



**UPDATE ON THE OFFERS FOR THE ACQUISITION OF HEPI**

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Hardy Oil & Gas plc

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22 July 2019

**Hardy Oil and Gas plc**  
(LSE: HDY)

**UPDATE ON THE OFFERS FOR THE ACQUISITION OF HEPI**

Hardy Oil and Gas plc ("**Hardy**" or "**Company**"), the oil and gas exploration and production company focussed in India, announced on 15 July 2019 ("**Invenire Sale Announcement**") that it had entered into a conditional share purchase agreement ("**Invenire SPA**") to sell its wholly-owned subsidiary, Hardy Exploration & Production (India) Inc. ("**HEPI**") to Invenire Energy Private Ltd ("**Invenire**") for cash consideration of US\$3,000,000 ("**Invenire Sale**").

The Invenire Sale Announcement followed the Company announcing on 1 July 2019 that it had entered into a conditional share purchase agreement with Hindustan Oil Exploration Company Limited in respect of the sale of HEPI.

The Company now announces that following revised offers and negotiations it has agreed to sell all of the capital stock of HEPI to Invenire for increased cash consideration of US\$8,750,000 ("**Revised Invenire Offer**") and has entered into an amended share purchase agreement with Invenire setting out the terms of the Revised Invenire Offer ("**Revised SPA**").

Unless defined herein, terms defined in the Invenire Sale Announcement shall have the same meaning in this announcement.

The Company has also granted Invenire exclusivity in respect of the Revised Invenire Offer and has agreed not to enter into discussions or negotiations or to solicit other offers in respect of the sale of HEPI.

As outlined in the Invenire Sale Announcement, due to the difficulties arising from the litigation and disputes associated with the Assets, the Directors have concluded that disposing of HEPI is in the best interests of the Company and its shareholders. HEPI has been reliant on the Company to provide it with funds for it to continue to trade and fund the ongoing litigation and disputes and such funding obligations are a significant financial burden on Hardy, particularly when it is not certain when, or if, any of the Assets will start generating returns for shareholders.

The Revised Invenire Offer price of US\$8,750,000 is a very significant uplift on the purchase price of US\$3,000,000 that Hardy previously agreed with Invenire. Accordingly, the Board unanimously believes that it is in the best interests of the Company and its shareholders to maximise the value to be realised by the sale of HEPI and to therefore proceed with the sale of HEPI to Invenire on the terms of the Revised Invenire Offer.

The Revised Invenire Offer remains of sufficient size relative to the Group to constitute a class 1 transaction for the purposes of the Listing Rules and is therefore conditional upon the approval of the Company's shareholders. The Company is in the process of preparing a circular in order to seek approval of the Company's shareholders to the Revised Invenire Offer and to the associated proposed transfer of the Company's listing from the Premium Segment of the Official List to the Standard Segment ("**Transfer of Listing**") (resulting from the Group no longer having an independent business under FCA guidelines). It is expected that the circular will be posted to the Company's shareholders, together with a notice of an extraordinary general meeting, within the next few weeks.

Under the terms of the Revised SPA, the Company has agreed to use its reasonable endeavours to obtain shareholder approval for the Revised Invenire Offer and to send a circular to shareholders convening an extraordinary general meeting by 30 September 2019.

Further announcements will be made by the Company in due course regarding the Revised Invenire Offer and the Transfer of Listing.

*Impact of the Revised Invenire Offer*

Following completion of the Revised SPA ("**Completion**"), HEPI will cease to be part of the Group and the Company will be a "cash shell" with no subsidiaries or operational assets. Given the Company will operate as a "cash shell" post-Completion, the approval of the Company's shareholders will be sought in relation to the Transfer of Listing. Completion of the Revised SPA requires resolutions approving both the Revised Invenire Offer and the Transfer of Listing being passed by the Company's shareholders.

*Principal Terms of the Revised Invenire Offer*

Pursuant to the terms of the Revised SPA, Invenire has agreed to acquire the whole of the capital stock of HEPI for cash consideration of US\$8,750,000. Invenire has agreed to pay the balance of the consideration not already held by the Company's solicitors to the Company's solicitors by 20 August 2019. In the event that the balance of the consideration is not received by 20 August 2019, the sum of US\$1,000,000 will be released to the Company from the monies currently held by the Company's solicitors and the Revised SPA and the exclusivity granted to Invenire will be automatically terminated.

Completion of the Revised SPA is conditional only on the Company's shareholders passing (i) a resolution approving the Revised Invenire Offer; and (ii) a resolution approving the Transfer of Listing. Save for the termination of the Revised SPA in the event that the balance of the consideration is not received by 20 August 2019, or the resolutions referred to above not being passed, neither the Company nor Invenire has any right to terminate the Revised SPA between signing and Completion and the Revised SPA is not subject to any other conditions.

The Company is not giving any warranties, indemnities or tax covenant to Invenire under the terms of the Revised SPA except for warranties as to title to the shares in HEPI, HEPI's share capital and its capacity to enter into the Revised SPA and sell the shares.

As previously announced, as a result of the Company's continued financing of HEPI, as of 30 June 2019, HEPI owed the Company approximately US\$124 million by way of an intra-group debt ("**Intra-Group Debt**"). As part of the Revised Invenire Offer, the Company proposes to (i) capitalise substantially all of the Intra-Group Debt at Completion in consideration of the issue by HEPI of further shares in HEPI; and (ii) waive its rights to the repayment of the remainder of Intra-Group Debt such that the remainder of Intra-Group Debt will be written off and HEPI will not have any indebtedness to the Company following Completion ("**Capitalisation and Waiver**"). This means that the Intra-Group Debt will no longer appear in the Company's financial statements. In the event that Completion does not occur, the Company will not proceed with the Capitalisation and Waiver and the Intra-Group Debt will remain outstanding.

#### *Information on Invenire*

Invenire is an independent upstream oil and gas company with producing assets in South East Asia, including India. Access to talent, technology and capital ably positions Invenire to pursue exploration and production (E&P) opportunities in the current market environment. Invenire has been successful in building a portfolio of assets through acquisitions and also through direct participation in the Government bidding rounds.

#### *Current Trading, Use of Net Proceeds and Future Prospects*

As previously announced, given the developments outlined in the 2019 Preliminary Final Results Announcement, the Directors remain of the view that attempting to realise some value in respect of the Assets by way of a disposal of HEPI is in the best interests of the Company and its shareholders. Following Completion, the Company will transfer its listing from the Premium Segment to the Standard Segment of the Official List and the net proceeds from the Revised Invenire Offer will be retained to provide additional working capital for the Company and will be added to the Company's cash resources for the Company to seek new investment opportunities.

Commenting on the Revised Invenire Offer, Alasdair Locke, Chairman, said: "The Board unanimously considers that the Revised Invenire Offer is in the best interests of all shareholders. The price secured by the Board is at a substantially higher price than that initially offered by Invenire and the Board will now move to completing this disposal as quickly as possible. Further updates will be made when appropriate."

For further information please visit [www.hardyoil.com](http://www.hardyoil.com) or contact:

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