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Hardy Oil & Gas plc
22 November 2018

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

Half Year Results for the six months ended 30 September 2018

Hardy Oil and Gas plc (LSE: HDY), the oil and gas exploration and production company focused in India, reports its results for the six months ended 30 September 2018 (H1FY19).

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

SUMMARY
CY-OS/2

- The Supreme Court of India (SC), after 48 listings over 24 months, overruled a previous Delhi High Court (HC) order and deemed that India Courts did have jurisdiction to hear the Government of India's (UOI) appeal of the CY-OS/2 international arbitration award (Award).
- In June 2018 the Washington District Court declined to Confirm the CY-OS/2 award reasoning that the restoration of the block was against US public policy and given the two parties did not agree on the methodology of computing the compensation portion of the award it could not be confirmed. Hardy Exploration & Production (India) Inc. (HEPI) had been seeking a lower figure than the UOI had represented. HEPI has not appealed the order.
- HEPI had secured an interim third-party debt order (TPDO) against a $9.0 million guarantee fee due from India Infrastructure Finance Company (UK) Limited (IIFC) to the UOI. Upon appeal, the Court concluded that the debt did not reside in the UK and dismissed the TPDO and awarded costs. IIFC is a UK registered company, borrowing and lending funds within the UK, maintains a business premise in London, and the payment transaction was contracted to be from IIFC's UK bank accounts. HEPI did not appeal the order.

PY-3

- The UOI review, of PY-3 unincorporated joint venture's (uJV) unanimously recommended Revised Full Field Development Plan (RFFDP) and application for an extension of the Production Sharing Contract (PSC), has been ongoing for more than nine months which is beyond the time prescribed within the of UOI's own PSC extension policy.
- An arbitration between HEPI and the PY-3 uJV partners continued through the period. Final written arguments have been submitted and the matter is reserved for judgment.

Financial

- Having considered India's SC ruling, to allow an appeal of the CY-OS/2 award in India courts, the Board has decided to write-down $51.1 million of Intangible Assets associated with CY-OS/2 exploration expenditures. This resulted in a significantly higher total comprehensive loss of $54.1 million for the first half of FY19 compared to a loss of $2.0 million for first half of FY18. General and administrative expenditure included legal expense of $2.1 million compared with $0.8 million in the comparable period in FY18.
- Cash and short-term investments at 30 September 2018 amounted to $5.3 million; Hardy has no debt.

OUTLOOK

- CY-OS/2 - The UOI appeal of the CY-OS/2 arbitration Award is expected to commence shortly in the Delhi HC. Based on past performance of the India Judiciary, the appeal process is expected to take three to five years to conclude. A hearing for the UOI's set-aside application against a UK enforcement order is due to be heard in the first quarter of FY20.
- PY-3 - The UOI's protracted review of the uJV's unanimously agreed revised full field development plan (RFFDP) and extension application has compromised the likelihood that production can recommence prior to the expiry of the PY-3 PSC.
- PY-3 - The arbitration tribunal, overseeing the arbitration between HEPI and the other uJV partners, is expected to issue a decision prior to end 2018.
- GS-01 - It is expected that GS-01 will continue to be mired in a pending dispute over unfinished minimum work programme between the UOI and the Operator (Reliance).

Alasdair Locke, Chairman of Hardy, commented: "Our considerable efforts to enforce the CY-OS/2 Arbitration Award, handed down in 2013, have not produced a meaningful outcome. The UOI has consistently been allowed to adopt strategies to frustrate the enforcement process by the judicial institutions in India, UK and US. Consequently, we are now curtailing funding to the wholly owned Indian subsidiary HEPI and reviewing our strategic objectives for the Group which could include one or more of individual asset sales, a sale of HEPI and a sale of the ongoing CY-OS/2 litigation. I will report back the conclusions of this review to shareholders in due course."

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 our current India focused portfolio and pursue new opportunities as they arise. The events surrounding the HEPI's attempts to enforce the CY-OS/2 Award has left the Board to conclude that contracts entered into with the UOI do not provide basic protection from unilateral amendment to, deviation from, and termination of agreements.

Activity

Notwithstanding the UOI's documented abuse of legal process, the SC order, allowing the UOI to appeal the CY-OS/2 arbitration Award, is fundamentally flawed. The order made no reference to, or acknowledgement of, HEPI's arguments. The contractual provisions regarding international arbitration were put in place to precisely avoid the sovereign appealing an award within its own judiciary.

We are further disappointed that the UOI has not completed its review of the PY-3 RFFDP and extension application. It is understood that the delay in calling a Management Committee meeting is a deliberate attempt to compromise the health of HEPI. Further it is understood that one of the PY-3 uJV partners has written to the Ministry of Petroleum and Natural Gas (MOPNG) and other uJV partners proposing an alternative development plan thereby reneging on its previous Operating Committee (OC) approvals.

Financial

While the CY-OS/2 award remains valid, having considered that it has been over five years since the tribunal issued the award, the UOI allowed appeal in the Delhi High Court is expected to take a considerable amount of time, the intangible asset associated with the CY-OS/2 block has been written down. This resulted in a significant increase in the consolidated loss of the Group.

As at 30 September 2018, the Company had over $5.3 million of cash and short-term investments with no debt. The Group maintains robust internal control and risk management systems appropriate for a Company of our size and resources. In September 2018 Hardy introduced further cost reduction measures and restrictions on funding to HEPI.

On 10 September 2018, Pradip Shah stepped down as Non-Executive Director of Hardy Oil and Gas plc on medical grounds. On 31 October 2018 T.K. Ananth Kumar stepped down as a Director of Hardy Exploration & Production (India) Inc. Considering the current circumstances of the Company the composition of the Board will be maintained. The non-executive directors of Hardy have voluntarily reduced their director fees to £30,000 per annum each.

Objectives and outlook

HEPI's considerable efforts to enforce the CY-OS/2 Arbitration Award, handed down in 2013, have not produced a meaningful outcome. The UOI has consistently been allowed to adopt strategies to frustrate the enforcement process by the judicial institutions in India, UK and US. Consequently, we are now curtailing funding to the wholly owned Indian subsidiary HEPI and reviewing our strategic objectives for the Group which could include one or more of individual asset sales, a sale of HEPI and a sale of the ongoing CY-OS/2 litigation.

OPERATIONAL REVIEW

The Group's exploration and production assets are based in India and are held through its wholly owned subsidiary, Hardy Exploration & Production (India) Inc. (HEPI)

Health, Safety and Environment
The Group is committed to excellent health and safety practices which are at the forefront in all our activities. Although all offshore activities are currently suspended, maintaining high HSE standards throughout the organisation remains core to all our undertakings. The Group's HSE policy document is regularly reviewed and amended as appropriate.

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

The table below summarises the extraordinary actions HEPI has undertaken to enforce its contractual rights provided to it under the CY-OS/2 Production Sharing Contract between HEPI, GAIL and the UOI.

Date	Event	Description
2007	Discovery	Natural Gas discovery "Ganesha-1"
January 2009	UOI Unilateral Relinquishment	UOI unilaterally notified Hardy that the CY-OS/2 block was deemed relinquished citing they had classified the discovery as Oil which allowed for 2 years appraisal wherein Gas discoveries allowed for 5 years.
May 2010	Arbitration initiated	HEPI, with the formal consent of its uJV partners GAIL and ONGC, initiated a dispute under the provisions of the CY-OS/2 PSC.
February 2013	Award	A tribunal, comprising of three former Chief Justices of India, unanimously judged that the relinquishment of the Block by the MOPNG of the UOI was illegal and the block should be returned. The 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
July 2013	UOI Appeal - India	UOI files Section 34 appeal petition to the Delhi High Court under the Indian Arbitration Act. The Delhi High Court condoned the delay and accepted the application.
July 2015	Appeal dismissed	The Delhi HC dismissed the UOI appeal due to the UOI withdrawal of the Section 34 application
February 2016	UOI Appeal - India	UOI files Section 37 appeal petition before Division Bench of Delhi High Court
July 2016	UOI Appeal Dismissed	Delhi HC Division Bench dismisses UOI Section 37 appeal petition on grounds of jurisdiction citing; Arbitration in accordance with UNICTRAL Model Law, Award written and handed down in Kuala Lumpur, Malaysia. Therefore, concluded that Malaysian law has jurisdiction and not India.
Oct 2016	UOI filed SLP to SC	UOI files a Special Leave Petition (SLP) requesting the SC to consider overturning the Delhi HC dismissal.
1 May 2018	SC Order	The UOI SLP was listed before the SC bench, comprising of Hon'able Judges Rajesh Kumar Agrawal and Abhay Manohar Sapre, on 41 occasions over a 17 month period. At the request of the UOI, the SC bench allowed the matter to be adjourned over 30 times. Following this protracted and costly process, the India SC bench took the decision not to pass judgement and instead referred the matter to a larger SC bench.
June - September 2018	HEPI Arguments	HEPI argued before the Special Bench of the SC that: 1. The arbitration agreement within the CY-OS/2 Production Sharing Contract (PSC) specified that the venue of arbitration shall be Kuala Lumpur. The Pre-

Date	Event	Description
		NELP bid round was the first to invite non-Indian companies to participate with a neutral venue designated for dispute resolution. 2. The arbitration agreement within the PSC makes mention of the Permanent Court of Arbitration at the Hague in three places thereby conferring international influence on the process. 3. The arbitration agreement within the PSC specifies that the arbitration proceedings shall be conducted in accordance with the UNCITRAL Model Law on International Commercial Arbitration 1985 (a departure from reference to Indian domestic law i.e. the Indian Arbitration and Conciliation Act 1996). 4. The final hearings of the arbitration proceedings were held at Kuala Lumpur, Malaysia. 5. The arbitration award was made, signed and handed down (delivered) by the Tribunal sitting in Kuala Lumpur, Malaysia 6. Kuala Lumpur was not a 'convenient place' for all the parties involved in the arbitration process. 7. Hardy presented a number of precedent cases from both the courts of India and England & Wales wherein similar arbitration agreements which contained the term 'venue' was determined to mean 'seat' (of arbitration).
25 September 2018	SC Order	The Special Bench of the SC consisting of Chief Justice D Misra, Justice Dr DY Chandrachud and Justice AM Khanwilkar judged that Indian courts have jurisdiction over the Award, thereby allowing the Civil Appeal filed by UOI to be heard by the High Court. The Special Bench of the SC order did not acknowledge or make reference to HEPI's arguments
24 October 2018	HEPI Review Petition	HEPI files a Review Petition before the newly appointed Chief Justice Ranjan Gogoi (D Misra had superannuated on 2 October 2018.)
October 2018	UOI Section 34 Appeal	UOI files request for their Section 34 Appeal to be listed.

The summary table above illustrates that India's Judicial institution took over five years to determine that the Seat of arbitration was India and not Malaysia.

International Enforcement

USA - On 8 June 2018, Judge Rudolph Contreras denied HEPI's confirmation petition which would have allowed HEPI to enforce the award within the US. He concluded that the restoration of the CY-OS/2 exploration license and post-Award interest was against USA public policy wherein the CY-OS/2 exploration license was within the UOI sovereign boundary and the post interest award interlinked to the former action. He further concluded that the initial Award of compensation was not confirmed as HEPI and the UOI had presented different methodologies for computing the intended magnitude of such. Of note HEPI had represented that the Award provided for compensation to be calculated on a simple interest basis where the UOI had represented that a compounding computation was provided. The result being that HEPI was claiming a significantly smaller amount that that represented by the UOI.

Judge Contreras did note that the UOI appeal in India *"…which has been delayed over and over again due to the actions of the Government of India and the Supreme Court*". Notwithstanding this fact, Judge Contreras granted, over the course of the proceedings, the UOI time extensions totaling 22 weeks and also took over nine months to issue his order.

HEPI is particularly aggrieved that Judge Contreras used the divergent methodologies as a basis of denial, particularly given that he elected to not convene an oral hearing to clarify. The UOI had formally requested an oral hearing.

UK - On 27 July 2018 Deputy Judge Peter Macdonald-Eggars, of the London Commercial High Court of Justice, discharged an interim third-party debt order (TPDO) that HEPI had secured against a guarantee fee payable from India Infrastructure Finance Company UK Limited (IIFC) to the UOI. Judge Macdonald-Eggars discharged the TPDO accepting the UOI arguments;

- The Debt was not situs in the UK - *(IIFC is a UK registered company, the UOI guarantee is for funds borrowed by IIFC, IIFC primary business is in the UK and the guarantee fee was to be made from one UK account to UOI Ministry of Finance.)*

- Real risk that payment to HEPI would not discharge IIFC liability to UOI resulting in double payment - (*the UOI is the sole shareholder of IIFC, UOI had not issued default notices to IIFC)*.
- Not accrued but accruing

Further, IIFC and the UOI were awarded substantial costs which fell due in August 2018.

There remains in place an enforcement order which the UOI is currently contesting. A hearing is expected to take place in the first quarter of FY20. In May 2018 HEPI had contested the late filing of the UOI set aside application of the enforcement order. The UOI represented to Justice Moulder that the late filing was an "honest mistake" and had no record of receipt of service. HEPI produced a copy of the British High Commission's service note which clearly outlined purpose and date of service. Justice Moulder accepted the UOI representations and granted their extension of time.

FY19 Objectives - The immediate impact of the SC order was to allow the UOI to have their Section 34 appeal of the Award heard. It is expected that should the HC uphold the Award, the UOI will file a Section 37 appeal and should that fail to overturn the Award the UOI will appeal to the SC which we have seen is prepared to extend the maximum privilege to the UOI. It is therefore expected that the process will take three to five years to conclude.

We will continue to seek the restoration of the CY-OS/2 block to the joint venture in a timely manner. HEPI believes that it has a strong position as the unanimous international award, passed by three former Chief Justices of India, is well reasoned.

As at 30 September 2018, Hardy's 75 per cent share of the compensation awarded by the Hon'ble Arbitration Tribunal amounted to approximately $71.6 million. The fall in value is attributed to the depreciation of the Indian Rupee.

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

Operations - The PY-3 field was shut-in in July 2011. Since then Hardy has been working diligently to establish a consensus amongst stakeholders regarding the optimal development of the field with an objective to recommence production at the earliest opportunity.

PY-3's Production Sharing Contract (PSC) is due to expire in December 2019 and it is eligible for an extension of up to ten years. In December 2017, HEPI had submitted an extension application, in accordance with the UOI PSC Extension Policy No. O-19025/10/2005-ONG-D-V (Part-II) dated 28 March 2016 (Extension Policy). As per the Extension Policy, DGH, the technical regulator wing of the Ministry of Petroleum, UOI had six months and then MOPNG had 3 months to conclude its review of the application. HEPI addressed all queries issued by the regulator however after 10 months, since the application was submitted, an MC meeting has not been called, despite repeated requests from the HEPI to both MOPNG and DGH officials.

The application included, among other requirements, a Revised Full Field Development Plan (RFFDP) that has been unanimously approved by the uJV partners and has been recommended to the Management Committee which includes the UOI. The RFFDP programme envisions;

- Contracting a floating production, storage and offloading vessel or equivalent;
- Recommencing production from an existing well prior to December 2019,
- Drilling one development well in the first half of 2020; and
- A tie-in to the PY-1 gas field infrastructure to export produced gas.

Samson Maritime Limited (Samson) has previously secured an award, amounting to $5.1 million, against HEPI for offshore services provided in the PY-3 field 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 High Court and secured an attachment order on HEPI's Indian based bank accounts. HEPI has implemented measures to allow it to continue to settle its liabilities in India and is seeking partial relief from the attachment order. On 6 June 2018 the Madras High court issued an order for HEPI to write to the MOPNG to have funds held in the PY-3 Site restoration fund (SRF) to meet the liability to Samson. HEPI has complied with the order yet to date the MOPNG has not formally responded. It is State Bank of India (SBI) and HEPI's view that the funds held in the special scheme between the PY-3 uJV and the UOI and is not a legally attachable asset.

In March 2017, Hardy initiated arbitration with the uJV partners to collect over $10 million associated with expenditures incurred by HEPI in fulfilling its responsibilities as Operator of PY-3, including the amounts due to Samson. The uJV partners have made several counter claims for substantial damages they attribute to alleged Gross Negligence and Wilful Misconduct. In addition, ONGC is claiming reimbursement of Cess and Royalty paid since commencement of production that was in excess of their participating interest. The ONGC claim states that HEPI, as operator, was negligent in not collecting the amounts from TPL and HOEC. We believe that all counter claims are baseless and without merit. Final written arguments have been submitted and the Tribunals' decision is expected to be issued by the end of 2018.

FY19 Objective - The sequence of events for FY19 is to:

- Secure MC approval of RFFDP and Budgets, and of a request to UOI for extension of PSC
- Obtain confirmation of UOI sanctioning of extension
- Initiate tendering process
- Obtain unanimous consent from uJV partners to award contracts (if required secure MC approval of revised estimates)
- Collect cash-calls from all uJV partners prior to entering into contracts with vendors

It is expected that offshore activity could commence within 9 to 12 months of the sanctioning of the RFFDP by the Management Committee. The development plans under consideration would require funding of more than HEPI'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 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 UOI and the operator. It is our understanding that this is a common matter for NELP I to NELP VII licences starting from 2005 to 2016, including the HEPI D9 licence which was relinquished in 2012. HEPI 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 UOI that this matter needs to be closed out prior to the progression of further activity on the block. The HEPI has previously provided for $0.3 million of liquidated damages which is HEPI's share of the Operator's 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 cost environment.

Background - In 2011, the GS-01 joint venture secured the UOI'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
In the six months ended 30 September 2018, the Group recorded a total comprehensive loss of $54.1 million. As at 30 September 2018 the Company held total cash and short-term investments of $5.3 million with no debt.

	H1 FY19 (unaudited) US$ million	H1 FY18 (unaudited) US$ million	FY18 (audited) US$ million
Operating expense - expenses associated with direct expenditures of HEPI operated blocks.	**(0.1)**	**(0.1)**	0.0
Exploration Cost Provision - Block CY-OS/2 - the write-down charge has been incurred having considered that; whilst the award remains valid; it has been over five years since a	**(51.1)**	**-**	-

tribunal issued the order for the block to be reinstated; the SC ruling has allowed the Delhi HC to hear an appeal of the award; it is expected that the appeal process will take a considerable amount of time.			
Administrative expense The Group incurred a significant increase in administrative expenses almost entirely due to an increase in legal fees. Legal fees and other dispute related expenditure amounted to \$2.1 million. Excluding legal costs, G&A expenditure was \$0.9 million a decrease of \$0.4 million from H1 FY18. Overall to date HEPI has incurred \$4.8 million in legal expenditures to dispute the UOI appeal of the CY-OS/2 Award. Due to the extraordinarily protracted process in India's judicial system, HEPI had initiated enforcement of the award in the US and the UK. HEPI was also involved in two arbitrations with Aban Offshore, and the PY-3 uJV partners.	**(3.0)**	**(2.1)**	5.2
Interest and investment income The Group realised interest income of \$0.2 million and incurred no finance costs.	**0.2**	**0.2**	0.5
Taxation No current tax is payable. Having consideration for the outstanding sanctioning of the OC approved RFFDP and extension of the PY-3 PSC, the projected tax payable in the future that may be offset by the Group's carried forward loss amount was not recognized in the year.	**-**	**-**	-
Total comprehensive loss The Group's increase in total comprehensive loss is attributable to the write-down of CY-OS/2.	**(54.1)**	**(2.0)**	(4.7)

Statement of financial position	**H1 FY19 (unaudited) US\$ million**	FY18 (audited) US\$ million
Non-current assets The Group fully wrote down the intangible asset of \$51.1 million attributable to CY-OS/2. This non-current asset represented successful or work-in-progress exploration expenditure incurred ten years ago. The rationale for the write down is provided in the statement of consolidated loss. The CY-OS/2 Arbitration Award in favour of HEPI provides for the restoration of the block and compensation of \$71.6 million. The compensation is likely to be subject to tax. The remaining non-current asset comprises of an Indian Rupee denominated site restoration deposit of \$5.2 million relating to PY-3. The Company regularly reviews the underlying assumptions used to support the carrying value of the assets.	**5.2**	**56.2**
Current assets The Group's cash and short-term investments reduced by \$3.9 million to \$5.3 million. This is primarily due to the payment of general and administrative expenses. Trade and other receivables of \$5.5 million represents net amounts due to be recovered from joint arrangements operated by HEPI regarding PY-3 and CY-OS/2.	**11.4**	**14.6**
Non-current liabilities The Group's non-current liabilities represent a provision for the decommissioning of the PY-3 field. The provision has been estimated based on observed long-term industry cost trends.	**3.9**	**3.9**
Current liabilities	**9.0**	**9.1**

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.

	H1 FY19 (unaudited) US$ million	H1 FY18 (unaudited) US$ million	FY18 (audited) US$ million
Cash flow (used in) operating activities Cash used in operating activities of $4.0 million comprised primarily of administrative costs. Net debtor and creditor movement was $(0.8) million.	**(4.0)**	**(2.7)**	**(5.4)**
Capital expenditure 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.	**(0.2)**	**(0.2)**	**(0.3)**
Financing activity Interest and investment income, realised predominantly from Indian rupee deposits, amounted to $0.2 million.	**0.2**	**0.2**	**0.5**
Cash and short-term investments Hardy has resources available to meet specific operating and administrative expenditure. Hardy and HEPI have no debt.	**5.3**	**11.9**	**9.2**

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 FY20 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 - The Group is reconsidering strategic options to mitigate exposure to ongoing arbitration and litigation and the outcomes of such. The Group has sought 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.	
1. Asset portfolio exclusively in one geopolitical region	Convey business constraints to accomplishing our objective via direct and open dialogue with government officials.
Financial - financial risks facing the Group could be: financing constraints for further appraisal and development; cost overruns; and adverse results from ongoing or pending arbitration and litigation.	
1. Prolonged delay in enforcement of CY-OS/2 Award	Secure high-quality cost effective and reputable legal counsel. Secure litigation specific funding
2. Arbitration and Litigation - the Group is involved in 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.
3. Cost of litigation	Budget for litigation remains high. The Group mitigates costs through effective management and the monitoring of advisory costs. The Group has employed strict funding constraints to HEPI related litigation.
4. Liquidated damages started (LD), unfinished Minimum Work Programme (MWP)	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. Hardy is the operator of two blocks. However, currently there are no committed plans to undertake offshore operations. The role of operator of an asset introduces additional responsibilities and commensurate potential liabilities.	
1. Securing approval for further development of PY-3 including extension of the PSC	We have complied with all criteria outlined in the UOI's extension policy. Lobby regulatory and Ministry personnel.
2. PY-3 HSE - status of PY-3 wells	Four subsea wells were securely shut-in in March 2012. The shut-in of wells has been longer than expected and, in the absence of an extension of the PSC, full abandonment of the PY-3 field may need to be initiated.
3. Contractual dispute with uJV partners	

	Initiated the dispute resolution procedures provided for under the PY-3 joint operating agreement. PY-3 uJV partners have filed counter claims. Matter expected to conclude in 2018
4. Enforcement of arbitration award	Samson Maritime Limited has secured an award against HEPI on PY-3 which is enforceable in India. Samson has frozen India bank accounts of HEPI. This has resulted in some business disruption and the Company is seeking various legal remedies. Processes and procedures 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.
2. Taxation and significant 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.

The Group's cashflow position could fall to a level wherein a funding deficit is likely to arise in certain circumstances. These circumstances could include;

- cash outflow in respect of current liabilities (including Samson Maritime) without commensurate recovery of debts due from uJV partners; and

- the materialisation of contingent liabilities or 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. Further, most liabilities of a material nature are limited to the wholly owned subsidiary Hardy Exploration & Production (India) Inc. and the Group's cash and short-term investments are held within Hardy Oil and Gas plc.

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

Ian MacKenzie,
Chief Executive Officer
22 November 2018

INDEPENDENT REVIEW REPORT TO HARDY OIL AND GAS PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the interim financial report for the 6 months ended 30 September 2018 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company, as a body, in accordance with our instructions. Our review has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have reached.

Directors' Responsibilities
The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note one, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 6 months ended 30 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Crowe U.K. LLP
Statutory Auditor
Date: 22 November 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the 6 months ended 30 September 2018

	6 months ended 30 September 2018 US$ (Unaudited)	6 months ended 30 September 2017 US$ (Unaudited)	12 months ended 31 March 2018 US$ (Audited)
Continuing Operations			
Revenue	**-**	-	-
Cost of Sales			
Production costs	**(149,621)**	(146,778)	21,679
Exploration Cost Provision - Block CY-OS/2	**(51,128,272)**	-	-
Gross (loss) /profit	**(51,277,893)**	(146,778)	21,679
Administrative expenses	**(3,010,328)**	(2,125,769)	(5,241,983)
Operating loss	**(54,288,221)**	(2,272,547)	(5,220,304)
Interest and investment income	**229,135**	235,090	484,117
Loss before taxation	**(54,059,086)**	(2,037,457)	(4,736,187)

Taxation	**-**	-	-
Total comprehensive loss for the period attributable to owners of the parent	**(54,059,086)**	(2,037,457)	(4,736,187)
Loss per share			
Basic & diluted	**(1.47)**	**(0.06)**	(0.06)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the 6 months ended 30 September 2018

	Share capital US$	**Share Premium US$**	**Shares to be issued US$**	**Retained earnings / (loss) US$**	**Tota US!**
At 1 April 2017	737,641	120,936,441	764,488	(59,842,294)	62,596,27
Total Comprehensive loss for the period	-	-	-	(2,037,457)	(2,037,45
At 30 September 2017 (Unaudited)	**737,641**	**120,936,441**	**764,488**	**(61,879,751)**	**60,558,8**
At 1 April 2017	737,641	120,936,441	764,488	(59,842,294)	62,596,27
Total Comprehensive loss for the period	-	-	-	(4,736,187)	(4,736,18
At 31 March 2018 (Audited)	**737,641**	**120,936,441**	**764,488**	**(64,578,481)**	**57,860,0**
At 1 April 2018	**737,641**	**120,936,441**	**764,488**	**(64,578,481)**	**57,860,0**
Total Comprehensive loss for the period	-	-	-	**(54,059,086)**	**(54,059,08**
Adjustment of lapsed vested options	-	-	(545,708)	545,708	
At 30 September 2018 (Unaudited)	**737,641**	**120,936,441**	**218,780**	**(118,091,859)**	**3,801,0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the 6 months ended 30 September 2018

	30 September 2018 US$ (Unaudited)	30 September 2017 US$ (Unaudited)	31 March 2018 US$ (Audited)
Assets			
Non-Current assets			
Property, plant and equipment	**21,841**	19,929	22,863
Intangible assets	**-**	51,129,637	51,128,774
Site restoration deposits	**5,215,647**	4,883,836	5,059,523
Total non-current assets	**5,237,488**	**56,033,402**	**56,211,160**
Current assets			
Inventories	**659,656**	942,365	659,656
Trade and other receivables	**5,519,524**	4,565,218	4,740,148
Short-term investments	**4,759,481**	11,386,345	8,934,123
Cash and cash equivalents	**501,513**	503,724	241,952
Total current assets	**11,440,174**	**17,397,652**	**14,575,879**
Total assets	**16,677,662**	**73,431,054**	**70,787,039**
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	**218,780**	764,488	764,488
Retained loss	**(118,091,859)**	(61,879,751)	(64,578,481)
Total equity	**3,801,003**	**60,558,819**	**57,860,089**
Non-current liabilities			
Provision for decommissioning	**3,854,995**	4,452,916	3,854,995
Current liabilities			
Trade and other payables	**9,021,664**	8,419,319	9,071,955
Total current liabilities	**9,021,664**	**8,419,319**	**9,071,955**
Total liabilities	**12,876,659**	**12,872,235**	**12,926,950**
Total equity and liabilities	**16,677,662**	**73,431,054**	**70,787,039**

Approved and authorised for issue by the Board of Directors on 22 November 2018

CONSOLIDATED STATEMENT OF CASH FLOWS
For the 6 months ended 30 September 2018

	6 months ended 30 September 2018 US$ (Unaudited)	6 months ended 30 September 2017 US$ (Unaudited)	12 months ended 31 March 2018 US$ (Audited)
Operating activities			
Operating loss	**(54,288,221)**	(2,272,547)	(5,220,304)
Depletion and depreciation	**5,817**	7,038	12,942
Provision of Block CY-OS/2	**51,128,272**	-	-
Decrease in inventory	**-**	-	282,709
Decrease / (increase) in trade and other receivables	**(779,376)**	(702,924)	(877,492)
(Decrease) / increase in trade and other payables	**(50,291)**	318,958	373,675
Cash flow (used in) operating activities	**(3,983,799)**	(2,649,475)	(5,428,470)
Taxation refund	**-**	362	-
Net Cash (used in) operating activities	**(3,983,799)**	(2,649,113)	(5,428,470)
Investing activities			
Expenditure on other fixed assets	**(4,293)**	(1,218)	(9,193)
Site restoration deposit	**(156,124)**	(160,599)	(336,286)
Realised from short term investments	**4,174,642**	2,792,683	5,244,903
Net cash from investing activities	**4,014,225**	2,630,866	4,899,424
Financing activities			
Interest and investment income	**229,135**	235,090	484,117
Net cash from financing activities	**229,135**	235,090	484,117
Net increase / (decrease) in cash and cash equivalents	**259,561**	216,843	(44,929)
Cash and cash equivalents at the beginning of the period	**241,952**	286,881	286,881
Cash and cash equivalents at the end of the period	**501,513**	503,724	241,952

1. Accounting Policies

These financial statements are for the six months ending 30 September 2018.

i) Basis of measurement
Hardy prepares its financial statements on a historical cost basis except as otherwise stated.

ii) 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, 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).

iii) Basis of preparation
These interim consolidated financial statements are for the six months ended 30 September 2018 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 2018 and are expected to be applied for the year ending 31 March 2019.

iv) Cyclicality
The interim results for the six months ended 30 September 2018 are not necessarily indicative of the results to be expected for the financial year 2019. 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 2018 does not constitute the Company's statutory accounts for that year but is derived from those accounts. Statutory accounts for 2018 are available at the Company's website. The auditors reported on those accounts and their report was unqualified and unmodified.

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 2018.

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. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying value 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 UOI had notified the Group of the relinquishment of the licence to which Hardy and the UOI entered arbitration to resolve the dispute. The arbitration tribunal ruled in favour of HEPI and ordered the reinstatement of the licence. The UOI has subsequently appealed the award at several levels of the Indian judicial system. Full details are disclosed in note 6 to these financial statements. This is regarded as a significant area of judgment and Management having considered that the arbitration tribunal has confirmed that the relinquishment was illegal. The India Supreme Court (SC) have overturned a UOI Division Bench of the High Court of Delhi and has allowed the UOI's appeal to be heard. Having regard for the duration taken since the initial award and the most recent SC ruling it has been adjudged that there is an indication of impairment due to the uncertainties surrounding the judicial process. The CY-OS/2 intangible asset has been fully provided against.

ii) Recoverability of Receivables from PY-3 Joint Venture Partners
Where the Hardy Exploration & Production (India) Inc. (HEPI) 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, pertaining to period from 2011 to 2018 and HEPI commenced arbitration against the uJV PY-3 partners in FY17 seeking $8.4 million (plus interest). HEPI has legal advice that its claim is valid, and it will continue to pursue this amount by all legal means. Due to the length of time that the amounts have been outstanding a provision has been made against the sums due totalling $5.5 million (31 March 2018: $5.3 million). There is always uncertainty associated with any arbitration process and the amount recovered may therefore materially differ both from that claimed or 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.

iii) Provisions

The Group records provisions where it considers it has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate of the amount thereof can be made. The recording of provisions is an area which requires the exercise of management's judgement relating to the nature, timing and probability of the liability. The Group's balance sheet includes provisions for liquidated damages on minimum work programmes, Indian taxes and contractual disputes.

iv) 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 20 (page 70) of the Company's 2018 Annual Report and Accounts.

v) Carrying value of Oil & Gas and Exploration assets

Management has fully provided for 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 (Management Committee) we will review the economic model to determine the appropriate asset value. If circumstances change the total provision recognised in FY16 and FY17 of $5.8 million could be written back. Further details are contained in note 13 and 14 (page 68) of the Company's 2018 Annual Report and Accounts.

3. Segment analysis

The Group is organised into two business units as at end of the year: India and United Kingdom. The India 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.

September 2018 US$	India	UK	Inter-segment eliminations	Total
Revenue				
Other income	-	-	-	-
Operating loss	(53,499,374)	(788,847)	-	(54,288,221)
Interest income	157,760	71,375	-	229,135
Interest income on inter-corporate loan	-	1,530,993	(1,530,993)	-
Provision of investment in & loan to Subsidiary	-	(3,744,335)	3,744,335	-
Interest expense on inter-corporate loan	(1,530,993)	-	1,530,993	-
Loss before taxation	(54,872,607)	(2,930,814)	3,744,335	(54,059,086)
Taxation	-	-	-	-
Loss for the period	(54,872,607)	(2,930,814)	3,744,335	(54,059,086)

Segment assets	**11,642,299**	**5,035,363**		**16,677,662**
Inter-corporate loan (net-of provision)	**-**	**49,301,601**	**(49,301,601)**	**-**
Segment liabilities	**(12,774,017)**	**(102,642)**	**-**	**(12,876,659)**
Inter-corporate borrowings	**(120,752,762)**	**-**	**120,752,762**	**-**
Depreciation, depletion and amortisation	**3,771**	**2,046**	**-**	**5,817**

September 2017 **US$**	**India**	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
Operating loss	(1,499,458)	(773,089)	-	(2,272,547)
Interest income	161,059	74,031	-	235,090
Interest income on inter-corporate loan	-	1,070,829	(1,070,829)	-
Interest expense on inter-corporate loan	(1,070,829)	-	1,070,829	-
Loss before taxation	(2,409,228)	371,771	-	(2,037,457)
Taxation	-	-	-	-
Loss for the period	(2,409,228)	371,771	-	(2,037,457)
Segment assets	61,781,874	11,649,178	-	73,431,052
Inter-corporate loan (net-of provision)	-	48,338,868	(48,338,868)	-
Segment liabilities	(12,747,605)	(124,621)	-	(12,872,226)
Inter-corporate borrowings	(110,819,178)	-	110,819,178	-
Capital expenditure	286	932	-	1,218
Depreciation, depletion and amortisation	(3,961)	(3,078)	-	(7,039)

March 2018 **US$**	**India**	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
Operating loss	(3,637,805)	(1,582,499)	-	(5,220,304)
Interest income	339,700	144,417	-	484,117
Interest income on inter-corporate loan	-	2,288,570	(2,288,570)	-
Provision of investment in & loan to Subsidiary	-	(5,586,675)	5,586,675	-
Interest expense on inter-corporate loan	(2,288,570)	-	2,288,570	-
Loss before taxation	(5,586,675)	(4,736,187)	5,586,675	(4,736,187)
Taxation	-	-	-	-
Loss for the period	(5,586,675)	(4,736,187)	5,586,675	(4,736,187)
Non-current assets	56,201,774	9,386		56,211,160
Current assets	5,354,740	9,221,139		14,575,879
Total Segment assets	61,556,514	9,230,525		70,787,039
Inter-corporate loan (net of provision)	-	48,120,580	(48,120,580)	-
Non-current liabilities	(3,854,995)	-	-	(3,854,995)
Current liabilities	(8,885,544)	(186,411)	-	(9,071,955)
Total Segment liabilities	(12,740,539)	(186,411)	-	(12,926,950)
Inter-corporate borrowings	(115,827,839)	-	115,827,839	-
Capital expenditure	2,982	6,211	-	9,193
Depreciation, depletion and amortisation	7,480	5,462	-	12,942

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 venture operations and miscellaneous receipts, if any. Revenue arises from the sale of oil produced from the contract area PY-3 India and the revenue by destination is not materially different from the revenue by origin.

4. Taxation

While considering deferred tax assets, the Group considers the highest and best use of the losses available and this is considered to be in India. Considering the current uncertainty over the future of the operations and the ongoing review of the strategic objectives of the Group, deferred tax asset on the losses carried forward have not been recognised.

5. Loss per share

Loss per share is calculated on a loss of US$ 54,059,086 for the six months ended 30 September 2018 (September 2017: US$2,037,457) on a weighted average of 36,882,018 Ordinary Shares for the six months ended 30 September 2018 (September 2017: 36,882,018). No diluted loss per share is calculated.

6. Intangible assets

	Exploration US$	Others US$	**Total US$**
Costs and net book value			
At 1 April 2017	51,128,272	2,229	**51,130,501**
Additions (Net of depletion)	-	(864)	**(864)**
At 30 September 2017	**51,128,272**	**1,365**	**51,129,637**
At 1 April 2018	**51,128,272**	**502**	**51,128,774**
Additions (Net of depletion)	-	(502)	**(502)**
Provision of Block CY/OS-2 asset	**(51,128,272)**	-	**(51,128,272)**
At 30 September 2018	**-**	**-**	**-**

Legal proceedings concerning block CY-OS/2
In March 2009, HEPI was informed by the Government of India (UOI) that the block CY-OS/2, in which HEPI holds a 75 per cent participating interest, was relinquished as HEPI had failed to declare commerciality within the two years from the date of discovery which is applicable to an oil discovery. HEPI 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 HEPI 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 interest on the exploration expenditure incurred to date. As at 30 September 2018, HEPI's 75 per cent share of the interest awarded is approximately $71.6 million.

On 2 August 2013, the UOI filed an appeal, against the arbitration award, with the High Court (HC) Delhi. On 27 July 2016, the UOI's second appeal to the Delhi HC was dismissed based on jurisdiction. The UOI subsequently filed a Special Leave Petition with the Supreme Court of India (SC) challenging the Delhi HC ruling. On 25 September 2018, the SC overruled the HC ruling and ordered that India Courts did have jurisdiction and that the UOI could recommence its appeal of the Arbitration award. Based on the SC ruling and past performance in the matter it is uncertain how long the judiciary will take to conclude the appeal process. As the UOI is the appellant, impartiality of the India judiciary may not be assured.

In late July 2017, the Group initiated enforcement proceedings in the UK's High Court of Justice. The action has been initiated to maintain the option to enforce the Award in the UK. The primary objective is to conclude the appeal and enforcement process within the Indian judicial system.

While the CY-OS/2 award remains valid, having considered that it has been over five years since the tribunal issued the award and the UOI allowed appeal in the Delhi High Court is expected to take considerable amount of time, the intangible asset associated with the CY-OS/2 block has been provided against.

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 2018 are as follows:

	Number US$ 0.01 Ordinary shares	US$
At 1 April 2018	73,764,035	737,641
Share options exercised during the period	-	-
Restricted shares issued during the period	-	-
At 30 September 2018	73,764,035	737,641

8. Share Options

Changes in outstanding share options during the six months ended 30 September 2018 are summarised below:

	Number of options	Weighted average price £
Outstanding at beginning of the period	675,000	1.70
Lapsed during the period	100,000	7.69
Outstanding at the end of the period	575,000	0.70
Exercisable at the end of period	-	-

Detail regarding the estimated fair value of granted share options has been set out in note 8 (page 66) of the Company's 2018 Annual Report and Accounts.

9. Contingent liabilities

Liquidated Damages
The Group has minimum work commitments in 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 estimated at $1.7 million associated with unfinished minimum work programme liquidated damages. Management do 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
Disputed claims amounting to approximately $0.4 million by the suppliers to the Group have 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 2018.

11. Approval of interim Consolidated Financial Statements

These interim consolidated financial statements have been approved by the Board of Directors on 22 November 2018.

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
$	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
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
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
UOI	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
IIFC	India Infrastructure Finance Company (UK) Limited
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 - comprises of entieis with participating interest in production sharing contracts and representatives of the UOI
MOPNG	the Ministry of Petroleum and Natural Gas of the Government of India
MWP	minimum work programme
NANG	non-associated natural gas
OC	Operating Committee - comprises of legal entities with participating interest in production sharing contracts
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
psi	pounds per square inch
PY-3	licence CY-OS-90/1
Reliance	Reliance Industries Limited
RFFDP	Revised full field development plan
Rs.	Indian Rupee
SC	Supreme Court of India
the Company	Hardy Oil and Gas plc
the Group	Hardy Oil and Gas plc and Hardy Exploration & Production (India) Inc.
TPDO	Third party debt order
TRI	total recordable injuries
uJV	unincorporated joint venture
UMWP	unfinished minimum work programme

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