

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. It contains the Resolution to be voted on at an Extraordinary General Meeting of Hardy Oil and Gas plc to be held on 24 April 2009. If you are in any doubt about the contents of this document or the action you should take you should consult an independent adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you have sold or otherwise transferred all of your ordinary shares of US\$0.01 (“Ordinary Shares”) in Hardy Oil and Gas plc (the “Company”), please send this document, together with 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. If you have sold or otherwise transferred some of your Ordinary Shares in the Company, you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on the Official List and the London Stock Exchange’s market for listed securities. It is expected that Admission will become effective and dealings on the London Stock Exchange in the Placing Shares will commence on 27 April 2009.

HARDY OIL AND GAS PLC

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

Placing of 6,208,997 new Ordinary Shares at £1.74 per new Ordinary Share

Notice of Extraordinary General Meeting

SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

<i>Authorised</i>			<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>		<i>Number</i>	<i>Amount</i>
	<i>(US\$)</i>			<i>(US\$)</i>
200,000,000	2,000,000	ordinary shares of US\$0.01 each	68,530,044	685,300.44

Your attention is drawn to the letter from the Chairman of the Company which is set out in this document and which recommends you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting referred to below.

The Notice of Extraordinary General Meeting to be held at 10.00 a.m. on 24 April 2009 at the Company’s head office Lincoln House, 137-143 Hammersmith Road, London W14 0QL, is set out at the end of this document. The accompanying Form of Proxy for use in connection with the Extraordinary General Meeting should be completed and returned as soon as possible but, in any event, so as to be received at the Company’s registered office at 15-19 Athol Street, Douglas, Isle of Man IM1 1LB by no later than 10.00 a.m. on 22 April 2009. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

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

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

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DIRECTORS AND ADVISERS

Directors	E Paul Mortimer (<i>Non-Executive Chairman</i>) Sastry Karra (<i>Chief Executive</i>) Yogeshwar Sharma (<i>Chief Operating Officer</i>) Dinesh Dattani (<i>Finance Director</i>) Carol Bell (<i>Non-Executive Director</i>) Pradip Shah (<i>Non-Executive Director</i>) Ian Bruce (<i>Non-Executive Director</i>)
Registered Office	15-19 Athol Street Douglas Isle of Man IM1 1LB
Company Secretary	Richard Vanderplank
Broker	Arden Partners plc Nicholas House 3 Lawrence Poultney Hill London EC4R 0EU
Solicitors to the Company	Lawrence Graham LLP 4 More London Riverside London SE1 2AU
Isle of Man legal advisers to the Company	Cains Advocates Limited 15-19 Athol Street Douglas Isle of Man IM1 1LB
Registrars	Equity Limited 15-19 Athol Street Douglas Isle of Man IM1 1LB
Financial PR	Buchanan Communications 45 Moorfields London EC2Y 9AE

PLACING STATISTICS

Placing Price	£1.74
Number of existing Ordinary Shares	62,321,047
Number of Placing Shares being placed on behalf of the Company	6,208,997
Estimated proceeds receivable by the Company, net of expenses	£10.4m
Number of Ordinary Shares in issue following Admission	68,530,044
Number of Placing Shares as a percentage of the enlarged issued ordinary share capital following Admission	9.06 per cent.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 22 April 2009
Extraordinary General Meeting	10.00 a.m. on 24 April 2009
Admission and dealings in the Placing Shares expected to commence	8.00 a.m. on 27 April 2009
Expected date for CREST stock accounts to be credited for Placing Shares in uncertificated form	27 April 2009
Posting of share certificates for Placing Shares by	11 May 2009

DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise.

“Admission”	admission of the Placing Shares to the Official List and to trading on the London Stock Exchange’s main market for listed securities becoming effective
“Arden Partners”	Arden Partners plc, broker to the Company
“Articles of Association”	the articles of association of the Company, adopted on 4 February 2008
“Board” or “Directors”	the board of directors of the Company
“Company” or “Hardy”	Hardy Oil and Gas plc
“D3”	Indian exploration licence KG-DWN-2003/1
“D9”	Indian exploration licence KG-DWN-2000/1
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for 24 April 2009 by the notice set out at the end of this document (and any adjournment thereof)
“Form of Proxy”	the accompanying form of proxy for use by Shareholders in relation to the Extraordinary General Meeting
“Group”	the Company and its subsidiaries
“London Stock Exchange”	London Stock Exchange plc
“Notice of EGM”	the notice of Extraordinary General Meeting, set out at the end of this document
“Options”	options to subscribe for Ordinary Shares granted by the Company
“Official List”	the official list of the UK Listing Authority
“Ordinary Shares”	ordinary shares of US\$0.01 each in the capital of the Company
“Placing”	the placing of the Placing Shares
“Placing Agreement”	the conditional agreement dated 31 March 2009 relating to the Placing, between the Company and Arden
“Placing Price”	£1.74 per new Ordinary Share
“Placing Shares”	the 6,208,997 new Ordinary Shares to be issued pursuant to the Placing
“Resolution”	the resolution set out in the Notice of EGM
“Shareholders”	the persons who are registered as the holders of Ordinary Shares
“UK Listing Authority”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000 of England and Wales, as amended

LETTER FROM THE CHAIRMAN OF HARDY OIL AND GAS PLC

HARDY OIL AND GAS PLC

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

Directors:

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

Registered Office:

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

1 April 2009

To Shareholders and, for information only, to the holders of Options

Dear Shareholder

Placing of 6,208,997 new Ordinary Shares at a price of £1.74 per new Ordinary Share and Notice of Extraordinary General Meeting

1. Introduction

Your Board announced today that the Company has conditionally raised £10.8 million (before expenses) by way of a placing of 6,208,997 new Ordinary Shares at a price of £1.74 per new Ordinary Share. The net proceeds of the Placing will be added to the Company's general working capital which shall be used to fund the Company's work programmes for 2009 and 2010. The Placing is conditional, *inter alia*, upon the Company obtaining approval from its Shareholders to disapply the pre-emption rights set out in Article 5.1 of the Articles of Association which would otherwise apply to the allotment of the Placing Shares. The Placing, which has been arranged by Arden Partners pursuant to the terms of the Placing Agreement, is also conditional upon Admission.

This document explains the background to, and reasons for, the Placing, why the Directors consider the Placing to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting, notice of which is set out at the end of this document.

2. Background to and reasons for the Placing

The Company announced its preliminary results for the year ended 31 December 2008 on 19 March 2009 (the "Preliminary Results"), Shareholders can find a copy of this announcement which sets out both the Company's operational and financial activities as well as an accompanying presentation on its website www.hardyoil.com.

As reported in the Preliminary Results, the Group achieved several major milestones through 2008 with positive exploration results. The Company has planned an active exploration program for 2009 and 2010 on its assets, and in particular with respect to its interests in D3 and D9 blocks in the Krishna Godavari basin of India. On the date of Preliminary Results, the Company had adequate working capital to undertake its planned work programme over the next twelve months; however, the Directors consider that now is an opportune time to raise additional funds to assist the Company in pursuing its work programmes for the foreseeable future.

3. Use of Proceeds

It is intended that the proceeds of the Placing (£10.4 million net of expenses) will be used for working capital requirements, facilitating further exploration activities across the Company's portfolio of assets including those in the D3 and D9 areas of the Krishna Godavari Basin in India.

4. Details of the Proposed Placing

The Company is proposing to raise £10.8 million, before expenses, by way of a conditional placing of 6,208,997 new Ordinary Shares at the Placing Price. The Placing Price is at a discount of 8.3 per cent. to the middle market price of the Ordinary Shares as derived from the daily Official List of the London Stock Exchange on 31 March 2009. The Placing Shares will represent 9.06 per cent. of the enlarged issued share capital of the Company on Admission. The Placing Shares will, when issued, rank *pari passu* in all respects with the other Ordinary Shares then in issue, including all rights to all dividends and other distributions declared, made or paid following Admission.

Pursuant to the terms of the Placing Agreement, Arden Partners has conditionally agreed to use their reasonable endeavours, as agent for the Company, to place the Placing Shares at the Placing Price with certain institutional and other investors. Arden Partners has agreed to underwrite the Placing. The Placing Agreement is conditional upon, *inter alia*, the passing of the Resolution at the Extraordinary General Meeting and Admission occurring on or before 27 April 2009 (or such later date as Arden Partners may agree, not later than 11 May 2009).

The Placing Agreement contains warranties from the Company in favour of Arden Partners in relation to, *inter alia*, the accuracy of information contained in this document and certain other matters relating to the Company and its business. In addition, the Company has agreed to indemnify Arden Partners in relation to certain liabilities it may incur in the Placing. Arden has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, it may terminate in the event of a material adverse change in the financial position or prospects of the Company since the release of the Preliminary Results, for force majeure, or if any of the warranties cease to be true and accurate or become misleading.

Pursuant to the terms of the Placing Agreement the Company has agreed to pay Arden Partners a commission of 4 per cent. of the gross proceeds of the Placing together with all reasonable expenses and any applicable value added tax.

Application will be made for the Placing Shares to be admitted to trading on the Official List and the London Stock Exchange's market for listed securities. It is expected that trading in the Placing Shares will commence on 27 April 2009.

5. Share Issuance Authorities

Following the passing of resolution 8 at the Company's annual general meeting held on 29 May 2008 the Directors currently have authority to disapply the provisions of Article 5.1 of the Articles of Association up to an aggregate number of 3,113,127 Ordinary Shares, which represented five per cent. of the issued share capital as at 28 April 2008. Since the annual general meeting held on 29 May 2008 the Company has issued 20,182 Ordinary Shares (other than on exercise of options), reducing this authority to 3,092,945 Ordinary Shares. However, this authority alone is insufficient to issue the Placing Shares. Accordingly, in order for the Company to issue the Placing Shares, the Company needs to obtain further approval from its Shareholders to disapply the pre-emption rights set out in Article 5.1 of the Articles of Association in respect of an additional 3,116,052 Ordinary Shares (representing 5 per cent. of the Company's current issued share capital).

6. The Extraordinary General Meeting

In order to enable the proposed Placing to proceed, a special resolution to disapply the provisions of Article 5.1 of the Articles of Association over 3,116,052 Ordinary Shares in connection with the Placing, will be proposed at the Extraordinary General Meeting. You will find, set out at the end of this document, the Notice

of EGM setting out the Resolution in full. The EGM is to be held at the Company's head office, Lincoln House, 137-143 Hammersmith Road, W14 0QL, at 10.00 a.m. on 24 April 2009.

7. Consents

Arden Partners has given and not withdrawn its written consent to the issue of this document with the references to its name in the form and context in which such references are included.

8. Action to be Taken

Enclosed with this document is a Form of Proxy for use at the EGM. Whether or not you intend to be present at the meeting, you are requested to complete and return the Form of Proxy to the Company's registered office, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB, so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 22 April 2009. If you complete and return the Form of Proxy, you may still attend and vote at the EGM should you wish to do so.

9. Recommendation

The Directors consider that the Placing is in the best interests of the Company and its Shareholders as a whole and accordingly recommend that Shareholders vote in favour of the Resolution, as they intend to do in respect of their own legal and/or beneficial shareholdings, amounting in aggregate to 12,871,351 Ordinary Shares (representing approximately 20.65 per cent. of the current issued share capital of the Company).

Yours sincerely

E. Paul Mortimer
Chairman

HARDY OIL AND GAS PLC

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Hardy Oil and Gas plc (the “Company”) will be held at the head office of the Company, Lincoln House, 137-143 Hammersmith Road, London W14 0QL on 24 April 2009 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

SPECIAL RESOLUTION

THAT the provisions of Article 5.1 of the Articles of Association of the Company be disapplied in order that the Company may issue 3,116,052 Ordinary Shares (which represents five per cent. (5 per cent.) of the issued share capital of the Company as at the date of this notice) in connection with the Placing (as defined in the Company’s circular sent to Shareholders and dated 1 April 2009).

Dated: 1 April 2009

By Order of the Board

R V Vanderplank
Company Secretary

Notes:

1. A member of the Company entitled to attend and vote at the above-mentioned Meeting is entitled to appoint another person as his proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
2. To be effective, forms of proxy must be lodged at the Company’s registered office, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB, not later than 10.00 a.m. on 22 May 2009. Lodgement of a form of proxy will not prevent a member from attending and voting in person.
3. As at 31 March 2009, the Company’s issued share capital comprised 62,321,047 ordinary shares of US\$0.01 each. Each Ordinary Share carries the right to one vote at the extraordinary general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 31 March 2009 is 62,321,047.

