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If you have sold or otherwise transferred all of your ordinary shares in Hardy Oil and Gas Plc (the 'Company'), please forward this document and the accompanying form of proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

HARDY OIL AND GAS PLC

(Incorporated in the Isle of Man with registered no. 087462C)

NOTICE OF 2012 ANNUAL GENERAL MEETING

Notice of the Annual General Meeting of the Company to be held at the office of Tavistock Communications, 131 Finsbury Pavement, London EC2A 1NT on 16 May 2012 at 10.30 am is set out on pages 5 and 6 of this document. A form of proxy is also attached at the end of this document for use at the Annual General Meeting. Proxy forms should be completed and returned to the Company's registered office, Fort Anne, Douglas, Isle of Man IM1 5PD as soon as possible and, in any event, so as to be received not later than 48 hours before the time fixed for the Annual General Meeting, being 10.30 am on 14 May 2012.

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HARDY OIL AND GAS PLC

(Incorporated in the Isle of Man with registered no. 087462C)

Directors:

Alasdair Locke (Non-Executive Chairman)
Yogeshwar Sharma (Chief Executive Officer)
Ian MacKenzie (Chief Executive officer (designate))
Carol Bell (Senior Non-Executive Director)
Peter Milne (Non-Executive Director)
Paul Mortimer (Non-Executive Director)
Pradip Shah (Non-Executive Director)
Ian Bruce (Non-Executive Director)

Registered Office:
Fort Anne
Douglas
Isle of Man
IM1 5PD

13 April 2012

Dear Shareholder,

2012 ANNUAL GENERAL MEETING

I am writing to give you details of the resolutions to be proposed at this year's Annual General Meeting to be held at the office of Tavistock Communications, 131 Finsbury Pavement, London EC2A 1NT on 16 May 2012 at 10.30 am and which are set out in the notice of Annual General Meeting on pages 5 and 6 of this document.

Shareholders should read the contents of this document in conjunction with the audited annual accounts of the Company for the financial year ended 31 December 2011 together with the reports of the Directors and Auditors thereon enclosed with this document.

ANNUAL GENERAL MEETING

The following resolutions will be proposed at this year's Annual General Meeting:

Resolutions numbered 1–8 – 'Ordinary Business'

Resolutions numbered 1–8 to be proposed at the Annual General Meeting are all 'ordinary business' and will each be proposed as an ordinary resolution as follows:

1. the receipt and adoption of the audited annual accounts of the Company for the financial year ended 31 December 2011, together with the reports of the Directors and Auditors thereon;
2. the approval of the Directors' Remuneration Report for the financial year ended 31 December 2011;
3. the re-appointment of Alasdair Locke, who having been appointed as a Director by the Board on 16 January 2012 (and therefore since the date of last year's Annual General Meeting), is required under article 82.1 of the Company's Articles of Association to submit himself for re-appointment as a Director;
4. the re-appointment of Ian MacKenzie, who, having been appointed as a Director by the Board on 29 February 2012 (and therefore since the date of last year's Annual General Meeting), is required under article 82.1 of the Company's Articles of Association to submit himself for re-appointment as a Director;
5. the re-appointment of Peter Milne, who, having been appointed as a Director by the Board on 29 February 2012 (and therefore since the date of last year's Annual General Meeting), is required under article 82.1 of the Company's Articles of Association to submit himself for re-appointment as a Director;
6. the re-election of Yogeshwar Sharma, who ceases to be the Chief Executive Officer of Hardy and retires by rotation as a Director under article 87.1 of the Company's Articles of Association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting;
7. the re-election of Pradip Shah, who, having been a Non-Executive Director for more than nine years, submits himself for re-election as a Director in accordance with the guidance provided by the UK Corporate Governance Code;
8. the re-appointment of Crowe Clark Whitehill LLP as auditors of the Company and the authorisation of the Directors to determine the auditors' remuneration.

Re-election of Directors

Biographical details for each of Mr Alasdair Locke, Mr Yogeshwar Sharma, Mr Ian MacKenzie, Mr Peter Milne and Mr Pradip Shah, are set out on pages 28 to 29 of the annual report.

Mr Locke, Mr Milne, Mr Shah and Mr Sharma have entered into engagement letters with the Company in respect of their appointments as Non-Executive Directors. The appointments are subject to termination upon at least three months' notice by either party.

As previously announced Mr Mortimer, Mr Bruce and Dr Bell have not put themselves forward for re-election and are retiring from the Board effective 16 May 2012.

Mr MacKenzie has entered into a service agreement as an Executive Director with the Company pursuant to which his engagement is subject to termination upon 12 months' notice by either party.

Mr Sharma and Mr Shah have served as Directors for more than nine years. Mr Shah chairs the Company's Remuneration Committee. The Board of Directors believe that the contribution being made by all the Directors continues to be invaluable and are satisfied that they conduct themselves in an appropriate manner in the best interest of shareholders. The Board of Directors is satisfied that the performance of all of the Directors continues to be effective and is also satisfied as to their commitment to their role as Director.

Resolutions numbered 9 – 10 'Special Business'

Resolution numbered 9 is 'special business' of the Annual General Meeting of which is to be proposed as an ordinary resolution.

Resolution number 9 – The Hardy Executive Shared Ownership Plan 2012 (the "ExSOP")

The ExSOP is an Executive shared ownership plan. Under the terms of the ExSOP certain employees and/or Executive Directors may be invited to acquire (for a nominal payment), jointly with the trustee of an employee trust, the beneficial interest in a number of shares upon the terms of a 'joint ownership agreement' ("JOA"). Under a JOA, the employee/director will benefit from any growth in value of the jointly owned shares from the time of the award in excess of a "carrying cost" fixed by the Committee in respect of each award. Arrangements on similar terms will be put in place for Non-Executive Directors. The principal terms of the ExSOP are summarised in the Appendix to this Notice of Meeting.

Resolution numbered 10 is 'special business' of the Annual General Meeting of which is to be proposed as a special resolution.

Resolution number 10 – Disapplication of pre-emption rights

Resolution number 10, which will be proposed as a special resolution, seeks approval with respect to the disapplication of the provisions of Article 5.1 of the Articles of Association. This will allow the Company to issue up to 3,651,635 Ordinary Shares for cash, which represents five per cent of the issued share capital of the Company as at the date of this document.

Action to be taken in respect of Annual General Meeting

Shareholders will find enclosed with this document a form of proxy for use at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete and return the form of proxy so as to reach the Company's registered office at Fort Anne, Douglas, Isle of Man IM1 5PD as soon as possible and, in any event, not later than 48 hours before the time appointed for the Annual General Meeting, being 10.30 am on 14 May 2012.

Completion and return of a form of proxy will not, however, prevent you from attending at the Annual General Meeting and voting in person if you should wish to do so.

RECOMMENDATION

Your Directors are unanimously in favour of resolutions numbered 1–10 (inclusive) to be proposed at this year's Annual General Meeting, which they consider to be in the best interests of the shareholders of the Company as a whole. Accordingly, your Directors unanimously recommend shareholders to vote in favour of those resolutions at the Annual General Meeting, as they intend to do in respect of their own beneficial shareholdings of an aggregate of 7,077,254 Ordinary Shares (representing 9.69 per cent of the issued ordinary share capital of the Company at the date of this notice).

Yours faithfully



Alasdair Locke
Chairman

HARDY OIL AND GAS PLC

(registered in Isle of Man with registered no. 087462C)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of the Company will be held at the office of Tavistock Communications, 131 Finsbury Pavement, London EC2A 1NT at 10.30 am on 16 May 2012 for the following purposes:

Ordinary Business

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. to receive and adopt the Company's annual accounts for the financial year ended 31 December 2011 together with the Directors' Report and Auditors' Report on those accounts;
2. to approve the Directors' Remuneration Report for the financial year ended 31 December 2011;
3. to re-appoint Alasdair Locke as a Director of the Company;
4. to re-appoint Ian MacKenzie as a Director of the Company;
5. to re-appoint Peter Milne as a Director of the Company;
6. to re-elect Yogeshwar Sharma as a Director of the Company;
7. to re-elect Pradip Shah as a Director of the Company; and
8. to reappoint Crowe Clark Whitehill LLP as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company, at a remuneration to be determined by the Directors of the Company.

Special Business

To consider and, if thought fit, to pass the following resolution which will be proposed as an ordinary resolution:

9. that the Hardy Executive Shared Ownership Plan 2012 (the "ExSOP"), a copy of the draft rules of which has been produced to the meeting (and, for the purposes of identification, initialled by the Chairman) and a summary of the principal terms of which is set out in the Notice of Meeting dated 13 April 2012 be approved and established and the Directors be authorised to do all such acts and things as may be necessary or expedient to give effect to the ExSOP and to equivalent arrangements which will apply for Non-Executive Directors.

To consider and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

10. to approve the disapplication of the provisions of Article 5.1 of the Articles of Association of the Company to the issue of up to an aggregate number of 3,651,635 Ordinary Shares which represents five per cent of the issued share capital of the Company at the date of this notice, at such prices, to such persons, on such terms and at such times as the Directors of the Company may from time to time determine in their discretion, such disapplication to expire on the earlier of the next Annual General Meeting of the Company and 15 months after the date on which this resolution is passed.

By order of the Board



R V Vanderplank

Company Secretary
13 April 2012

Notes:

1. A member of the Company entitled to attend and vote at the above-mentioned meeting is entitled to appoint another person as his proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
2. To be effective, forms of proxy must be lodged at the Company's registered office, Fort Anne, Douglas, Isle of Man IM1 5PD, not later than 10.30 am on 14 May 2012. Lodgement of a form of proxy will not prevent a member from attending and voting in person.
3. As at the close of business on the date immediately preceding this notice the Company's issued share capital comprised 73,032,706 Ordinary Shares. Each Ordinary Share carries the right to one vote at the Annual General Meeting of the Company and, therefore, the total number of voting rights in the Company as at the close of business on the date immediately preceding this notice is 73,032,706.
4. Copies of the Directors service contracts and letters of appointment will be available for inspection at the registered office of the Company during normal business hours on any weekday (Saturday excepted) from the date of this document until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.
5. A copy of the rules of the ExSOP is available for inspection at the offices of Pinsent Masons LLP, 30 Crown Place, London EC2A 4ES, during normal business hours on any weekday (Saturday excepted) from the date of this document until the close of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to and during the Annual General Meeting.

APPENDIX

Summary of the principal terms of the Hardy Executive Shared Ownership Plan 2012 (the “ExSOP”)

Operation

The Remuneration Committee of the Board of Directors of the company (the “**Committee**”) will supervise the operation of the ExSOP.

Eligibility

A participant in the ExSOP must be an employee or Executive Director of Hardy Oil and Gas plc (the “**Company**”) or any of its subsidiaries (together, the “**Group**”).

Timing of awards

Awards under the ExSOP (“**ExSOP Awards**”) may only be made during the periods of:

- 42 days immediately after the ExSOP is approved by the shareholders of the Company in general meeting; or
- 42 days beginning with the sixth dealing day following an announcement by the Company of its results for any period; or
- 14 days immediately after the person to whom it is made first becomes an eligible employee,

or, subject to the Model Code, at any other time but only if, in the opinion of the Committee, the circumstances are exceptional.

Structure of an ExSOP Award

Under the ExSOP, selected employees may be invited to acquire, jointly with the trustee of an employee benefit trust (“the **Co-Owner**”) and upon the terms of a Joint Ownership Agreement (“**JOA**”), a restricted beneficial interest in a given number of shares in the Company (“**ExSOP Award Shares**”) on the basis that, when the jointly owned ExSOP Award Shares are sold, the participant and the Co-Owner will each receive a proportion of the proceeds of sale. The Co-Owner will receive an amount equal to the market value of the ExSOP Award Shares at the date the ExSOP Award was made plus a “Carrying Cost” (which will be calculated as simple interest, at a rate determined by the Committee, on the initial value of the jointly owned Shares accruing over a period of at least three years). The market value for these purposes will be the greater of:

- (1) the average of the middle market quotations derived from the Daily Official List of the London Stock Exchange as at close of business for the five dealing days last preceding the date of the ExSOP Award; and
- (2) the market value of a Share as at close of business on the date of the ExSOP Award as calculated in accordance with tax legislation.

The balance of the proceeds of sale (i.e. the growth above market value and the “Carrying Cost”) will accrue to the participant. By contrast with a traditional share option, a participant in the ExSOP will, from the outset, have a restricted beneficial interest in the ExSOP Award Shares. Participants will be required to pay a nominal amount for their interests in ExSOP Award Shares and, insofar as they do not pay the full taxable value of their interests as at the date of acquisition, will incur a charge to income tax and National Insurance contributions on the amount of the difference.

ExSOP Award Shares will either be issued by the Company or be purchased in the market. The issue of new shares will be subject to the overall limits on the issue of Shares described below.

Benefits under the ExSOP will not be pensionable.

Non-transferability of ExSOP Awards

ExSOP Awards are not transferable; however, if a participant dies his rights under the JOA shall be exercisable by his personal representatives.

Change of Control

In the event of a change of control as a result of shareholders accepting a takeover offer for the Company or pursuant to a scheme of arrangement the Co-Owner and the participant (the “**Joint Owners**”) may:

- accept an offer that has been made for shares in the Company (“**Shares**”) (including the ExSOP Award Shares);
- dispose of ExSOP Award Shares; or
- otherwise exercise any rights attaching to the ExSOP Award Shares.

Cessation of employment

If at any time a participant is declared bankrupt or ceases employment within the Group and is not a Good Leaver the Co-Owner will have the right to acquire from the participant, at a nominal price, his interest in all of the ExSOP Award Shares.

If at any time a participant ceases employment as a Good Leaver, the Co-Owner will have the right to call upon the participant to join with the Co-Owner in selling the ExSOP Award Shares, or, in the case of cessation of employment prior to the third anniversary of the date of the ExSOP Award, in selling so many of the ExSOP Award Shares as the Committee may determine. The Co-Owner will have the right to acquire from the participant, at a nominal price, his interest in the balance (if any) of the ExSOP Award Shares.

“**Good Leaver**” means an employee leaving by reason of death; injury, disability or ill-health; redundancy; his employing company ceasing to be a member of the Group; the business (or part of a business) in which he is employed being transferred to a transferee which is not a member of the Group; or any other reason the Committee so decides in its absolute discretion (acting fairly and reasonably).

Call Options following vesting of an ExSOP Award

From the time when an ExSOP Award is made, the Co-Owner and the participant (the “**Joint Owners**”) will together own the ExSOP Award Shares on concurrent but unequal terms, as described under “Structure of an ExSOP Award” above.

At any time after the third anniversary of the date of the ExSOP Award and before the tenth anniversary, the participant may call upon the Co-Owner to join in selling the ExSOP Award Shares. At any time after the tenth anniversary of the date of the ExSOP Award, the Co-Owner may call upon the participant to join in selling the ExSOP Award Shares.

Conversion Call Options

After the third anniversary of the date of the ExSOP Award (or following the earlier cessation of employment as a Good Leaver) the participant may call upon the Co-Owner to exchange with the participant the appropriate proportion of their respective interests in the ExSOP Award Shares, so that the participant then holds a whole number of Shares which is equal in value to the value of his interest as a Joint Owner. By this means a participant will acquire Shares equal in value to the growth in value (less the Carrying Cost) of the ExSOP Award Shares. The Co-Owner has reciprocal rights.

Dividends on ExSOP Award shares

The Joint Owners will together be entitled to dividends (if any) on the ExSOP Award Shares. The proportion of any dividend payable to the participant will be equal to his or her proportional entitlement to share in the proceeds of sale of the ExSOP Award Shares if those Shares were sold at that time.

Voting Rights

Unless the Joint Owners otherwise agree:

- if the participant's percentage interest in the ExSOP Award Shares exceeds 50 per cent of the value of the ExSOP Award Shares, the Co-Owner must vote in accordance with the participant's wishes; and
- if the participant's percentage interest in the ExSOP Award Shares is less than or equal to 50 per cent of the ExSOP Award Shares, the Joint Owners shall refrain from voting.

Company reorganisations and reconstructions

If there occurs a reorganisation or reconstruction which results in a new holding being equated with the original holding of ExSOP Award Shares for capital gains tax purposes, shares or other securities comprised in the new, holding shall be held subject to the terms of the JOA.

Overall Limits on the Issue of Shares

The Company may issue new Shares for the purposes of making ExSOP Awards. However the number of Shares which may be issued for the purposes of the ExSOP on any day, when added to:

- (a) the number of Shares issued for the purposes of the ExSOP during the preceding ten years; and
- (b) the number of Shares issued or remaining capable of being issued pursuant to awards made during the previous ten years under any other employee share incentive scheme established by the Company,

shall not exceed 10 per cent of the ordinary share capital of the Company on that day.

Amendment of the ExSOP

The Committee may amend the terms of the ExSOP. However, the provisions relating to the eligibility of participants, limitations on the number of shares subject to the ExSOP, the terms of an ExSOP Award relating to a participant's entitlement to exercise the rights attaching to ExSOP Award Shares as set out in a JOA and the adjustment of an ExSOP Award if there is a capitalisation, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any variation of capital, cannot be altered to the advantage of participants without the prior approval of shareholders in general meeting, except for minor amendments to benefit the administration of the ExSOP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants in the ExSOP or for any member of the Group.

Hardy Employees' Share Trust

For the purposes of operating the ExSOP, the Company is intending to establish an employees' share trust (the “**Trust**”) which it is intended will be used in conjunction with the ExSOP and which may also be used in conjunction with any other employee share plans of the Company currently existing or which may in the future be established by the Company. The trustee of the Trust (the “**Trustee**”) will be independent of the Company and it is intended that the initial Trustee will be based offshore.

The beneficiaries of the Trust will be employees and former employees of the Group and their dependants. It is currently intended that the Trust will be funded by way of loans from the Company to acquire Shares to be used for the purposes of the ExSOP. The Trustee will have the power to subscribe for new Shares or to acquire Shares in the market but will not be permitted to hold more than five per cent. of the Company's issued ordinary share capital at any one time (other than in a nominee capacity). The Trust will terminate on the earlier of 125 years from the date of the trust deed establishing the Trust (the “**Trust Deed**”) and such earlier date as the Trustee shall specify with the prior written consent of the Company. The Trust Deed may be amended by deed between the Company and the Trustee, subject to certain specified restrictions.

The above summary of the main provisions of the ExSOP does not form part of the rules of the ExSOP and so should not be taken as affecting the interpretation of its detailed terms and conditions. The Directors reserve the right, up to the forthcoming Annual General Meeting, to make such amendments and additions to the rules of the ExSOP as they consider necessary or appropriate, providing any amendment does not conflict in a material respect with the above summary.