27 September 2018

Independent Oil and Gas plc

Interim Results

Independent Oil and Gas plc ("**IOG**" or the "**Company**") (AIM: IOG.L), the AIM-listed development and production focused oil and gas company with key interests in the Southern North Sea ('SNS'), is pleased to present its unaudited interim results for the six months ended 30 June 2018.

Operational Highlights

- Completion of the transformational acquisition of 100% operated ownership of the Thames Pipeline ('PL370') and the demonstration of its viability to provide a stable export route for the Company's 100% owned gas assets straight to the UK market and National Transport System ('NTS').
  - Offshore site and route survey along PL370, all proposed platform locations and intra-field connecting pipelines completed in May 2018;
  - Completion of the Intelligent Pigging Programme ('IPP') confirmed excellent condition of the PL370 infrastructure;
  - Post period end, completion of tethered pig inspection together with 150-bar pressure hydrotest confirms PL370 economic life good for the next two decades and condition 'as new' confirmed by analysis undertaken by Oilfield Testing Services.
- Significant operational progress towards delivering IOG's SNS gas hub strategy.
  - Environmental Impact Assessment ('EIA') submitted for the Blythe Hub in January 2018 and the Vulcan Satellites Hub in April 2018;
  - Platform fabrication Front End Engineering and Design ('FEED') was completed by the Heerema Fabrication Group on 30 April 2018; and
  - FEED awarded in May 2018 to Wood Group UK Limited for the Subsea, Umbilicals, Risers and Flowlines ('SURF') scope of work on the dual hub development.
- Strengthened portfolio around PL370 with the award of 100% ownership of three new licence areas, during the UKCS 30th Licensing Round - Goddard, Harvey SE and Abbeydale containing 224 BCF of discovered 2C resources.
- 3D seismic reprocessing over the Harvey structure to optimise appraisal well location completed post period end.

Corporate Highlights

- Refreshed Board and management team to drive future growth.
  - Andrew Hockey succeeds Mark Routh as Chief Executive Officer and Mark Routh appointed Non-Executive Chairman;
  - Mark Hughes appointed as Chief Operating Officer; and
  - Post period end, Fiona MacAulay appointed as independent Non-Executive Director ('NED') succeeding Andrew Hay who stepped down as independent NED in February 2018.

Financial Highlights

- Additional £10 million convertible loan facility signed with London Oil & Gas Limited ('LOG') on 21 February 2018, with a further £15 million funding package secured from LOG on 13 September 2018, post period end, principally to fund the Harvey appraisal well.
- Cash balance at period end of £4.61 million.
- Post tax loss for the six months ended 30 June 2018 was £2.56 million.

Outlook

- Harvey appraisal well to spud in January 2019, with the potential to double the resource size of the Blythe Hub.
- Final Investment Decision ('FID') on track for Q4 2018, with first gas targeted late Q2 2020.
- Continue to progress post FID funding options including debt, equity, offtake and contractor financing.

Andrew Hockey, CEO of IOG, said:

"We have made excellent progress in the first half of this year as we focus our efforts on realising the potential of our SNS gas hubs. The completion of the acquisition of the Thames Pipeline transforms the viability of this project providing a stable export route for our gas straight to the currently import-dependent UK market. We are delighted with the progress we are making on advancing this project towards production and look forward to making further updates in due course.

We are also pleased to have been successful in the 30th UKCS Licensing Round where our targeted approach resulted in the award of all three licences for which we applied, adding significant resources to our portfolio."

Certain information communicated in this announcement was, prior to its publication, inside information for the purposes of Article 7 of Regulation 596/2014.

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Notes

About Independent Oil and Gas

IOG owns substantial low risk, high value gas Reserves in the UK Southern North Sea. The Company is targeting a 2P peak production rate in excess of 200 MMcfd (c. 35,000 Boe/d) from its substantial current portfolio (2P Reserves of 303 BCF) via an efficient hub strategy. Alongside this it continues to pursue value accretive acquisitions, to generate significant shareholder returns. All IOG's licences are owned 100% and operated by IOG.

Further information can be found on www.independentoilandgas.com.

The Directors present their interim report of operations and unaudited consolidated financial statements of Independent Oil and Gas plc ("the Company") and its subsidiaries ("the Group") for the six months ended 30 June 2018. All amounts are shown in Pounds Sterling, unless otherwise stated.

This interim financial report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the Interim Report which has not been audited by the Company's auditors. In addition to the results for the first six months of 2018 ("1H 2018"), comparative information is provided for the six months ended 30 June 2017 ("1H 2017"). Comparative information for the Group's financial position is also provided the year ended 31 December 2017 ("FY 2017").

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Chief Executive Review

The first half of 2018 has seen real progress on all fronts for IOG on our UK SNS projects. We have made further strides toward our goal of bringing otherwise bypassed indigenous gas into the import-dependent UK market safely and at a low unit cost, generating material cash flows for the Group and returns for investors.

In April, we completed the acquisition of the 24-inch Thames Pipeline from owners Perenco UK Limited, Tullow Oil SK Limited and Spirit Energy Resources Limited for a nominal sum. We also worked closely with the UK Oil & Gas Authority ('OGA'), the UK government Department for Business, Energy & Industrial Strategy ('BEIS') and the Health & Safety Executive ('HSE') resulting in our appointment as pipeline operator. The recommissioning of PL370 will unlock the value of our gas assets by providing us with a low-cost export route to the UK gas market at Bacton Terminal on the North Norfolk coast. This view has been supported in 1H 2018 by external surveys of PL370 carried out by the vessel, MV Fugro Galaxy, and by an extensive pigging and pressure test campaign which demonstrated its internal integrity. Assessment of the Bacton facilities has continued with engineering studies underway to define the best approach to refurbishing the Thames Reception Facility.

In May our 100% owned gas portfolio consisting of; (i) 303 BCF of Proven and Probable ('2P') Reserves at the Blythe and Vulcan Satellites Hubs (Post Tax NPV10 of £321 million); and (ii) our exciting appraisal opportunity Harvey with 114 BCF best estimate Prospective Resources, was augmented by the offer of three new licences in the 30th UKCS Offshore Licensing Round where we targeted opportunities within range of our own infrastructure. As well as securing 100% of the Harvey asset, the awards for Goddard (189 BCF mid case management estimate) and Abbeydale (11 BCF mid case management estimate) with existing discoveries on structure represent a material addition to our resource base.

The Field Development Plans ('FDP's) submitted to the OGA have been optimised in 1H 2018 to reflect a two - phase development, with Phase 1 comprising the Blythe, Elgood and Southwark Fields and Phase 2 comprising the Nailsworth and Elland fields. EIAs were submitted to BEIS in January and April for the Blythe and Vulcan Satellite Hubs respectively and will support the FDP approval process.

We continue to plan to develop our assets at Blythe, Southwark, Nailsworth and Elland via four simple unmanned wellhead platforms and a subsea tieback at Elgood, with up to ten long reach wells to be drilled in total. FID is planned for Q4 2018 and first gas is planned for late Q2 2020.

At Harvey we continue to see material upside, sufficient to double the size of the Blythe Hub and are targeting drilling the Harvey appraisal well in January 2019. Activity in 1H 2018 has focused on the reprocessing of 3D seismic over Harvey to best define and de-risk the well location.

In support of our plans, discussions are ongoing with drilling rig owners, well construction service providers and subsea and pipeline fabrication and installation contractors alongside the arrangements already in place with Heerema Fabrication (platform design and fabrication) and ODE (operations, maintenance and pipeline operations).

Successful development execution requires firm funding to be in place at FID. The progress made in 1H 2018 was due in large part to the funding provided to us in the form of a new £10 million convertible loan in February by our largest stakeholder LOG, with a conversion price of 19p per share. I am pleased to say this new loan has given the Company scope to execute the necessary pigging, surveys and engineering studies to reach FID, targeted for Q4 2018. Post period end we were also pleased to announce the agreement of terms with LOG for a £15 million loan to fund the Harvey appraisal well, pay down the remaining Skipper well creditors and support the project through to FID. We were also delighted to see Swiss investment house Burggraben acquire a 10% stake in the Company throughout May and early June, reinforcing our belief in the current development strategy.

Regarding post-FID development funding, in addition to conventional debt and equity finance, the Company continues to progress options to utilise finance linked to gas off-take. Debt markets for independent oil and gas operators have normalised considerably after the period of low oil prices and weak profitability in the North Sea between 2014 and 2016. The Company's independently assessed 2P reserves of 303 BCF, equivalent to 54 MMBoe, provides a solid footing to secure an optimal development funding package for the portfolio during Q4 2018.

The Company needs a high-quality team of individuals to progress the project through development and this year, we have strengthened our capability at all levels of the organisation. In February, I am pleased to say I assumed the role of Chief Executive and Mark Routh stepped up to be Non-Executive Chairman. Andrew Hay left the Board and we thank him for his service. In April, we welcomed Mark Hughes to the executive team and Board as Chief Operating Officer. Mark has considerable recent relevant SNS experience in development engineering and management with RWE Dea and Gaz de France. Post period end we appointed Fiona MacAulay as Independent Non-Executive Director. Fiona brings a wealth of technical experience to the Board and is CEO of AIM-listed Echo Energy plc.

In conclusion, I am happy to say that the Company is now progressing towards FID and financing which will ultimately unlock both cash flow generation from our SNS gas fields and the major upside at our Harvey appraisal opportunity.

I would like to thank all shareholders for their support throughout the year, and I look forward to furthering both the Group and Company's progress in 2H 2018 and beyond.

Andrew Hockey

Chief Executive Officer

27 September 2018

Operational Review

UK – Southern North Sea ('SNS')

Thames Pipeline

Completion of the acquisition of PL370 from Perenco UK Limited, Tullow Oil SK Limited and Spirit Energy Resources Limited occurred on 16 April 2018.

The vessel MV Fugro Galaxy mobilised in late January 2018 and as part of its work programme carried out a pipeline and route survey along PL370.

Preparation for the IPP commenced on 20 February 2018 with onshore mechanical preparation work at the Bacton Terminal. The main IPP work took place in May 2018 and early June 2018. Three pipeline sections were cut 60km offshore and retrieved to surface and indicated that the pipeline is in extremely good condition. Two successful pipeline pressure tests confirmed pipeline integrity. Initial 60km gauge pigging runs from Bacton to the offshore tie-in point were successfully executed.

The initial IPP run gathered insufficient data due to technical malfunction with the pig and an alternative strategy was planned and presented to the HSE.

Post period end, an internal crawler-based measurement device was run between the Bacton terminal to a point 800m offshore to assess the line's internal and external condition. The resulting data analysis showed no internal corrosion nor external defects. This subsequently allowed a 150-bar pressure hydrotest and this was completed successfully.

Blythe

Blythe is planned to be developed with a single well tied back to the Thames pipeline via an unmanned platform ('NUI'). Platform FEED is complete. The MV Fugro Galaxy mobilised in late January 2018 and as part of its work programme carried out surveys across the Blythe Hub (Blythe and Elgood fields) in support of the development of the fields. At Blythe this work included site surveys for platform location and pipeline route surveys to the tie-in point at the Thames Pipeline and environmental sampling. The EIA for the Blythe Hub was submitted on 31 January 2018 in line with milestones agreed with the OGA.

IOG remains on track for Field Development Plan ('FDP') approval for Blythe by end of Q4 2018, in line with agreed OGA milestones. First gas is scheduled for late Q3 2020, subject to project financing. During development engineering studies in 1H 2018, it was decided to include Blythe as part of a Phase 1 development comprising Blythe, Elgood and Southwark and at end 1H 2018 the FDP was being amended accordingly.

Elgood

Elgood is planned to be developed with a single well tied back subsea to the Blythe NUI. The MV Fugro Galaxy mobilised in late January 2018 and as part of its work programme carried out surveys across the Blythe Hub (Blythe and Elgood fields) in support of the development of the fields. At Elgood this work included site surveys for pipeline route surveys to the tie-in point at the Thames Pipeline and environmental sampling. The EIA for the Blythe Hub was submitted on 31 January 2018 in line with milestones agreed with the OGA.

IOG remains on track for FDP approval for Elgood by end of Q4 2018, in line with agreed OGA milestones. First gas is scheduled for Q1 2021, subject to project financing. During development engineering studies in 1H 2018 it was decided to include Elgood as part of a Phase 1 development comprising Blythe, Elgood and Southwark and at end 1H 2018 the FDP was being amended accordingly.

Vulcan Satellites

The Vulcan Satellites are planned to be developed with NUIs at Southwark (three wells), Elland (two wells) and Nailsworth (three wells), all tied back into PL370. Platform FEED is complete.

The MV Fugro Galaxy mobilised in late January 2018 and as part of its work programme carried out surveys across the Vulcan Satellites Hub (Southwark, Nailsworth and Elland fields) in support of the development of the fields. This work included site surveys for platform locations and pipeline route surveys to the tie-in point at the Thames pipeline and environmental sampling. The EIA for the Vulcan Satellites Hub was submitted in April 2018 in line with milestones agreed with the OGA.

During development engineering studies in 1H 2018 it was decided to include Southwark as part of a Phase 1 development comprising Blythe, Elgood and Southwark and at end 1H 2018 the FDP was being amended accordingly. Elland and Nailsworth will be developed in Phase 2 of the development.

IOG remains on track for FDP approval for Phase 1 including Blythe, Elgood and Southwark by end of Q4 2018, in line with agreed OGA milestones. First gas is scheduled at Southwark for late Q2 2020 subject to project financing.

Harvey

IOG has a licence commitment to drill an appraisal well on P2085 Harvey by December 2019 and is planning to accelerate this to January 2019, assisted by the recent £15 million financing from key stakeholder LOG. Contractor and rig selection are underway and will be complete by the end of Q3 2018. In the first half of 2018 work on P2085 has focused on reprocessing existing 3D seismic data to pre-stack depth migration level with Schlumberger WesternGeco to define the optimum location for this well.

Bacton

FEED commenced on the work required to receive Phase 1 gas from the Thames pipeline into the reception facilities and then on through the Perenco managed processing plant and thus to the National Transmission System ('NTS'). Commercial discussions also commenced with the plant owners to define tariffing terms and modification requirements.

30th Licensing Round Awards (announced 23 May 2018)

Harvey South East P2441:

IOG was offered Block 48/24a in the 30th UKCS Seaward Licensing Round and has accepted licence P2441 which contains the easternmost extension of the Harvey structure and several other dormant discoveries and prospects. On this licence the work commitment is to reprocess existing 3D seismic data to pre-stack depth migration level which has been covered by the work completed post period end with Schlumberger WesternGeco across Blocks 48/24a and 48/24b.

Gross Prospective Resources in the Harvey structure are judged to be 45/114/286 BCF (Low/Best/High Estimates) in the ERCE Competent Persons Report dated November 2017 and the award of 48/24a has secured all this volume for IOG in conjunction with licence P2085.

Resources in the other discoveries and prospects on the block will be subject to evaluation and appraisal following the results of the 3D seismic reprocessing.

Goddard P2438:

IOG was offered Blocks 48/11c & 48/12b in the 30th UKCS Seaward Licensing Round and has accepted licence P2438 which contains Goddard, hitherto known as Glein, which is a dormant gas discovery proved up by five wells drilled between 1985 and 2010. Management estimates of the contingent resources on Goddard are 1C/2C/3C 45/189/396 BCF. The work commitment on this licence is to reprocess existing 3D seismic data to pre-stack depth migration level and to drill one firm well within 3 years from licence start date on 1 October 2018.

Abbeydale P2442:

IOG was offered Block 53/1b in the 30th UKCS Licensing Round and has accepted licence P2442 which contains the Abbeydale dormant gas discovery, hitherto known as Aberdonia, which was discovered in 1996. On this licence the work commitment is to reprocess existing 3D seismic data to pre-stack depth migration level.

Management estimates contingent resources on Abbeydale are 1C/2C/3C 5/11/24 BCF. The new 3D seismic work program is expected to increase these estimates to more commercial levels with a view to tying into IOG's Thames pipeline as the export route.

UK – Northern North Sea ('NNS')

Skipper

The Company's focus remains on its SNS operated gas hubs. At Skipper, a reservoir engineering study has been commissioned to inform our technical understanding of the licence ahead of the licence expiry in February 2019. The project remains commercially unattractive owing to the heavy nature of the oil.

Andrew Hockey
Chief Executive Officer
27 September 2018

Financial Review

Income statement

The post-tax loss for the first six months of 2018 was £2.56 million, compared to £1.41 million for the first six months of 2017 and £2.75 million for full year 2017.

The current period loss includes charges of £0.48 million for other administration expenses (1H 2017 – £0.31 million), impairment charges of £0.15 million (1H 2017 - £nil), project and pre-acquisition expenses of £0.29 million (1H 2017 - £0.55 million), a net loss on settlement of creditors of £0.11 million (1H 2017 - £0.04 million), an exchange loss of £0.13 million (1H 2017 - £0.14 million gain) and finance expenses of £1.40 million (1H 2017 - £0.66 million).

The exchange loss of £0.13 million for the current period, compared to a gain of £0.14 million for the equivalent period of 2017 reflects fluctuations in exchange rates for US$ denominated trade and loan creditors.

Finance expenses include £0.49 million (1H 2017 - £0.17 million) of loan and financing charges calculated on an effective interest rate basis, plus £0.91 million (1H 2017 - £0.49 million) of accrued loan and other interest, net of capitalised interest charged to development assets.

Statement of financial position

Oil and gas properties held as non-current assets of £34.82 million at 30 June 2018 (31 December 2017 - £21.50 million) represents capital expenditures assigned to the Thames Pipeline together with capital expenditures on the Group's Blythe, Elgood and Vulcan Satellites pre-development interests, plus expenditures on the Harvey appraisal property. Current assets include £0.30 million UK VAT receivable (31 December 2017 - £0.29 million). Current liabilities include an amount of £2.88 million due to LOG (31 December 2017 - £nil) representing amounts due on loan facilities and £1.71 million owing to Oyster Petroleum Holdings Limited (31 December 2017 - £1.64 million) representing deferred consideration payable on approval of the Vulcan Satellites' Hub FDP, estimated 1 October 2018. Other current liabilities include trade and other creditors of £7.91 million (31 December 2017 - £4.83 million) including deferred amounts owing to both GE Oil & Gas UK Ltd and Transocean Drilling UK Limited in respect of the Skipper well drilled in 2016. Non-current liabilities include £22.19 million owing to LOG (31 December 2017 - £12.39 million) representing amounts due on loan facilities less prepaid financing costs. Also included are provisions of £4.58 million (31 December 2017 - £4.37 million) for deferred consideration payable on first gas from both Blythe and the Vulcan Satellites, estimated 1 January 2020. There is also a decommissioning provision of £3.60 million (31 December 2017 - £3.60 million) representing the abandonment liability which was included as part of the Vulcan Satellites' acquisition in October 2016.

Cash flow

After adjustment for non-cash items, cash used in operations was £1.88 million (1H 2017 – £0.84 million). Investing activities comprised the purchase and acquisition of oil and gas properties of £5.30 million (1H 2017 - £0.70 million). This was principally funded through net borrowings of £11.68 million (1H 2017 - £1.45 million). The cash balance at the end of the period was £4.61 million (31 December 2017 - £0.15 million).

Funding and liquidity

The Board has reviewed the Group's cash flow forecasts up until December 2019 having regard to its current financial position and operational objectives. These forecasts indicate that the Group will need additional funding to enable it to meet its liabilities as they fall due in the next eighteen months. The Board is satisfied that the Group will have sufficient financial resources available to meet its commitments based on the amount of available cash within the Group, its existing debt facilities that can be drawn down, the likelihood of it being able to secure additional funding from existing stakeholders or new investors and to agree either the rescheduling of certain existing liabilities to creditors or conversion of such amounts to equity. Additionally, the Group can cut discretionary expenditure and reduce financing requirements further. Accordingly, the Board continues to adopt the going concern basis for the preparation of this financial information.

Risks and uncertainties

The Group operates in the oil and gas industry, an environment subject to a range of inherent risks and uncertainties. Being at an early stage in the Group lifecycle, the prime risks to which the Group is subject to are the access to sufficient funding to continue its operations, the status and financing of its partners, changes in cost and reserves estimates for its assets, operational delays and failures, changes in forward commodity prices and the successful development of its oil and gas reserves. Further details can be found in the audited Financial Statements for the year ended 31 December 2017.

Key performance indicators

The Group's main business is the acquisition and exploitation of oil and gas acreage. Non-financial performance is tracked through the accumulation of licence interests and the successful discovery and exploitation of oil and gas reserves.

Outlook

The Company made excellent progress in the first half of 2018, focusing its efforts on realising the potential of its SNS gas hubs. The completion of the acquisition of PL370 and the demonstration of its viability transforms this project as we can provide a stable export route for the Company's gas assets straight to the UK market and NTS. Progress is also being made on funding the project through development to production. The effectiveness of our strategy has also been demonstrated by the very encouraging additions to the portfolio acquired in the 30th UKCS Seaward Licensing Round.

Andrew Hockey
Chief Executive Officer
27 September 2018

Independent Oil and Gas plc

Consolidated statement of comprehensive income
for the six months ended 30 June 2018

	Unaudited 1H 2018 £000	Unaudited 1H 2017 £000
Other administration expenses	(479)	(305)
Impairment of oil and gas properties	(151)	-
Project, pre-acquisition and exploration expenses	(288)	(546)
Net loss on settlement of liabilities	(106)	(37)
Foreign exchange (loss)/gain	(128)	138
Total administration and other expenses	(1,152)	(750)
Operating loss	**(1,152)**	**(750)**
Finance expenses	(1,403)	(663)
Loss for the period before tax	**(2,555)**	**(1,413)**
Taxation	-	-
Total comprehensive loss for the period attributable to equity holders of the parent	**(2,555)**	**(1,413)**
Loss for the period per ordinary share – basic	**(2.1) p**	**(1.3) p**
Loss for the period per ordinary share – diluted	**(2.1) p**	**(1.3) p**

The loss for the period arose from continuing activities.

Independent Oil and Gas plc

Consolidated statement of changes in equity
for the six months ended 30 June 2018

	Share capital	Share premium	Share- based payment reserve	Accumulated losses	Total equity
Group	**£000**	**£000**	**£000**	**£000**	**£000**
At 1 January 2017	1,093	20,460	2,885	(28,738)	(4,300)
Loss for the year	-	-	-	(2,751)	(2,751)
Total comprehensive expense attributable to owners of the parent	-	-	-	(2,751)	(2,751)
Transactions through Equity					
Settlement of creditors via issue of shares	105	1,877	-	-	1,982
Lapse of warrants	-	-	(10)	10	-
Issue of share options	-	-	298	-	298
Exercise of share options	5	-	(74)	74	5
	110	1,877	214	84	2,285
At 31 December 2017 (Audited)	**1,203**	**22,337**	**3,099**	**(31,405)**	**(4,766)**
Loss for the period	-	-	-	(2,555)	(2,555)
Total comprehensive expense attributable to owners of the parent	-	-	-	(2,555)	(2,555)
Transactions through Equity					
Issue of share options	-	-	148	-	148
Exercise of share options	33	-	(750)	750	33
	33	-	602	750	181
At 30 June 2018 (Unaudited)	**1,236**	**22,337**	**2,497**	**(33,210)**	**(7,140)**

Share capital
Amounts subscribed for share capital at nominal value.

Share premium
Amounts received on the issue of shares, more than the nominal value of the shares, less issue costs.

Share-based payment reserve
Amounts reflecting fair value of options and warrants issued.

Accumulated losses
Cumulative net losses recognised in the Statement of Comprehensive Income net of amounts recognised directly in equity.

Independent Oil and Gas plc

Consolidated statement of financial position
at 30 June 2018

	Unaudited 30 June 2018 £000	Audited 31 December 2017 £000
Non-current assets		
Intangible assets: exploration & evaluation	450	185
Intangible assets: other	2	1
Property, plant and equipment: development & production	34,367	21,316
Property, plant and equipment: other	45	20
	34,864	**21,522**
Current assets		
Other receivables and prepayments	357	968
Cash and cash equivalents	4,609	145
	4,966	**1,113**
Total assets	**39,830**	**22,635**
Current liabilities		
Loans	(2,875)	-
Trade and other payables	(13,719)	(7,038)
	(16,594)	**(7,038)**
Non-current liabilities		
Loans	(22,194)	(12,394)
Provisions	(8,182)	(7,969)
	(30,376)	**(20,363)**
Total liabilities	**(46,970)**	**(27,401)**
NET (LIABILITIES)	**(7,140)**	**(4,766)**
Capital and reserves		
Share capital	1,236	1,203
Share premium account	22,337	22,337
Share-based payment reserve	2,497	3,099
Accumulated losses	(33,210)	(31,405)
Total equity	**(7,140)**	**(4,766)**

Independent Oil and Gas plc

Consolidated cash flow statement
for the six months ended 30 June 2018

	Unaudited 1H 2018 £000	Unaudited 1H 2017 £000
Loss after tax	(2,555)	(1,413)
Adjustments for:		
Depreciation and amortisation	3	3
Exploration asset write off	151	-
Loss on settlement of liabilities	106	37
Share based payments	67	131
Movement in other receivables	(497)	(76)
Movement in trade and other payables	(610)	(45)
Interest received	(1)	-
Interest and financing fees	1,404	663
Foreign exchange loss/(gain)	53	(138)
Net cash used in operating activities	**(1,879)**	**(838)**
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	(5,296)	(701)
Interest received	1	-
Acquisitions	-	-
Net cash used in investing activities	**(5,295)**	**(701)**
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Group	33	7
Cash received from loans (net of costs)	11,681	3,471
Amounts repaid on loans	-	(2,019)
Interest and financing fees paid	(76)	(3)
Net cash generated from financing activities	**11,638**	**1,456**
Increase/(decrease) in cash and cash equivalents in the period / year	4,464	(83)
Cash and cash equivalents at start of period / year	145	247
Cash and cash equivalents at end of period / year	**4,609**	**164**

Notes

(i) Basis of preparation

The financial information contained in this announcement does not constitute statutory financial statements within the meaning of Section 435 of the Companies Act 2006. The financial information for the six months ended 30 June 2018 is unaudited. It is prepared in accordance with the same accounting policies as used for the year ended 31 December 2017 and those which are anticipated to be relevant to the financial statements for the year ended 31 December 2018. In the opinion of the directors the financial information for this period fairly presents the financial position, results of operations and cash flows for the period in compliance with IFRS.

IFRS 9 'Financial Instruments'

The Group does not foresee any major impact following the adoption of IFRS 9 and no accounting adjustments have been made, with reference to the LOG loans, in the financial statements for the six months to 30 June 2018. This will be reviewed, and potential adjustments made, in the financial statements for the year ended 31 December 2018. The Group's accounting policy has been revised to reflect the requirements of IFRS 9.

The Group's accounting policy for IFRS 9 is set out below:

a) *Classification of financial assets and financial liabilities*
IFRS 9 requires the use of two criteria to determine the classification of financial assets: the entity's business model for the financial assets and the contractual cash flow characteristics of the financial assets. IFRS 9 goes on to identify three categories of financial assets - amortised cost; fair value through profit or loss (FVTPL); and fair value through other comprehensive income (FVOCI). The accounting for the Group's financial liabilities remains largely the same as it was under IAS 39. Akin to the requirements of IAS 39, IFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in the statement of profit or loss.

b) *Impairment*
IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The new impairment model applies to the Group's loan commitments. The IFRS 9 impairment model requiring the recognition of 'expected credit losses', in contrast to the requirement to recognise 'incurred credit losses' under IAS 39, has not had any impact on the Group's financial statements.

Trade receivables are generally settled on a short time frame and the Group's other financial assets are due from counterparties without material credit risk concerns at the time of transition.

The comparatives for the full year ended 31 December 2017 are not the Company's full statutory accounts for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified, did not include references to any matters to which auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

(ii) Loss per share

The calculation of loss per share is based upon the weighted average number of ordinary shares in issue during the period of 121,246,613 (30 June 2017: 109,305,966). Diluted loss per share is calculated based upon the weighted average number of ordinary shares plus the weighted average number of ordinary shares that would be issued upon conversion of potentially dilutive share options and warrants into ordinary shares. As the result for all three periods presented was a loss, the calculation of the diluted LPS was anti-dilutive and therefore the potential ordinary shares were ignored for the purposes of calculating diluted LPS. The weighted average number of ordinary shares on a diluted basis at 30 June 2018 is 149,393,771.

(iii) Dividend

The Directors do not recommend payment of a dividend.

(iv) Post Balance Sheet Events

a) *£15M Loan Facility*
An additional £15M loan facility was signed with LOG on 13 September 2018, primarily to fund the Harvey appraisal well, forecast spud date January 2019. This incorporates the issue of 20 million warrants to LOG, with an expiry date of 5 years following drawdown of the facility.

b) *First Gas – Southwark & Blythe*
First gas is now anticipated in late Q2 2020 for Southwark and late Q3 2020 for Blythe.

Independent Oil and Gas plc

INFORMATION & ADVISERS

Country of incorporation of parent company

United Kingdom

Legal form

Public limited company with share capital

Directors

Mark Routh
Andrew Hockey
Mark Hughes
Rt. Hon. Charles Hendry
Martin Ruscoe
Fiona MacAulay

Registered office

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Company registered number

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