8 June 2017

Hardy Oil and Gas plc

("Hardy", the "Company" or the "Group")

Final Results
for the year ended 31 March 2017

Hardy Oil and Gas plc (LSE: HDY), the oil and gas exploration and production company focused in India, reports final results for the year ended 31 March 2017.

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

SUMMARY

CY-OS/2 – Government of India's (GOI) second appeal of the CY-OS/2 international arbitration award, in favour of Hardy, (the Award) was dismissed. The GOI has subsequently escalated their appeal to the Supreme Court of India. Legal process to confirm the Award in the US is under consideration by the Washington, DC judiciary.

PY-3 – Maintained compliance activities while working closely with the GOI and the regulatory authority, Directorate General of Hydrocarbons (DGH), to establish a consensus view on the optimal development solution to recommence production.

GS-01 – Resolution of the quantification of liquidated damages (LD) associated with the unfinished minimum work programme (UMWP) is awaited **–** GOI's agreement with the uJV's proposed estimate of LD should facilitate the Group's plans going forward.

Financial – Considering several uncertainties, which may or may not be resolved, the Group provided for the write-down of PY-3 and deferred tax asset of $7.5 million resulting in a Total Comprehensive loss of $9.2 million for the year ended 31 March 2017 (FY16 loss of $16.8 million). Cash and short-term investments at 31 March 2017 amounted to $14.5 million; Hardy has no debt.

OUTLOOK

CY-OS/2 – The GOI Supreme Court appeal is expected to be concluded in the second half of 2017. Enforcement of the arbitration award within the India judicial system is our priority.

PY-3 – Establish a consensus view on the way forward of the development of the PY-3 field. Well monitoring activity has been proposed and failing the timely adoption of a FFDP and past budgets, planning for abandonment will need to be initiated.

GS-01 – Resolution of penalties associated with UMWP are expected to continue into 2017. Further capital investment is dependent upon gas pricing under GOI's pricing policies.

Alasdair Locke, Non-Executive Chairman of Hardy, commented: "We have in place clear plans for all our assets. Our foremost objective, the enforcement of the CY-OS/2 Award, will deliver new resources to the Group allowing us to expand our portfolio of upstream oil and gas assets. The other near-term priority of the Group remains the development of a consensus on the way forward for the PY-3 oil field which could take us closer to realising production from our portfolio of assets for the benefit of our shareholders."

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Chairman’s statement

Introduction
Throughout the year we continued our struggle to enforce our legal right to the reinstatement of the exploration licence CY-OS/2 and commensurate compensation. The Government of India (GOI) appeal of this Award was dismissed by the Division Bench of the Delhi High Court and is now being heard in the Supreme Court of India. We remain resolved to see off all legal challenges put forward by the GOI whether in India or in other jurisdictions in which we elect to execute this unanimous international arbitration award. Our other primary goal, securing approvals for the development of PY-3, did not advance. The lack of consensus on the way forward amongst stakeholders was a significant contributing factor to our decision to write-down the value of PY-3, and associated deferred tax asset, by some $7.5 million.

Strategy
The Group’s strategy is to be an active participant in the upstream oil and gas industry, and realise value from our current India focused portfolio and pursue new opportunities as they arise. We have in place clear plans to achieve our objectives that we believe can restore value for our shareholders. The successful conclusion to the enforcement of the CY-OS/2 Award process could provide Hardy with significant funds and better position the Group to add new upstream assets.

Market overview
Commodity markets remained volatile but traded within a relatively narrow range throughout the year and into FY 18. A modest improvement in the global growth outlook and the Organization of the Petroleum Exporting Countries’ (OPEC’s) and Russia’s agreement to production restrictions contributed to an overall improvement in oil pricing. The North American producers have responded with a significant increase in drilling activity. Industry costs have stabilised but remain much lower than in 2014. We have adjusted our cost estimates for development scenarios of our portfolio. We expect costs to stabilise as excess capacity is removed from the market. India has enjoyed a period of robust growth and continues to rely on the import of oil and gas to meet energy requirements. Prime Minister Modi’s objective to increase domestic production and improve energy security has resulted in more proactive measures being taken by the GOI.

Performance
As at 31 March 2017, the Group had over $14.5 million of cash and short-term investments with no debt. The Group has sufficient resources to realise our strategic objectives. The Group maintains robust internal control and risk management systems appropriate for a company of our size and resources.

Governance
The Board composition remained constant throughout the year. Further details of the Board’s activities this year can be found in the Corporate Governance section of this Annual Report. In accordance with provision C.2.2 of the 2014 revision of the UK Code, the Directors have assessed the prospects of the Group over a longer period than the 12 months required for the “Going Concern” statement. The Board conducted this review for a period of three years to 31 March 2020. The Group’s near-term principal risks remain: the timing or execution of activities may not commence as forecast and delays may be experienced; the possible relinquishment of appraisal acreage; and liabilities related to ongoing disputes.

I would like to acknowledge management’s continued commitment to our objectives notwithstanding the nugatory actions of the GOI regarding the appeal of the CY-OS/2 Award and of the uJV partners of PY-3. Under these challenging circumstances management’s persistence and pragmatism are paramount to realising a successful outcome.

Objectives and outlook

We have in place clear plans for all our assets. Our foremost objective, the enforcement of the CY-OS/2 Award, will deliver new resources to the Group allowing us to expand our portfolio of upstream oil and gas assets. The other near-term priority of the Group remains the development of a consensus on the way forward for the PY-3 oil field which could take us closer to realising production from our portfolio of assets for the benefit of our shareholders.

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

In FY17 we were successful in advancing the CY-OS/2 litigation process with the GOI, best highlighted by the Delhi High Court (HC) Division Bench dismissal of the GOI's second appeal. We are fully committed to seeing through the enforcement of the CY-OS/2 award which will provide significant capital infusion and allow us to recommence appraisal activity. We continued to fulfil our obligations as Operator of PY-3, including the assessment of field development options, protecting uJV interests against unfounded third-party claims, and the planning of well monitoring activity. Notwithstanding our efforts, a consensus on the way forward for PY-3 has not been reached and our consortium partners have not funded their obligations for several consecutive years.

Implementing our strategy

Enforcement of the CY-OS/2 Award is our primary focus. Successful implementation of the CY-OS/2 Award will create a robust platform for Hardy to rebuild our portfolio of upstream asset. The recommencement of production from the PY-3 field, considering current economic conditions, remains viable under several development concepts being considered by the PY-3 joint venture (uJV).

Operations

In July 2016, the GOI's second appeal to the Delhi HC against the CY-OS/2 international arbitration award was dismissed based on jurisdiction. The Delhi HC Division Bench summarised that India did not have jurisdiction over the foreign award. We were disappointed, but not surprised, that the GOI subsequently filed a Special Leave Petition with the Supreme Court of India challenging the Delhi HC ruling. Our execution application of the Award in the Delhi HC will likely remain pending until the conclusion of the Supreme Court appeal. We continue to believe that:

- The arbitration award, issued by a tribunal, comprising of three former Chief Justices of India, was unanimous and well-reasoned.
- The dispute resolution articles of the Production Sharing Contract (PSC) clearly state that an arbitration award is to be final and binding on all Parties. In our view therefore, the GOI's appeal breaks the sanctity of the PSC.

However, Should the Supreme Court overrule the HC ruling then the merits of the award will be heard in an India High Court.

India is a signatory to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention). This allows entities / nation states the right to enforce foreign arbitral awards in any jurisdiction which is a signatory to the New York Convention. Statute of limitation constraints prompted Hardy to initiate legal proceedings (award confirmation) in the USA to preserve our rights to enforce the CY-OS/2 Award. We are also exploring initiating enforcement of our legal rights in several other jurisdictions. Our preference remains to conclude the process within the framework of India's judicial system which would result in restoration of the block enabling Hardy to continue with an appraisal programme.

The resumption of production from our PY-3 asset remains a priority. We have been providing all possible support to the PY-3 consortium partners and other stakeholders to facilitate the timely conclusion of deliberation. A key contributing factor to the lack of consensus has been exceptionally high levy rates.

Throughout the year, Hardy alongside major industry participants lobbied to seek relief from the excessive rates. Unfortunately, a rate reduction has not been achieved and a lack of consensus, among the uJV partners, persists. Considering present commodity prices, royalty and other financial levy rates, and the additional profit oil entitlement of the GOI beyond the primary term of the PSC (December 2019), a viable development plan will need to achieve significant cost savings. This is achievable but will require all uJV parties to approach discussions in a positive and proactive manner.

Our plan to acquire a further interest in, and operatorship of, our GS-01 asset remains in place. The acquisition process is primarily dependent on the settlement of liquidated damages relating to an Unfinished Minimum Work Programme. The GOI current gas pricing policy stipulates a price of $2.5 per mmbtu which does not support the proposed development plan for Dhirubhai 33. If we can conclude the acquisition process we will need to explore alternative development plans or secure a change in the GOI policy to allow free market pricing.

Health, safety and environment (HSE)
As an offshore operator, the Group is committed to excellent health and safety practices which are at the forefront in all our activities. Although all offshore activities were suspended in 2012, our intention to initiate activities in the future means that we will continue our commitment to maintain high HSE standards throughout the organisation.

Financial
The Group is reporting a total comprehensive loss of $9.2 million for the year ended 31 March 2017 compared to a loss of $16.8 million for the year ended 31 March 2016. The loss is attributable to the write-down of Property Plant and Equipment associated with PY-3 ($3.0 million), and associated deferred tax asset ($5.5 million). In FY16, the Group wrote-down intangible assets – exploration assets associated with GS-01 ($4.9 million), property, plant and equipment associated with the PY-3 oil field ($2.8 million) and associated deferred tax asset ($5.2 million). Conservation of cash resources is paramount for the Group. Total general and administrative expenditure decreased from $4.0 million in FY16 to $2.6 million. The decrease is primarily due to non-recurring expenditures amounting to $1.6 million in FY16. The Group projects administrative expenses for FY18 to be more than $3.0 million due to additional legal expenditures and other expenses.

Cash used in operating activities amounted to $3.2 million for the year ended 31 March 2017 compared to a cash outflow of $3.7 million for the year ended 31 March 2016. The Group's capital expenditure and investment income was nominal at $0.3 million. With cash and short-term investments of $14.5 million as at 31 March 2017, and no debt, the Group is well funded to meet its current work commitments on the Indian asset portfolio.

Outlook
Our objectives remain to enforce the CY-OS/2 Award which will deliver new cash resources to expand our portfolio within or outside of India and securing stakeholders' approvals to initiate activity that will take us closer to realising production from our portfolio of assets for the benefit of our shareholders.

OPERATIONAL REVIEW

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

Litigation - On 27 July 2016 the GOI's second appeal to the Delhi HC Division Bench was dismissed based on jurisdiction. The GOI has subsequently filed a Special Leave Petition with the Supreme Court of India challenging the Delhi HC Division Bench ruling. Hardy has previously filed an execution petition with the Delhi HC and this has run in parallel with the GOI's appeal. The matter has been continually adjourned due to the ongoing GOI appeal. It is expected that the execution hearings will progress should GOI's appeal, in the Supreme Court, be dismissal.

The Group has initiated Confirmation proceedings in the Federal Court of Washington DC, United States of America. This action has been initiated to maintain the option to enforce the Award in the US. Our primary objective remains to conclude the appeal and enforcement process within the Indian judicial system. The timely conclusion of the dispute resolution process within Indian institutions will validate our long-standing commitment to India and facilitate our future participation in meeting the country's growing energy requirements.

Contingent asset – As at 31 March 2017, Hardy's 75 per cent share of the compensation awarded by the Hon'ble Arbitration Tribunal amounted to approximately $64.5 million.

Objective – We will continue to seek the restoration of the block to the CY-OS/2 joint venture in a timely manner. The appeal and enforcement process in India is likely to continue into 2018. The Group believes that it has a strong position as the unanimous international award, passed by three former Chief Justices of India and is well reasoned. Hardy intends to recommence work on the appraisal of the Ganesha-1 natural gas discovery once the block has been restored to the CY-OS/2 joint venture.

Background – Hardy is the operator of the CY-OS/2 exploration block and holds a 75 per cent participating interest. The block is in the northern part of the Cauvery Basin immediately offshore from Pondicherry, India and covers approximately 859 km^2. The Ganesha-1 discovery well was drilled to a depth of 4,089 m and on testing the well flowed natural gas at a peak rate of 10.7 mmscfd.

Award summary – relinquishment by the Ministry of Petroleum and Natural Gas (MOPNG) of the GOI was illegal; the unincorporated Joint Venture (uJV) shall be entitled to a period of three years from the date on which the block is restored to it, to carry out further appraisal; the uJV shall be paid compensation calculated at the simple rate of 9 per cent per annum on the amount of Rs. 5.0 billion from the date of relinquishment till the date of the award; interest will then accrue at a rate of 18 per cent per annum on the amount of Rs. 5.0 billion until the block is restored to the uJV.

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

Operations – A PY-3 Management Committee (MC) meeting was convened in FY16 to consider the Operating Committee's (OC) recommended Full Field Development Plan (FFDP) and budgets. Several agenda items were agreed but finalisation of the minutes of meeting that represent the matters agreed have not been forthcoming from the regulator.

In FY17 the Group made multiple representations to the Hon'ble Minister of State, Sri Pradhan, senior members of the Administration of MOPNG, the Directorate General of Hydrocarbons (DGH) and the heads of the PY-3 uJV. Matters which have prolonged the deliberation of the proposed FFDP and possible resolutions were discussed. It was stressed that the proposed FFDP is projected to generate considerable value directly to the GOI via financial levies, profit petroleum and taxes. A consensus among uJV partners remains wanting. Hardy has initiated planning for well monitoring activity which may provide the PY-3 JV and MOPNG more time to reach a consensus and allow Hardy sufficient time to implement an agreed development plan.

Following a lengthy arbitration process and the rejection of Hardy's subsequent appeal to the Madras HC, Samson Maritime Limited has secured an award, amounting to $4.9 million, against Hardy for offshore services provided during 2011 and 2012. The full amount of the award is included in current liabilities. Samson has subsequently filed an execution petition with the Madras HC which is scheduled to be argued in June 2017.

As Operator Hardy is obliged to enter contracts directly with service providers on behalf of the uJV, such as the Samson Maritime Limited arrangement noted above. The Operator collects amounts due from each partner in accordance with their respective participating interest. To date the uJV partners have not been forthcoming with payment of cash calls against this award and other joint costs incurred since the shut-in of PY-3. In March 2017, Hardy initiated arbitration with the uJV partners to collect outstanding amounts associated with expenditures incurred by the Group in fulfilling its responsibilities as operator of PY-3. The dispute resolution process is expected to conclude in the second half of 2018.

Objective – Generate a consensus among uJV partners on a viable development plan for the recommencement of production. It is expected that offshore activity could commence within 9 to 12 months of the sanctioning of the development plan by the Management Committee. The development plans under consideration may require funding in excess of the Group's current cash resources.

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 licence covers 81 km^2 and produces high quality light crude oil. The field has produced over 24.8 mmbbl and was shut-in in July 2011 due to the expiry of the production facilities' marine classification and absence of budgetary approval to extend the contract.

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

Operations – The matter of possible liquidated damages associated with unfinished minimum work programme (UMWP), which has been under consideration since 2009, continued to be deliberated by the GOI and the operator. It is our understanding that this is a common matter for NELP I to VII licenses *starting in 2005 to 2016,* including the Group's D9 licence relinquished in 2012. Hardy and other operators have been working with industry associations to develop a policy to facilitate a resolution. The GS-01 uJV has conveyed to the GOI that this matter needs to be closed out prior to the progression of further activity on the block. The Group has previously provided for $0.3 million of liquidated damages which is Hardy's share of the operators estimate.

Objective – Finalise the quantum of liquidated damages outstanding prior to concluding discussions with our partner to acquire its participating interest and the Operatorship of the block. Following this, a priority will be to revisit a proposed FDP taking into consideration the prevailing commodity pricing and reduced cost environment.

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

Financial Review

Overview

In the year ended 31 March 2017, the Group recorded a total comprehensive loss of $9.2 million and at year end had total cash and short-term investments of $14.5 million with no debt.

Summary statement of comprehensive income	FY17 (audited) US$ million	FY16 (audited) US$ million
Production Costs The Group has considered the continuing fall in offshore services and therefore made an adjustment to the underlying cost assumptions associated with decommissioning of PY-3. As a result, a write-back to the Decommissioning Provision of $0.8 million was credited. The Group incurred $0.3 million of operating costs associated with the Group's share of direct costs incurred fulfilling its obligations as operator of joint undertakings PY-3 and CY-OS/2.	0.5	(0.2)
Unsuccessful exploration write-down In FY16 the Group had expensed $5.0 million of exploration costs incurred in association with the drilling of a gas discovery on the GS-01 block. These expenses had previously been capitalised and recorded under intangible asset – exploration.	0.0	(5.0)
Impairment of PY-3 The PY-3 asset has been fully impaired resulting in a write-down of property, plant and equipment of $3.0 million. Management has considered the prevailing oil price, GOI policies, absence of consensus on a development plan and the requirement of the grant of a licence extension, by the GOI, beyond December 2019 when the primary term of the PSC expires. It was concluded that under the current circumstances there is insufficient certainty of development. The Group believe that there are several economically viable development solutions and will continue to facilitate discussion amongst all stakeholders to attempt to reach a consensus for the field to be brought back into production.	(3.0)	(2.8)
Administrative expense Administrative expense decreased by $1.4 million. The net decrease was primarily due to various provisions and non-recurring costs amounting to $1.6 million in FY16. Due to a projected increase in legal cost, administrative expense are likely to be over $3.0 million in FY18.	(2.6)	(4.0)
Investment income and finance cost The Group realised interest income of $0.4 million (FY16: $0.3 million) and no finance costs.	0.4	0.3
Taxation No current tax is payable for the year ended 31 March 2017. Having consideration for the impairment of the PY-3 asset the Group has no certainty of projected tax payable that may be offset by the Group's	(4.5)	(5.2)

carried forward losses within the legislated timeframe. As a result, a full write-down of the Group's deferred tax asset of $4.5 million was provided.		
Total comprehensive loss The Group's total comprehensive loss is largely attributable to write-downs associated with PY-3 and deferred tax assets.	(9.2)	(16.8)

Summary statement of financial position

	31 March 2017 (audited) US$ million	31 March 2016 (audited) US$ million
Non-current assets Non-current assets represent successful or work-in-progress exploration expenditure. The $7.1 million decrease is the result of the $3.0 million write-down of PY-3 and deferred tax asset of $4.5 million. The write down of PY-3 is due to the absence of a consensus amongst stakeholders on the way forward for the PY-3 field and uncertainty regarding the extension of the PY-3 PSC. The deferred tax asset has been written down due to the absence of certainty that the Group will generate taxable income in the near-term.	55.9	63.0
Current assets The Group's cash and short-term investments reduced by $3.1 million to $14.5 million. This is essentially due to the payment of general and administrative expenses. Trade and other receivables of $3.9 million largely represents some of the amounts due to be recovered from uJV partners of assets operated by Hardy.	19.3	21.8
Non-current liabilities The Group's non-current liabilities represent a provision for the decommissioning of the PY-3 field and deferred tax liability. The decommissioning provision has been estimated based on observed long-term industry cost trends. Management also considered the current depressed cost environment and uncertainty regarding the timing of decommissioning. As a result, the provision was reduced by $0.8 to $4.5.million. Management will continue to evaluate its underlying assumptions.	4.5	5.2
Current liabilities Trade and other accounts payable comprises of amounts due to vendors and other provisions associated with various joint arrangements, including an award of $4.9 million due to Samson Maritime as outlined in the operations review.	8.1	7.8

Summary statement of cash flows

	FY17 (audited) $ million	FY16 (audited) $ million
Net Cash used in operating activities Cash used in operating activities comprised of $1.9 million for administrative costs and net debtor and creditor movement of $1.2 million. The net debtor movement of $0.7 million is attributed to an increase in accrued receivables from various joint arrangements operated	(3.1)	(3.7)

by the Group.

Capital expenditure The Group did not incur any material capital expenditures in the year.	0.0	0.0
Financing activity Interest and investment income, realised predominantly from an Indian rupee deposit, amounted to $0.4 million.	0.4	0.3
Cash and short-term investments Sufficient resources are available to meet ongoing capital, operating and administrative expenditure. The Group has no debt.	14.5	17.6

Liquidity risk management and going concern and long-term viability

The Group closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios, including changes in timing of developments, cost overruns of our planned activity and working capital inflows and outflows. At 31 March 2017, the Group had liquid resources of approximately $14.5 million, in the form of cash and short-term investments, which is available to meet ongoing capital, operating and administrative expenditure. The Group's forecasts, considering possible changes as described above, show that the Group has sufficient financial resources for the 12 months from the date of approval of the Annual Report for the year ended 31 March 2017. The Group does not have any debt.

Principal Risks and Uncertainties

As an oil and gas exploration and production Group with operations focused in India, Hardy is subject to a variety of risks and uncertainties. Managing risk effectively is a critical element of our corporate responsibility and underpins the safe delivery of our business plans and strategic objectives.

Board

The Group has a systematic approach to risk identification and management which combines the Board's assessment of risk with risk factors originating from, and identified by, the Group's senior management team. Risks are identified, assessed for materiality, documented, and monitored through a risk register with senior management involved in the process. Risks that are identified as high and/or trending upwards are noted and assigned to the Executive Director to monitor and, if possible, proactively mitigate. The risk register is part of a dynamic database in which new risks may be added when identified or removed as they are eliminated or become immaterial. The Board has formed a sub-committee on risk which reports periodically to the Audit Committee. The Board is provided with regular updates of the identified principal risks at scheduled Board meetings.

Viability Statement

In accordance with the provision of section C.2.2 of the 2014 revision of the UK Code, the Directors have assessed the viability of the Group over a three-year period to March 2020, considering the Group's current position and the potential impact of the principal risks documented in this report. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to March 2020.

In making this statement, the Directors have considered the resilience of the Group, its current position, the principal risks facing the business in severe but reasonable scenarios and the effectiveness of any mitigating actions. This assessment has considered the potential impacts of these risks on the business model, future performance, solvency and liquidity over the period. This assessment highlighted that in certain extreme circumstances a funding deficit could arise toward the end of the three-year period.

These circumstances could include;

- cash outflow in respect of current liabilities without commensurate recovery of debts due from uJV partners; and
- the materialisation of contingent liabilities, unprovided for claims by third parties and Government authorities.

To a certain extent, the materialisation of the instances listed above can be mitigated by the reduction of overhead and pursuing legal avenues to protect the Group's assets.

The Directors have determined that the three-year period to March 2020 is an appropriate period over which to provide its Viability Statement. This covers the period when the Group hopes to have established any feasible development plans for PY-3, CY-OS/2 and GS-01. The PY-3 development is the only asset that could possibly require additional funding during this period. In making their assessment, the Directors have considered the Group's current cash position and that no capital is committed and they have not considered the receipt of the CY-OS/2 Contingent Asset of $64.5 million.

The Group has considered that additional funding needs may be met, as appropriate, by access to the debt and capital markets, although there are no immediate plans to do so, along with the possible divestment of assets in which the Group holds a significant working interest.

Principal risks and uncertainties

The underlying risks and uncertainties inherent in Hardy's current business model have been grouped into four categories; strategic, financial, operational and compliance. The Board has identified principal risks and uncertainties for FY18 and established clear policies and responsibilities to mitigate their possible negative impact on the business, a summary of which is provided below:

Risk or uncertainty	**Mitigation action**
Strategic – In the short term the Group's strategy is predominantly influenced by ongoing arbitration and litigation and the outcome of such. The Group seeks to mitigate risks inherent with such litigious matters, however duration is out of the control of the Group and the risk of an adverse outcome cannot be fully mitigated. It is the Group's intention to rebuild a portfolio of upstream oil and gas assets upon conclusion of the CY-OS/2 dispute.	
1. Asset portfolio exclusively in one geopolitical region	Convey business constraints to accomplishing our objective via direct and open dialogue with government officials, active participation in industry lobby groups including the Association of Oil and Gas Operators. Further additions to the India portfolio may be considered once tangible progress is made in our existing portfolio.
Financial - Volatility in international crude oil prices and India's natural gas administered pricing policy may adversely affect some of the Group's prospects and projected results from future operations. Other major financial risks facing the Group could be: financing constraints for further appraisal and development; cost overruns; and adverse results from ongoing or pending litigation.	
1. Prolonged delay in enforcement of CY-OS/2 Award	Secure high quality and reputable legal counsel. Management of stakeholder expectation. Preserve right to enforce in other jurisdictions.
2. Arbitration and Litigation – the Group is involved in a number of disputes with service providers, uJV partners and Indian tax authorities	The Group has secured high quality, reputable professional advisors and legal counsel in India and other jurisdictions. Proactive and constructive engagement with uJV partners. Sanctioning of a PY-3 FFDP may mitigate several outstanding or pending disputes.
3. Cost of litigation	Budget for litigation remains high. Effective management and monitoring of advisory costs. Explore timely resolution of disputes not strategic in nature.
4. Liquidated damages started (LD), unfinished Minimum Work Programme (MWP)	Monitor through media and dialogue with operator, prepare for possible dispute. Engagement with industry lobby groups to facilitate formulation of industry wide resolution. A provision has been made based on management's assessment of a reasonable outcome.
Operational – Offshore exploration and production activities by their nature involve significant risks. Risks such as delays in executing work programmes, construction and commissioning of production facilities or other technical difficulties, lack of access to key infrastructure, adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations, explosions and other acts of God are inherent to the business.	
1. Securing approval for further development of PY-3	Communication with partners to address individual interests and agendas. Clearly formulate and articulate mutually beneficial proposals. Mitigate expenditures prior to budget approvals.
2. PY-3 HSE – status of PY-3 wells	Three subsea wells were securely shut-in in March 2012. The shut-in of wells has been longer than expected and, in the absence of timely sanctioning of the FFDP, monitoring of wells or full abandonment of the

	PY-3 field may need to be initiated.
3. Contractual dispute with uJV partners	Maintain communication with senior members of uJV partners. In April 2017, Hardy initiated the dispute resolution procedures provided for under the PY-3 joint operating agreement by instigating binding arbitration proceedings.
4. Enforcement of arbitration award	Samson Maritime Limited has secured an award against HEPI on PY-3 which is enforceable in India. Samson are currently seeking to secure against various assets of the wholly owned subsidiary. This could result in business disruption until the matter is resolved. Processes and procedures have been tested and are in place to mitigate the impact of enforcement proceedings.

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

1. Regulatory and political environment in India	Ensure full compliance of all laws, regulations and provision of contracts. Develop sustainable relationships with government and communities. Actively collaborate with industry groups to formulate and communicate interests to government authorities.
2. Taxation and third-party claims	Secured the services of leading professional and legal service providers. Proactive communication with taxation authorities to ensure queries are addressed and assessments are agreed or challenged as required.

HARDY OIL AND GAS plc

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	Year ending 31 March 2017 US$	Year ending 31 March 2016 US$
Continuing Operations			
Revenue	3	-	-
Cost of Sales			
Production costs	4	514,525	(179,386)
Unsuccessful exploration costs	5	-	(4,935,149)
Impairment of Block CY-OS-90/1 (PY-3)	15	(3,026,688)	(2,754,273)
Gross profit/ (loss)		(2,512,163)	(7,868,808)
Administrative expenses		(2,614,386)	(4,037,221)
Operating loss	6	(5,126,549)	(11,906,029)
Interest and investment income	11	429,857	336,197
Loss before taxation		(4,696,692)	(11,569,832)
Taxation	12	(4,485,662)	(5,187,327)
Loss after taxation		(9,182,354)	(16,757,159)
Total other comprehensive income		-	-
Total comprehensive loss for the year attributable to owners of the parent		(9,182,354)	(16,757,159)
Loss per share			
Basic & diluted	13	(0.12)	(0.23)

HARDY OIL AND GAS plc

Consolidated Statement of Changes in Equity
For the year ended 31 March 2017

	Share capital US$	Share Premium US$	Shares option reserve US$	Retained earnings / (loss) US$	Total US$
At 31 March 2015	**733,314**	**120,860,631**	**3,669,066**	**(36,970,336)**	**88,292,675**
Total Comprehensive loss for the year	-	-	-	(16,757,159)	**(16,757,159)**
Share based payment	-	-	84,814	-	**84,814**
Adjustment of lapsed vested options	-	-	(1,899,531)	1,899,531	**-**
Restricted shares issued	4,327	75,810	-	-	**80,137**
At 31 March 2016	**737,641**	**120,936,441**	**1,854,349**	**(51,827,964)**	**71,700,467**
Total Comprehensive loss for the year	**-**	**-**	**-**	**(9,182,354)**	**(9,182,354)**
Share based payment	**-**	**-**	**78,163**	**-**	**78,163**
Adjustment of lapsed vested options	**-**	**-**	**(1,168,024)**	**1,168,024**	**-**
At 31 March 2017	**737,641**	**120,936,441**	**764,488**	**(59,842,294)**	**62,596,276**

HARDY OIL AND GAS plc

Consolidated Statement of Financial Position
As at 31 March 2017

	Notes	31 March 2017 US$	31 March 2016 US$
Assets			
Non-Current assets			
Property, plant and equipment	14	**24,885**	3,062,290
Intangible assets	15	**51,130,501**	51,132,228
Site restoration deposits	21	**4,723,237**	4,311,198
Deferred tax asset	12	**-**	4,485,662
Total non-current assets		**55,878,623**	62,991,378
Current assets			
Inventories	16	**942,365**	942,365
Trade and other receivables	17	**3,862,656**	3,250,236
Short-term investments	18	**14,179,026**	16,767,941
Cash and cash equivalents	23	**286,881**	828,379
Total current assets		**19,270,928**	21,788,921
Total assets		**75,149,551**	84,780,299
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	19	**737,641**	737,641
Share premium	20	**120,936,441**	120,936,441
Shares option reserve	20	**764,488**	1,854,349
Retained loss		**(59,842,294)**	(51,827,964)
Total equity		**62,596,276**	71,700,467
Non-current liabilities			
Provision for decommissioning	21	**4,452,916**	5,256,097
Total non-current liabilities		**4,452,916**	5,256,097
Current liabilities			
Trade and other payables	22	**8,100,359**	7,823,735
Total current liabilities		**8,100,359**	7,823,735
Total liabilities		**12,553,275**	13,079,832
Total equity and liabilities		**75,149,551**	84,780,299

Approved and authorized for issue by the Board of Directors on 7 June 2017

HARDY OIL AND GAS plc

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	Year ending 31 March 2017 US$	Year ending 31 March 2016 US$
Operating activities			
Cash flow (used in) operating activities	7	**(3,240,252)**	(3,738,079)
Taxation refund		**98,347**	21,023
Net Cash (used in) operating activities		**(3,141,905)**	(3,717,056)
Investing activities			
Expenditure on intangible assets – Others		**-**	(5,182)
Expenditure on other fixed assets		**(6,328)**	(22,294)
Site restoration deposit		**(412,039)**	(25,683)
Realised from short term investments		**2,588,917**	995,304
Net cash from investing activities		**2,170,550**	942,145
Financing activities			
Interest and investment income		**429,857**	336,197
Net cash from financing activities		**429,857**	336,197
Net (decrease) in cash and cash equivalents		**(541,498)**	(2,438,714)
Cash and cash equivalents at the beginning of the year		**828,379**	3,267,093
Cash and cash equivalents at the end of the year	23	**286,881**	828,379

1. Accounting Policies

The following accounting policies have been applied in the preparation of the consolidated financial statements of Hardy Oil and Gas plc ("Hardy" or the "Group"). These financial statements are for the year ending 31 March 2017.

a) Basis of measurement

Hardy prepares its financial statements on a historical cost basis except as otherwise stated.

b) Going Concern

The Group has in the past generated working capital from its production activities and successfully raised finance to provide additional funding for its ongoing exploration and development programmes. The Directors have reviewed the Group's ongoing activities and having regard to the Group's existing working capital position and its ability to potentially raise finance, if required, the Directors are of the opinion that the Group has adequate resources to enable it to undertake its planned activities over the next 12 months from the date of these financial statements (in coming to this opinion the Directors have not included the receipt of any funds from the CY-OS/2 arbitration award).

c) Basis of Preparation

Hardy prepares its financial statements in accordance with applicable International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union. As at the date of approval of these financial statements, there are several standards and interpretations that are in issue but not yet effective. The Directors do not anticipate that the adoption of these standards and interpretations in future reporting periods will have a material impact on the Group's results.

d) Presentational currency

These financial statements are presented in US dollars. All financial information presented is rounded to the nearest US dollar.

e) Basis of consolidation

The consolidated financial statements include the results of Hardy Oil and Gas plc and its subsidiary undertaking. The Group comprises of the parent company, Hardy Oil and Gas plc, and the wholly owned subsidiary Hardy Exploration & Production (India) Inc. which is incorporated under the Laws of State of Delaware, United States of America. The members of the Group are engaged in the business of exploration and production of oil and gas and all are included in the consolidated financial statements.

The Group participates in several unincorporated joint arrangements (UJV) which involve the joint control of assets used in the Group's oil and gas exploration and production activities. The Group accounts for all its joint arrangements as joint operations by recognising its share of assets, liabilities, income and expenditure of joint arrangement in the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income as appropriate.

f) Revenue

Revenue represents the sale value of the Group's share of oil (which excludes the profit oil sold and paid to the Government of India as a part of profit sharing). Revenues are recognised when crude oil has been lifted and title has been passed to the buyer.

g) Oil and gas assets

i) Exploration and evaluation assets

Hardy has adopted the successful efforts based accounting policy for its oil and gas assets.

Costs incurred prior to acquiring the legal rights to explore an area are expensed immediately in the income statement.

Expenditure incurred in connection with, and directly attributable to, the acquisition, exploration and appraisal of oil and gas assets are capitalised for each licence granted and are held within intangible exploration assets and not depleted.

Exploration drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure is assessed on a well-by-well basis. Exploration well costs are written off on completion of the well unless the results indicate the presence of hydrocarbons which have reasonable commercial potential.

Following appraisal of such wells, if commercial reserves are established and technical feasibility for extraction is demonstrated, the related capital intangible exploration and appraisal costs are transferred into a cost centre within the Property Plant and Equipment – development assets after testing for impairment, if any. Where exploration well results indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs will be written-off to the income statement.

ii) Oil and gas development and producing assets

Development and production assets are accumulated on a field-by-field basis. These comprise the cost of developing commercial reserves discovered to put them into production and the exploration and evaluation costs transferred from intangible exploration and evaluation assets, as stated in the policy above. In addition, interest payable incurred on borrowings directly attributable to development projects, if any, and assets acquired for the production phase, as well as cost of recognising provision for future restoration and decommissioning, are capitalised.

iii) Decommissioning

At the end of the producing life of a field, costs are incurred in removing and decommissioning facilities, plugging and abandoning wells. The full discounted cost of decommissioning is estimated and considered as an asset and liability. The decommissioning cost is included within the cost of property, plant and equipment development assets. Any revision in the estimated cost of decommissioning which alters the provisions required also adjusted in the cost of asset. The amortisation of the asset, calculated on a unit of production basis based on proved reserves, is shown as within the depletion charge on oil and gas assets in the Statement of Comprehensive Income and unwinding of the discount on the provision is included in the finance costs.

iv) Disposal of assets

Proceeds from any disposal of assets are credited against the specific capitalised costs included in the relevant cost pool and any loss or gain on disposal is recognised in the Statement of Comprehensive Income.

h) Depletion and impairment

i) Depletion

The net book values of the producing assets are depreciated on a field by field basis using the unit of production method, based on proved and probable reserves. Hardy periodically obtains an independent third-party assessment of reserves which is used as a basis for computing depletion.

ii) Impairment

Exploration assets are reviewed regularly for indications of impairment following the guidance in IFRS 6 Exploration and Evaluation of Mineral Resources, where circumstances indicate that the carrying value might not be recoverable. In such circumstances, if the exploration asset has a corresponding development / producing cost pool, then the exploration costs are transferred to the cost pool and depleted on unit of production. In cases where no such development/producing cost pool exists, the impairment of exploration costs is recognised in the Statement of Comprehensive Income.

Impairment reviews on development / producing oil and gas assets for each field are carried out when indicators of impairment exist by comparing the net book value of the cost pool with the associated discounted future cash flows. If there is any impairment in a field representing a material component of the cost pool, an impairment test is carried out for the cost pool. If the net book value of the cost pool is higher than the associated discounted future cash flows, the excess amount is recognised in the Statement of Comprehensive Income as impairment and deducted from the pool value.

i) Property, plant and equipment

Property, plant and equipment, other than oil and gas assets, are measured at cost and depreciated over their expected useful economic lives as follows:

	Annual Rate (%)	Depreciation Method
Leasehold improvements	over lease period	Straight line
Furniture and fixtures	20	Straight line
Information technology and computers	33	Straight line
Other equipment	20	Straight line

Depreciation charges are included within administrative expenses.

j) Intangible assets

Intangible assets, other than oil and gas assets, are measured at cost and depreciated over their expected useful economic lives as follows:

	Annual Rate (%)	Depreciation Method
Computer software	33	Straight line

Amortisation charges are included within administrative expenses.

k) Investments

Investments by the parent company in its subsidiaries are stated at cost less any impairment provisions.

l) Short term investments

Short term investments are regarded as “financial assets at fair value through profit or loss” and are carried at fair value. In practice, the nature of these investments is such that all income is remitted and recognised as interest and investment income and the fair value equates to the value of initial outlay and therefore, in normal circumstances, no fair value gain or loss is recognised in the Statement of Comprehensive Income.

m) Inventory

Inventory of crude oil is valued at the lower of average cost or net realisable value. Average cost is determined based on actual production cost for the year. Inventories of drilling stores are recorded at cost including taxes, duties and freight. Provision is made for obsolete or defective items where appropriate, based on technical evaluation.

n) Financial instruments

Financial assets and financial liabilities are initially recognised at fair value in the Group's Statement of Financial Position based on the contractual provisions of the instrument.

Trade receivables are not interest bearing and their fair value is deemed to be their nominal value as reduced by any necessary provisions for estimated irrecoverable amounts. Trade payables are not interest bearing and their fair value is deemed to be their nominal value.

o) Equity

Equity instruments issued by Hardy are recorded at net proceeds after direct issue costs.

p) Taxation

The tax expense represents the sum of current tax and deferred tax. Current tax is based on the taxable profit of the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income as it excludes certain items of income or expenses that are taxable or deductible in years other than the current year and it further excludes items that are never taxable or deductible. The current tax liability is calculated using the tax rates that have been enacted or substantially enacted by the year end date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available in the future against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted at the year-end date.

q) Foreign currencies

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. At the year-end date, all foreign currency monetary assets and monetary liabilities are restated at the closing exchange rate. Exchange difference arising from transactions during the year and from the year end retranslation are reflected in the Statement of Comprehensive Income.

Rate of exchanges were as follows:

	31 March 2017	31 March 2016
£ to US$	1.23	1.42
US$ to Indian Rupees	64.85	66.35

r) Leasing commitments

Rental charges payable under operating leases are charged to the Statement of Comprehensive Income as part of general and administration costs over the lease term.

s) Share based payments

Hardy issues share options to Directors and employees, which are measured at fair value at the date of grant. The fair value of the equity settled options determined at the grant date is expensed on a straight-line basis over the vesting period. In performing the valuation of these options, only market conditions are considered. Fair value is derived by use of the binomial model. The expected life used in the model is based on management estimates and considers non-transferability, exercise restrictions and behavioural considerations. In case of lapsed vested options, the amount recognised in the shares option reserve is adjusted to retained earnings as a reserve movement.

t) Contingent assets

Contingent assets are disclosed but not recognised where the receipt of income is probable but not virtually certain. The asset and related income is only recognised in the year when the receipt becomes virtually certain.

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 next financial year are addressed below.

i) Intangible assets- exploration

Intangible assets comprise of capitalised exploration expenditures associated with a natural gas discovery on the CY-OS/2 exploration licence. The GOI had notified Hardy of the relinquishment of the licence to which Hardy and the GOI entered arbitration to resolve the dispute. The arbitration tribunal ruled in favour of Hardy and ordered the reinstatement of the licence. The GOI has subsequently appealed the award at several levels of the India judicial system. Full details are disclosed in note 15 to these financial statements. This is regarded as a significant area of judgment and Management have considered that the arbitration tribunal has confirmed that the relinquishment was illegal, the appeal by the GOI was dismissed by the District Bench of the High Court of Delhi, and legal advice maintains a legal right to the licence. As a result, it has been adjudged that there is no indication of impairment.

ii) Decommissioning

The liability for decommissioning is reviewed based on cost estimates which are predominated by the charter hire charges of drill ships and supply boats. Accordingly, the provision made in the books will reflect the risk free discounted estimated future cost for decommissioning. Further details are contained in note 21.

iii) Carrying value of Oil & Gas and Exploration assets and Deferred Tax Assets

Management has fully impaired the Group's oil and gas assets due to ongoing uncertainty of likelihood of development and the availability of extension at the end of the current Production Sharing Agreement in 2019. If a development was sanctioned the calculation of the recoverable amount would require the estimation of future cash flows. Previously Management's key assumptions and estimates in the impairment models related to: commodity prices that are based on forward commodity price estimates, fiscal structuring specific to individual assets, commercial reserves and the related cost profiles. Should a development plan be approved by all the partners in the PY-3 field and the Government of India we will review the economic model to determine the appropriate asset value. If circumstances change the total impairment recognised in FY16 and FY17 of $5.8m could be written back. Further details are contained in note 14 and 15

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which the losses can be utilised. Judgement is required to determine the value of the deferred tax asset, based upon timing and level of future taxable profits. In the absence of an agreed development plan for PY-3 the Group is not expected to generate profits within a reasonable timeframe to be offset by unused tax loses. Should a development plan for PY-3 be approved and prevailing key assumptions remain valid then a portion of the Deferred tax asset may be written back. Further details are contained in note 12.

iv) Recoverability of Receivables from Joint Venture Partners

Where the Group is the operator of, or is the largest owner in, a field it recovers a percentage of the costs incurred from its joint arrangement partners in accordance with the levels of participating interests. Partners may either be Indian state-owned companies or private enterprises. Cash calls on partners are usually made in advance of incurring field expenditure however a number of these have not been paid and the Group has commenced arbitration against its partners seeking $8.36m. The Group has strong legal advice that its claim is valid and it will continue to pursue this amount by all legal means however due to the length of time the amounts have been outstanding prudent provision was made in prior year, the total provision recognised in these financial statements is therefore $4.80m. There is always uncertainty associated with any arbitration process and the amount recovered may therefore materially differ both from that claimed and from the amount recognised. This is regarded as a significant estimate and Management have considered the correspondence between the Group and the Debtors, standing of the individual organisations and legal advice.

3. Segment analysis

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

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

	2017 US$			
	India	UK	Inter-segment eliminations	Total
Revenue				
Other income	-	-	-	-
Operating loss	(3,488,958)	(1,637,591)	-	(5,126,549)
Interest income	332,430	97,427	-	429,857
Interest income on inter-corporate loan	-	1,517,533	(1,517,533)	-
Impairment of investment in & loan to Subsidiary	-	(65,873,695)	65,873,695	-
Interest expense on inter-corporate loan	(1,517,533)	-	1,517,533	-
Loss before taxation	(4,674,061)	(61,443,410)	61,420,779	(4,696,692)
Taxation	(5,321,891)	836,229	-	(4,485,662)
Loss for the period	(9,995,952)	(60,607,181)	61,420,779	(9,182,354)
Non-current assets	55,869,987	8,636	-	55,878,623
Current assets	4,859,675	14,411,253	-	19,270,928
Total Segment assets	60,729,662	14,419,889	-	75,149,551
Inter-corporate loan (net off impairment)	-	47,627,764	(47,627,764)	-
Non-current liabilities	(4,452,916)	-	-	(4,452,916)
Current liabilities	(7,953,585)	(146,774)	-	(8,100,359)
Total Segment liabilities	(12,406,501)	(146,774)	-	(12,553,275)
Inter-corporate borrowings	(109,748,349)	-	109,748,349	-
Capital expenditure	3,998	2,330	-	6,328
Impairment of Block CY-OS-90/1 (PY-3)	(3,026,688)	-	-	(3,026,688)
Depreciation, depletion and amortisation	(7,257)	(11,515)	-	(18,772)

	2016 US$			
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
	-	-	-	-
Operating loss	(9,926,411)	(1,979,618)	-	(11,906,029)
Interest income	308,692	27,505	-	336,197
Interest income on inter-corporate loan	-	1,218,911	(1,218,911)	-
Interest expense on inter-corporate loan	(1,218,911)	-	1,218,911	-
Loss before taxation	(10,836,630)	(733,202)	-	(11,569,832)
Taxation	(5,311,032)	123,705	-	(5,187,327)
Loss for the period	(16,147,662)	(609,497)	-	(16,757,159)
Non-current assets	63,809,786	17,821	(836,229)	62,991,378
Current assets	4,814,291	16,974,630	-	21,788,921
Total Segment assets	68,624,077	16,992,451	-	84,780,299
Inter-corporate loan		107,151,962	(107,151,962)	-
Non-current liabilities	(5,256,097)	(836,229)	836,229	(5,256,097)
Current liabilities	(7,666,591)	(157,143)	-	(7,823,734)
Total Segment liabilities	(12,922,688)	(157,143)	-	(13,079,831)
Inter-corporate borrowings	(107,151,962)	-	107,151,962	-
Capital expenditure	22,523	4,953	-	27,476
Unsuccessful exploration costs	(4,935,149)	-	-	(4,935,149)
Impairment of Block CY-OS-90/1 (PY-3)	(2,754,273)	-	-	(2,754,273)
Depreciation, depletion and amortisation	(4,789)	(22,216)	-	(27,005)

The Group is engaged in one business activity, the exploration, development and production of oil and gas. Other income relates to technical services to third parties, overhead recovery from joint arrangement operations and miscellaneous receipts, if any.

4. Production costs

Production costs, related to PY-3, included in the cost of sales consist of:

	2017 US$	2016 US$
Production costs	**288,656**	567,767
Change in decommissioning estimate	**(803,181)**	(388,381)
Cost of Sales	**(514,525)**	179,386

As the PY-3 asset has been fully impaired the change in the value of the decommissioning provision has been recognised immediately in production costs.

Production costs for FY16 includes a provision in respect of an arbitration award which is made in favour of a service provider for Block PY-3.

5. Unsuccessful exploration costs

Unsuccessful exploration costs consist of:

	2017 US$	2016 US$
Impairment / (reversal) of Block D3	**-**	(9,492)
Impairment / (reversal) of Block D9	**-**	(102,537)
Impairment of Block GS-OS1	**-**	5,047,178
	-	4,935,149

6. Operating loss

Operating loss is stated after charging:

	2017 US$	2016 US$
Unsuccessful exploration costs	**-**	4,935,149
Depreciation and amortisation	**18,772**	27,004
Operating lease costs - Land and buildings	**151,228**	167,220
External auditors' remuneration		
- Fees payable to the Group's auditors for the audit of the Group's annual accounts	**75,385**	94,754
- Audit related assurance services	**10,610**	12,754
Exchange loss / (gain)	**(53,347)**	372,050

The Group has a policy in place which requires approval of the Audit Committee for the award of non-audit services to be provided by the auditors. No non-audit services were provided during the year or in the prior year.

7. Reconciliation of operating loss to operating cash flows

	2017 US$	2016 US$
Operating loss	**(5,126,549)**	(11,906,029)
Unsuccessful exploration costs	**-**	4,935,149
Impairment of Block PY-3	**3,026,688**	2,754,273
Depletion, amortisation, and depreciation	**18,772**	27,005
Share based payment expense	**78,163**	164,951
	(2,002,926)	(4,024,653)
Decrease in inventory	**-**	222,623
Increase in trade and other receivables	**(710,767)**	(2,441,647)
Increase / (Decrease) in trade and other payables	**(526,559)**	2,505,598
Cash (used in) operating activities	**(3,240,252)**	(3,738,079)

8. Staff costs

	2017 US$	2016 US$
Wages and salaries	**960,332**	1,156,633
Social security costs	**188,077**	206,496
Share based payments charge	**78,163**	84,814
	1,226,572	1,447,943

Staffs costs, including executive Directors' salaries, fees, benefits and share based payments, are shown gross before amounts recharged to joint arrangements.

The average monthly number of employees, including executive Directors, employed by the Group are as follows:

	2017	2016
Management and administration	**9**	11
Operations	**6**	10
	15	21

The number of permanent employees of the Group as at 31 March 2017 is 15 (2016: 15).

9. Share based payments

Share options have been granted to subscribe for Ordinary Shares of US$0.01 each in the capital of the Company, which are exercisable between 2016 and 2025 at prices of £0.65 to £7.69 per Ordinary Share.

Hardy has an unapproved share option scheme for the Directors and employees of the Group. Options are exercisable at the quoted market prices of the Company's shares on the date of grant. The vesting period is three years with a stipulation that the options are granted in proportion to the period of employment after the grant subject to a minimum of one year, or, with respect to options from 2010 onwards, the period is three years, subject to compounded share price growth. The options are exercisable for a period of 10 years from the date of grant. Details of the share options outstanding during the years are as follows:

	2017		2016	
	Number of options	**Weighted average price**	Number of options	Weighted average price
Outstanding at beginning of the year	**1,715,000**	**£1.78**	3,419,933	£1.98
Granted during the year	**-**	**-**	-	-
Lapsed during the year	**1,040,000**	**£1.80**	1,704,933	£2.18
Outstanding at the end of the year	**675,000**	**£1.70**	1,715,000	£1.78
Exercisable at the end of the year	**100,000**	**£7.69**	200,000	£5.38

Details of outstanding options at the end of the year with the weighted average exercise (WAEP) price as follows:

	1 April 2016		Lapsed FY 2017		31 March 2017	
FY	Number	WAEP	Number	WAEP	Number	WAEP
2007	100,000	3.07	100,000	3.07	-	-
2009	100,000	7.69	-	-	100,000	7.69
2011	190,000	2.12	190,000	2.12	-	-
2012	750,000	1.55	750,000	1.55	-	-
2013	50,000	1.19	-	-	50,000	1.19
2014	275,000	0.66	-	-	275,000	0.66
2015	250,000	0.65	-	-	250,000	0.65
Total	**1,715,000**	**1.78**	**1,040,000**	**1. 80**	**675,000**	**1.74**

The weighted average contractual life of options outstanding is 5.82 years (2016: 5.9 years).

11. Interest and investment income

	2017 US$	2016 US$
Bank interest	**312,320**	298,896
Other interest income	**20,110**	9,796
Dividend	**97,427**	27,505
	429,857	336,197

12. Taxation

a. Analysis of taxation charge / (credit) for the year

	2017 US$	2016 US$
Current tax charge		
UK corporation Tax	**-**	-
Foreign Tax – India	**-**	-
Minimum alternate tax	**-**	-
Foreign tax – USA	**-**	-
Total current tax charge/ (credit)	**-**	-
Deferred tax charge/ (credit)	**4,485,662**	5,187,327
Taxation charge / (Credit)	**4,485,662**	5,187,327

	2017 US$	2016 US$
Charge in respect of change in tax rates	**-**	-
Losses incurred during the year	**(1,792,196)**	(4,124,085)
Origination and reversal of temporary differences	**1,641,911**	2,555,458
De-recognition due to potential non-reversal of deferred tax asset	**4,635,947**	6,755,954
Deferred tax charge/ (credit)	**4,485,662**	5,187,327

Deferred tax analysis:

	2017 US$	2016 US$
Difference between accumulated depletion, depreciation and amortisation and capital allowances	**-**	(1,373,481)
Carried forward losses	**-**	5,859,143
Deferred tax asset / (liability)	**-**	4,485,662

b. Factors affecting tax charge for the year

	2017 US$	2016 US$
Loss before taxation from continuing operations	**(4,696,692)**	(11,569,832)
Loss before taxation multiplied by the appropriate rate of tax in respective countries (2016: 41.2%)	**(1,930,237)**	(4,611,931)
Adjustment for expired carried forward losses	**2,614,561**	2,555,455
Others	**(834,609)**	487,849
Effect of change in tax rates	**-**	-
De-recognition due to potential non-reversal of deferred tax asset	**4,635,947**	6,755,954
Foreign tax on overseas income – current year	**-**	-
Total tax charge/ (credit)	**4,485,662**	5,187,327

Indian operations of the Group are subject to a tax rate of 41.2 per cent which is higher than UK and US corporations tax rates. To the extent that the Indian profits are taxable in the US and/or the UK, those territories should provide relief for Indian taxes paid, principally under the provisions of double taxation agreements. When considering deferred tax assets, the Group considers the highest and best use of the losses available, this is considered to be in India. 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.

Write-back of Deferred Tax Asset

The Group has written back deferred tax asset of US$4,485,662 during FY17. This is in light of the fact that the Joint Venture partners have not agreed on a field development plan for Block PY-3 and as a result the Group is not certain to generate profits within a reasonable timeframe to be offset by unused tax loses. Further a portion of the losses carried forward in the Indian operations of the Group have expired in FY17, resulting in a write back of deferred tax asset.

13. Loss per share

Loss per share is calculated on a loss of US$9,182,354 for the year ended 31 March 2017 (2016; US$16,757,159) on a weighted average of 73,764,035 Ordinary Shares for the year ended 31 March 2017 (2016: 73,343,164). No diluted loss per share is calculated.

14. Property, plant and equipment

Oil and gas assets represent interest in producing oil and gas assets falling under the India cost pool. Other fixed assets consist of office furniture, computers, workstations and office equipment.

	Oil and gas assets US$	Other fixed assets US$	Total US$
Cost			
At 1 April 2015	**35,465,279**	**1,800,361**	**37,265,640**
Additions	-	22,294	22,294
Disposals	-	(42,485)	(42,485)
At 31 March 2016	**35,465,279**	**1,780,170**	**37,245,449**
Additions	**-**	**6,328**	**6,328**
Disposals	**-**	**-**	**-**
At 31 March 2017	**35,465,279**	**1,786,498**	**37,251,777**
Depletion, depreciation and amortization			
At 1 April 2015	**29,684,318**	**1,761,274**	**31,445,592**
Charge for the year	-	25,779	25,779
Impairment of Block PY-3 asset	2,754,273	-	2,754,273
Disposals	-	(42,485)	(42,485)
At 31 March 2016	**32,438,591**	**1,744,568**	**34,183,159**
Charge for the year	**-**	**17,045**	**17,045**
Impairment of Block PY-3 asset	3,026,688	-	3,026,688
Disposals	-	-	-
At 31 March 2017	**35,465,279**	**1,761,613**	**37,226,892**
Net book value at 31 March 2017	**-**	**24,885**	**24,885**
Net book value at 31 March 2016	3,026,688	35,602	3,062,290

Impairment

The impairment charge of $3,026,688 against the PY-3 oil field was determined considering that, as of the date of this report, there was not a consensus amongst uJV partners as to the preferred development plan for the PY-3 field; all development concepts under consideration require the GOI to sanction the extension of the PSC which is not certain.

Impairment in the previous year was calculated by comparing the future discounted cash flows expected to be delivered from the production of commercial reserves with the carrying value of the asset. Should a development plan be approved by all the partners in the PY-3 field and the Government of India we will review the economic model to determine the appropriate asset value.

15. Intangible assets

	Exploration US$	Others US$	Total US$
Costs and net book value			
At 1 April 2015	**56,175,450**	**-**	**56,175,450**
Additions	**-**	**5,182**	**5,182**
Unsuccessful exploration cost	**(5,047,178)**	**-**	**(5,047,178)**
Amortisation for the year	**-**	**(1,226)**	**(1,226)**
At 31 March 2016	**51,128,272**	**3,956**	**51,132,228**
Amortisation for the year	**-**	**(1,727)**	**(1,727)**
At 31 March 2017	**51,128,272**	**2,229**	**51,130,501**

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

	US$
Exploration expenditure – Block CY-OS/2	51,128,272
Total	**51,128,272**

Legal proceedings concerning Block CY-OS/2

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

The arbitrators ruled on 2 February 2013 that the discovery was a gas discovery and consequently that the order for the relinquishment of the block was illegal. The arbitrators have ordered the Government of India to restore the block to Hardy and its partners and to allow them a period of three years from the date of restoration to complete the appraisal programme. In addition, the arbitrators awarded costs of $0.2 million and compensation based on the exploration expenditure incurred to date. The compensation awarded is calculated based a 9 per cent per annum charge on expenditure incurred until the date of the award and 18% per annum charge thereafter. As at 31 March 2017, Hardy's 75 per cent share of the compensation awarded is approximately $64.5 million.

On 2 August 2013, the Government of India (GOI) filed an appeal, against the arbitration award, with the High Court (HC) Delhi. On 27 July 2016, the GOI's second appeal to the Delhi HC was dismissed based on jurisdiction. The GOI subsequently filed a Special Leave Petition with the Supreme Court of India challenging the Delhi HC ruling. The appeal is ongoing and the next hearing at the Supreme Court is scheduled for July 2017. Hardy has previously filed an execution petition with the Delhi HC and this has run in parallel with the GOI's appeal although the matter has been continually adjourned due to the ongoing GOI appeal. It is expected that the execution hearings will progress upon the conclusion of the GOI's appeal to the Supreme Court of India.

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

Hardy Exploration & Production (India) Inc has initiated Confirmation proceedings in the Federal Court of Washington DC, United States of America. This action has been initiated to maintain the option to enforce the Award in the US.

Impairment of Block GS-01 in the previous year

The write-off of US$5.0 million, in FY16, against the GS-01 exploration license was calculated by comparing the future discounted cash flows projected to be delivered from the production of resources provided for in an unapproved FDP submitted by the Group (the value-in-use) with the carrying value of the asset. No changes occurred during FY17 and hence the impairment remains.

16. Inventories

	2017 US$	2016 US$
Drilling and production stores and spares	**942,365**	942,365
	942,365	942,365

An amount of US$222,623 was recognised as an expense in the previous year relating to an impairment in the carrying value of inventory.

17. Trade and other receivables

	2017 US$	2016 US$
Amounts due from joint venture partners	**3,582,557**	2,954,584
Other receivables and prepayments	**280,099**	295,652
	3,862,656	3,250,236

18. Short term investments

	2017 US$	2016 US$
HSBC US$ Liquidity Fund Class-A	**14,129,513**	16,743,300
HSBC £ Liquidity Fund Class-A	**49,513**	24,641
	14,179,026	16,767,941

The above investments are in liquid funds which can be converted into cash at short notice. The book value of these investments approximates to their fair values. The fair value is determined based on quoted market prices and is a level 1 valuation under IFRS 13.

Income will increase or decrease by US$141,790 (2016: US$167,680) for every one percent change in interest rates.

19. Share Capital

	Number $0.01 Ordinary Shares	US$
Authorised Ordinary Shares		
At 1 April 2016	200,000,000	2,000,000
At 31 March 2017	**200,000,000**	**2,000,000**
Allotted, issued and fully paid Ordinary Shares		
At 1 April 2015	**73,331,342**	**733,314**
Restricted shares issued during the period	**432,693**	**4,327**
At 1 April 2016	**73,764,035**	**737,641**
Restricted shares issued during the period	**-**	**-**
At 31 March 2017	**73,764,035**	**737,641**

Ordinary Shares issued have equal voting and other rights with no guarantee to dividend or other payments.

No restricted shares were awarded in FY17. Included within the Ordinary Shares are 690,619 restricted shares in issue. The restricted shares have been issued to certain directors and will unconditionally vest three years from the date of issue provided the individual is still a director of Hardy. During the period of restriction, while Directors are eligible for voting rights and dividends, they are not allowed to dispose these shares.

20. Reserves

Hardy holds the following reserves, in addition to share capital and retained earnings:

Share premium account

The share premium account is the additional amount over and above the nominal share capital that is received for shares issued less any share issue costs.

Share option reserve

The share option reserve represents the fair value of share options issued to Directors and employees.

21. Provision for decommissioning

	US$
At 1 April 2015	5,644,478
Change in decommissioning estimate	**(388,381)**
At 1 April 2016	**5,256,097**
Change in decommissioning estimate	**(803,181)**
At 31 March 2017	**4,452,916**

A provision for the decommissioning of the PY-3 field has been made by estimating the cost of abandonment of existing wells and any required reclamation of the area at current prices using existing technology. The projected costs comprise primarily of the cost of a drillship to abandon the field's existing wells the provision has been calculated using a drillship day-rate of $165,000. The estimate is calculated based on decommissioning occurring after the end of the current Production Sharing Contract in December 2019. These underlying assumptions are reviewed on a regular basis

Having considered the fall in drillship rates the Group has reduced the projected decommissioning cost by $0.8m. A 5 per cent change in the underlying assumption for the drillship rate would result in an adjustment of approximately $0.2 million to the Decommissioning Provision.

An amount of Rs. 306,301,889 (US$ 4,723,237) (2016: Rs. 286,049,748 (US$4,311,198)) is on deposit with State Bank of India for site restoration obligations. This amount has been treated as a non-current asset as this deposit has end use restriction for site restoration.

22. Trade and other payables

	2017 US$	2016 US$
Trade payables	**6,662,368**	6,381,696
Accruals and other payables	**1,437,991**	1,442,038
	8,100,359	7,823,734

Trade and other payables are unsecured and payable on demand.

23. Financial risk management

Hardy finances its operations through a mixture of equity and retained earnings. Finance requirements are reviewed by the Board when funds are required for acquisition, exploration and development of projects.

Hardy's policy is to maintain a strong financial position to sustain future development of the business. There were no changes to the Group's capital management approach during the year.

Hardy's treasury functions are responsible for managing fund requirements and investments which include banking, cash flow management, interest and foreign exchange exposure to ensure adequate liquidity to meet cash requirements.

Hardy's principal financial instruments are cash, deposits, short term investments, receivables and payables and these instruments are only for the purpose of meeting its requirement for operations.

Hardy's main financial risks are foreign currency risk, liquidity risk, interest rate risk and credit risks. Set out below are policies that are used to manage such risks:

Foreign currency risk

The Group reports in US dollars and the majority of its business is conducted in US dollars. All revenues from oil sales are received in US dollars and the majority of costs except a portion of expenses for overhead are incurred in US dollars. For currency exposure other than US dollars, a portion of the cash is kept on deposit in other currencies to meet its payments as required. No forward exchange contracts were entered into during the period.

Liquidity risk

The Group currently has surplus cash which has been placed in deposits and short-term investments which can be converted into cash at short notice, ensuring sufficient liquidity to meet the Group's expenditure requirements. Hardy has no outstanding loan obligations at period end dates.

Interest rate risk

Surplus funds are placed in deposits and short-term investments at fixed or floating rates. Hardy's policy is to place deposits only with well-established banks or financial institutions that offer competitive interest rates. Further details are disclosed in note 18.

Credit risk

Where the Group is the operator of, or is the largest owner in, a field it recovers a percentage of the costs incurred from its joint arrangement partners in accordance with the levels of participating interests. Partners may either be Indian state-owned companies or private enterprises. Cash calls on partners are usually made in advance of incurring field expenditure. The Group is currently engaged in arbitration proceeding against partners in respect of unpaid cash calls; further details are disclosed in note 2.

Deposits and other money market instruments, as a general rule, are placed with banks and financial institutions that have ratings of not less than AA or equivalent, which are verified before placing the deposits. Cash surpluses are also invested in short-term investments in certain liquid funds. These funds are primarily invested in terms deposits and graded commercial papers of not less than AA or equivalent.

The Board will continue to assess the strategies for managing credit risk and is satisfied with the existing policies. At the year-end credit risk existed in respect of unpaid cash calls as disclosed in note 2. The maximum financial risk exposure relating to the financial assets is the carrying value of such financial assets as at the year-end date.

Capital Management

The objective of the Group's capital management is to ensure that there is sufficient liquidity within the Group to carry out the committed work programme requirements of all its production sharing contracts. The Group monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility. The Group considers its capital to consist of share capital only.

The Board manages the structure of its capital and makes necessary adjustments to accommodate the changes in the economic conditions. To maintain or adjust the capital structure, the Board may issue new shares for cash. No significant changes were made in the objectives, policies or processes during the year ended 31 March 2017.

Maturity of financial liabilities

The maturity of financial liabilities, which consists of trade and other payables and the decommissioning provision as at 31 March 2017 and 31 March 2016 are as follows:

	2017	2016
	US$	US$
Within one year	8,100,359	7,823,734
In more than two years but not more than five years	4,452,916	-
In more than five years	-	5,256,097

Included within current liabilities is an amount of $4.9m on which interest of 5% per annum is charged until payment.

Interest rate risk profile of financial assets

The interest rate risk profile of the financial assets of the Group as at 31 March 2017 is as follows:

2017	Fixed rate Financial assets US$	Floating rate Financial assets US$	Financial assets - no interest is earned US$	Total US$
US Dollars	**-**	**34,381**	**25,053**	**59,434**
Pound Sterling	**-**	**101**	**145,372**	**145,473**
Indian Rupees	**-**	**-**	**81,974**	**81,974**
Short term investments	**-**	**14,179,026**	**-**	**14,179,026**
Cash and cash equivalents	**-**	**14,213,508**	**252,399**	**14,465,907**

2016	Fixed rate Financial assets US$	Floating rate Financial assets US$	Financial assets - no interest is earned US$	Total US$
US Dollars	-	516,935	115,790	632,725
Pound Sterling	-	131	99,534	99,665
Indian Rupees	-	-	95,989	95,989
Short term investments	-	16,767,941	-	16,767,941
Cash and cash equivalents	-	17,285,007	311,313	17,596,320

An amount of Rs. 306,301,889 (US$ 4,723,237) (2016: Rs. 286,049,748 (US$4,311,198)) deposited with State Bank of India for site restoration obligation is treated as a non-current asset. The interest rate of this deposit is based on the highest rate of interest as applicable for the period paid by the State Bank of India.

Interest income will increase or decrease by US$142,135 (2016: US$172,850) for every one percent change in interest rates.

Currency exposures

The currency exposures of the monetary assets denominated in currencies other than US dollars of the Group as at 31 March 2016 are as follows:

2017	Indian Rupees US$	Pound Sterling US$	Total US$
US$	**4,805,211**	**145,471**	**4,950,681**

2016	Indian Rupees US$	Pound Sterling US$	Total US$
US$	4,407,187	124,299	4,531,486

An amount of US$43,141 was recognised as foreign exchange gain (2016: exchange loss of US$284,392) because of exchange rate fluctuations on bank balances and investments made in currencies other than US dollars.

Exchange gains will increase by US$50,002 (2016: US$45,768) for every one percent appreciation of Indian rupee and sterling and loss of US$49,012 (2016: US$44,862) for one percent depreciation of Indian rupee and sterling.

24. Financial instruments

Book values and fair values of Hardy's financial assets and liabilities are as follows:

Financial assets

Financial assets at fair value through profit or loss	**Book value 2017 US$**	**Fair value 2017 US$**	Book value 2016 US$	Fair value 2016 US$
Short term investments	**14,179,026**	**14,179,026**	16,767,941	16,767,941
Financial assets – loans and receivables				
Cash and short term deposits	**286,881**	**286,881**	828,379	828,379
Trade and other receivables	**3,862,656**	**3,862,656**	3,250,236	3,250,236
Site restoration deposit	**4,723,237**	**4,723,237**	4,311,198	4,311,198
	23,051,800	**23,051,800**	25,157,754	25,157,754

Financial liabilities

Financial liabilities measured at amortised cost	**Book value 2017 US$**	**Fair value 2017 US$**	Book value 2016 US$	Fair value 2016 US$
Accounts payable	**8,100,359**	**8,100,359**	(7,823,734)	(7,823,734)

All the above financial assets and liabilities are current at the period end dates.

25. Other financial commitments under operating leases

The Group entities have entered into commercial leases for land and building and office equipment. These leases have an average life of one to five years and there are no restrictions placed on the lessee by entering into these leases. The minimum future lease payments for the non-cancellable operating leases are as follows:

	2017 US$	2016 US$
Land and buildings:		
One year	**63,525**	155,053
Two to five years	**12,766**	82,882
After five years	**-**	-

26. Contingent liabilities

Liquidated Damages

The Group has minimum work commitments associated with various exploration licences granted by sovereign authorities through joint arrangements. A number of these commitments have not been fulfilled and consequently the Group is liable to pay liquidated damages. When a liquidated damage payment is probable a provision is created based on management's best judgement. In some instances, there may be a high degree of uncertainty. In such instances, an additional contingent liability is recognised. Currently a contingent liability exists estimated at $1.7 million associated with unfinished minimum work programme liquidated damages. Management does not expect this to be resolved in the next twelve months.

Litigation

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

Others

In addition, the parent company guarantees the Group's obligations under various PSC's to the Government of India. These guarantees are deemed to have negligible fair value and are therefore accounted for as contingent liabilities.

27. Related party transactions

The aggregate remuneration of Directors and the key management personnel, including its subsidiary undertaking, of the Group is as follows:

	2017 US$	2016 US$
Short term employee benefits	**1,047,133**	1,181,975
Share based payments	**23,280**	103,417
	1,070,413	1,285,392

Key management personnel include the Directors and members of the Management Committee of the Group as set out in the overview of the Board of Directors in the business review. Further information about the remuneration of individual Directors is provided in the Director's Remuneration Report which forms part of the Group's 2017 Annual Report.

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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 two offshore exploration blocks in India's Saurashtra and Cauvery basins.

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

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

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

GLOSSARY OF TERMS

2C Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies
2D/3D	two dimensional/three dimensional
$	United States Dollar
API°	American Petroleum Institute gravity
The Award	CY-OS/2 arbitration award
Bbld	stock tank barrel per day
BCF	billion cubic feet
CNG	compressed natural gas
CY-OS/2	Offshore exploration licence CY-OS/2 located on the east coast of India
DGH	Directorate General of Hydrocarbons
Dhirubhai 33	gas discovery on GS-01-B1 announced on 15 May 2007
DOC	Declaration of Commerciality
DRDO	Defence Research & Development Organisation of India
FFDP	comprehensive full field development plan
FY	financial year ended 31 March
GAIL	Gas Authority of India Limited
Ganesha-1	Non-associated natural gas discovery on Fan-A1 well located in CY-OS/2
GOI	Government of India
GS-01	Exploration Licence GS-OSN-2000/1
Hardy	Hardy Oil and Gas plc
HEPI	Hardy Exploration & Production (India) Inc
HC	High Court
HSE	Health Safety and Environment
IPO	initial public offering
JA	joint arrangement
KPI	key performance indicator
Km	Kilometre
km^2	square kilometre
LSE	London Stock Exchange
M	Metre
mmbtu	million British Thermal Units
mmscfd	million standard cubic feet per day
mmscmd	million standard cubic metres per day
MC	management committee
MOD	Ministry of Defence Government of India
MOPNG	the Ministry of Petroleum and Natural Gas of the Government of India
MWP	minimum work programme
NANG	non-associated natural gas
ONGC	Oil & Natural Gas Corporation
Profit Petroleum	Gross revenue from production of petroleum less costs incurred in realising such revenue
Prospective Resources	those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations
PSC	production sharing contract
PSDM	pre-stacked depth migration
Psi	pounds per square inch
PY-3	licence CY-OS-90/1
Reliance	Reliance Industries Limited
Rs.	Indian Rupee
the Company	Hardy Oil and Gas plc
the Group	Hardy Oil and Gas plc and Hardy Exploration & Production (India) Inc.
TRI	total recordable injuries
uJV	unincorporated joint venture
UMWP	unfinished minimum work programme

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