



Hardy Oil and Gas plc
("Hardy", the "Company")

Half Year Results for the six months ended 30 September 2019

Hardy Oil and Gas plc (LSE: HDY), the oil and gas exploration and production company, reports its results for the six months ended 30 September 2019 (H1FY20).

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

SUMMARY

Activity during the six months ended 30 September 2019

- CY-OS/2 - The Supreme Court of India allowed the Government of India's ("GOI") appeal of an arbitration award to be appealed in the Delhi High Court. The appeal is projected to take several more years to conclude. Actions to enforce the award in foreign jurisdictions were unsuccessful.
- PY-3 – the GOI did not agree to convene a Management Committee meeting to discuss and ratify an application to a development plan and extension to the production sharing contract. An arbitration with the PY-3 non-operating partners had concluded but the ruling of the tribunal had been continuously delayed.

Financial

- The Group's total comprehensive loss was \$0.3 million for the H1FY20 compared to a loss of \$54.1 million for first half of FY19 (H1FY19) wherein CY-OS/2 was written down by \$51.1 million.
- Cash and short-term investments at 30 September 2019 excluding discontinued operations was \$3.1 million; Hardy has no debt.
- Discontinued operations - current assets and current liabilities of the discontinued operations were \$12.9 million and \$14.7 million respectively.

Post half year end highlights

- 2 October 2019, the Company disposed of its oil and gas assets via the sale of wholly owned subsidiary Hardy Exploration & Production (India) Inc. (HEPI) to Invenire Energy Private Limited for gross consideration of \$8.75 million.
- 18 October 2019, Richard Galvin was appointed Executive Director of the Company and Ian MacKenzie resigned as Chief Executive Officer.
- 25 November 2019, Blake Holdings Limited announced a Mandatory Offer of 5 pence per share for the shares of the Company valuing the Company at approximately \$4.8 million. The Board recommended shareholders take no action pending the publication of the offer document.
- As at 30 November 2019 the Company had \$10.5 million in cash and short-term investments.

OUTLOOK

- Focus on acquiring or establishing a company, business or asset that operates in the resources sector or other industries.
- The Board intends to seek shareholder approval regarding investment opportunities prior to action being taken

Alasdair Locke, Chairman of Hardy, commented: "Hardy's board of directors (the "Board") will be writing to shareholders as soon as practicable with its formal response to the Mandatory Offer once Blake has posted the offer document. Further announcements will be made as and when appropriate. In the meantime, the Board recommends that shareholders should take no action."

For further information please visit www.hardyoil.com or contact:

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OVERVIEW

The Group's strategy has been to be an active participant in the upstream oil and gas industry, realise value from an India focused portfolio and pursue new opportunities as they arise. The events surrounding Hardy Exploration & Production (India) Inc's (HEPI) attempts to enforce the CY-OS/2 Award has led the Board to conclude that contracts entered into with the GOI do not provide basic protection from unilateral amendment to, deviation from, and termination of agreements. These circumstances prompted the Board to initiate a strategic review which culminated with the sale of all Indian assets and a shift in focus to identify a suitable investment for the Company's resources which remains ongoing.

Activity Review - Recommended sale of HEPI

As reported in the 2019 Preliminary Final Results Announcement, as part of the conclusion of the initial phase of its strategic review, the Board had explored numerous options to find a solution to the issues surrounding the Company's Portfolio in India and the Directors concluded that the sale of HEPI was the best option for the Company and its Shareholders for the following reasons:

- the development work on each asset had been suspended for an extended period of time and so the Group had earned no revenue from any of the Assets since 2011 due to ongoing litigation and disputes and consequently, in recent years, the Group had been unable to commercialise or realise any value from the assets;
- given the status of the ongoing litigation and disputes, the Group could not predict when, or if, such matters would be resolved or monetised in favour of the Group. Therefore, the Board was unable to determine when development work in respect of each asset would recommence (if at all);
- the transaction would eliminate the need to fund the ongoing litigation and disputes going forward; and ongoing operational losses, indebtedness and associated cash outflows which would have arisen if HEPI had remained within the Group.
- As a result of discussions with the FCA and in accordance with the requirements of the Listing Rules, the Company was required to transfer its listing on the London Stock Exchange from the current Premium Listing segment to the Standard Listing segment of the Official List. Accordingly, the Board sought authority from Shareholders at the EGM for the Transfer of Listing, which was inter-conditional on the disposal of HEPI.

As a result, for the reasons set out above, the Board recommended that the sale of HEPI was in the best interests of the Company and Shareholders voted in favour of the Transaction and Transfer of Listing at the Extraordinary General Meeting.

On 2 October 2019, the Company completed the sale of HEPI to Invenire Energy Private Limited (Invenire) for gross proceeds of \$8.75 million. As part of the sale process the FCA required that shareholders simultaneously agree to the Company transferring its listing from a Premium listing to a Standard listing on the Main Market of the London Stock Exchange which took effect on 30 October 2019. A summary of the differences of the two listings was summarised in section IV (pages 26 and 27) of the Circular to shareholders dated 22 August 2019.

Mandatory Offer

On 24 November 2019, Blake Holdings Limited (Blake) announced that it will make a Mandatory offer of 5 pence in cash per share, valuing the Company at approximately \$4.8 million. The Offer Document and relevant Forms of Acceptance are required to be posted to Hardy shareholders (or made available electronically in accordance with the Takeover Code) as soon as practicable and not later than 28 days after the date of the Mandatory offer announcement. The Offer Document will contain the formal terms of the Offer. The Board recommended that shareholders take no action until it had issued its response which is expected to be issued within 14 days of the publication of Blake's offer document.

Financial

The sale of HEPI took place on 2 October 2019 and as a result this segment of the Group has been classified as a discontinued operation.

The Group realised a pre-tax loss from continuing operations of \$0.6 million and a pre-tax profit from discontinued operations of \$0.4 million resulting in a total comprehensive loss of \$0.3 million.

On 30 September 2019, assets for disposal were \$12.9 million and liabilities directly associated with assets for disposal amounted to \$14.7 million. Excluding assets for disposal the Group's assets and liabilities amounted to \$3.2 million and \$0.2 million respectively.

As at 30 September 2019, excluding assets for disposal the Group had over \$3.1 million of cash and short-term investments with no debt. The Company maintains robust internal control and risk management systems appropriate for a Company of our size and resources. As at 30 November 2019 the Company had \$10.5 million of cash and short-term investments.

Board Changes

Further to shareholders' vote in favour of the two resolutions at the Company's Extraordinary General Meeting on 1 October 2019, which resulted in the sale of substantially all of Hardy's assets and which constituted a change of control under the terms of his employment contract, the Company's Chief Executive Officer, Mr Ian MacKenzie, agreed with the Company that his employment would terminate effective 18 October 2019.

On 18 October 2019, Richard Galvin was appointed to the board of directors as the Executive Director. Mr Galvin has over 20 years of commercial and financial industry experience and has served Hardy for 14 years holding various management and executive roles latterly as Treasurer and Corporate Affairs Executive. Most recently, Mr Galvin was instrumental in the Company's successful sale of HEPI.

On 2 October 2019, Mr MacKenzie and Richard Galvin resigned from their directorships of Hardy Exploration & Production (India) Inc..

Objectives and outlook

Hardy's board of directors will be writing to shareholders as soon as practicable with its formal response to the Mandatory Offer once Blake has posted the offer document. Further announcements will be made as and when appropriate. In the meantime, the Board recommends that shareholders should take no action.

The Directors intend to use the Company's existing cash resources and short-term investments with the net proceeds of the cash consideration received from the HEPI sale for the purposes of acquiring or establishing a company, business or asset that operates in the resources sector or other industries should an appropriate investment opportunity present itself. The Board of Directors will continue to carry out its assessment of various identified and yet to be identified investments opportunities. The Board will not take any further steps in relation to any investments it plans to make without first consulting with shareholders.

FINANCIAL REVIEW

The Group's accounts ended 31 March 2019 contained a material uncertainty relating to the going concern of the Group. The details and circumstances carefully considered, by the Board, in coming to this conclusion were fully disclosed in notes 1b and 2 of the Consolidated Financial Statements. The subsequent sale of HEPI has resulted in those circumstances no longer being present, namely significant current liabilities to Samson Maritime Limited and other professional service providers. Furthermore the proceeds of the sale of HEPI significantly increased the resources of the Company and reduced the projected expenditures.

In the six months ended 30 September 2019, the Group recorded a total comprehensive loss of \$0.3 million. As at 30 September 2019 the Company held total cash and short-term investments of \$3.1 million with no debt.

| | H1 FY20 (unaudited) US\$ million | H1 FY19 (unaudited) US\$ million | FY19 (audited) US\$ million |
|--|--|--|-----------------------------------|
| Consolidated Statement of Comprehensive Income | | | |
| Revenue | - | - | - |
| Operating Expense | - | - | - |
| Administrative expense | (0.7) | (0.8) | (1.4) |
| Includes the running cost of an office in the UK and other basic publicly listed company expenditures. The reduction in administrative expenditure was primarily due to the reduction of Employee and Directors fees of over \$0.2 million which was partially offset by a \$0.2 million increase in legal fees. | | | |
| Interest and investment income | 0.0 | 0.1 | 0.1 |
| Interest from cash deposits and dividends from short term investments in a liquidity fund was \$0.05 million. | | | |
| Gain (Loss) from discontinued operation | 0.4 | (53.4) | (55) |
| The current period gain is attributable to the receipt of a service tax refund amounting to \$0.3 million and \$0.2 million interest accrued in the site restoration fund and the profit was offset partially by \$0.1 million of administrative expenses. In FY19 the Group wrote down \$51.1 million of intangible assets associated with the CY-OS/2 block. | | | |
| Total comprehensive loss | (0.3) | (54.1) | (56.3) |
| The Group's total comprehensive loss in FY19 was attributable to the write-down of CY-OS/2. | | | |

| Group Statement of financial position | H1 FY20 (unaudited) US\$ million | FY19 (audited) US\$ million |
|---|--|--|
| Non-current assets | - | - |
| Current assets | 3.2 | 4.1 |
| Current assets included \$3.0 million of short-term investments in a liquidity fund and \$0.1 million of trade and other receivables associated with a VAT claim and various prepaid services | | |
| Assets for disposal | 12.9 | 10.6 |
| HEPI's cash and short-term investments increased by \$0.9 million. This increase was due to receipt of a service tax refund of \$1.9 million associated with HEPI operated PY-3 field. Trade and other receivables of \$5.7 million represents amounts due to be recovered from joint arrangements operated by HEPI regarding PY-3 and CY-OS/2. | | |
| Current liabilities | 0.2 | 0.1 |
| Comprises of payables and certain accruals associated with the running of a small listed company | | |
| Liabilities directly associated with the assets for disposal | 14.7 | 13.1 |
| Trade and other accounts payable comprise amounts due to vendors and other provisions associated with various joint arrangements including the award of \$5.1 million due to Samson Maritime plus interest accruing thereon. | | |
| Group Statement of cash flows | H1 FY20 (unaudited) US\$ million | H1 FY19 (unaudited) US\$ million |
| Cash flow from (used in) operating activities | 0.9 | (4.0) |
| Cash flow from operating activities amounted to \$0.9 million. The discontinued operation realised net cash flow of \$1.7 million due to a service tax return in India. From continuing operations cash used was \$0.8 million. | | (5.4) |
| Capital expenditure | (0.2) | (0.2) |
| The Company did not incur any material capital expenditures in the year. A \$0.2 million charge is associated with the reinvestment of interest accrued on a deposit committed to site restoration of the PY-3 field. | | (0.3) |
| Financing activity | 0.2 | 0.2 |
| The financing activity of \$0.2 million is entirely attributable to interest and investment income, realised from the PY-3 site restoration fund which is an asset of the discontinued operations. | | 0.5 |
| Cash and short-term investments (including amounts held by HEPI) | 5.3 | 11.9 |
| The Company held \$3.1 million of cash and short-term investments. HEPI held \$2.0 million of cash which was primarily held in bank accounts frozen by a Madras High Court order. | | 9.2 |

The proceeds from the sale of HEPI and payment of various fees associated with sale have left the Company with a cash and short-term investment balance of \$10.5 million as at 30 November 2019

Discontinued operations - The Group held interests in the following three assets, all of which are in India:

- CY-OS/2: HEPI has a 75 per cent. participating interest ("PI") in CY-OS/2 with the remaining 25 per cent. PI being held by GAIL (together, the "CY-OS/2 uJV partners") under the terms of the CY-OS/2 Production Sharing Contract;
- CY-OS-90/1 (PY-3): HEPI has an 18 per cent. PI in PY-3 with the remainder being held by TATA (21 per cent. PI), HOEC (21 per cent. PI) and ONGC (40 per cent. PI) (together, the "PY-3 uJV partners") under the terms of the PY-3 Production Sharing Contract; and
- GS-OSN-2000/1 (GS-01): HEPI has a 10 per cent. PI in GS-01 with the remaining 90 per cent. PI held by Reliance (together, the "GS-01 uJV partners") which also acts as operator under the terms of the GS-01 Production Sharing Contract.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has in place processes to the identification and management of risk by combining 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.

FY20 & FY21 Principal Risks and Uncertainties

The material risks and uncertainties previously identified were directly attributable to the operating activities of Hardy Exploration & Production (India) Inc. (HEPI). Following the sale of HEPI the Group's principal risks and uncertainties previously identified were eliminated or significantly mitigated. The underlying risks and uncertainties inherent in Hardy's current business are strategic and financial. The Board has identified principal risks and uncertainties through to FY21 and established policies and assigned responsibilities to mitigate their possible negative impact on the business, a summary of which is provided below:

| Risk or uncertainty | Mitigation action |
|--|---|
| Strategic – Company intends to use the net proceeds from the sale of HEPI for the purpose of acquiring or establishing a company, business or asset that has operations in the resources sector or other industries should an appropriate investment opportunity present itself. | |
| Identifying an appropriate investment - no assurance can be given that an investment in a target company or business will be successful or that any investment will be made. | Maintain open dialog with shareholders to ensure support of proposed investments. Engage with multiple brokers and specialists to source appropriate targets. Undertake comprehensive due diligence exercises. |
| Financial – the significant financial risks that may face the Company are failure of internal controls and investment losses | |
| Override of internal controls – the assets of the Company are highly liquid. | Maintain robust controls of all banking functions. Management to provide regular reporting of balances with supporting documentation. |
| Investment risk – the Company's excess resources are invested in a single liquidity fund and may be exposed to redemption restrictions in the event of constraints on liquidity or failure of the fund or devaluation. | The fund has a AAA rating and as a result the likelihood of the fund not being able to meet redemption demand is considered very low. The Company is evaluating other practices and investments that provide market competitive yields considering minimal underlying institutional risk. |

RESPONSIBILITY STATEMENT

Each of the directors of the company confirms that to the best of his or her knowledge:

- a. the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";
- b. the half year report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- c. the half year report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein);

On behalf of the Board

Richard Galvin,
Executive Director
11 December 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 September 2019

| | 6 months ended 30 September 2019 | 6 months ended 30 September 2018 | 12 months ended 31 March 2019 |
|---|---|---|--|
| | US\$ (Unaudited) | US\$ (Unaudited) | US\$ (Audited) |
| Continuing Operations | | | |
| Revenue | - | - | - |
| Cost of Sales | - | - | - |
| Gross (loss) /profit | - | - | - |
| Administrative expenses | (690,838) | (788,847) | (1,429,754) |
| Operating loss | (690,838) | (788,847) | (1,429,754) |
| Interest and investment income | 45,951 | 71,375 | 123,972 |
| Loss before taxation and exceptional items | (644,887) | (717,472) | (1,305,782) |
| (Loss) / gain from discontinued operations | 361,169 | (53,341,614) | (54,993,968) |
| Taxation | - | - | - |
| Total comprehensive loss for the period attributable to owners of the parent | (283,718) | (54,059,086) | (56,299,750) |
| <hr/> | | | |
| Loss per share | | | |
| Basic & diluted | (0.01) | (1.47) | (0.76) |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2019

| | Share capital US\$ | Share Premium US\$ | Shares to be issued US\$ | Retained earnings / (loss) US\$ | Total US\$ |
|---|--------------------------|--------------------------|--------------------------------|--|------------------|
| At 1 April 2018 | 737,641 | 120,936,441 | 764,488 | (64,578,481) | 57,860,089 |
| Total Comprehensive loss for the period | - | - | - | (54,059,086) | (54,059,086) |
| Adjustment of lapsed vested options | - | - | (545,708) | 545,708 | - |
| At 30 September 2018 (Unaudited) | 737,641 | 120,936,441 | 218,780 | (118,091,859) | 3,801,003 |
| At 1 April 2018 | 737,641 | 120,936,441 | 764,488 | (64,578,481) | 57,860,089 |
| Total Comprehensive loss for the period | - | - | - | (56,299,750) | (56,299,750) |
| Adjustment of lapsed vested options | - | - | (659,545) | 659,545 | - |
| At 31 March 2019 (Audited) | 737,641 | 120,936,441 | 104,943 | (120,218,686) | 1,560,339 |
| At 1 April 2019 | 737,641 | 120,936,441 | 104,943 | (120,218,686) | 1,560,339 |
| Total Comprehensive loss for the period | - | - | - | (283,718) | (283,708) |
| At 30 September 2019 (Unaudited) | 737,641 | 120,936,441 | 104,943 | (120,502,404) | 1,276,621 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the 6 months ended 30 September 2019

| | 30 September 2019 US\$ (Unaudited) | 30 September 2018 US\$ (Unaudited) | 31 March 2019 US\$ (Audited) |
|---|---|---|---------------------------------------|
| Assets | | | |
| Non-Current assets | | | |
| Property, plant and equipment | 4,721 | 21,841 | 16,811 |
| Site restoration deposits | - | 5,215,647 | 5,076,807 |
| Total non-current assets | 4,721 | 5,237,488 | 5,093,618 |
| Total non-current assets | | | |
| Current assets | | | |
| Inventories | - | 659,656 | 20,000 |
| Trade and other receivables | 100,341 | 5,519,524 | 5,486,731 |
| Short-term investments | 3,022,270 | 4,759,481 | 3,957,079 |
| Cash and cash equivalents | 95,369 | 501,513 | 204,160 |
| Total current assets | 3,217,980 | 11,440,174 | 9,667,970 |
| Assets held for disposal | 12,912,122 | - | - |
| Total assets | 16,134,823 | 16,677,662 | 14,761,588 |
| Equity and Liabilities | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | 737,641 | 737,641 | 737,641 |
| Share premium | 120,936,441 | 120,936,441 | 120,936,441 |
| Shares to be issued | 104,943 | 218,780 | 104,943 |
| Retained loss | (120,502,404) | (118,091,859) | (120,218,686) |
| Total equity | 1,276,621 | 3,801,003 | 1,560,339 |
| Non-current liabilities | | | |
| Provision for decommissioning | - | 3,854,995 | 3,854,995 |
| Current liabilities | | | |
| Trade and other payables | 155,459 | 9,021,664 | 9,346,254 |
| Total current liabilities | 155,459 | 9,021,664 | 9,346,254 |
| Liabilities directly associated with the assets for disposal | 14,702,743 | - | - |
| Total liabilities | 14,858,202 | 12,876,659 | 13,201,249 |
| Total equity and liabilities | 16,134,823 | 16,677,662 | 14,761,588 |

Approved and authorised for issue by the Board of Directors on 11 December 2019

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months ended 30 September 2019

| | 6 months ended 30 September 2019 US\$ (Unaudited) | 6 months ended 30 September 2018 US\$ (Unaudited) | 12 months ended 31 March 2019 US\$ (Audited) |
|---|--|--|---|
| Operating activities | | | |
| Operating loss of continuing operations | (690,838) | (788,848) | (1,429,754) |
| Operating profit / (loss) of discontinued operations | 189,019 | (53,499,373) | (55,326,687) |
| | (501,819) | (54,288,221) | (56,756,441) |
| Depletion and depreciation | 4,526 | 5,817 | 10,846 |
| Provision of Block CY-OS/2 | - | 51,128,272 | 51,128,272 |
| Decrease in inventory | - | - | 639,656 |
| Decrease / (increase) in trade and other receivables | (229,636) | (779,376) | (744,864) |
| (Decrease) / increase in trade and other payables | 1,656,945 | (50,291) | 274,299 |
| Cash flow from (used in) operating activities | 930,016 | (3,983,799) | (5,448,232) |
| Taxation refund | (451) | - | (1,719) |
| Net Cash from (used in) operating activities | 929,565 | (3,983,799) | (5,449,951) |
| Investing activities | | | |
| Expenditure on other fixed assets | - | (4,293) | (4,292) |
| Site restoration deposit | (172,115) | (156,125) | (17,284) |
| Realised from short term investments | 934,809 | 4,174,642 | 4,977,044 |
| Net cash from investing activities | 762,694 | 4,014,225 | 4,955,468 |
| Financing activities | | | |
| Interest and investment income | 218,111 | 229,135 | 456,691 |
| Net cash from financing activities | 218,111 | 229,135 | 456,691 |
| Net increase / (decrease) in cash and cash equivalents | 1,910,370 | 259,561 | (37,792) |
| Cash and cash equivalents at the beginning of the period | 204,160 | 241,952 | 241,952 |
| Cash and cash equivalents at the end of the period | 2,114,530 | 501,513 | 204,160 |

1. Accounting Policies

These financial statements are for the six months ending 30 September 2019.

i) Basis of measurement

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

ii) Going Concern

The Group's accounts ended 31 March 2019 contained a material uncertainty relating to the going concern of the Group. The details and circumstances carefully considered, by the Board, in coming to this conclusion were fully disclosed in notes 1b and 2 of the Consolidated Financial Statements.

On 15 July 2019, Hardy Oil and Gas Plc ("Company") entered into a Share Purchase Agreement with Invenire Energy Private Limited ("Invenire") for selling its entire stake in its wholly owned subsidiary, Hardy Exploration & Production (India) Inc. ("HEPI") on an as-is basis, for a consideration of USD 8,750,000 ("Transaction"). The Transaction was approved by shareholders on 1 October 2019 and completed on 2 October 2019.

Following the completion of the Transaction the circumstances identified in note 1b and 2 of the Consolidated Financial Statement are no longer present, namely significant current liabilities to Samson Maritime Limited and other professional service providers. Further the proceeds of the sale of HEPI have significantly increased the resources of the Company and reduced the projected expenditures.

The Directors intend to use the Company's existing cash resources and short-term investments with the net proceeds of the cash consideration received from the HEPI sale for the purposes of acquiring or establishing a company, business or asset that operates in the resources sector or other industries should an appropriate investment opportunity present itself. The Directors have reviewed the Company's ongoing activities and having regard to the Company's existing working capital position, the Directors are of the opinion that the Company has adequate resources to enable it to undertake its planned activities over the next 12 months from the date of these financial statements.

iii) Basis of preparation

These interim consolidated financial statements are for the six months ended 30 September 2019 and have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Statements*". The accounting policies applied are consistent with International Financial Reporting Standards (IFRS) adopted for use by the European Union.

The accounting policies and methods of computation used in the interim consolidated financial statements are consistent with those used in the Company's Annual Report for 2019 and are expected to be applied for the year ending 31 March 2020.

The Financial information has not been audited or reviewed by the auditors.

iv) Cyclicality

The interim results for the six months ended 30 September 2019 are not necessarily indicative of the results to be expected for the financial year 2020. The operations of Hardy Oil and Gas plc (HOGL) are not affected by seasonal variations.

v) Full year comparative information in interim results

The financial information for the year ended 31 March 2019 does not constitute the Company's statutory accounts for that year but is derived from those accounts. Statutory accounts for 2019 are available at the Company's website. The auditors reported on those accounts and whilst their report was unqualified it highlighted a material uncertainty in relation to going concern.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 March 2019.

2. Critical Accounting Estimates and Judgments

The preparation of the Group's financial statements requires the use of estimates and judgements that affect the carrying value of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenditure for the year. These estimates and judgements are made based on management's knowledge of the facts, taking into account historical experiences and expectations of future events that are believed to be reasonable under the particular circumstances. By definition the actual results will most likely differ from the estimates made.

3. Segment analysis

Post-acquisition of HEPI by Invenire Energy Private Limited, the Company operates in a single geographical segment. There are no reportable segments for the Company.

4. Taxation

Considering the current uncertainty over the future of the operations and the ongoing review of the strategic objectives of the Group, a deferred tax asset on the losses carried forward has not been recognised.

5. Loss per share

Loss per share is calculated on a loss of US\$ 283,708 for the six months ended 30 September 2019 (September 2018: US\$54,059,086) on a weighted average of 36,882,018 Ordinary Shares for the six months ended 30 September 2019 (September 2018: 36,882,018). No diluted loss per share is calculated.

6. Discontinued Operations

On 2 October 2019 the Group sold the wholly owned subsidiary Hardy Exploration & Production (India) Inc and as a result has been classified as discontinued operation and is no longer presented in the segment note. The results of Hardy Exploration & Production (India) Inc incorporating consolidation adjustments, are presented below:

| | 6 months ended 30 September 2019 | 6 months ended 30 September 2018 | 12 months ended 31 March 2019 |
|---|---|---|--|
| | US\$ (Unaudited) | US\$ (Unaudited) | US\$ (Audited) |
| Revenue | - | - | - |
| Production cost | (40,983) | (149,621) | (867,363) |
| Administrative expenses | 230,004 | (2,221,481) | (3,331,052) |
| Impairment | - | (51,128,272) | (51,128,272) |
| Operating (loss)/ gain | 189,021 | (53,499,374) | (55,326,687) |
| Financial income | 172,148 | 157,760 | 332,719 |
| Financial expense | - | (1,530,993) | (3,332,366) |
| (Loss)/ gain on ordinary activities before taxation | 361,169 | (54,872,607) | (58,326,334) |
| Taxation | - | - | - |
| (Loss)/ gain from discontinued operations | 361,169 | (54,872,607) | (58,326,334) |

The major classes of assets and liabilities of discontinued operations classified as held for distribution to equity holders of the parent as at 30 September 2019 are as follows:

| | As at 30 September 2019 | As at 30 September 2018 | As at 31 March 2019 |
|-------------------------------|-------------------------------|-------------------------------|------------------------|
| Assets | | | |
| Property, plant and equipment | 7,565 | 13,030 | 10,046 |
| Inventories | 20,000 | 659,656 | 20,000 |
| Trade & other receivables | 5,616,475 | 5,447,271 | 5,415,692 |
| Site restoration fund | 5,248,921 | 5,215,647 | 5,076,807 |
| Cash and cash equivalents | 2,019,161 | 306,695 | 121,372 |
| | 12,912,122 | 11,642,299 | 10,643,917 |
| Liabilities | | | |
| Trade and other payables | (10,847,748) | (8,919,022) | (9,217,487) |
| Decommissioning provision | (3,854,995) | (3,854,995) | (3,854,995) |
| | (14,702,743) | (12,774,017) | (13,072,482) |
| Net assets/ (liabilities) | (1,790,621) | (1,131,718) | (2,428,565) |

The net cash flows incurred by discontinued operations are as follows:

| | 6 months ended 30 September 2019 | 6 months ended 30 September 2018 | 12 months ended 31 March 2019 |
|-------------------------------------|---|---|--|
| | US\$ (Unaudited) | US\$ (Unaudited) | US\$ (Audited) |
| Operating cash inflows/ (outflows) | 1,620,978 | (3,120,695) | (3,975,315) |
| Investing cash inflows/ (outflows) | (172,115) | (158,946) | (20,106) |
| Financing cash inflows/ (outflows) | 172,148 | 157,759 | 332,719 |
| Net cash inflows/ (outflows) | 1,621,011 | (3,121,881) | (3,662,701) |

Loss per share (\$)

| | 6 months ended 30 September 2019 | 6 months ended 30 September 2018 | 12 months ended 31 March 2019 |
|--|---|---|--|
| | US\$ (Unaudited) | US\$ (Unaudited) | US\$ (Audited) |
| Basic, loss for the half year from discontinued operations | (0.04) | (1.49) | (1.58) |
| Diluted, loss for the year from discontinued operations | (0.04) | (1.49) | (1.58) |

7. Share capital

The Company has authorised share capital of 200 million US\$ 0.01 ordinary shares. Changes in issued and fully paid ordinary shares during the six months ended 30 September 2019 are as follows:

| | Number US\$ 0.01 Ordinary shares | US\$ |
|--|-------------------------------------|---------|
| At 1 April 2019 | 73,764,035 | 737,641 |
| Share options exercised during the period | - | - |
| Restricted shares issued during the period | - | - |
| At 30 September 2019 | 73,764,035 | 737,641 |

8. Share Options

Changes in outstanding share options during the six months ended 30 September 2019 are summarised below:

| | Number of options | Weighted average price £ |
|--|--------------------------|---------------------------------|
| Outstanding at beginning of the period | 250,000 | 0.65 |
| Lapsed during the period | 250,000 | 0.65 |
| Outstanding at the end of the period | - | - |
| Exercisable at the end of period | - | - |

9. Contingent liabilities

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

Disputed claims amounting to approximately \$0.4 million by the suppliers to discontinued operations has not been acknowledged as debt.

10. Dividends

The Board of Directors do not recommend the payment of an interim dividend for the period ended 30 September 2019.

11. Approval of interim Consolidated Financial Statements

These interim consolidated financial statements have been approved by the Board of Directors on 11 December 2019.

GLOSSARY OF TERMS

| | |
|-----------------|---|
| \$ | United States Dollar |
| Board | the directors of Hardy Oil and Gas plc |
| the Company | Hardy Oil and Gas plc |
| CY-OS/2 | Offshore exploration licence CY-OS/2 located on the east coast of India |
| FCA | Financial Conduct Authority |
| FY | financial year ended 31 March |
| GAIL | Gas Authority of India Limited |
| GOI | Government of India |
| the Group | Hardy Oil and Gas plc and Hardy Exploration & Production (India) Inc. |
| GS-01 | Exploration Licence GS-OSN-2000/1 |
| H1 | Six months ended 30 September |
| Hardy | Hardy Oil and Gas plc |
| HEPI | Hardy Exploration & Production (India) Inc |
| HOEC | Hindustan Oil Exploration Company |
| HSE | Health Safety and Environment |
| KPI | key performance indicator |
| Km | Kilometre |
| km ² | square kilometre |
| LSE | London Stock Exchange |
| M | Metre |
| ONGC | Oil & Natural Gas Corporation |
| PI | Participating Interest |
| PY-3 | licence CY-OS-90/1 |
| Reliance | Reliance Industries Limited |
| Tata | Tata Petrodyne Limited |
| UK | United Kingdom |
| uJV | unincorporated joint venture |



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