existing assets and organisational competencies, identify opportunities to create value for shareholders, define key long-term objectives and outline actions required to realise those long-term objectives. Whilst the process remains ongoing we have made a number of key conclusions and agreed to several actions.

Underlying value – We believe that the Company's asset portfolio, being spread across the spectrum of early exploration through appraisal to production development has good underlying value and has the potential for significant upside through the implementation of the planned exploration and development programmes. The Company is well funded to meet its capital commitments through 2013. We see the near-term CY-OS/2 arbitration judgement and D3 seismic and drilling programmes as pivotal milestones in the company's future.

Timing of monetisation – Whilst the assets held by Hardy will generate revenue in the future we do not anticipate realising revenue from any of our assets in the near-term and some assets are unlikely to generate revenue for several years. One fundamental focus for the Company will be to achieve a consensus amongst the PY-3 field's partners as to the future field production facilities and hence resumption of hydrocarbon production.

Reorganisation – In the absence of production revenue, in the near-term, we have focused on identifying areas to reduce our underlying overhead requirements without compromising the competencies required to remain an offshore operator. As such we are in the process of relocating the Company's corporate office to Aberdeen and staffing has been reduced across the organisation, resulting in an annualised overhead cost reduction of approximately $1.0 million.

The relocation to Aberdeen also brings the Company closer to the expertise and resource base in designing, planning and executing complex offshore hydrocarbon projects which will be of a benefit to the Company and where we operate. Steps have also been taken to deliver a reduction in our Indian overhead commensurate with the cessation of offshore hydrocarbon production, however with a clear plan for either direct recruitment or engagement of support resources when activity is resumed. Unfortunately, we will be saddened by the departure of those employees whose commitment to the Company has contributed to its growth over the past decade and we wish them well for the future.

Our review remains ongoing with a focus on identifying opportunities to optimise value from the Company's existing asset portfolio. The Company's portfolio positions it well as it looks for opportunities for growth and diversification.

Operations

To date, the Company's activities have been focused on progressing the exploration programme for the D3 block; CY-OS/2 dispute resolution; deliberation with the PY-3 joint venture partners and rationalisation of corporate overhead.

Exploration activity was focused solely on the Company's Krishna Godavari basin block, D3. Pre-stacked Depth Migration (PSDM) 3D seismic processing has commenced on data covering the eastern portion of the block, and the joint venture continued to undertake a number of geotechnical studies focused on assessing the potential of the eastern area and high grading prospects.

In April 2012, the D3 joint venture submitted a revised Declaration of Commerciality (DOC) proposal for the Dhirubhai 39 and 41 natural gas discoveries to the Government of India (GOI).

The PY-3 field will remain shut-in as we work with partners to form a consensus on the appropriate long-term facility option for the oil field prior to drilling additional wells.

The GS-01 DOC has been accepted by the GS-01 Management Committee and the joint venture is required to submit a development plan to the GOI by the end of 2012.

In May 2012, the Company announced its decision to surrender its interest in the D9 exploration block due to poor hydrocarbon potential.

Financial

The Group's principal source of revenue has been from the sale of crude oil from the PY-3 oil field, which has been shut-in since 30 July 2011. As a result no revenue was realised during the six months ended 30 June 2012. Unsuccessful exploration cost of $5.4 million was expensed due to the surrender of the Company's 10 per cent interest in the D9 exploration block. As a result the Company is reporting a loss of $7.2 million compared to a loss of $1.1 million for the same period in 2011.

Cash out-flow from operating activities before changes in non-cash working capital was $4.4 million for the six months period ended on June 2012 compared to a cash inflow from operating activities of $2.5 million for the same period in 2011. The Group's capital expenditure during the six month period ended on 30 June 2012 amounted to $1.2 million, compared to $4.3 million incurred for the same period in 30 June 2011.

With cash and short-term investments of $30.9 million, as at 30 June 2012, and no debt, the Company is well funded to meet its future work commitments through 2013.

Emphasis of Matter

As in previous years, the auditors have provided an "emphasis of matter" comment in their independent review report with reference to the uncertainty concerning the Group's request for an extension of its exploration licence in block CY-OS/2 as disclosed in note 2(i) of the consolidated financial statements.

Corporate

On 1 March 2012, the Company announced the appointment of Mr Ian MacKenzie as Chief Executive Officer with effect from 15 May 2012 and Mr Yogeshwar Sharma took up a position of Non-Executive Director. Mr Peter Milne joined the Board as a Non-Executive Director and Non-Executive directors Mr Paul Mortimer, Dr Carol Bell and Mr Ian Bruce resigned from the Board.

Risk management

The Company has previously established a risk and uncertainties review process involving the identification of key risks and implementation of strategies for mitigation. The following principal risks for the second half of 2012 remain exploration risk inherent to oil and gas business; the timing of execution of activities may not commence as forecasted and delays may be experienced; CY-OS/2 arbitration ruling not in our favour will result in the loss of the block and the write-off of capitalised expenditure; and the possible relinquishment of exploration acreage.

Outlook

The PSDM processing for the 3D seismic data covering the eastern area of the D3 block should be completed within the year. Following the completion of the PSDM work, we expect that exploration drilling will re-commence in the first half of 2013. The joint venture re-submitted a proposal for the DOC for the Dhirubhai 39 and 41 natural gas discoveries and we anticipate that the review of this proposal by GOI will continue through the remainder of 2012 and into 2013.

The GS-01 joint venture is required to submit a development plan for GS-01 block before the end of this year. The CY-OS/2 dispute resolution process should reach a conclusion by the end of 2012. The PY-3 field will remain shut-in until a consensus on the production facility is achieved and the way forward is agreed by all stakeholders.

The Company has $30.9 million in cash and short-term investments which provides Hardy with sufficient resources to meet its exploration commitments through 2013. We continue to review our assets as well as considering new opportunities. Given our cash resources and asset base, we are well placed to ensure we build shareholder value.

Alasdair Locke
Chairman
29 August 2012

REVIEW OF OPERATIONS

Activity of note in 2012 has been the progression of exploration operations on the D3 block, the relinquishment of the D9 exploration block, advancement of the CY-OS/2 dispute resolution process, and corporate restructuring. The Hardy operated PY-3 oil field remained shut-in pending partner consensus on the field's facility requirements.

Business model

Hardy creates value through the exploration and production of hydrocarbons. In order to explore we must first be granted a licence by the Government of the countries in which we choose to invest. After extensive analysis, exploration campaigns are planned to try to discover oil and gas fields within underexplored sedimentary basins. When we have a significant discovery we undertake appraisal programmes which may include the drilling of wells and further geotechnical analysis to determine the size and quality of the discovery. If commercially and financially viable, we begin work on a development plan mapping out how we will get the hydrocarbons into production to generate revenue. We also create value through the implementation of enhanced production strategies to optimise the value of recoverable hydrocarbons from existing producing fields.

Health, Safety and Environment

The Company has zero recordable injuries to report in the first half of 2012 compared to two for the same period in 2011. All offshore activities were suspended in March 2012. The Board has tailored the Group's Health, Safety and Environment (HSE) policy and management system taking reference from world class operations to suit Indian conditions. Hardy's HSE policy is periodically reviewed to ensure our policies and procedures comply with current industry best practice.

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

Operations - In April 2012, the D3 joint venture submitted a revised proposal for the DOC for the Dhirubhai 39 and 41 natural gas discoveries to the GOI. The proposed development plan provides for a dry gas, sub-sea cluster development with the flexibility to add in additional zones and future area discoveries.

A contract, for PSDM processing work for 3D seismic data covering the eastern area of the block, was awarded and the work is in progress. This is in addition to ongoing geological and geophysical studies being undertaken by the operator of D3.

2012 Outlook - The joint venture will continue to undertake a number of geotechnical studies in 2012 with a focus on assessing the potential of the eastern area of the block and high grading prospects to test deeper play types within the central portion of the block. Drilling of a fifth exploration well is expected to commence in the first half of 2013. The GOI's review of the D3 DOC proposal will likely continue into 2013.

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

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

Production - The PY-3 field has been shut-in since July 2011 and no production was recorded for the six months ended 30 June 2012 (H1 2011: 438 bbld participating interest daily production). As stated in the Company's May 2012 interim management statement, we expect the PY-3 field to remain shut-in until such time as appropriate production and storage facilities have been secured.

Development - Hardy continued to deliberate with the PY-3 joint venture partners in an effort to establish a consensus on the appropriate long-term facility option for PY-3 field.

2012 Outlook - Once a consensus has been formed we intend to renew activity to secure approval for the drilling of additional wells and tendering of production facilities prior to resuming production. The PY-3 oil field is currently capable of producing at a gross daily rate of over 3,000 bbld and at 8,000 bbld with two additional wells.

Background - The PY-3 field is located off the East coast of India 80 km south of Pondicherry in water depths between 40 m and 450 m. 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 81 km^2, produces high quality light crude oil (49° API). The field was originally developed using floating production facilities and subsea wellheads. The floating facilities consisted of a floating production unit ('Tahara'), and a 65,000 DWT tanker ('Endeavor'), which acted as a floating storage and offloading unit. The contract for these facilities expired in July 2011 and both vessels are currently out of marine classification.

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

Operations - 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.

2012 Outlook - The joint venture is required to submit, to the GOI, a field development plan for the Dhirubhai 33 natural gas discovery by the end of the year.

Background - The GS-01 exploration licence is located in the Gujarat- Saurashtra offshore basin off the west coast of India, northwest of the prolific Bombay High oil field. The original licence encompassed 8,841 km^2 with water depths varying between 80 m and 150 m. The joint venture retained a 600 km^2 area for development activities by relinquishing the balance area.

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

Operations - The dispute resolution process with the GOI, to secure an extension of the production sharing contract, is progressing.

2012 outlook - The final hearing of the tribunal is expected by the end of the third quarter and a ruling should be issued prior to the end of 2012. In the event that the tribunal rules in our favour Hardy intends to initiate activity necessary to fully appraise the Ganesha discovery.

Background - Block CY-OS/2 is located in the northern part of the Cauvery Basin immediately offshore from Pondicherry, India and covers an area of approximately 859 km^2. The licence ring-fences two producing fields; the PY-3 oil field (operated by Hardy); and the PY-1 gas field (no interest).

In January 2007, the Company announced that the Fan A-1 exploration well had discovered hydrocarbons (Ganesha). In August 2007, the Company announced that it would proceed to the appraisal phase of the Ganesha non-associated natural gas (NANG) discovery to establish potential commerciality.

In 2009 the DGH, the India upstream oil and gas regulator, informed the Company that, in their opinion, the Ganesha discovery is classified as an oil discovery and the allowed appraisal period had lapsed. Provisions of the CY-OS/2 PSC provides for an appraisal period of 60 months from date of discovery for NANG discoveries and 24 months for oil. As a result the Company initiated formal dispute resolution proceedings as provide for in the CY-OS/2 PSC.

Block KG-DWN-2001/1 (D9): *Exploration (Hardy 10 per cent interest)*

The D9 joint venture elected to surrender the off-shore exploration block in the Krishna Godavari basin. Following the integration of all geoscientific data and the results of the three exploration wells, including the KG-D9-A2 natural gas discovery, the block’s hydrocarbon potential was deemed low. The Ministry of Petroleum and Natural Gas (MoPNG) of the GOI has subsequently been notified of the joint venture’s election.

Competent Person’s Report update

Several geological and geophysical studies are currently underway for the D3 exploration block and we expect drilling activity on D3 to recommence in the first half of 2013. As a result we will evaluate the merit of commissioning an update to the Company’s Competent Person’s Report (CRP) upon completion of the noted studies.

FINANCE REVIEW

The Group's principal source of revenue has been from the sale of crude oil from the PY-3 field, which has been shut-in since July 2011. As a result no revenue was recorded during the six months ended 30 June 2012 and the Company has realised a loss of $7.2 million during this period. Hardy has cash and short-term investments of $30.9 million and has no debt at the end of this period.

Accounting policy change

In 2011, the Company adopted the successful efforts method of accounting for its oil and gas assets which allows for the capitalisation of successful exploration costs, wherein costs associated with a dry hole, including associated geological and geophysical costs are written-off. Accordingly, in the six months ended 30 June 2012, Hardy charged $5.4 million (H1 2011: $1.9 million) towards unsuccessful exploration cost as a result of the surrendering of the D9 exploration block. The Company had also restated the Company's consolidated interim results for the six months period ended 30 June 2011.

Key Performance Indicators

Category	KPI		H1 2012	H1 2011	FY 2011
HSE	Total Recordable Injuries		0	2	2
Operations	Contingent Resource (bcf)	bcf	174	174	174
	Wells drilled		0	1	1
	Net production	bbld	0	438	234
Financial	Cash and short-term investments	million	$30.9	$37.1	$36.5
	Cash flow from operations*	million	($4.4)	$2.5	($0.9)

*Before changes in non-cash working capital

Production, sales and revenue

The Company operated PY-3 oil field; located in the Cauvery Basin (18 per cent participating interest) remained shut-in during the six months ended 30 June 2012 (H1 2011: 438 bbld). Production can recommence once an acceptable FPS has been secured.

Cost of sales

Production cost amounted to $0.3 million for the six months ended 30 June 2012. The cost is attributed to support services required during the shut-in of the PY-3 field.

Unsuccessful exploration costs

In May 2012 the Company surrendered its 10 per cent interest in the D9 exploration licence resulting in an unsuccessful exploration charge of $5.4 million for the six months ended 30 June 2012 (H1 2011: $1.9 million).

Gross profit
The Company recorded a loss of $5.6 million during the first half of 2012 compared with a profit of $1.7 million in the same period in 2011. The decrease is principally the result of no revenue from PY-3 field and an unsuccessful exploration charge.

Administrative expenses
Administrative expense increased to $4.5 million compared to $3.2 million with the same period in 2011. This increase is mainly due to a provision for irrecoverable costs of $1.1 million and restructuring costs of $0.4 million. The provision for potentially irrevocable costs relates to the costs potentially irrecoverable from the parties to a production sharing contract for which budget approval is pending from the concerned parties.

Operating loss
The Company is reporting an operating loss of $10.1 million for the six months ended 30 June 2012 compared with a loss of $1.5 million for the same period in 2011.

Investment and other income
Investment and other income remained unchanged at $0.3 million for the six months ended 30 June 2012 compared to $0.3 million in June 2011.

Taxation
No current tax was payable for the six months ended 30 June 2012. The Company has recorded a deferred tax credit of $2.8 million against the pre tax loss of $10.0 million for the six months ended 30 June 2012 compared to $0.2 million credit for the same period in June 2011.

Total Comprehensive loss
The Company recorded total comprehensive loss of $7.2 million for the six months ended 30 June 2012 compared to a total comprehensive loss of $1.1 million for the same period in June 2011.

Cash Flow from operating activities
The Company’s cash out flow from operating activities before changes in non-cash working capital is $4.4 million for the six months period ended 30 June 2012 compared with cash inflow from continuing operations of $2.5 million for the same period in June 2011.

Capital Expenditure
The Group’s capital expenditure during the six months ended 30 June 2012 amounted to $1.2 million compared to $4.3 million incurred for the same period in 2011. Capital expenditure was primarily associated with the compensation paid to the GOI towards the unfinished minimum work programme for the surrendered D9 exploration block. This capital expenditure was subsequently written-off.

Equity Financing
The Company issued restricted shares of $0.6 million to Non-Executive Directors during the six months ended 30 June 2012.

Cash and Short-term Investments

The Company has cash and short-term investments of $30.9 million on 30 June 2012 compared to $37.1 on 30 June 2011. The Company has no long-term debt.

Financial Position

The Company’s non-current assets decreased from $97.3 million at 31 December 2011 to $95.9 million at 30 June 2012. This decrease is principally the write-off of the unsuccessful exploration cost of block D9 and the deferred tax credit.

Current assets represent the Group’s cash resources, trade and other receivables and inventories which have decreased from $39.7 million as at 31 December 2011 to $34.5 million as at 30 June 2012. Out of total current asset of $34.5 million as on 30 June 2012, $30.9 was represented by cash and short-term investments.

Current liabilities are principally trade and other account payables. At 30 June 2012, the Company’s short-term liabilities were $5.6 million compared to $6.1 million at 31 December 2011.

Liquidity risk management and going concern

At 30 June 2012, the Company had liquid resources of approximately $30.9 million, in the form of cash and short-term investments, which is available to meet ongoing capital, operating and administrative expenditures. At the present time, the Company does not have any short-term or long-term debt.

Emphasis of Matter - Status of CY-OS/2 Discovery Block

As in previous years, the auditors have provided an "emphasis of matter" comment in their independent review report with reference to the uncertainty concerning the Group's request for an extension of its exploration licence in block CY-OS/2 as disclosed in note 2 of the interim consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

Any of the risks and uncertainties discussed in this document, could have a material adverse effect on the Group's business. In addition, the risks set out below may not be exhaustive and additional risks and uncertainties, not presently known to the Company, or which the Company currently deems immaterial, may arise or become material in the future. In particular, the Company's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements.

The principal risks and uncertainties facing the Group as at 6 March 2012, their potential impact and the mitigation strategies deployed were detailed in the Company's 2011 Annual Report and Accounts (available on our website www.hardyoil.com). Most of the risks and uncertainties which were identified at the year-end have not changed and still remain appropriate for the second half of 2012. Key risks relating to the following were identified;

- Strategic risk is generally described as "ineffective or poorly executed strategy fails to create shareholder value or fails to meet stakeholder expectations". Asset portfolio over-weighted to long-cycle exploration licence and lack of control to drive value creating activities.

- Financial risk is generally described as "assets performance and excessive leverage results in the Group unable to meet its financial obligations". Cost overruns of exploration programme. Relinquishment of assets such as the CY-OS/2 licence may result in substantial write-off of intangible assets.

- Operational risk is generally described as "operational event impacting staff, contractors, communities or the environment leading to loss of reputation and/or revenue". An accident or blow-out could occur during offshore drilling operations; sustained sub-commercial exploration results; limited life of field in absence of further development and failure to secure budgetary approval for PY-3 Phase III drilling.

- Compliance risk is described as "the overall external political, industry or market environment may negatively impact the Company's ability to independently grow and manage its business". Deteriorating stakeholder sentiment and changing regulatory and political environment in India.

KEY NEAR-TERM RISKS

The Board has identified the following items as key risks to the Company in the near-term. These risks are presented in no particular order.

General exploration, development and production risks - The Group's strategy is predominantly driven by the exploration, appraisal, development and production of its existing assets. There are risks inherent in the exploration, appraisal, development and production of oil and gas reserves and resources. Whilst the rewards can be substantial, there is no guarantee that exploration will lead to further commercial discoveries. Exploration and production activities by their nature involve significant risks.

Executing exploration drilling programme - The Group's exploration plans comprise activities primarily on non-operated blocks. The timing of execution of activities may not commence as currently forecasted and significant delays may be experienced.

Timely resumption of production - The Company's PY-3 oil field was temporarily suspended in July 2011 as a result of the field's production facility losing its marine classification. Resumption of production is subject to the forming of a consensus, among the JV parties, on an appropriate production facility option and securing approval, from all stakeholders, of an amended redevelopment plan. Protracted delays in the approval process will extend the time required to resume production.

CY-OS/2 block arbitration – The Group holds a 75 per cent participating interest in the block CY-OS/2 off the East coast of India. Intangible assets include an amount of $51.0 million with respect to exploration expenditure on the block wherein a gas discovery was announced on 8 January 2007. The exploration period for the block ended on 23 March 2007. The GOI has been requested to extend the block for appraisal and declaration of commerciality for its gas discovery for a period of 5 years from the date of discovery. This request was declined. The PSC provides for a period of 60 months from the date of discovery for DOC in case of discovery being Non-Associated Natural Gas (NANG). This period will be limited to 24 months for an oil discovery. The Group has obtained third party legal and technical opinions that support the Group's view that the discovery is NANG and has referred the dispute to arbitration for adjudication. The Group believes that it will be successful in obtaining the extension of its licence in block CY-OS/2 in the arbitration. Therefore, the intangible assets arising from expenditure on this block continue to be recognised in full. In the event that the Group is not successful in the arbitration, the exploration expenditure capitalised in respect of this block will be written-off.

Relinquishment of acreage – The Company's D3 exploration block is nearing the end of the first of three phases of exploration as provided for under the provisions of the PSC. The Company has an option to enter into phase two and three, which have pre-agreed minimum work commitments, or relinquish the area of the licence not covered by an ongoing appraisal programme or the area allocated for development of a commercial discovery.

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 six 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 six months of the year.

On behalf of the Board

Ian MacKenzie,
Chief Executive Officer
29 August 2012

INDEPENDENT REVIEW REPORT TO HARDY OIL AND GAS PLC

Introduction

We have been engaged by the Company to review the interim consolidated financial statements in the half yearly management report for the six months ended 30 June 2012 which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, the consolidated statement of financial position, and the related explanatory notes. We have read the other information contained in the half yearly management report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim consolidated financial statements.

Directors' Responsibilities

The half yearly management report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half yearly management report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual consolidated financial statements are prepared in accordance with IFRS as adopted by the European Union. The interim consolidated financial statements included in this half yearly management report have 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 interim consolidated financial statements in the half yearly management 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 consolidated 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 interim consolidated financial statements in the half yearly management report for the six months ended 30 June 2012 are 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.

Emphasis of matter - Request for an extension of an exploration licence

In forming our conclusion on the interim consolidated financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 2 (i) to the interim consolidated financial statements concerning the process of arbitration with the Government of India for an extension of its exploration licence in block CY-OS/2. Intangible assets – exploration include an amount capitalised of $51,023,493 in respect of block CY-OS/2. In the event that the Group is not successful in the arbitration, the exploration expenditure capitalised in respect of this block will be subject to impairment testing. No adjustment has been made to the carrying value of this capitalised expenditure.

CROWE CLARK WHITEHILL LLP
London
29 August 2012

HARDY OIL AND GAS PLC
Consolidated Statement of Comprehensive Income
For the period ended 30 June 2012

	Six months ended 30 June 2012 (Unaudited) US$	Six months ended 30 June 2011 (Unaudited) US$	Year ended 31 December 2011 (Audited) US$
		Restated	
Continuing operations			
Revenue	-	7,440,743	11,279,596
Cost of sales			
Production costs	(255,901)	(2,402,011)	(4,045,717)
Unsuccessful exploration costs	(5,364,396)	(1,869,533)	(3,432,734)
Depletion	-	(1,330,526)	(1,377,228)
Decommissioning charge	-	(182,947)	(210,303)
Gross (loss) / profit	(5,620,297)	1,655,726	2,213,614
Administrative expenses	(4,527,353)	(3,164,973)	(6,877,035)
Operating loss	(10,147,650)	(1,509,247)	(4,663,421)
Interest and investment income	300,372	255,625	445,026
Finance costs	(192,699)	(37,900)	(382,569)
Loss before taxation	(10,039,977)	(1,291,522)	(4,600,964)
Taxation	2,800,825	226,652	2,723,010
Total comprehensive loss for the period attributable to owners of the parent	(7,239,152)	(1,064,870)	(1,877,954)
Loss per share			
Basic and diluted	(0.10)	(0.01)	(0.03)
Comprehensive loss per share			
Basic and diluted	(0.10)	(0.01)	(0.03)

HARDY OIL AND GAS PLC
Consolidated Statement of changes in Equity
For the period ended 30 June 2012

	Share Capital US$	Share premium US$	Shares to be issued US$	Retained earnings US$	Total equity US$
At 1 January 2011	719,225	117,940,279	5,596,421	3,014,004	127,269,929
Total comprehensive loss for the period				(1,064,870)	(1,064,870)
Share based payments	-	-	560,119	-	560,119
Restricted shares issued	220	59,861	-	-	60,081
Issue of share capital	8,157	1,889,769	-	-	1,897,926
At 30 June 2011	**727,602**	**119,889,909**	**6,156,540**	**1,949,134**	**128,723,185**
Total comprehensive loss for the period	-	-	-	(813,084)	(813,084)
Share based payments	-	48,196	(1,900,014)	-	(1,851,818)
Share options exercised	250	57,979	-	-	58,229
At 31 December 2011	**727,852**	**119,996,084**	**4,256,526**	**1,136,050**	**126,116,512**
Total comprehensive loss for the period	-	-	-	(7,239,152)	(7,239,152)
Share based payments	-	5,654	310,395	-	316,049
Restricted shares issued	2,375	587,612	-	-	589,987
Share options exercised	100	22,601	-	-	22,701
At 30 June 2012	**730,327**	**120,611,951**	**4,566,921**	**(6,103,102)**	**119,806,097**

HARDY OIL AND GAS PLC
Consolidated Statement of Financial Position
As at 30 June 2012

	30 June 2012 (Unaudited) US$	30 June 2011 (Unaudited) US$	31 December 2011 (Audited) US$
Assets			
Non-current assets			
Property, plant and equipment	**5,869,862**	6,179,233	5,886,118
Intangible assets – exploration	**77,496,412**	87,504,628	81,701,488
Intangible assets - others	**7,458**	13,302	10,380
Site restoration deposit	**3,750,060**	4,283,170	3,737,505
Deferred tax asset	**8,802,127**	4,864,334	6,001,302
Total non-current assets	**95,925,919**	102,844,667	97,336,793
Current assets			
Inventories	**2,066,258**	2,760,487	2,068,524
Trade and other receivables	**1,539,326**	5,539,064	1,129,872
Short-term investments	**27,786,199**	21,460,085	29,693,968
Cash and cash equivalents	**3,077,523**	15,658,312	6,804,018
Total current assets	**34,469,306**	45,417,948	39,696,382
Total assets	**130,395,225**	148,262,615	137,033,175
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	**730,327**	727,602	727,852
Share premium	**120,611,951**	119,889,909	119,996,084
Shares to be issued	**4,566,921**	6,156,540	4,256,526
Retained earnings	**(6,103,102)**	1,949,134	1,136,050
Total equity	**119,806,097**	128,723,185	126,116,512
Non-current liabilities			
Provisions for decommissioning	**4,983,525**	4,500,000	4,815,000
Current liabilities			
Trade and other payables	**5,605,603**	15,039,430	6,101,663
Total current liabilities	**5,605,603**	15,039,430	6,101,663
Total liabilities	**10,589,128**	19,539,430	10,916,663
Total equity and liabilities	**130,395,225**	148,262,615	137,033,175

HARDY OIL AND GAS PLC
Consolidated Statement of Cash flows
For the period ended 30 June 2012

	Six months ended 30 June 2012 (Unaudited) US$	Six months ended 30 June 2011 (Unaudited) US$	Year ended 31 December 2011 (Audited) US$
Operating activities			
Operating loss	(10,147,650)	(1,509,247)	(4,663,421)
Unsuccessful exploration costs	5,364,396	1,869,533	3,432,734
Depletion and depreciation	23,946	1,357,545	1,428,121
Decommissioning charge	-	182,947	210,303
Share-based payments	316,049	560,119	(1,269,420)
	(4,443,259)	2,460,897	(861,683)
Decrease/(increase) in inventory	2,266	(261,296)	430,667
Decrease/(increase) in trade and other receivables	(413,322)	(971,411)	4,223,777
(Decrease)/increase in trade and other payables	(496,060)	1,680,092	(7,234,673)
Cash flow (used in) from operating activities	(5,350,375)	2,908,282	(3,441,912)
Taxation paid	(3,969)	(48,623)	(52,751)
Net cash (used in) from operating activities	(5,354,344)	2,859,659	(3,494,663)
Investing activities			
Expenditure on property, plant and equipment	-	-	727,734
Expenditure on intangible assets-exploration	(1,159,320)	(4,247,240)	(7,301)
Purchase of other fixed assets	(4,768)	(2,731)	(6,339)
Site restoration deposit	(12,555)	(198,240)	347,425
Short-term investments	1,907,769	6,689,411	(1,544,472)
Net cash (used in) from investing activities	731,126	2,241,200	(482,953)
Financing activities			
Interest and investment income	308,209	261,958	457,579
Finance costs	(24,174)	(37,900)	(67,569)
Issue of shares	612,688	1,958,007	2,016,236
Net cash (used in) from financing activities	896,723	2,182,065	2,406,246
Net increase (decrease) in cash and cash equivalents	(3,726,495)	7,282,924	(1,571,370)
Cash and cash equivalents at the beginning of the period	6,804,018	8,375,388	8,375,388
Cash and cash equivalents at the end of the period	**3,077,523**	**15,658,312**	**6,804,018**

1. Accounting Policies

i) Basis of preparation

These interim consolidated financial statements are for the six months ended 30 June 2012 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 2011 and are expected to be applied for the year ended 31 December 2012.

ii) Cyclicality

The interim results for the six months ended 30 June 2012 are not necessarily indicative of the results to be expected for the full year 2012. The operations of Hardy Oil and Gas plc are not affected by seasonal variations.

iii) Change in accounting policies

In 2011 Hardy elected to change to a successful efforts based method of accounting for its oil and gas assets with retrospective effect. The effect of the change in policy was the writing off of capitalised cost associated with unsuccessful wells since inception. The effect is described in more detail in note 1(d) (page 50) of the Company's 2011 Annual Report and Accounts. The Company has restated the 2011 interim results to reflect the change on policy.

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

The Group holds a 75 per cent participating interest in the block CY-OS/2 off the east coast of India. Intangible assets include an amount of US$51,023,493 with respect to exploration expenditure on the block wherein a gas discovery was announced on 8 January 2007. The exploration period for the block ended on 23 March 2007. The Government of India (GOI) was requested to extend the block for appraisal and declaration of commerciality for its gas discovery for a period of 5 years from the date of discovery. This request was declined. The Production Sharing Contract (PSC) provides for a period of 60 months from the date of discovery for declaration of commerciality in case of discovery being Non-Associated Natural Gas (NANG). This period will be limited to 24 months for an oil discovery.

The Group has obtained third party legal and technical opinions that support the Group's view that the discovery is NANG and has referred the dispute to arbitration for adjudication. The Group believes that it will be successful in obtaining the extension of its licence in block CY-OS/2 in the arbitration. Therefore, the intangible assets arising from expenditure on this block continue to be recognised in full and the directors do not believe that any impairment of these costs has arisen.

The arbitration process is continuing as at the date of approval of 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) 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. Loss per share

Loss per share is calculated on a loss of US$7,239,152 for the period ended 30 June 2012 (June 2011: US$1,064,870, FY2011: US$1,877,954) on a weighted average of 72,935,466 ordinary shares for the period ended 30 June 2012 (June 2011: 72,240,478, FY2011: 72,531,961). No diluted loss per share is calculated.

Comprehensive loss per share is calculated on a loss of US$7,239,152 for the period ended 30 June 2012 (June 2011: US$1,064,870, FY2011: US$1,877,954) on a weighted average of 72,935,466 ordinary shares for the period ended 30 June 2012 (June 2011: 72,240,478, FY2011: 72,531,961). No diluted loss per share is calculated.

4. Segment Analysis

The Group is organised into two business units: 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 operate 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.

		June 2012 US$		
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Management fees	-	90,000	(90,000)	-
Operating loss	(8,313,277)	(1,834,373)	-	(10,147,650)
Interest income	270,990	29,382	-	300,372
Interest on inter-corporate loan	-	547,028	(547,028)	-
Finance costs	(192,699)	-	-	(192,699)
Loss before taxation	(8,234,986)	(1,257,963)	(547,028)	(10,039,977)
Taxation	2,438,783	362,042	-	2,800,825
Loss for the period	(5,796,203)	(895,921)	(547,028)	(7,239,152)
Segment assets	103,883,932	26,511,293	-	130,395,225
Inter-corporate loan	-	99,719,006	(99,719,006)	-
Segment liabilities	(10,470,727)	(118,401)	-	(10,589,128)
Inter-corporate borrowings	(99,719,006)	-	(99,719,006)	-
Capital expenditure	1,159,320	4,768	-	1,164,088
Unsuccessful exploration costs	(5,364,396)	-	-	(5,364,396)
Depreciation, depletion and amortisation	(8,982)	(14,964)	-	(23,946)

	June 2011 US$			
	India	UK	Inter-segment eliminations	Total
Revenue				
Oil sales	10,779,332	-	-	10,779,332
Profit oil to government	(3,529,731)	-	-	(3,529,731)
Management fees	-	90,000	(90,000)	-
Other income	46,038	145,104	-	191,142
	7,295,639	235,104	(90,000)	7,440,743
Operating loss	(94,812)	(1,414,435)	-	(1,509,247)
Interest income	209,401	46,224	-	255,625
Interest on inter-corporate loan	-	576,479	(576,479)	-
Finance costs	(37,900)	-	-	(37,900)
Profit (loss) before taxation	76,689	(791,732)	(576,479)	(1,291,522)
Taxation	60,917	165,735	-	226,652
Profit (loss) for the period	137,606	(625,997)	(576,479)	(1,064,870)
Segment assets	116,741,916	31,520,699	-	148,262,615
Inter-corporate loan	-	96,023,190	(96,023,190)	-
Segment liabilities	(19,321,856)	(217,574)	-	(19,539,430)
Inter-corporate borrowings	(96,023,930)	-	96,023,930	-
Capital expenditure	4,249,246	725	-	4,249,971
Unsuccessful exploration costs	(1,869,533)	-	-	(1,869,533)
Depreciation, depletion and amortisation	(1,525,827)	(14,665)	-	(1,540,492)

	2011 US$			
	India	UK	Inter-segment eliminations	Total
Revenue				
Oil sales	15,796,702	-	-	15,796,702
Profit oil to government	(4,732,595)	-	-	(4,732,595)
Management fees	-	180,000	(180,000)	-
Other income	46,038	169,451	-	215,489
	11,110,145	349,451	(180,000)	11,279,596
Operating loss	(2,886,699)	(1,776,722)	-	(4,663,421)
Interest income	366,657	78,369	-	445,026
Interest on inter-corporate loan	-	1,119,894	(1,119,894)	-
Finance costs	(382,569)	-	-	(382,569)
Loss before taxation	(2,902,611)	(578,459)	(1,119,894)	(4,600,964)
Taxation	2,709,935	13,075	-	2,723,010
Loss for the period	(192,676)	(565,384)	(1,119,894)	(1,877,954)
Segment assets	104,569,369	32,463,806	-	137,033,175
Inter-corporate loan	-	93,842,704	(93,842,704)	-
Segment liabilities	(10,761,308)	(155,355)	-	(10,916,663)
Inter-corporate borrowings	(93,842,704)	-	93,842,704	-
Capital expenditure	(718,138)	4,044	-	(714,094)
Unsuccessful exploration costs	(3,432,734)	-	-	(3,432,734)
Depreciation, depletion and amortisation	(1,609,225)	(29,199)	-	(1,638,424)

The Group is engaged in one business activity, the production of and exploration for 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 CY-OS-90/1 India and the revenue by destination is not materially different from the revenue by origin.

5. Taxation

	Six months ended 30 June 2012 US$	Six months ended 30 June 2011 US$	Year ended 31 December 2011 US$
Current tax charge			
UK corporation tax	-	-	(1,359,390)
Foreign tax - India	-	-	-
Foreign tax - USA	-	-	-
Total current tax charge	-	-	(1,359,390)
Deferred tax (credit) / charge	(2,800,825)	(226,652)	(1,363,620)
Taxation (credit)	(2,800,825)	(226,652)	(2,723,010)

Indian operations of the Group are subject to a tax of 42.024 per cent which is higher than UK and US Corporation 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.

6. Property, plant and equipment

	Oil and gas assets US$	Other fixed assets US$	Total US$
Cost			
At 1 January 2011	35,726,109	2,175,100	37,901,209
Additions	-	2,731	2,731
Deletions	-	(78,823)	(78,823)
At 30 June 2011	35,726,109	2,099,008	37,825,117
Additions	(201,713)	3,608	(198,105)
Deletions	-	-	-
At 1 January 2012	35,524,396	2,102,616	37,627,012
Additions	-	4,768	4,768
Deletions	-	(2,930)	(2,930)
At 30 June 2012	**35,524,396**	**2,104,454**	**37,628,850**
Depletion, Depreciation and amortisation			
At 1 January 2011	28,096,787	2,090,565	30,187,352
Charge for the period	1,513,473	23,882	1,537,355
Deletions	-	(78,823)	(78,823)
At 30 June 2011	29,610,260	2,035,624	31,645,884
Charge for the period	74,058	20,952	95,010
Deletions	-	-	-
At 1 January 2012	29,684,318	2,056,576	31,740,894
Charge for the period	-	21,024	21,024
Deletions	-	(2,930)	(2,930)
At 30 June 2012	**29,684,318**	**2,074,670**	**31,758,988**
Net book value at 30 June 2012	**5,840,078**	**29,784**	**5,869,862**
Net book value at 30 June 2011	6,115,849	63,384	6,179,233
Net book value at 1 January 2012	5,840,078	46,040	5,886,118

7. Intangible assets – exploration

	India US$
Cost and net book value	
At 1 January 2011	85,126,921
Additions	4,247,240
Unsuccessful exploration cost	(1,869,533)
At 30 June 2011	87,504,628
Additions	2,255,983
Reversal of charges	(6,495,922)
Unsuccessful exploration cost	(1,563,201)
At 1 January 2012	81,701,488
Additions	1,159,320
Unsuccessful exploration cost	(5,364,396)
At 30 June 2012	77,496,412

Reference is made to note 2 – Critical accounting estimates and judgments with respect to carrying value of intangible assets – exploration.

8. 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 June 2012 are as follows:

	Number US$ 0.01 Ordinary shares	US$
Beginning of the period	72,785,204	727,852
Share options exercised during the period	10,000	100
Restricted shares issued during the period	237,502	2,375
End of period	73,032,706	730,327

Restricted shares issued during the period consist of 237,502 shares issued to non-executive directors on 14 March 2012.

9. Share Options

Changes in outstanding share options during the six months ended 30 June 2012 are summarised below:

	Number of options	Weighted average price £
Outstanding at beginning of the period	3,393,399	2.64
Outstanding at the end of the period	4,133,399	2.44
Exercisable at the end of period	2,698,399	2.78

Under the Company's Unapproved Share Option Scheme the Board granted Mr Ian MacKenzie share options to subscribe for Ordinary Shares of US$0.01 each in the capital of the Company which are exercisable after a minimum three years at a price of £1.546.

Detail regarding the estimated fair value of granted share options has been set out in note 8 (page 57) of the Company's 2011 Annual Report and Accounts.

10. Contingent liabilities

Bank guarantees for US$1,693,545 have been issued to GOI as at 30 June 2012. The guarantees were obtained by placing a fixed deposit of Rs.97,110,844 (US$1,738,780) with a bank with the interest rate of 8.75 per cent.

11. Dividends

The Board of Directors do not recommend the payment of an interim dividend for the period ended 30 June 2012.

12. Approval of interim Consolidated Financial Statements

These interim consolidated financial statements have been approved by the Board of Directors on 29 August 2012

DEFINITIONS & GLOSSARY OF TERMS:

Board	the Board of Directors of Hardy Oil and Gas plc
BP	BP plc
the Company	Hardy Oil and Gas plc
CPR	Competent Persons Report
D3	licence KG-DWN-2003/1 awarded in NELP V
D9	licence KG-DWN-2001/1 awarded in NELP III
Dhirubhai 33	gas discovery on GS-01-B1 well
Dhirubhai 39	gas discovery on KGV-D3-A1 well
Dhirubhai 41	gas discovery on KGV-D3-B1 well
Dhirubhai 41	gas discovery on KGV-D3-R1 well
Dhirubhai 52	gas discovery on KGV-D3-W1 well
Dhirubhai 54	gas discovery on KG-D9-A2 well
DGH	Directorate General of Hydrocarbons of the MoPNG
FPS	floating production system
Ganesha	gas discovery on Fan-A1 well located in CY-OS/2
GCA	Gaffney, Cline & Associates Ltd.
GOI	Government of India
Group	the Company and its subsidiaries
GS-01	licence GS-OSN-2000/1
Hardy	Hardy Oil and Gas plc
HEPI	Hardy Exploration & Production (India) Inc
HSE	Health Safety and Environment
LSE	London Stock Exchange
Management Committee	as per India PSC the committee is the authority to approve annual budgets and capital programmes, members comprise joint venture partners and two Government of India appointed representatives
MoPNG	Ministry of Petroleum and Natural Gas of the Government of India
NELP	New Exploration Licensing Policy of the Ministry of Petroleum and Natural Gas of India
Operating Committee	as per India PSC's the committee reviews and recommends annual budgets and exploration, appraisal and development programmes to the Management Committee
Ordinary Shares	the ordinary share of US$0.01 each in the capital of the Company
PSC	production sharing contract
PY-3	licence CY-OS-90/1
Reliance	Reliance Industries Limited

Glossary of terms:

$	United States dollars
2D/3D	two dimensional/three dimensional
API°	American Petroleum Institute gravity
bbl	stock tank barrel
bbld	stock tank barrel per day
DST	drill stem test
DWT	dead weight tonne
GOR	gas to oil ratio
km	kilometre
km^2	kilometre squared
m	metre
MD	measured depth
MDT	modular formation dynamics tester
MMscfd	million standard cubic feet per day
MMbbl	million stock tank barrels
MMbbld	million stock tank barrels per day
NANG	non associated natural gas
Prospective Resources	those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations
PSDM	pre-staked depth migration processing is a model-based seismic imaging methodology that works well for complex geological structures. PSDM is more time consuming to process than conventional time migration processing, but is better at determining sub-surface structure
psi	pounds per square inch
scf	standard cubic feet
scfd	standard cubic feet per day

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 London, 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

Hardy Oil and Gas plc
2nd Floor Lincoln House
137 – 143 Hammersmith Road
London W14 0QL

Tel: +44 (0) 207 471 9850
Fax: +44 (0) 207 471 9851
Investors Relations Contact Richard Galvin
richard.galvin@hardyoil.com