24 November 2016

Hardy Oil and Gas plc

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

Half Year Results
for the six months ended 30 September 2016

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 2016.

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

SUMMARY

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

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

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

Financial - Total Comprehensive loss of $1.2 million for the six months ended 30 September 2016 (H1FY16 $4.2 million). Cash and short-term investments at 30 September 2016 amounted to $15.9 million; Hardy has no debt.

OUTLOOK

CY-OS/2 – The GOI Supreme Court appeal is expected to continue into 2017. Enforcement of the arbitration award within the India judicial system is our priority.

PY-3 – Well monitoring activity has been proposed and failing the timely adoption of a FFDP and past budgets, planning for abandonment will need to be initiated.

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

Ian MacKenzie, Chief Executive Officer of Hardy, commented: "Our objectives remain the securing of key stakeholders' approvals and the initiation of activity that will take us closer to realising production from our portfolio of assets for the benefit of our shareholders. The enforcement of the CY-OS/2 Award would deliver new cash resources to expand our portfolio within or outside of India."

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

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OVERVIEW

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

India is the third largest consumer of oil and petroleum products in the world. The Country has sedimentary basins spanning 3.1 million km^2 yet domestic production meets less than 30 per cent of current consumption. Most domestic gas production is subject to a notified price, presently $2.5 per mcf, which is benchmarked to a basket of foreign exporting markets. Crude oil markets continued to trade within a band of $40 to $55 per barrel and we have observed a continuing trend of declining service and capital costs.

As at 30 September 2016, the Company had over $15.9 million of cash and short-term investments with no debt. The Group remains in a good financial position from which to either fund its planned work activity for the Indian asset portfolio or to implement a change of geographical focus. The Group maintains robust internal control and risk management systems appropriate for a Company of our size and resources.

OPERATIONS

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

Block CY-OS/2:

Appraisal (Hardy 75 per cent interest – Operator)

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

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

Contingent asset – As at 30 September 2016, Hardy's 75 per cent share of the compensation awarded by the Hon'ble Arbitration Tribunal amounted to approximately $57.6 million.

Objective – We will continue to seek the restoration of the block to the CY-OS/2 joint venture in a timely manner. The appeal and enforcement process in India is likely to continue into 2017. The

Company believes that it has a strong position as the unanimous international award, passed by three former Chief Justices of India, is well reasoned. Hardy will recommence work on the appraisal of the Ganesha-1 natural gas discovery once the block has been restored to the CY-OS/2 joint venture.

Background – Hardy is the operator of the CY-OS/2 exploration block and holds a 75 per cent participating interest. The block is located in the northern part of the Cauvery Basin immediately offshore from Pondicherry, India and covers approximately 859 km^2. Ganesha-1 – A natural gas discovery at a depth of 4,089 m which tested at a peak rate of 10.7 mmscfd. Award summary – relinquishment by the Ministry of Petroleum and Natural Gas (MOPNG) of the GOI was illegal; the unincorporated Joint Venture (uJV) shall be entitled to a period of three years from the date on which the block is restored to it, to carry out further appraisal; the uJV shall be paid compensation calculated at the simple rate of 9 per cent per annum on the amount of Rs. 5.0 billion from the date of relinquishment till the date of the award; interest will then accrue at a rate of 18 per cent per annum on the amount of Rs. 5.0 billion until such time as the block is restored to the uJV.

Block CY-OS 90/1 (PY-3):

Oil Field (Hardy 18 per cent interest – Operator)

Operations – A PY-3 Management Committee (MC) meeting was convened in FY16 to consider the Operating Committee's (OC) recommended Full Field Development Plan (FFDP) and budgets. Several agenda items were agreed but finalisation of the minutes of meeting remain pending.

In FY17 the Company has made two representations to the Hon'ble Minister of State, Sri Pradhan, senior members of the Administration of MOPNG, the Directorate General of Hydrocarbons (DGH) and the heads of the PY-3 uJV. Matters which have prolonged deliberation of the proposed FFDP and possible resolutions were discussed. It was stressed that the proposed FFDP is projected to generate considerable value directly to the GOI via levies, profit petroleum and taxes. The FFDP remains under consideration.

Hardy has proposed to initiate well monitoring activity to provide the PY-3 JV and MOPNG more time to conclude discussions and identify a mutually beneficial way forward. Should a mutual way forward not be achieved planning for abandonment may need to be initiated.

Objective – Secure timely approval of the FFDP from the GOI after which we intend to target the recommencement of production in FY18. This may be achieved by securing the appropriate offshore production and storage facilities while simultaneously initiating planning for a development drilling programme. This may require funding in excess of the Company's current 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, which covers 81 km^2, produces high quality light crude oil. The field has produced over 24.8 mmbbl and was shut-in in July 2011 due to the expiry of the production facilities' marine classification and absence of budgetary approval to extend the contract.

Block GS-OSN-2000/1 (GS-01):

Appraisal (Hardy 10 per cent interest)

Operations - The matter of possible liquidated damages associated with unfinished minimum work programme (UMWP), being considered by the GOI since 2009, continued to be deliberated with the operator. The GS-01 uJV has conveyed to the GOI that this matter needs to be closed out prior to the progression of further activity on the block.

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 low cost environment.

Background – In 2011, the GS-01 joint venture secured the GOI's agreement for the declaration of commerciality (DOC) proposal for the Dhirubhai 33 discovery GS01-B1 (drilled in 2007) which flow-tested at a rate of 18.6 mmscfd gas with 415 bbld of condensate through a 56/64 inch choke at flowing tubing head pressure of 1,346 psi. The GS-01 licence is located 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 2016, the Group recorded a total comprehensive loss of $1.2 million. As at 30 September 2016 the Company held total cash and short-term investments of $15.9 million with no debt.

	H1 FY17 (unaudited) US$ million	H1 FY16 (unaudited) US$ million	FY2016 (audited) US$ million
Operating expense Costs associated with storage of inventory	**(0.1)**	-	(0.2)
Unsuccessful exploration write-down	**-**	-	(5.0)
Impairment of PY-3	**-**	-	(2.7)
Administrative expense The Group realised a significant reduction in administrative expenses attributed to a reduction in employee costs and exchange loss of $0.2 and $0.3 million respectively. These reductions were slightly offset by an increase in legal and advisory fees of $0.2 million.	**(1.4)**	(1.6)	(4.0)
Investment income and finance cost The Group realised interest income of $0.2 million and no finance costs.	**0.2**	0.2	0.3
Taxation No current tax is payable for the 6 months ended 30 September 20160.2. Having consideration for the medium-term outlook for the oil price and continued delay of sanctioning of the PY-3 asset, the projected tax payable that may be offset by the Group's carried forward amount was not recognised. The Group had previously provided for the write-down of the deferred tax asset by $5.2 million in FY16.	**-**	(2.7)	(5.2)
Total comprehensive loss The Group's significant improvement in total comprehensive loss is attributable to the write-downs, associated with PY-3 and GS-01 and the deferred tax assets, provided for in FY16.	**(1.2)**	(4.2)	(16.8)

	H1 FY17 (unaudited) US$ million	FY2016 (audited) US$ million
Non-current assets Non-current assets primarily represent successful or work-in-progress exploration expenditure. This includes $3.1 million of Property Plant and	**63.1**	63.0

Equipment (PPE) and Intangible asset of $51.0 million which are attributable to PY-3 and CY-OS/2 respectively. For PPE, the Company regularly reviews the underlying assumptions used to support the carrying value of the assets including commodity prices, cost estimates and any changes in taxation.

Contingent Asset - The CY-OS/2 Arbitration award in favour of Hardy also entitles the Company to compensation of $57.6 million.

Current assets The Group's cash and short-term investments reduced by $1.6 million to $15.9 million. This is primarily due to the payment of general and administrative expenses. Trade and other receivables of $3.6 million represent amounts due to be recovered from joint arrangements operated by Hardy.	**20.5**	21.8
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.	**5.3**	5.3
Current liabilities Trade and other accounts payable comprises of amounts due to vendors and other provisions associated with various joint arrangements.	**7.9**	7.8

	H1 FY17 (unaudited) US$ million	H1 FY16 (unaudited) US$ million	FY2016 (audited) US$ million
Cash flow (used in) operating activities Cash used in operating activities of $1.4 million comprised primarily of administrative costs. Net debtor and creditor movement was $0.4 million and the Company realised a tax refund of $0.1 million	**(1.7)**	**(2.0)**	**(3.7)**
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**	**(0.1)**
Financing activity Interest and investment income, realised predominantly from Indian rupee deposits, amounted to $0.2 million.	**0.2**	**0.0**	**0.3**
Cash and short-term investments Sufficient resources are available to meet ongoing capital, operating and administrative expenditure. The Group has no debt.	**15.9**	**19.3**	**17.6**

PRINCIPAL RISKS AND UNCERTAINTIES

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

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 FY17 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's strategy is predominantly driven by the appraisal, development and production of its existing assets in India. There are risks inherent in the appraisal, development and production of oil and gas reserves and resources.	
1. Asset portfolio over-weighted to long-cycle appraisal and development licences	Preferential allocation of resources to advance current discoveries to the development stage. Assess acquisition opportunities, consistent with stated objectives, offering near-term production increases.
2. Asset portfolio exclusively in one geopolitical region	Convey business constraints to accomplishing our objective via direct and open dialogue with government officials, active participation in industry lobby groups including the Association of Oil and Gas Operators. Further additions to the India portfolio will not be considered until tangible progress is made in our existing portfolio. Screening of acquisition opportunities to be focused in other geographical locations wherein most likely management have direct experience.
Financial - Volatility and decreases in international crude oil prices and Indian natural gas prices have adversely affected some of the Group's prospects and projected results from future operations. Other major financial risks facing the Company could be: financing constraints for further appraisal and development; cost overruns; and adverse results from ongoing or pending litigation.	
1. Prolonged delay in enforcement of CY-OS/2 Award	Secure high quality and reputable legal counsel. Management of stakeholder expectation. Settlement unlikely without court order for enforcement. Preserve right to enforce in other jurisdictions including the US and UK.
2. Litigation – the Company is involved in a number of	Sanctioning of the PY-3 FFDP could mitigate a number of outstanding or pending disputes. The Company has secured high quality reputable legal counsel in India and other jurisdictions. Proactive and constructive

disputes with service providers, uJV partners and Indian tax authorities	engagement with uJV partners. In some instances security may be required to avoid business disruption.
3. Cost of litigation	Budget for litigation has increased substantially. Effective management and monitoring of advisory costs. Explore timely resolution of disputes not strategic in nature.
4. Liquidated damages started (LD), unfinished Minimum Work Programme (MWP) (GS-01 and D9)	Monitor through media and dialogue with operator, prepare for dispute. The operator is expected to initiate arbitration. Provision made based on management's view on likely outcome.

Operational - Offshore exploration and production activities by their nature involve significant risks. Risks such as delays in executing work programmes, construction and commissioning of production facilities or other technical difficulties, lack of access to key infrastructure, adverse weather conditions, environmental hazards, industrial accidents, occupational and health hazards, technical failures, labour disputes, unusual or unexpected geological formations, explosions and other acts of God are inherent to the business.

1. Securing timely final approval for the PY-3 FFDP	Proactive communication with partners to address individual interests and agendas. Clearly formulate and articulate mutually beneficial proposals. Articulate that total combined benefit to the GOI several multiples of ONGC projected loss. Mitigate expenditures prior to budget approvals.
2. PY-3 HSE – status of PY-3 wells	Three subsea wells were securely shut-in on March 2012. The shut-in of wells has been longer than expected and, in the absence of timely sanctioning of the FFDP, monitoring of wells or full abandonment of the PY-3 field will be initiated.
3. Contractual dispute with uJV partners	Maintain communication with senior members of PY-3 uJV partners. Written MC approval of budgets for FY2012 to date remain outstanding.

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

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
24 November 2016

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 2016 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 and Ireland) 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 Ireland) 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 2016 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 Clark Whitehill LLP
Statutory Auditor
London
24 November 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 30 September 2016

	6 months ended 30 September 2016 US$ (Unaudited)	6 months ended 30 September 2015 US$ (Unaudited)	12 months ended 31 March 2016 US$ (Audited)
Continuing Operations			
Revenue	-	-	-
Cost of Sales			
Production costs	(106,735)	-	(179,386)
Unsuccessful exploration costs	(174)	-	(4,935,149)
Impairment of Block CY-OS-90/1 (PY3)	-	-	(2,754,273)
Gross profit/ (loss)	**(106,909)**	-	(7,868,808)
Administrative expenses	(1,363,035)	(1,626,168)	(4,037,221)
Operating loss	(1,469,944)	(1,626,168)	(11,906,029)
Interest and investment income	221,464	177,067	336,197
Finance costs	**-**	-	-
Loss before taxation	**(1,248,480)**	(1,449,101)	(11,569,832)
Taxation	**-**	(2,711,120)	(5,187,327)
Total comprehensive loss for the period attributable to owners of the parent	**(1,248,480)**	(4,160,221)	(16,757,159)
Loss per share			
Basic & diluted	(0.03)	(0.11)	(0.23)

HARDY OIL AND GAS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 30 September 2016

	Share capital US$	Share Premium US$	Shares to be issued US$	Retained earnings / (loss) US$	Total US$
At 1 April 2015	733,314	120,860,631	3,669,066	(36,970,336)	88,292,675
Total Comprehensive loss for the period	-	-	-	(4,160,221)	(4,160,221)
Share based payment	-	-	43,955	-	43,955
Adjustment of lapsed vested options	-	-	(2,095,606)	2,095,606	-
Restricted shares issued	-	-	-	-	-
At 30 September 2015 (Unaudited)	733,314	120,860,631	1,617,415	(39,034,951)	84,176,409
At 1 April 2015	733,314	120,860,631	3,669,066	(36,970,336)	88,292,675
Total Comprehensive loss for the period	-	-	-	(16,757,159)	(16,757,159)
Share based payment	-	-	84,814	-	84,814
Adjustment of lapsed vested options	-	-	(1,899,531)	1,899,531	-
Restricted shares issued	4,327	75,810	-	-	80,137
At 31 March 2016 (Audited)	737,641	120,936,441	1,854,349	(51,827,964)	71,700,467
At 1 April 2016	737,641	120,936,441	1,854,349	(51,827,964)	71,700,467
Total Comprehensive loss for the period	-	-	-	(1,248,480)	(1,248,480)
Share based payment	-	-	40,860	-	40,860
Adjustment of lapsed vested options	-	-	(10,944)	10,944	-
Restricted shares issued	-	-	-	-	-
At 30 September 2016 (Unaudited)	**737,641**	**120,936,441**	**1,884,265**	**(53,065,500)**	**70,492,847**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2016

	30 September 2016 US$ (Unaudited)	30 September 2015 US$ (Unaudited)	31 March 2016 US$ (Audited)
Assets			
Non-Current assets			
Property, plant and equipment	**3,054,145**	5,815,012	3,062,290
Intangible assets	**51,131,364**	56,180,269	51,132,228
Site restoration deposits	**4,470,829**	4,040,926	4,311,198
Deferred tax asset	**4,485,662**	6,961,872	4,485,662
Total non-current assets	**63,142,000**	72,998,079	62,991,378
Current assets			
Inventories	**942,365**	1,164,988	942,365
Trade and other receivables	**3,573,786**	1,393,409	3,250,236
Short-term investments	**15,431,336**	16,090,811	16,767,941
Cash and cash equivalents	**516,077**	3,205,386	828,379
Total current assets	**20,463,564**	21,854,594	21,788,921
Total assets	**83,605,564**	**94,852,673**	**84,780,299**
Equity and Liabilities			
Equity attributable to owners of the parent			
Share capital	**737,641**	733,314	737,641
Share premium	**120,936,441**	120,860,631	120,936,441
Shares to be issued	**1,884,265**	1,617,415	1,854,349
Retained loss	**(53,065,500)**	(39,034,951)	(51,827,964)
Total equity	**70,492,847**	**84,176,409**	**71,700,467**
Non-current liabilities			
Provision for decommissioning	**5,256,097**	5,644,478	5,256,097
Current liabilities			
Trade and other payables	**7,856,620**	5,031,786	7,823,735
Total current liabilities	**7,856,620**	5,031,786	7,823,735
Total liabilities	**13,112,717**	10,676,264	13,079,832
Total equity and liabilities	**83,605,564**	**94,852,673**	**84,780,299**

Approved and authorised for issue by the Board of Directors on 23 November, 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6 months ended 30 September 2016

	6 months ended 30 September 2016 US$ (Unaudited)	6 months ended 30 September 2015 US$ (Unaudited)	12 months ended 31 March 2016 US$ (Audited)
Operating activities			
Operating loss	**(1,469,944)**	(1,626,168)	(11,906,029)
Unsuccessful exploration costs	**174**	-	4,935,149
Impairment of Block PY 3	**-**	-	2,754,273
Depletion and depreciation	**9,009**	18,364	27,005
Share-based payments	**40,860**	43,955	164,951
Decrease / (increase) in inventory	**-**	-	222,623
Decrease / (increase) in trade and other receivables	**(422,689)**	(409,283)	(2,441,647)
(Decrease) / increase in trade and other payables	**32,710**	(9,996)	2,505,598
Cash flow (used in) operating activities	**(1,809,880)**	(1,983,128)	(3,738,079)
Taxation refund	**99,139**	18,550	21,023
Net Cash (used in) operating activities	**(1,710,741)**	(1,964,578)	(3,717,056)
Investing activities			
Expenditure on intangible assets - others	**-**	(5,182)	(5,182)
Expenditure on other fixed assets	**-**	(12,963)	(22,294)
Site restoration deposit	**(159,631)**	244,589	(25,683)
Realised from short term investments	**1,336,606**	1,672,438	995,304
Net cash from investing activities	**1,176,975**	1,898,878	942,145
Financing activities			
Interest and investment income	**221,464**	3,989	336,197
Financial costs	**-**	-	-
Net cash from financing activities	**221,464**	3,989	336,197
Net increase / (decrease) in cash and cash equivalents	**(312,302)**	(61,707)	(2,438,714)
Cash and cash equivalents at the beginning of the period	828,379	3,267,093	3,267,093
Cash and cash equivalents at the end of the period	**516,077**	3,205,386	828,379

1. Accounting Policies

i) Basis of preparation

These interim consolidated financial statements are for the six months ended 30 September 2016 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 2016 and are expected to be applied for the year ended 31 March 2017.

ii) Cyclicality

The interim results for the six months ended 30 September 2016 are not necessarily indicative of the results to be expected for the financial year 2017. The operations of Hardy Oil and Gas plc are not affected by seasonal variations.

iii) Full year comparative information in interim results

The financial information for the year ended 31 March 2016 does not constitute the company's statutory accounts for that year, but is derived from those accounts. Statutory accounts for 2016 are available at the company's website. The auditors reported on those accounts and their report was 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 2016.

2. Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are addressed below:

i) Intangible assets - exploration

Hardy has been awarded costs and interest after the conclusion of the arbitration on the CY-OS/2 block, in which it holds a 75 per cent participating interest. Hardy's share of these awards totals approximately $57.6 million and has been disclosed as a contingent asset. This is regarded as a significant area of judgment and full details are disclosed in note 7 to these financial statements.

ii) Decommissioning

The liability for decommissioning is updated to the current cost estimates of decommissioning. Accordingly, the provision made in the books will reflect the risk free discounted future cost for decommissioning and this is an annual adjustment based on the changes in costs as a result of technical advancements and other factors.

iii) Deferred Tax Asset

The deferred tax asset will be realised with the recommencement of production from PY-3 field and also from the production of oil and gas from those areas which are available for commercial development. Further details are contained in note 4.

iv) Depletion

Depletion is based on best estimates of commercial reserves existing as at the balance sheet date. The determination of commercial reserves is based on assumptions which include those relating to the future prices of crude oil and natural gas, capital expenditure plans, cost of production and other factors.

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 US$	**2016**		
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
Operating loss	(625,386)	(844,558)	-	(1,469,944)
Interest income	179,679	41,785	-	221,464
Interest income on inter-corporate loan	-	714,356	(714,356)	-
Interest expense on inter-corporate loan	(714,356)	-	714,356	-
Loss before taxation	(1,160,063)	(88,417)	-	(1,248,480)
Taxation	-	-	-	-
Loss for the period	(1,160,063)	(88,417)	-	(1,248,480)
Segment assets	68,781,923	14,844,285	-	83,626,208
Inter-corporate loan	-	108,363,318	(108,363,318)	-
Segment liabilities	(12,996,953)	(115,763)	-	(13,112,716)
Inter-corporate borrowings	(108,363,318)	-	108,363,318	-
Unsuccessful exploration costs	(174)	-	-	(174)
Depreciation, depletion and amortisation	3,405	5,604	-	9,009

	September US$	**2015**		
	India	**UK**	**Inter-segment eliminations**	**Total**
Revenue				
Other income	-	-	-	-
Operating loss	(557,754)	(1,068,414)	-	(1,626,167)
Interest income	173,787	3,280	-	177,067
Interest income on inter-corporate loan	-	580,825	(580,825)	-
Interest expense on inter-corporate loan	(580,825)	-	580,825	-
Loss before taxation	(964,792)	(484,309)	-	(1,449,101)
Taxation	(2,805,464)	94,344	-	(2,711,120)
Loss for the period	(3,770,256)	(389,965)	-	(4,160,221)
Segment assets	79,463,282	15,389,391	-	94,852,673
Inter-corporate loan	-	108,027,725	(108,027,725)	-
Segment liabilities	(10,520,364)	(155,900)	-	(10,676,264)
Inter-corporate borrowings	(108,027,725)	-	108,027,725	-
Capital expenditure	(12,963)	-	-	(12,963)
Depreciation, depletion and amortisation	(1,887)	(16,477)	-	(18,364)

	2016 US$ India	UK	Inter-segment eliminations	Total
Revenue				
Other income	**-**	**-**	**-**	**-**
Operating loss	(9,926,411)	(1,979,618)	-	(11,906,029)
Interest income	308,692	27,505	-	336,197
Interest income on inter-corporate loan	-	1,218,911	(1,218,911)	-
Interest expense on inter-corporate loan	(1,218,911)	-	1,218,911	-
Loss before taxation	(10,836,630)	(733,202)	-	(11,569,832)
Taxation	(5,311,032)	123,705	-	(5,187,327)
Loss for the period	(16,147,662)	(609,497)	-	(16,757,159)
Segment assets	68,653,438	16,126,861	-	84,780,299
Inter-corporate loan	-	107,151,962	(107,151,962)	-
Segment liabilities	(12,922,688)	(157,143)	-	(13,079,831)
Inter-corporate borrowings	(107,151,962)	-	107,151,962	-
Capital expenditure	22,523	4,953	-	27,476
Unsuccessful exploration costs	(4,935,149)	-	-	(4,935,149)
Impairment of Block CY-OS-90/1	(2,754,273)	-	-	(2,754,273)
Depreciation, depletion and amortisation	(4,789)	(22,216)	-	(27,005)

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

Analysis of taxation (credit) for the period

	Sep 2016 **US$**	Sep 2015 US$	Mar 2016 US$
Current tax charge			
UK corporation Tax	**-**	-	-
Foreign Tax – India	**-**	-	-
Minimum alternate tax	**-**	-	-
Foreign tax – USA	**-**	-	-
Total current tax (credit)	**-**	-	-
Deferred tax (credit)	**-**	2,711,120	5,187,327
Taxation (credit)	**-**	2,711,120	5,187,327

Having consideration for the medium-term outlook for the oil price and continued delay of sanctioning of the PY-3 asset, the projected tax payable that may be offset by the Group’s carried forward amount was not recognised.

Indian operations of the Group are subject to a tax rate of 41.2 per cent which is higher than UK and US corporation tax rates. To the extent that the Indian profits are taxable in the US and/or the UK, those territories should provide relief for Indian taxes paid, principally under the provisions of double taxation agreements. When considering deferred tax assets the Group considers the highest and best use of the losses available, this is considered to be in India. Based on the current expenditure plans, the Group anticipates that the tax allowances will continue to exceed the depletion charge of each year, though the timing of related tax relief is uncertain.

The deferred tax asset will be realised upon production from the PY-3 field which Management expects to recommence during 2018. The assumptions considered to determine a future tax liability that may be offset from the Group's carried forward tax losses has been consistent with those assumptions provided for in Note 6.

5. Loss per share

Loss per share is calculated on a loss of US$1,248,480 for the six months ended 30 September 2016 (September 2015: US$4,160,221) on a weighted average of 36,882,018 Ordinary Shares for the six months ended 30 September 2016 (September 2015: 36,766,125). No diluted loss per share is calculated.

6. Property, plant and equipment

	Oil and gas assets US$	Other fixed assets US$	Total US$
Cost			
At 1 April 2015	35,465,279	1,800,361	37,265,640
Additions	-	12,963	12,963
Depletions	-	-	-
At 30 September 2015	**35,465,279**	**1,813,324**	**37,278,603**
At 1 April 2016	35,465,279	1,780,170	37,245,449
Additions	-	-	-
Depletions	-	-	-
At 30 September 2016	**35,465,279**	**1,780,170**	**37,245,449**
Depletion, Depreciation and amortisation			
At 1 April 2015	29,684,318	1,761,274	31,445,592
Charge for the period	-	17,999	17,999
At 30 September 2015	**29,684,318**	**1,779,273**	**31,463,591**
At 1 April 2016	32,438,591	1,744,568	34,183,159
Charge for the period	-	8,145	8,145
At 30 September 2016	**32,438,591**	**1,752,713**	**34,191,304**
Net book value at 30 September 2016	**3,026,688**	**27,457**	**3,054,145**
Net book value at 30 September 2015	5,780,961	34,051	5,815,012

Impairment in prior year
The impairment charge of US$2,754,273 million in the previous year (FY 2015-16) against the PY-3 oil field was calculated by comparing the future discounted cash flows expected to be delivered from the production of commercial reserves (the value-in-use) with the carrying value of the asset.

The future cash flows were estimated using an oil price assumption of approximately US$50 to US$55 per bbl which is comparable to an average price per barrel of Dated Brent forward contract against the projected production profile provided for in the proposed FFDP. These projected cash flows were discounted at a rate of 10 per cent. Other assumptions involved in the impairment measurement included estimates of commercial reserves and production volumes, and the level and timing of expenditures all of which are inherently uncertain. The principal cause of the impairment charge recognised in the previous year was a reduction in the medium-term oil price assumption and changes to GOI policies in regard to calculation of levies and the criteria for extension of the PSC.

Sensitivity
A 1 per cent increase in the discount rates used when determining the value-in-use for each asset would result in a further impairment charge of approximately US$0.4 million and a US$1 per bbl reduction to the oil price for the life of the field would trigger an increase in the impairment charge of approximately US$0.6 million.

7. Intangible assets

	Exploration US$	Others US$	**Total US$**
Costs and net book value			
At 1 April 2015	56,175,450	-	**56,175,450**
Additions (Net of depletion)	-	4,819	**4,819**
At 30 September 2015	**56,175,450**	**4,819**	**56,180,269**
At 1 April 2016	51,128,272	3,956	**51,132,228**
Additions (Net of depletion)	-	(864)	**(864)**
At 30 September 2016	**51,128,272**	**3,092**	**51,131,364**

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

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

Legal proceedings concerning block CY-OS/2

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

The arbitrators ruled on 2 February 2013 that the discovery was a gas discovery and consequently that the order for the relinquishment of the block was illegal. The arbitrators have ordered the Government of India to restore the block to Hardy and its partners and to allow them a period of three years from the date of restoration to complete the appraisal programme. In addition, the arbitrators awarded costs of $0.2 million and interest on the exploration expenditure incurred to date. As at 30 September 2016, Hardy's 75 per cent share of the interest awarded is approximately $57.6 million. On 2 August 2013, the Government of India filed an appeal, against the arbitration award, with the High Court Delhi, and the Company subsequently filed an execution petition before the High Court Delhi. Delhi High Court dismissed the appeal filed by the Government of India on 27 July 2016 and the execution petition is schedule for hearing on 28 November 2016. Government of India has filed a Special Leave Petition with the Supreme Court of India on 5 November 2016 and the next hearing is scheduled in January 2017.

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

Impairment of Block GS-01 in prior year
The write-off of $5.0 million against the GS-01 exploration license was calculated by comparing the future discounted cash flows projected to be delivered from the production of resources provided for in an unapproved FDP submitted by the Group (the value-in-use) with the carrying value of the asset.

The future cash flows were estimated using a gas price equal to $3.1 per MMBTU, which was comparable to the notified price by the GOI, against the production profile provided for in a proposed FDP. These projected cash flows were discounted at a rate of 10 per cent. Other assumptions involved in impairment measurement included the estimates of resources and production volumes, and the level and of timing of expenditures all of which are inherently uncertain. The principal cause of the full impairment charge recognised in the year is that the low gas price prescribed under the GOI's policy does not provide reasonable level of return to justify the sanctioning of development. Should the GOI policy on gas pricing change, to allow free market pricing which is estimated to be between US$6 to US$8 per MMBTU, then the unapproved FDP for the Dhirubhai 33 gas discovery may be viable.

8. 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 2016 are as follows:

	Number US$ 0.01 Ordinary shares	**US$**
At 1 April 2016	73,764,035	737,641
Share options exercised during the period	-	-
Restricted shares issued during the period	-	-
At 30 September 2016	73,764,035	737,641

9. Share Options

Changes in outstanding share options during the six months ended 30 September 2016 are summarised below:

	Number of options	**Weighted average price £**
Outstanding at beginning of the period	1,715,000	0.90
Lapsed during the period	10,000	3.38
Outstanding at the end of the period	1,705,000	0.90
Exercisable at the end of period	190,000	5.48

Detail regarding the estimated fair value of granted share options has been set out in note 9 (page 61) of the Company's 2016 Annual Report and Accounts.

10. 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 as a consequence 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

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

11. Dividends

The Board of Directors do not recommend the payment of an interim dividend for the period ended 30 September 2016.

12. Approval of interim Consolidated Financial Statements

These interim consolidated financial statements have been approved by the Board of Directors on 23 November 2016.

GLOSSARY OF TERMS

$	United States Dollar
API°	American Petroleum Institute gravity
bbl	Stock tank barrel
bbld	stock tank barrel per day
CY-OS/2	Offshore exploration licence CY-OS/2 located on the east coast of India
DGH	Directorate General of Hydrocarbons a department of the MOPNG
Dhirubhai 33	gas discovery on GS-01-B1 announced on 15 May 2007
DOC	Declaration of Commerciality
FFDP	comprehensive full field development plan
FY	Financial year ended 31 March
GAIL	Gas Authority of India Limited
Ganesha-1	Non-associated natural gas discovery on Fan-A1 well located in CY-OS/2
GOI	Government of India
GS-01	Exploration licence GS-OSN-2000/1
H1	First half of the fiscal year or the six months ended 30 September
Hardy	Hardy Oil and Gas plc
HC	Delhi High Court of India
HEPI	Hardy Exploration & Production (India) Inc
HSE	Health Safety and Environment
km	kilometre
km^2	square kilometre
LD	Liquidated damages
LSE	London Stock Exchange
m	metre
MC	Management committee – which is the composite authority to approve budgets and work programmes within the provision of PSC's. Membership includes the participating interest holders and GOI officials.
mmscfd	million standard cubic feet per day
mmscmd	million standard cubic metres per day
MOPNG	the Ministry of Petroleum and Natural Gas of the Government of India
UMWP	Unfinished minimum work programme – a biddable commitment to the GOI to undertake certain field operations in consideration of the award of exploration rights to a defined area.
uJV	unincorporated joint venture
NANG	non associated natural gas
OC	Operating Committee – a committee comprising of participating interest holders in PSC's. The committee is charged with establishing work programmes and budgets to be recommended to the MC
PSC	production sharing contract
psi	pounds per square inch
PY-3	licence CY-OS-90/1
Rs.	Indian rupee
the Award	Tribunal arbitration award in favour of the CY-OS/2 uJV ruling that the GOI relinquishment of the GS-01 PSC was illegal, the block is to be restored and the uJV permitted three years to complete appraisal of a gas discovery. Further compensation is to be paid to the uJV.
the Company	Hardy Oil and Gas plc
the Group	Hardy Oil and Gas plc and Hardy Exploration & Production (India) Inc.

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