

Response to Offer

Released : 23/12/2019 07:00

RNS Number : 7456X
Hardy Oil & Gas plc
23 December 2019

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION (IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY) IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

23 December 2019

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

POSTING OF RESPONSE TO OFFER DOCUMENT

Hardy Oil and Gas plc ("**Hardy**" or the "**Company**") announces that it has today posted to shareholders its circular (the "Circular") regarding the mandatory offer (the "Offer") made by Blake Holdings Limited ("Blake").

The letter from the Chairman of the Company is extracted in full below.

The Circular is available to view at www.hardyoil.com.

Hardy Oil and Gas plc 012 2461 2900
Richard Galvin, Executive Director

Tavistock 020 7920 3150
Simon Hudson
Nick Elwes

Arden Partners 020 7614 5900
Ciaran Walsh
Paul Shackleton
Victoria Hodge

Introduction

The Directors of the Company believe that the Offer of 5 pence per Ordinary Share materially undervalues the intrinsic worth of the Company which has a Net Asset Value of approximately 10.9 pence per Ordinary Share as at 30 November 2019. However, the Directors also consider the risks associated with Blake's position as a Controlling Shareholder of the Company along with the limited liquidity in the Company's Ordinary Shares anticipated following the Delisting to be significant. Shareholders should therefore consider these factors and the other information contained in this announcement and the Circular before making any decision in relation to the Offer. This announcement and the Circular sets out the background to and the matters taken into account by the Directors in reaching the conclusions set out below.

SHAREHOLDERS SHOULD READ THE CIRCULAR IN ITS ENTIRETY AND TAKE INDEPENDENT FINANCIAL ADVICE IN RESPECT OF THEIR PERSONAL FINANCIAL CIRCUMSTANCES BEFORE DECIDING WHAT ACTION, IF ANY, TO TAKE.

Background to the Offer

On 2 October 2019, the Company completed the sale of HEPI, its wholly owned subsidiary, to Invenire for gross consideration of \$8.75 million ("**HEPI Sale**"). As a result of the HEPI Sale, the FCA determined that the Company would no longer meet the eligibility requirements of the Listing Rules for a Premium Listing and required the Company, at the same time as the Company sought Shareholder consent for the HEPI Sale, to seek Shareholder approval for the transfer of its listing on the London Stock Exchange from the Premium Listing segment to the Standard Listing segment of the Official List ("**Transfer of Listing**"). The FCA also required that both of the Company resolutions to approve the HEPI Sale and to approve the Transfer of Listing, be inter-conditional, meaning that unless Shareholders approved the Transfer of Listing, the Company would remain the owner of HEPI. For the reasons set out in the Circular to Shareholders dated 22 August 2019 ("**HEPI Circular**"), the Board unanimously believed that the HEPI Sale was in the best interests of the Company and the Shareholders and accordingly recommended that Shareholders vote in favour of both Shareholder resolutions at the HEPI EGM. As set out below and as highlighted in the HEPI Circular, a Standard Listing offers Shareholders fewer protections than a Premium Listing.

On 25 November 2019, Blake (a controlled undertaking of Richard Griffiths) announced that it had purchased 9,179,163 Ordinary Shares at a price of five pence per Ordinary Share from a single shareholder, Universities Superannuation Scheme Limited ("**Purchase**"). The Purchase settled on 27 November 2019.

Immediately prior to the Purchase, Richard Griffiths had an interest in a total of 22,003,134 Ordinary Shares. This included 250,000 Ordinary

Shares held in his own name, 571,055 Ordinary Shares held by Blake, and 21,182,079 Ordinary Shares held by Serendipity Capital Limited (a controlled undertaking of Richard Griffiths). In addition, on 25 November 2019 Richard Griffiths carried out an intra-group transfer of his interests in Hardy so that all of his Ordinary Shares held in Hardy are now held directly by Blake ("**Intra-Group Transfer**").

Following the Purchase and the Intra-Group Transfer, Blake holds 31,182,297 Ordinary Shares, representing 42.27 per cent. of the existing issued Ordinary Share capital, and voting rights, of Hardy.

Rule 9 of the Takeover Code requires that where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company, such person is required to make a mandatory cash offer for the entire issued share capital not already owned by that person and persons acting in concert with him. As a result of the Purchase and Intra-Group Transfer, under Rule 9 of the Takeover Code, Blake is required to make a mandatory offer ("**Offer**") for the Ordinary Shares not already held by Blake, at a price of five pence per Ordinary Share in cash (such price being no less than the highest price paid by Richard Griffiths and his controlled undertakings, including Blake, during the 12 months prior to the date of the Rule 2.7 Announcement).

Details of the Offer were set out in the offer document sent to the Shareholders on 13 December 2019 ("**Offer Document**").

The Company's Directors views on the Offer Price

The Directors believe that the Offer, which values the entire issued and to be issued share capital of Hardy at approximately £3.688 million (approximately \$4.813 million), materially undervalues Hardy's intrinsic worth.

The Offer Price of five pence per Ordinary Share represents:

- a discount of approximately 54 per cent. to the Net Asset Value of 10.9 pence per Ordinary Share as at 30 November 2019;
- a discount of approximately 15 per cent. to the Closing Price of 5.75 pence per Ordinary Share on 22 November 2019 (being the last Business Day prior to the commencement of the Offer Period); and
- a discount of approximately 17 per cent. to the Closing Price of 6 pence per Ordinary Share on 20 December 2019 (being the last Business Day prior to this announcement).
- the minimum price Blake could have offered under the Takeover Code, being the price per Ordinary Share paid by Blake to Universities Superannuation Scheme Limited.

Blake has stated in its Offer Document that the Offer Price will not be increased. In accordance with Rule 32.2 of the Code, Blake is prohibited (save in wholly exceptional circumstances), from increasing the Offer Price. Therefore, in the opinion of the Directors, it is highly improbable that the Offer Price will be increased.

Should Blake obtain sufficient acceptances for the Offer to become unconditional, it is the intention of Alasdair Locke and Peter Milne, the present non-executive Directors, to voluntarily resign from the Board. As stated in the Offer Document, Blake proposes to appoint one of its directors, Michael Bretherton, as a non-executive director of the Company. Shareholders should however note that given Blake's current holding of 42.2 per cent. of the Company's Ordinary Shares, Blake has sufficient control so as to enable it to take action with a high degree of probability of success, to appoint new directors to the Board or remove Directors in order to gain control of the Board.

The Directors do not believe that the Offer appropriately recognises the prospects of Hardy particularly in light of the cash in the business.

Following the completion of the HEPI Sale, the Board has commenced a strategic review of the types of investments it will consider to deploy the Company's funds in future. The Directors have had some very early discussions with third parties regarding the future intentions and prospects of the Company but have not deemed these to be sufficiently advanced to make any determination in respect thereof.

Risks associated with Blake

Current position

As a result of the Purchase, Blake is now a Controlling Shareholder of the Company with a shareholding of 42.27 per cent. of the Ordinary Shares and Blake could make further purchases in the market during the Offer Period at or below the Offer Price. Following completion of the HEPI Sale, and for the reasons explained in the paragraph above titled 'Background to the Offer', the Company's Ordinary Shares were moved from trading on the Premium Listing segment to the Standard Listing segment of the Official List. The Standard Listing segment offers reduced protections for Shareholders including, without limitation, the following:

- no shareholder approval required for cancellation of listing of Hardy's Ordinary Shares on the Official List - this means that the Company can elect to delist from the Standard List with a majority Board decision and the appropriate notification filed with the FCA;
- no requirements for relationship agreements for Controlling Shareholders pursuant to Listing Rule 9.2.2AD(R) - this means that Controlling Shareholders are not required to sign an agreement stating that they will conduct transactions with the company on normal commercial terms, take any action preventing the Company from complying with its obligations under the Listing Rules or propose a shareholder resolution intended to circumvent the proper application of the Listing Rules, which could be detrimental to minority Shareholders of the Company.
- no shareholder approval is required for transactions where any percentage ratio of shares being acquired or disposed of is 25 per cent. or more (defined as Class 1 transactions in the Listing Rules) pursuant to Listing Rule 10 - this means that the Company has greater flexibility to make acquisitions and disposals without the requirement of Shareholder consent; and
- no requirement to comply with the related party transaction rules pursuant to Listing Rule 11 - this means there are no Listing Rule 11 safeguards against a related party from taking advantage of its position to the detriment of the Company and Shareholders.

The Company has sought to secure a relationship agreement with Blake which would serve to moderate Blake's ability to influence and control the Company, however, Blake has not agreed to enter into such agreement.

The Offer Document states that it is Blake's intention that Hardy will cancel the Standard Listing of the Hardy Shares by giving 20 Business Days notice to the FCA as required by the Listing Rules.

Although Blake has not expressed an intention to, it could use its voting influence, being 42.27 per cent. of Hardy, to take actions that may be to the potential detriment of other Shareholders. More specifically, in respect of any special resolution put to Shareholders, Blake has a

sufficient holding to block any special resolution put to Shareholders.

In practice, it may also be able to pass or block Ordinary resolutions which require a 50 per cent. majority, if a relatively small percentage of all the other Shareholders on the register did not vote, which could be a risk for a shareholders' meeting of a Public Company.

Position if Blake holds in excess of 50 per cent. of the Ordinary Shares

In the event that the Offer is accepted by Shareholders holding in aggregate over 5,699,721 Ordinary Shares (being 7.73 per cent. of the existing issued share capital of Hardy), the Offer will become unconditional. In these circumstances, Blake will hold over 50 per cent. of the voting rights of the Company which gives it statutory control. Blake has stated its intention to procure that the Company applies to the London Stock Exchange for the cancellation of the Standard Listing of Ordinary Shares on the Main Market ("**Delisting**"). Shareholders should read the paragraph titled 'Consequences for Shareholders of a Delisting' for further details. Blake could be in a position to alter the strategic direction of the Company's business and take other actions. These actions could include, but are not limited to, changing the board of the Company, encumbering the Company with onerous debt or selling management services to the Company, which might permanently impair value for minority Shareholders.

Blake has stated in its Offer Document that it intends to utilise the existing cash resources of the Company to generate a level of return on capital including short term investments in quoted stocks. The Board of Hardy believes that this short-term investment strategy potentially represents a risk that the Company's capital could be impaired as a result of poor investment performance, although if successful, a better return than on cash may be achieved.

Shareholders should also be aware that, in the event that Blake holds in excess of 50 per cent. of the Ordinary Shares following completion of the Offer, Blake will be able to put and pass any ordinary resolution tabled at a general meeting. Therefore, minority Shareholders will not be able to influence the passing of any such resolution and Blake will also be able to block, unilaterally, any ordinary resolution proposed by the Directors. Additionally, in the event Blake holds in excess of 75 per cent. of the Ordinary Shares following completion of the Offer, Blake would be able to put and pass special resolutions acting alone and so the resultant lack of influence for other minority Shareholders, would extend to special resolutions.

Consequences for Shareholders of a Delisting

A company comprising only cash such as Hardy is attractive to businesses seeking a public listing, particularly in current difficult equity capital markets. Blake has stated an intention to Delist the Company's Ordinary Shares on the Official List. As the Company has a Standard Listing on the Main Market, there is no requirement for Shareholder approval for the Delisting.

The Board believes that, while the cancellation of Hardy's listing on the Main Market as mentioned above will save costs in the short term, it is not in the best interests of the Shareholders, for the following reasons:

- it will significantly reduce the liquidity and marketability of any Ordinary Shares held by Shareholders who have not accepted the Offer, prejudicing their ability to realise (or have access to a readily available valuation of) their investment in the Company;
- Shareholders who have not accepted the Offer will own shares in an unlisted company, and will not benefit from the protection afforded to them under the Listing Rules and the regulatory oversight currently provided by the FCA; and
- because Blake will control sufficient voting rights to block special resolutions of the Company, any Shareholders who have not accepted the Offer will have limited ability to influence the affairs of the Company by the exercise of their voting rights, and will have only limited statutory protection against the conduct of the Company's affairs in a manner that is unfairly prejudicial to their interests.

The Company's Directors' views on the effect of the implementation of the Offer on the Company's interests, employees and locations

The Code requires the Directors to give their views on the effect of the implementation of the Offer on all of the Company's interests, including, specifically, employment and their views on Blake's strategic plans for the Company and their likely repercussions on the employment and the locations of the Company's places of business. In fulfilling these obligations, the Directors can only comment on the details provided in the Offer Document, in doing so, they have considered Part 6 of the Offer Document.

The Directors note Blake's intention not to change the Board's investment strategy but to work with the Board and Hardy's management team to continue its strategic review of the type of business or asset the Company will consider investing in as well as the deployment of cash resources in the meantime in order to generate a level of return on capital. The Board notes the statements relating to focussing any strategic review on ensuring that the cost base and balance of management skills of Hardy is appropriate for the reduced size of the Company following the sale of HEPI as detailed in paragraph 4 of part 6 of the Offer Document. The Offer Document further states that there is likely to be an immaterial reduction to the number of Hardy employees and to the amount of directors' remuneration. As set out in the Offer Document, Blake also intends to close Hardy's Aberdeen office. The Directors do not believe that there is scope to make such reductions to the Company given that the employees of the Company comprise the Executive Director and a part-time administrative assistant. Furthermore, the premises in Aberdeen are the Company's only offices.

The Directors also note that Blake has only had access to and reviewed publicly available information on the Company. Accordingly, given that there remains significant work to be undertaken in order for Blake and the Company to finalise the strategic investment review of the Company's business, the Board is unable to express a more detailed opinion on the impact of the Offer on the Company's management, employees and locations of business.

Current trading of the Company

As announced on 2 October 2019, the Company sold HEPI to Invenire for gross cash consideration of \$8.75 million. The cash proceeds from the HEPI Sale were added to the Company's existing cash balance and so, as at 30 November 2019, the Company's Net Asset Value was \$10.471 million which comprised of cash and short-term investments of approximately \$10.529 million (£8.067 million).

Following completion of the HEPI Sale, the Company was required to transfer its listing on the London Stock Exchange from a Premium Listing segment to a Standard Listing segment following completion of the HEPI Sale.

Recommendation of the Hardy Board

The Offer values the Company's issued share capital at £3.688 million (approximately \$4.813 million), which is materially below the Company's cash and short-term investments of £8.067 million (approximately \$10.529 million) and NAV of £8.023 (approximately \$10.471 million). However, the Directors consider the risks associated with Blake being a Controlling Shareholder as well as the limited liquidity anticipated post Delisting, to be very significant.

In the opinion of the Directors, the decision as to whether or not to accept the Offer is essentially a personal one for Shareholders, as, given

the absence of any immediate prospect to sell their Ordinary Shares once the Offer closes, they must balance their desire for a cash realisation now or in the immediate foreseeable future, against the substantial discount to the Net Asset Value of approximately 10.9 pence per Ordinary Share (as at 30 November 2019) being offered and the potential benefits of the investment strategy of Blake as described above.

Accordingly, the Directors are unable to give a recommendation to accept or reject the Offer.

Therefore, having been so advised by Arden, the Directors recommend that Shareholders carefully consider their own individual circumstances in determining whether or not they should accept the Offer. In providing its advice to the Directors, Arden has taken into account the Directors' commercial assessments.

Richard Galvin does not intend to accept the Offer. Peter Milne and Alasdair Locke, who hold 1,517,728 Ordinary Shares, in aggregate, intend to accept the Offer in the event that the Offer is declared unconditional.

Shareholders should consider carefully the information set out above in making a decision as to whether to accept the Offer. If they are in any doubt about the action that they wish to take in respect of the Offer, they should consult an independent financial adviser without delay.

Further information

Shareholders should read the circular in its entirety which provides additional information on the matter referred to above. Please also refer to the Company website where additional documentation can be found.

DEFINITIONS

The definitions set out below apply throughout this announcement and the Circular, unless the context requires otherwise:

2018 Annual Report the Company's annual report for the financial year ended 31 March 2018 including the audited financial statements for the financial year ended 31 March 2018;

2019 Annual Report the Company's annual report for the financial year ended 31 March 2019 including the audited financial statements for the financial year ended 31 March 2019;

acting in concert with a party means any such person acting or deemed to be acting in concert with that party for the purposes of the Code and/or the Offer. Persons who will be presumed to be acting in concert with other persons in the same category include:

- (A) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status);
- (B) a company with any of its directors (together with their close relatives and related trusts);
- (C) a company with any of its pensions schemes and the pension schemes of any company covered in (A);
- (D) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant accounts; and
- (E) connected advisers (and persons controlling, controlled by or under the same control as such connected advisers) with their clients;

Arden Arden Partners plc, independent financial adviser to the Company;

Articles of Association the articles of association of the Company for the time being;

Blake Blake Holdings Limited, a private limited company incorporated under the laws of Jersey, Channel Islands with registered number 113725 and whose registered office is at Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey JE1 1ET;

Board the board of directors of the Company;

Business Day a day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in London other

	than solely for trading and settlement in GBP;
CEO	the former chief executive officer of the Company;
Chairman	chairman of the Board;
Closing Price	the closing middle market quotations of a share derived from the Daily Official List;
Code or Takeover Code	The City Code on Takeovers and Mergers;
connected adviser	includes an organisation which: (i) is advising Blake or (as the case may be) Hardy in relation to the Offer; (ii) is a corporate broker to Blake or (as the case may be) Hardy; or (iii) is advising a person acting in concert with Blake or (as the case may be) Hardy in relation to the Offer or in relation to the matter which is the reason for that person being a member of the concert party;
control	an interest or interests in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or holdings gives de facto control;
Controlling Shareholder	has the same meaning as in the Listing Rules;
Company or Hardy	Hardy Oil and Gas plc, a public limited company incorporated in Isle of Man, with registered number 087462C;
dealing	includes: (i) the acquisition or disposal of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or of general control of relevant securities; (ii) the taking, granting, acquisition, disposal of, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities; (iii) subscribing or agreeing to subscribe for relevant securities; the exercise or conversion, whether in respect of any new or existing securities, or any relevant securities carrying conversion or subscription rights; (v) the acquisition, disposal of, entering into, closing out, exercising (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; (vi) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and (vii) the redemption or purchase of, or taking or exercising of any option over, and of its relevant securities by Hardy; and (viii) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
Dealing Disclosure	has the same meaning as in Rule 8 of the Code;
Delisting	has the meaning set out in paragraph 5 of Part I of the Circular;
derivative	includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;
Director(s)	the directors of the Company whose names are set out at paragraph 2 of Part II (<i>Additional Information</i>) of the Circular;
disclosure date	means 20 December 2019, being the latest practicable date before publication of the Circular;
Disclosure Guidance and Transparency Rules	the transparency rules made by the FCA for the purpose of Part 6 of FSMA;
Executive Director	Richard Galvin;
exempt fund manager	means a person who manages investment accounts on a discretionary basis and is recognised by the Panel as an exempt fund manager for the purposes of the Code;

FCA or Financial Conduct Authority	the UK Financial Conduct Authority or its successor from time to time;
First Closing Date	being 7 January 2020;
Form of Acceptance	the form of acceptance and authority for use by Shareholders holding Ordinary Shares in certificated form in connection with the Offer;
FSMA	the Financial Services and Markets Act 2000, as amended, modified or re-enacted from time to time;
HEPI Circular	means the circular posted to shareholders on 22 August 2019 by the Company in respect of the HEPI Sale and including notice of the HEPI EGM;
HEPI EGM	means the Extraordinary General Meeting of the Company held on 2 October 2019 at which resolutions approving: (a) the HEPI Sale; and (b) the Transfer of Listing were approved by Shareholders;
HOEC	Hindustan Oil Exploration Company Limited, a public company limited by shares incorporated in the Republic of India with Corporate Identification Number (CIN) L11100GJ1996PLC029880 and whose registered office is at 'HOEC House', Tandalja Road, Off Old Padra Road, Vadodara - 390020. Gujarat, India;
a person has an interest or is interested in relevant securities	securities if he has a long economic exposure, whether absolute or conditional, to changes in the price of those securities (but not if he only has a short position in such securities) and in particular if: (i) he owns them; (ii) he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them; (iii) by virtue of any agreement to purchase, option or derivative, he: (A) has the right or option to acquire them or call for their delivery; or (B) is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or (iv) he is party to any derivative: (I) whose value is determined by reference to their price; and (II) which results, or may result, in his having a long position in them;
Invenire	Invenire Energy Private Limited, a company limited by shares incorporated in India under the provisions of the Companies Act, 2013, with Corporate Identification Number U74999TN2016PTC112345 and having its registered office at Meridian House, No. 121/3, TTK Road, Alwarpet, Chennai - 600 018, India;
Latest Practicable Date or LPD	20 December 2019, being the latest practicable date prior to publication of the Circular;
Listing Rules	the listing rules made by the FCA under Section 73A FSMA;
London Stock Exchange or LSE	the London Stock Exchange plc or its successor(s);
Main Market	the main market of the LSE;
Market Abuse Regulation or MAR	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation);
Net Asset Value or NAV	the Net Asset Value of the Company as calculated in accordance with the Company's accounting practices;
Offer	has the meaning set out in paragraph 2 of Part I of the Circular;
Offer Document	has the meaning set out in paragraph 2 of Part I of the Circular;
Offer Period	the period commencing on 25 November 2019 and ending on the 21st day after the date of publication of the Offer Document or (if that day is a Saturday, Sunday or public holiday) the next succeeding business day (unless extended);
Offer Price	five pence in cash, being the consideration payable by Blake for each Ordinary Share under the terms of the Offer;

Opening Position Disclosure	means an announcement containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Offer if the person concerned has such a position;
Official List	the Official List maintained by the FCA pursuant to Part VI of FSMA;
Ordinary Shares	ordinary shares of \$0.01 each in the share capital of the Company;
Panel	means the Panel on Takeovers and Mergers;
Premium Listing	a listing of shares on the "Premium Listing (commercial company)" segment of the Official List;
Registrar	IQ EQ (Isle of Man) Limited;
Regulatory Information Service or RIS	any of the services set out in Appendix II to the Listing Rules;
relevant securities	includes: (i) Ordinary Shares and any other securities of Hardy conferring voting rights; (ii) equity share capital of Hardy; and (iii) securities of Hardy carrying conversion or subscription rights into any of the foregoing;
Restricted Jurisdiction	subject always to the requirements of Rule 23.2 of the Code in relation to the distribution of offer documentation to jurisdictions outside the UK, any jurisdiction where extension of the Offer would violate the law of that jurisdiction;
Richard Griffiths	a former direct Shareholder of the Company and ultimate controller of Blake;
Rule 2.7 Announcement	means the announcement of a firm intention to make an offer for the entire issued and to be issued share capital of Hardy pursuant to Rule 2.7 of the Code made by Blake on 25 November 2019;
Shareholders	the holders of Ordinary Shares and " Shareholder " shall be construed accordingly;
Standard Listing	a listing of shares on the "Standard Listing" segment of the Official List;
Transfer of Listing	means the transfer of the Company's listing from a Premium Listing to a Standard Listing as approved at the HEPI EGM and which came into effect on 31 October 2019;
UK Corporate Governance Code	the UK Corporate Governance Code published by the UK Financial Reporting Council;
Unapproved Share Option Scheme	the unapproved share option scheme adopted by the Company on 31 May 2005 under which the Company can grant options over Ordinary Shares;
Universities Superannuation Scheme Limited	a former Shareholder who sold 9,179,163 (being its entire holding of) Ordinary Shares to Blake on 25 November 2019 at a price of five pence per Ordinary Share; and
US or United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia.

Important notices

Arden, which is authorised and regulated in the United Kingdom by the FCA, is acting as Rule 3 adviser exclusively for Hardy and for no one else in connection with the Offer and will not regard any other person as its client in relation to the matters referred to in this announcement and will not be responsible to anyone other than Hardy for providing the protections afforded to clients of Arden, nor for providing advice in relation to the Offer or any other matter referred to in this announcement.

This announcement is for information purposes only and is not intended to, and does not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Mandatory Offer or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. Hardy Shareholders are advised to read the Response Circular carefully.

General

If you are in any doubt as to what action you should take, you are recommended to seek your own advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you

are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

Overseas jurisdictions

The distribution of this announcement in jurisdictions other than the United Kingdom and the ability of the Company's Shareholders who are not resident in the United Kingdom to accept the Offer may be affected by the laws of relevant jurisdictions. Therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom or Shareholders who are not resident in the United Kingdom will need to inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer is not being, and will not be, made available, directly or indirectly, in or into or by the use of the mails of, or by any other means (including, without limitation, facsimile or other electronic transmission, telex or telephone) or instrumentality of inter-state or foreign commerce of, or any facility of a national state or other securities exchange of any Restricted Jurisdiction, unless conducted pursuant to an exemption from the applicable securities laws of such Restricted Jurisdiction and will not be capable of acceptance by any such use, means or facility or from within any Restricted Jurisdiction.

Accordingly, copies of this announcement and all other documents relating to the Offer are not being, and must not be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction except pursuant to an exemption from the applicable securities laws of such Restricted Jurisdiction and persons receiving this announcement (including, without limitation, agents, nominees, custodians and trustees) must not distribute, send or mail it in, into or from such jurisdiction. Any person (including, without limitation, any agent, nominee, custodian or trustee) who has a contractual or legal obligation, or may otherwise intend, to forward this announcement and/or any other related document to a jurisdiction outside the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements of their jurisdiction.

US investors

The Offer is being made for securities in a company incorporated in England and Wales with a Standard Listing on the Main Market of the London Stock Exchange and Shareholders in the United States should be aware that this announcement and any other documents relating to the Offer have been prepared in accordance with English law, the Takeover Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules, format and style, all of which differ from those in the United States. All financial information relating to Blake and Hardy that is included in this announcement or any other documents relating to the Offer may not be comparable to financial statements of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved the Offer, or passed comment upon the adequacy or completeness of this announcement. Any representation to the contrary is a criminal offence in the United States.

Forward-looking statements

This announcement, including information included or incorporated by reference in this announcement, may contain "forward-looking statements" concerning Hardy. All statements other than statements of historical fact may be forward-looking statements. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the relevant persons' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants and, therefore undue reliance should not be placed on such statements, which speak only as of the date of this announcement.

None of Hardy, Arden, nor any of their respective associates, directors, officers, employees or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur.

Other than in accordance with its legal or regulatory obligations, Hardy and Arden are not under any obligation and Hardy and Arden expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Except as expressly provided in this announcement, no forward-looking or other statements have been reviewed by the auditors of Hardy. All subsequent oral or written forward-looking statements attributable to Hardy, or any of its associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

No profit forecasts or estimates

No statement in this announcement is intended to constitute a profit forecast or estimate for any period, nor should any statements be interpreted to mean that earnings or earnings per share will necessarily be greater or less than those of the preceding financial periods for Hardy.

Publication on website

This announcement, together with those documents listed in paragraph 10 of Part II of the Circular, and all information incorporated into this announcement by reference to another source, will be available free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Hardy's website at <http://www.hardyoil.com/>, in each case until the Offer closes. For the avoidance of doubt, except as expressly provided in this announcement, the content of such website is not incorporated into, and does not form part of, this announcement.

Dealing and Opening Disclosure requirements of the Takeover Code

Under Rule 8.3(a) of the Takeover Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of

the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company, or of any securities exchange offeror, must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of: (i) the offeree company; and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code. Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

In accordance with, and to the extent permitted by, the Takeover Code and normal UK market practice, Arden and its respective affiliates will continue to act as exempt principal trader in Ordinary Shares on the London Stock Exchange and engage in certain other purchasing activities consistent with its normal and usual practice and applicable law. To the extent required by the applicable law (including the Takeover Code), any information about such purchases will be disclosed on a next day basis to a Regulatory Information Service including the Regulatory News Service on the London Stock Exchange website, www.londonstockexchange.com. To the extent that such information is made public in the United Kingdom, this information will also be deemed to be publicly disclosed in the United States.

Availability of hard copies

You may request hard copies of any document published on Hardy's website in connection with the Offer by contacting Hardy's registrar, IQ EQ (Isle of Man) Limited, First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF or on telephone 01624 630630. Calls cost standard network rates plus your phone company's access charge. If you are outside the UK, please call +44 1624 630630. Calls outside the UK will be charged at the applicable international rate. Lines are open between 9.15 a.m. and 5.15 p.m., Monday to Friday excluding public holidays in England and Wales. Alternatively you may submit a request in writing to the registered office of Hardy at First Names House, Victoria Road, Douglas, Isle of Man, IM2 4DF. You may also request that all future documents, announcements, and information to be sent to you in relation to the Offer should be in hard copy form.

Rounding

Certain figures included in this announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Exchange Rates

In Part I (*Letter from the Chairman*) of this Circular, the GBP:US dollar exchange rate used is 1.3051 being the spot rate quoted by Bloomberg as at the close of business on the 20 December 2019.

Time

All references to time in this document are references to London time unless otherwise stated.

-ends-

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

END

ODPFWEWEEFUSESE