

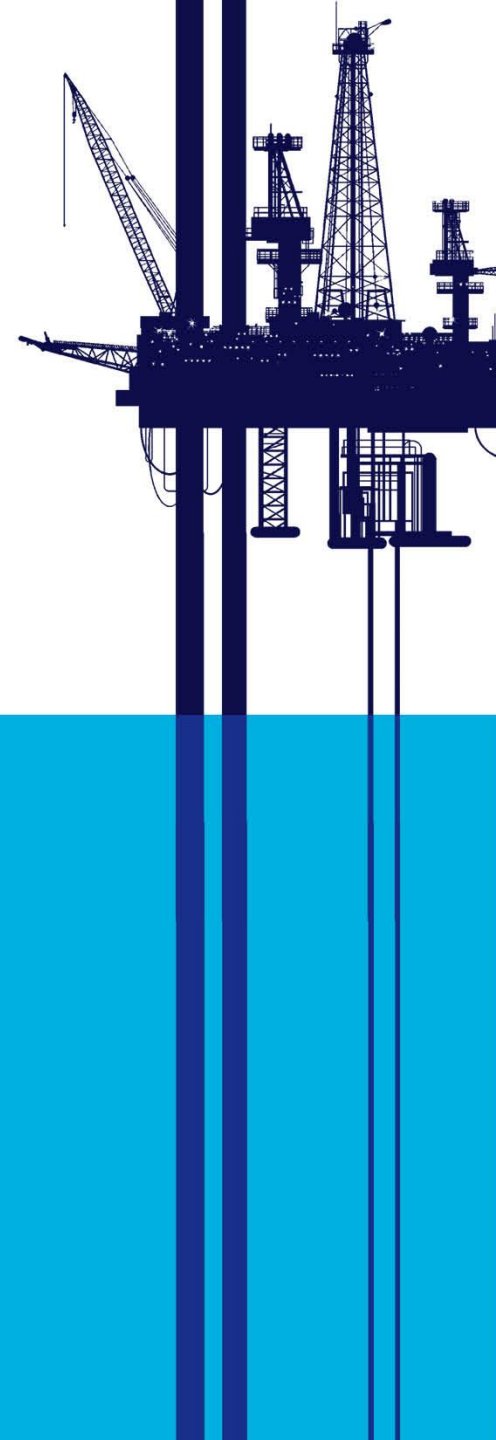
2011 Preliminary Results

March 2012

2012 – A Year of Change



Hardy Oil and Gas plc



Presentation team



Hardy Oil and Gas plc

Alasdair Locke
Non-Executive Chairman

Ian MacKenzie
Chief Executive Officer



2011 summary

Robust cash position



Hardy Oil and Gas plc

Financial summary

- Adopted successful efforts accounting policy and restated 2010 accounts
- Loss before taxation from continuing operations of \$4.6 million (2010: Profit \$0.1 million)
- Cash used from continuing operations of \$0.9 million* (2010: Cash flow \$4.0 million*)
- Cash and short-term investments at 31 December 2011 of \$36.5 million (2010: \$36.5 million) and no debt

* Before changes in working capital

Operational summary

- D3 – submitted DOC for Dhirubhai 39, 41 and 52 discoveries
- GS-01 – DOC proposal for Dhirubhai 33 gas discovery accepted by GOI
- PY-3 – the field has been shut-in from 30 July 2011
- D9 - natural gas discovery (Dhirubhai 54) gross thickness of 22 m evaluated by MDT
- Assam - the joint venture relinquished the block

2012 summary

Change in leadership



Hardy Oil and Gas plc

Board changes

- Alasdair Locke - Non-Executive Chairman;
- Ian MacKenzie - Chief Executive Officer ; and
- Peter Milne - Non-Executive Director.
- Mr Sharma will become a Non-Executive Director
- Retirement of 3 Non-Executives

2012 outlook

D3 – Drilling to re-commence in Q1 2013 following PSDM seismic reprocessing

D3 – Approval for DOC for gas discoveries Dhirubhai 39, 41 and 52 expected in 2012

GS-01 – Submit field development plan for GS-01 Dhirubhai 33 discovery by the end of 2012

PY-3 - Discussion with partners and contractors in relation to field development options

D9 - Considering the submission of an appraisal programme

2011 results summary

Strong cash position



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The key performance indicators adopted in 2011 are summarised below;

		2011	2010	2009
HSE	Total Recordable Injuries	2	7	1
Operations	Contingent Resource	174	174	160
	Wells drilled	1	2	2
	Net entitlement production	234	475	276
Financial	Cash and short-term investments	\$36.5	\$36.5	\$30.5
	Cash flow from operations*	(\$0.9)	\$4.0	\$(3.6)

* Before changes in working capital

Accounting policy change

Successful efforts



Hardy Oil and Gas plc

- Successful efforts method of accounting for oil and gas assets allows for dry hole and associated G&G costs to be written-off and the capitalisation of successful exploration costs
- The change aligns our accounting policy with international peers and provides a better reflection of the results of our activities and financial position
- As a result total carrying value of Intangible Assets - Exploration has been reduced by \$56 million

Key changes to accounts

US\$ million	2011	2010	Up to 2009
Unsuccessful exploration charge	3.4	1.8	50.7
Intangible Assets - Exploration	81.7	85.1	84.1



Consolidated Statement of Income

For the year ended 31 December 2011



Hardy Oil and Gas plc

US\$ million	2011	2010
Revenue	11.3	13.2
Cost of sales	(9.1)	(10.1)
Gross profit	2.2	3.1
Administrative costs	(6.9)	(3.3)
Operating loss	(4.7)	(0.2)
Interest and investment income	0.4	0.4
Finance cost	(0.4)	(0.1)
(Loss) /profit before taxation	(4.6)	0.1
Taxation	2.7	(0.3)
Loss from continuing operations	(1.9)	(0.2)
Total comprehensive loss	(1.9)	(1.0)



Statement of Financial position

For the year ended 31 December 2011



Hardy Oil and Gas plc

US\$ million	2011	2010	Restated as at 1 Jan 2010
Assets			
Non-Current	97.3	101.6	102.8
Current	39.7	43.6	139.8
Total	137.0	145.2	139.6
Equity and Liabilities			
Equity attributable owners	126.1	127.3	119.8
Non current liabilities	4.8	4.5	4.5
Current liabilities	6.1	13.4	15.4
Total equity and liabilities	137.0	145.2	139.6



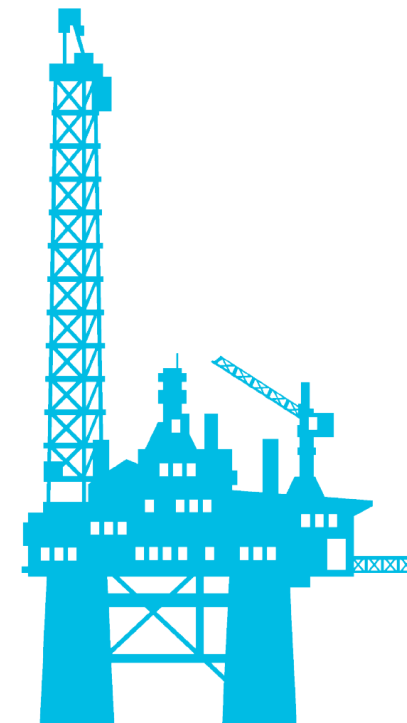
Consolidated Statement of Cash Flow

For the year ended 31 December 2011



Hardy Oil and Gas plc

US\$ million	2011	2010
Cash flow (used in) operating activities	(3.4)	(0.9)
Cash flow (used in) discontinued operations	-	(0.7)
Taxation paid	(0.1)	0.1
Cash flow from operating activities	(3.5)	(1.5)
Investment in continuing operations	1.1	(6.6)
Disposal of discontinued operations	-	4.3
Cash flow from Investing activities	1.1	(2.3)
Issue of shares	2.0	9.5
Other	0.4	0.3
Cash flow from financing activities	2.4	9.8
Change in cash and short-term investments	-	6.0
Cash and short-term investments	36.5	36.5



Hardy's assets portfolio

High potential - India focused



Hardy Oil and Gas plc

Asset	Partners	%	2012 programme
D3 (NELP V)	Hardy Reliance* BP	10 60 30	3D PSDM seismic processing
GS-01 (NELP II)	Hardy Reliance	10 90	FEED study for DOC
PY-3 (Pre NELP)	Hardy* Tata HOEC ONGC	18 21 21 40	Develop long-term solution with partners and contractors
D9 (NELP III)	Hardy Reliance* BP	10 60 30	Submit appraisal programme for A2 gas discovery
CY-OS/2 (Pre NELP)	Hardy* GAIL	75 25	Awaiting arbitration ruling for extension

* Operator of the block

Krishna Godavari Basin – D3

Organic growth potential



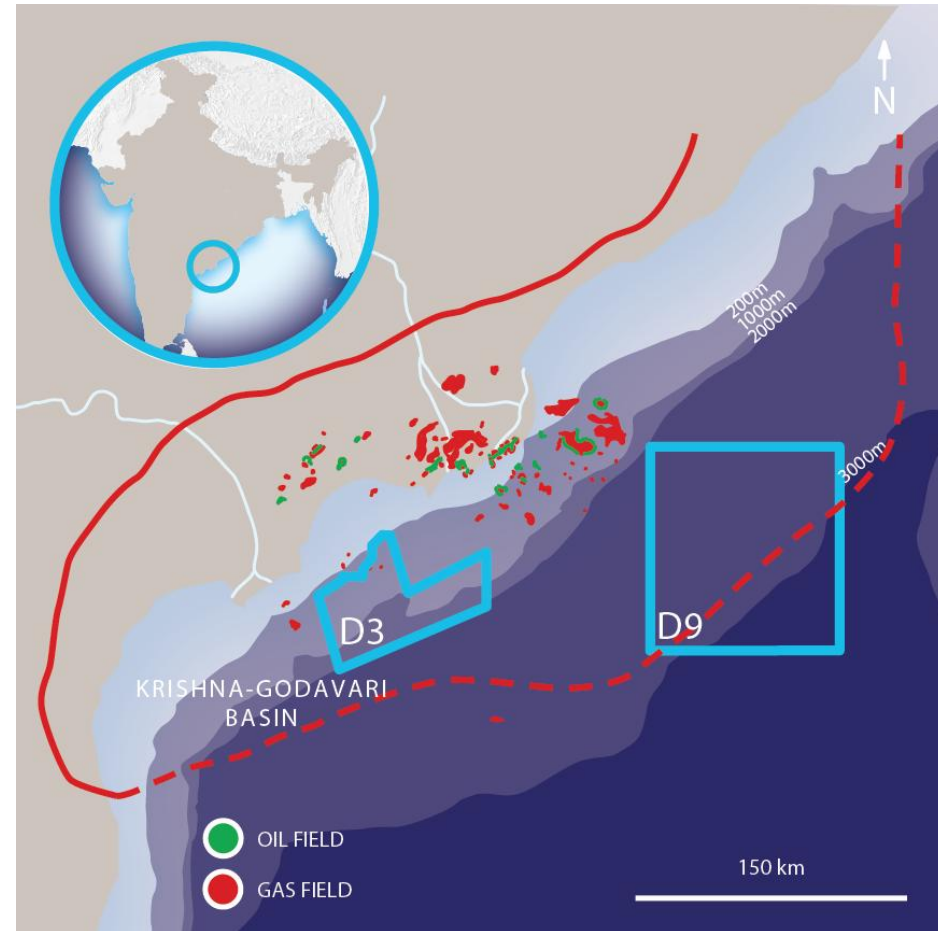
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Targeting New Resources

- Now in the de-risking and high potential value addition phase of the exploration programme
- BP's acquisition valued the D3 block at ~\$5 billion (net \$500 million)
- KG Basin is close to existing offshore infrastructure and onshore facilities
- Drilling to recommence Q1 2013

Net Risked Prospective Resources 2011

D3	Prospects and leads	bcf	396
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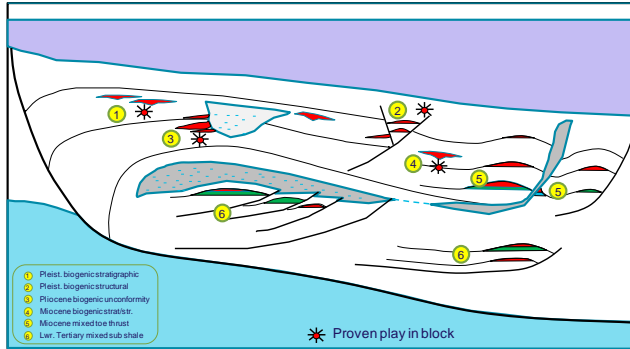


D3 - Unique exploration block

Six play types present



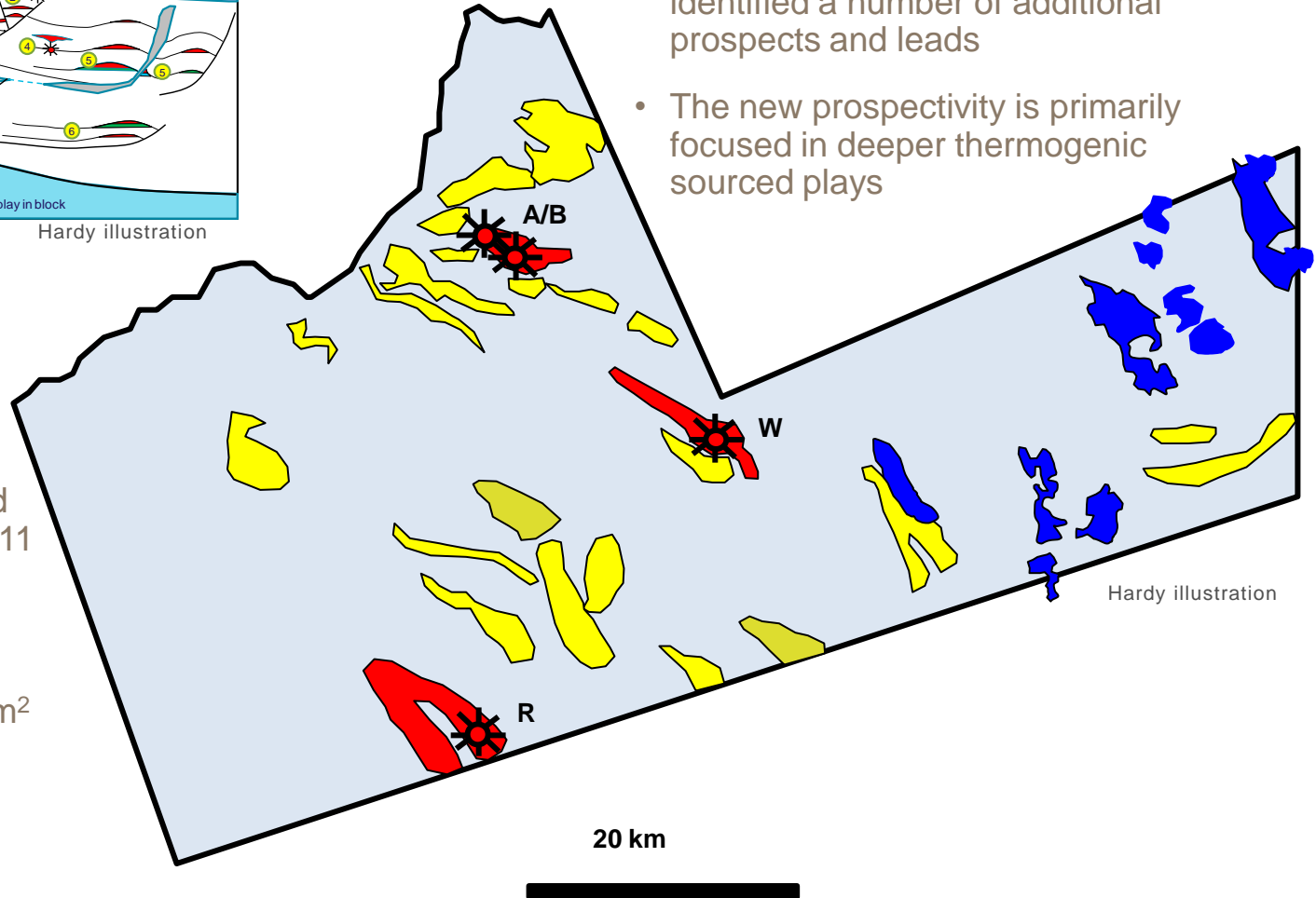
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Hardy illustration

- Four consecutive natural gas discoveries
- DOC for A1, B1 and W1 submitted in 2011
- Net Contingent Resources 68 bcf
- Block area 3,288 km²
- HDY 10%, BP 30%
- Reliance operated

- Ongoing geotechnical evaluation integrated with new regional data has identified a number of additional prospects and leads
- The new prospectivity is primarily focused in deeper thermogenic sourced plays

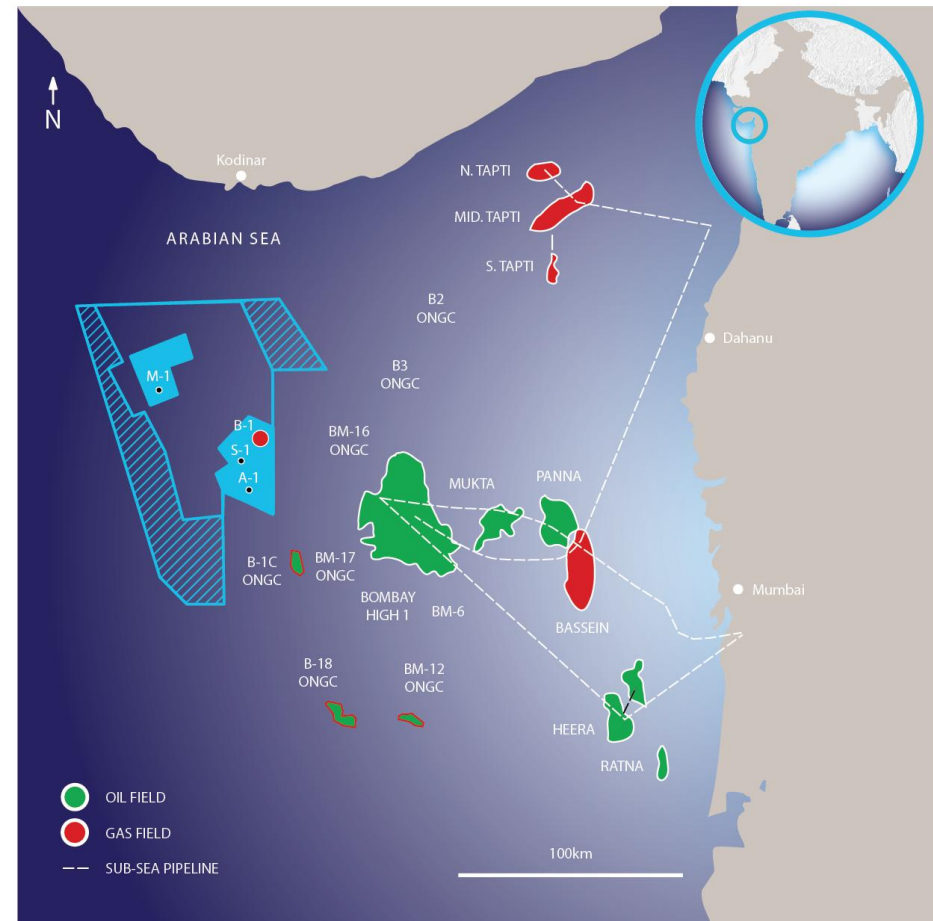


Outlook

- DOC accepted by GOI in late 2011
- Submit a field development plan in 2012

Background

- Discovery (Dhirubhai 33) May 2007
- Net contingent resources 8.3 bcf (2C), Net risked prospective resources 14 bcf
- Gujarat-Saurashtra basin, likely to retain 600 km² of 5,890 km²



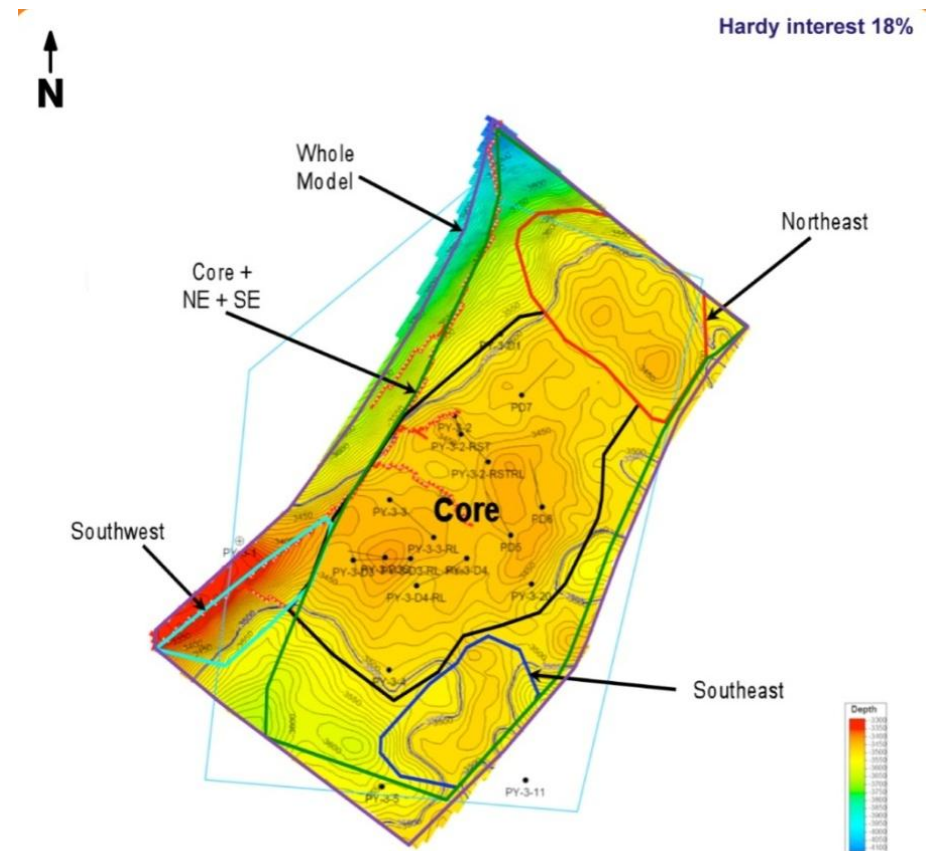


Summary

- The field was shut-in from July 2011
- Discussions with partners and contractors are ongoing
- Gross daily production averaged 1,953 bbl/d (2010:3,156 bbl/d)
- Average rate prior to shut-in was ~3,350 bbl/d

Background

- Hardy operates PY-3, which is located 80 km south of Pondicherry
- Capable of gross daily production of approximately 8,000 bbl/d with the drilling of two additional wells





CY-OS/2

Outlook

- Arbitration ruling expected in 2012

Background

- Dispute regarding nature of hydrocarbons discovered
- Arbitration in progress to confirm block validity and extension
- Natural gas discovery announced in 2007, net Contingent Resources 97 bcf (2C), net risked Prospective Resources 84 bcf

D9

Outlook

- Submission of appraisal programme with the operator

Background

- In 2011 KG-D9-A1 gas discovery on the block (Dhirubhai 54)
- Two exploration wells KG-D9-A1 and KG-D9-B3 P&A
- Significant oil and gas discoveries in adjacent D6 block (gas production commenced in April 2009)

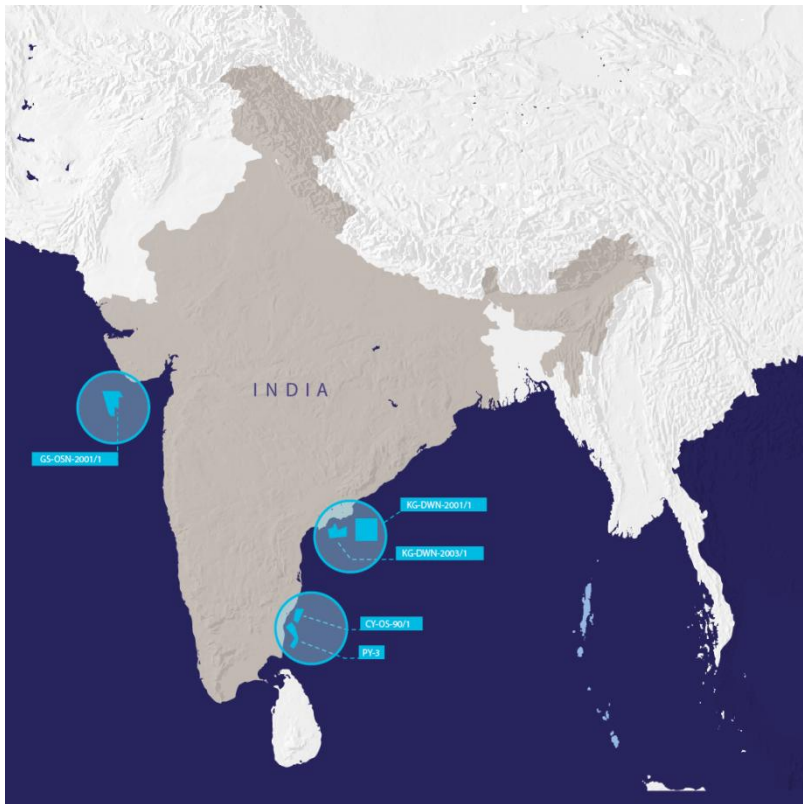
India natural gas demand

Market for monetisation



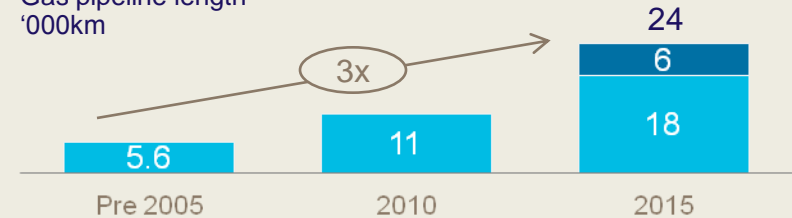
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Creating a national grid to unlock demand



Significant enhancement of India's natural gas pipeline infrastructure

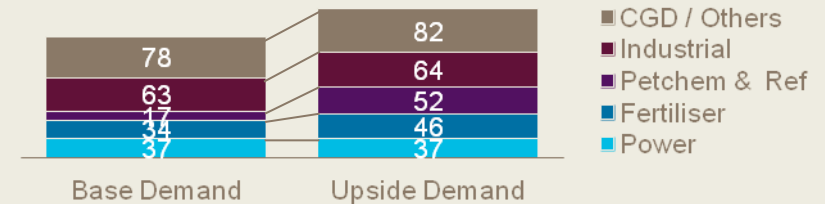
Gas pipeline length '000km



Source: McKinsey & Company – Gas 2015 Unlocking Opportunities

Incremental demand growth is expected from refining and industrial end-users

Demand by end-use sector, 2015 mmscmd



Source: McKinsey & Company – Gas 2015 Unlocking Opportunities

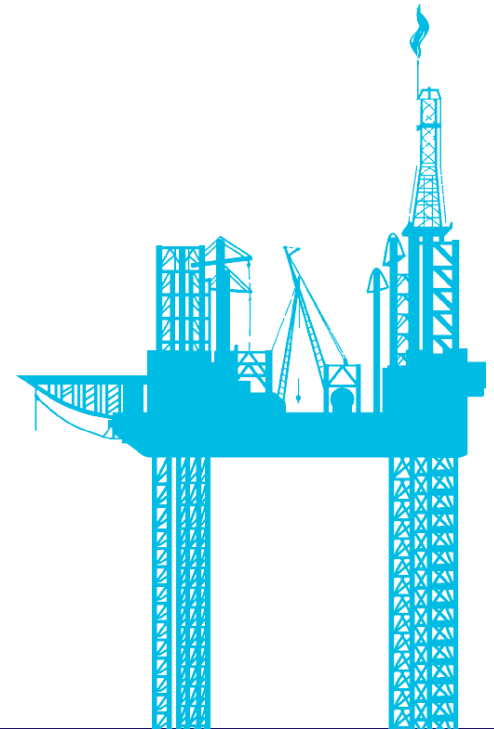
Outlook 2012

Comprehensive review



Hardy Oil and Gas plc

- New management with proven track record of delivering results in a competitive industry
- Experience and leadership qualities will ensure we are successful in implementing our long term objectives
- Undertaking comprehensive review of goals and objectives
- We will report the results of the review in due course
- D3 drilling to recommence in 2013 following completion of PSDM work over the east portion of the block



Appendix

2012 – A Year of Change



Capital Structure

LSE Main Market listing



Hardy Oil and Gas plc

Shares outstanding

72.8 million

Options outstanding

3.4 million

Fully diluted

76.2 million

Average daily volume

~0.1 million

Current market capitalisation

~£110 million

Directors and senior managers

~9.7 %

Trading symbol

HDY.L

CPR 2011 – reserves

Competent Person's Report on Hardy's petroleum interests



Hardy Oil and Gas plc

				Current		Previous	
RESERVES (Proven + Probable)				Gross	Net	Gross	Net
PY-3	Producing	Oil	mmbbl	15.1	2.1	16.3	2.5

Reserve Category	Pre-tax NPV (\$ million)			Post-tax NPV (\$ million)		
	7.5%	10.0%	12.5%	7.5%	10.0%	12.5%
1P	12.3	12.0	11.8	12.3	12.0	11.8
2P	66.0	60.6	55.8	43.5	39.9	36.7
3P	97.9	88.6	80.5	57.7	51.8	46.7

Year	1P			2P			3P		
	Prod mbbl	CAPEX \$ million	OPEX \$ million	Prod mbbl	CAPEX \$ million	OPEX \$ million	Prod mbbl	CAPEX \$ million	OPEX \$ million
2011	1,151.5	0	35	1,151.5	0	35	1,151.5	0	35
2012	802.9	0	37	2,156.4	162	37	2,156.4	162	37
2013	557.6	0	37	2,981.5	0	45	4,039.5	162	45
2014	0	0	0	2,205.6	0	45	2,771.2	0	445

CPR 2011 – contingent resources

Competent Person's Report on Hardy's petroleum interests



Hardy Oil and Gas plc

CONTINGENT RESOURCES (2C)				Gross	Net	Gross	Net
GS-01	B1 (Dhirubhai 33)	Gas	BCF	83.0	8.3	83.0	8.3
CY-OS/2	Ganesh 1	Gas	BCF	130.0	97.5	130.0	97.5
D3	A1 (Dhirubhai 39)	Gas	BCF	210.0	21.0	210.0	21.0
D3	B1 (Dhirubhai 41)	Gas	BCF	213.0	21.3	213.0	21.3
D3	R1 (Dhirubhai 44)	Gas	BCF	98.0	9.8	98.0	9.8
D3	W1 (Dhirubhai 52)	Gas	BCF	162.4	16.2	-	-
GS-01	B1 (Dhirubhai 33)	Oil	mmbbl	1.85	0.19	-	-

Total Contingent Resources (2C)	Gas	BCF	896.4	174.1	734.0	157.9
	Oil	mmbbl	1.85	0.19	-	-

CPR 2011 – prospective resources

Competent Person's Report on Hardy's petroleum interests



Hardy Oil and Gas plc

Risky Prospective Resources (Best Estimate)				Current		Previous	
				Gross	Net	Gross	Net
D3	Prospects and Leads	Gas	BCF	3,959	396	3,870	387
D9	Prospects and Leads	Gas	BCF	4,655	466	5,197	520
D9	Prospects and Leads	Oil	mmbbl	180	18	180	18
CY-OS/2	Prospects	Gas	BCF	113	84	113	84
GS-01	Prospects	Gas	BCF	142	14	142	14
Total Risked Prospective Resources (Best Estimate)		Gas	BCF	8,907	964	9,321	1,005
		Oil	mmbbl	179	18	179	18

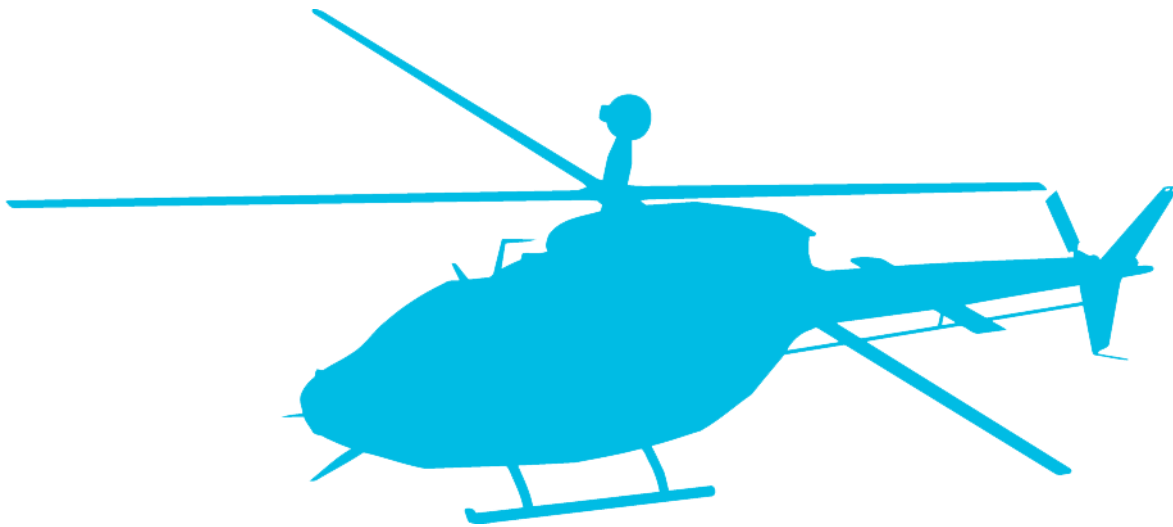
Aggregated risked Prospective Resources have been derived by Hardy and are not aggregated or provided as risked volumes by GCA



Profit Sharing Contracts

Asset	P.I.	Contractor Profit Oil						Tax ⁵ Holiday	Cost Recover	Royalty		Phase
		Investment Multiple (R factor)								Oil	Gas	
		<1.5	1.5-2	2.0-2.5	2.5-3.0	3.0-3.5	>3.5					
PY-3¹	18%	90	75	60	50	40	30	0	100%	n/a	n/a	Prod
CY-OS/2¹⁻³	75% ²	100	90	80	70	60	50	7	100%	n/a	n/a	III
GS-01	10%	84	60	30	21	21	21	7	100%	10%	10%	I
D9⁴	10%	90	84	75	66	15	15	7	100%	5%	5%	I
D3⁴	10%	84	72	60	24	24	15	7	100%	5%	5%	I

1. PY-3, CY-OS/2: Royalty & Cess paid by Licensee (ONGC)
2. CY-OS/2 – In event of declaration of commerciality ONGC entitled to assume 30 per cent interest
3. CY-OS/2 – Current subject to arbitration hearings regarding the status of the licence
4. Deepwater blocks (D9, D3) royalties increase to 10 per cent 7 years after commencement of production
5. Tax Holiday for natural gas undertakings is under dispute – to be determined by courts



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