30 September 2015

Independent Oil and Gas plc

Interim Results 2015

Independent Oil and Gas plc ("IOG" or the "Company") (AIM: IOG.L), the North Sea focused Oil and Gas Company, announces its interim results for the six month period ended 30 June 2015.

Highlights:

- Sale and Purchase Agreement to acquire the 50% of licence P1609 containing the Skipper discovery from Alpha Petroleum Resources Ltd. signed and the completion date has been extended to 7 December 2015.
    - Upon completion of the acquisition and regulatory approvals, IOG will become Operator of the licence, with a 100% interest
    - IOG's independently verified 2C resources will increase by 13.1 MMBbls.
- 3D seismic remapping project with Baker Hughes RDS over its Southern North Sea gas portfolio commenced with positive initial results.
- Block 48/22c increased by 42km² to the South and now contains the Hambleton discovery.
- Loss after tax of £0.20 million (1H 2014 – £1.47 million),
- Cash resources as at 30 June 2015 of £0.03m (31 December 2014 - £0.32m). Subsequently the Company raised £0.2m through share subscriptions and continues to use its cash resources judiciously.

Post period end:

- Licence P1609, extended by the Oil and Gas Authority ("OGA") to 31 December 2015.
- Positive progress made towards drilling the Skipper well with a contractor led approach to funding. Planning is now at an advanced stage and essential long lead items have been ordered to facilitate drilling later in 2015.
- Advanced discussions ongoing with a number of service companies including rig owner, well operator, subsea equipment supplier and an essential rig services provider.
- Service providers have provided indications of support either to part-fund the well, defer payment or to provide loans to secure their participation in the appraisal well and subsequent development. Total expected commitments are estimated at approximately £7 million.
- Terms agreed with AGR Well Management to assist with the well planning and to become the designated well operator on completion of the Skipper acquisition, subject to the completion of documentation.
- Discussions with FPSO providers are ongoing for the Skipper field development.
- The Group's current cash balance only gives the Directors comfort that its liquid reserves are sufficient to satisfy its near term general and administrative costs until late October 2015 but not any operational work
- Accordingly, the Group continues to seek additional funding which may include a partial farm down of assets, an additional debt facility or an equity fundraising.
- Discussions with several funders ongoing and Darwin Strategic has agreed to extend its outstanding loan to 7 December 2015.

Mark Routh, CEO of IOG, said:

"The Company has been working hard to continue the development of our portfolio, both towards the drilling of the Skipper well and de-risking our Southern North Sea gas hub. These efforts continue amid a very challenging industry environment with the significant ongoing cyclical downturn in commodity prices.

We are making good progress on an innovative funding solution to enable the Skipper appraisal well to be drilled in the coming months and are confident this will provide a substantial uplift in terms of reserves and Company value. IOG has a strong team and we are very encouraged by the support shown by all of our stakeholders including investors, creditors, contractors, services providers and regulators to achieve our development plans in the face of this downturn and deliver shareholder value."

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Independent Oil and Gas plc

Interim report
for the six months ended 30 June 2015

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 2015. 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 half-yearly financial report which has not been reviewed by the Company's auditors. In addition to the results for the first six months of 2015 ("1H 2015") comparative information is provided for the six months ended 30 June 2014 ("1H 2014") and the year ended 31 December 2014 ("FY 2014").

As disclosed in note 1**,** the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs). 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.

Chief Executive's Review

The Company has been working hard to continue the development of our portfolio, both towards the drilling of the Skipper well and de-risking our Southern North Sea gas hub. These efforts continue amid a very challenging industry environment with the significant ongoing cyclical downturn in commodity prices. We are very encouraged by the support shown by all of our stakeholders including investors, creditors, contractors, services providers and regulators to achieve our development plans in the face of this downturn.

During this period and subsequently, we have made good progress with respect to the Skipper heavy oil discovery in the Northern North Sea. In June 2015, IOG signed an SPA to acquire the 50% of the P1609 Skipper discovery licence that we did not already own from our licence partner Alpha Petroleum Resources Limited ("Alpha"). Completion of the transaction, with IOG becoming Operator with 100% working interest in this attractive licence, is conditional upon confirmation of funding for the appraisal well and approval from the OGA. This will be an important milestone for IOG, increasing our independently verified 2C resources by 13.1 MMBbls (based on a 19% recovery factor, which we believe to be conservative). In September 2015, this SPA was extended until 7 December 2015 to allow us sufficient time to complete the funding of the key Skipper appraisal well.

Just as importantly, in August 2015 the OGA granted IOG an extension of the P1609 Skipper licence until 31 December 2015, to allow us enough time to drill the commitment appraisal well. At a challenging time to fund and drill wells in the North Sea, this support from the OGA is highly appreciated. The Skipper appraisal well is a transformational yet low risk well which we believe could increase our reserves from 3 MMBoe to more than 30 MMBoe. The primary aim of the well is to retrieve an oil sample in order to design the optimum field development plan. It will also target two exploration prospects directly beneath the Skipper oil discovery which may contain additional oil in place of 46 MMBbls.

In March 2015, Block 48/22c containing the Elgood discovery, awarded 100% to IOG in the UK 28th offshore licensing round, was increased by 42km^2 to the south and now also contains the Hambleton discovery. Hambleton was discovered by Century Exploration in 2005 and currently has a base case of recoverable resources of 6 BCF. We were delighted to be awarded the increased area we requested on this licence which potentially increases the commercial resources within our SNS gas hub. With the uncertainty surrounding the mapping and interpretation of the 3D seismic data in this area, IOG believes that the reprocessing of existing 3D seismic data could increase recoverable resources up to 26 BCF and could therefore be potentially tied-back to the nearby Blythe development that is 50% owned by IOG.

In May 2015, IOG commenced the 3D seismic remapping project with Baker Hughes RDS over its Southern North Sea gas portfolio. The first phase of this focused on our core SNS area including Elgood, Cronx & Blythe with the aim of removing uncertainties relating to commercial volumes at both the Cronx and Elgood discoveries. The remapping work has confirmed the volumes over our core asset in Blythe where there is high structural relief on its mapped closure. However there continues to be some uncertainty in the interpretation of the 3D seismic data for those structures with lower structural relief, such as Cronx and Elgood. A recommendation from the final report is to acquire the original 3D data set, reprocess it using modern techniques, re-do the depth conversions and re-map the whole area.

The cyclical low in commodity prices currently faced by the industry requires management teams to be very resourceful and capital efficient. We continue to explore alternative financing arrangements and are particularly focused on securing a funding solution for the Skipper appraisal well. We are in advanced discussions on a contractor-led approach with a rig owner, well operator, subsea equipment supplier and a large rig services provider. This solution would entail the provision of well services and equipment on a full cost deferral basis, partially deferred costs for a semi-submersible rig and for essential rig services and the potential provision of loan finance from a global equipment supplier to bridge any funding gap for the well. These indications of support are very pleasing and we aim to have the funding solution completed in the near future.

We have also been able to defer existing liabilities with Darwin Strategic from June to December 2015, without the levy of any fees or interest. This flexibility from Darwin has been helpful to give IOG scope to achieve the Skipper well funding solution.

Following a presentation by Alpha and IOG in August 2015, the OGA granted a 15-month extension to the Blythe licence until 31 December 2016. A condition of this extension is that Alpha and IOG must submit a draft Field Development Plan for the asset by 31 December 2015. Discussions with local infrastructure owners are ongoing to agree the export route for the Blythe gas which is the final outstanding aspect of the field development plan.

The commodity price cycle has brought renewed scrutiny of financial and operational aspects of the upstream industry, particularly in the North Sea. That said, we are also witnessing a significant reduction in cost structures across the industry as well as evolution of the fiscal and regulatory framework, including the initiation of the Oil and Gas Authority in the UK. We thank our shareholders for their continued support in this tough environment and look forward to providing further news shortly regarding the Skipper appraisal well, progress on the Field Development Plan for Blythe and development plans for our wider SNS gas hub.

Operational review

Skipper

The Skipper oil discovery is in Block 9/21a in the Northern North Sea in licence P1609. Skipper needs further appraisal by drilling a well to retrieve an oil sample in order to design the optimum field development plan for the field. Skipper has independently verified gross 2C resources of 26.2 MMBbls.

As announced on 28 August 2015, the licence was extended to 31 December 2015 with a commitment well to be drilled by that date. Furthermore, as first announced on 3 June 2015, IOG has signed an SPA with Alpha to acquire the other 50% of the licence, as well as Operatorship. This remains contingent on IOG being funded for the commitment well as well as OGA approval of IOG as Operator. Subject to the completion of this acquisition, IOG can progress to the appraisal and development stage of this asset.

IOG has had great support from the contractor and oil services community including a rig owner to help get this important well, funded and drilled. This would involve approximately £7 million of costs either being deferred or provided in the form of loans. One of these parties is AGR Well Management who are assisting with well planning and will be the designated Well Operator under the Offshore Safety Directive in due course, subject to final agreement and OGA approval. IOG is also speaking with several additional parties who may provide additional funding to help get the well funded. Whilst good progress is being made, there can be no certainty that these positive contractor and funder conversations will lead to the well ultimately being drilled.

In addition to obtaining an oil sample, the appraisal well will also target two exploration prospects directly beneath the Skipper oil discovery which may contain oil in place of 46 MMBbls. IOG is planning to drill the appraisal well in 4Q 2015/1Q 2016. First oil target from the Skipper development is 2018.

Blythe

As announced on 28 August 2015, the licence was extended to 31 December 2016 with a commitment to submit a draft Field Development Plan application before 31 December 2015.

The Blythe gas discovery straddles Blocks 48/22b and 48/23a in the Southern North Sea in licence P1736 which is 50% co-owned by IOG and Alpha (operator). Blythe needs no further appraisal and has independently verified gross 2P reserves of 34.3 BCF (6.1 MMBoe) which is 17.2 BCF (3.0 MMBoe) net to IOG.

In conjunction with IOG, Alpha has instigated a review of offtake options with the aim of ensuring the most efficient and cost effective route. The partnership will submit a draft Field Development Plan for Blythe by the end of 2015 for development via a single horizontal tri-lateral well. First gas target is Q2 2017.

Blythe East Area - Truman and Harvey

A licence award over blocks 48/23a and 48/24b was announced in December 2013 and signed in February 2014. IOG has committed to acquire and reprocess 85 sq kms of existing 3D seismic data and to make a drill or drop decision by February 2016. IOG has identified two potential structures (Truman and Harvey) in the area in the Rotliegend Sandstone, one of which (Harvey) has confirmed gas shows when drilled by Arco in 1984.

Cronx

The Company announced on 5 March 2014 that it had agreed to acquire a 100% working interest in the Cronx licence (Block 48/22a, licence P1737) from Swift Exploration. The initial consideration of £100,000 has been paid with the balance of £368,000 to be paid upon completion with production milestone payments to be paid to Swift as previously detailed.

Completion of the acquisition remains subject to:

(i) approval of DECC/OGA to the transfer;
(ii) initial term of the licence being extended by DECC/OGA; and
(iii) approval by DECC/OGA of IOG as the operator of the licence.

The Cronx gas discovery is 14km north-west of the Blythe field in which IOG owns 50%. Cronx was discovered in 2007 by well 48/22b-6 drilled by Perenco UK Ltd. Cronx is most likely to be developed in conjunction with the Elgood discovery with export being either via Blythe or directly into nearby infrastructure.

Subject to rig availability, the necessary permits, a further licence extension and the securing of necessary funding – currently estimated to be in the region of £8 million – IOG anticipates drilling a pilot well into Cronx in 2016. IOG expects the well to confirm the recoverable resources, which IOG believes has the potential to be larger than the 17.6 BCF base case in the July 2012 CPR. The well would be reused and extended into a producing well as part of the field development.

IOG is currently evaluating options for the development and export of the Cronx gas. The base case development plan for Cronx is to tie it back to the Blythe hub. IOG is also considering tying Cronx back to other nearby existing infrastructure that could allow us to deliver first gas earlier than the base case.

Elgood

The Elgood Field was discovered in 1991 by well 48/22-4, drilled by Enterprise Oil. It is a good quality Rotliegend Leman sandstone reservoir that tested gas at rates in excess of 17 MMscfd. Gas was also tested from the Hauptdolomit interval 700 feet above the Leman interval but at low rates without stimulation.

IOG estimates that the gas in place at Elgood is 7 bcf (min), 19 bcf (Most Likely), 30 bcf (max), with recoverable gas resources of 5 bcf (min), 15 bcf (Most Likely) and 24 bcf (max). Elgood would likely be developed as part of a SNS gas hub alongside Cronx and/or Blythe.

Tetley & Rebellion

IOG estimates that the prospective gas in place at Tetley & Rebellion prospects on licence P2260 is 10 bcf (min), 26 bcf (Most Likely), 69 bcf (max), with prospective recoverable gas resources of 7 bcf (min), 20 bcf (Most Likely) and 44 bcf (max). Tetley also has a small oil resource with estimated OIIP of 1MMBbl (min), 5 MMBbls (Most Likely) and 14 MMBbls (max).

IOG is now working on the potential development plans and aims to commission a CPR to confirm the resources over this area.

Hambleton

As announced on 20 March 2015, Block 48/22c, previously awarded 100% to IOG in November 2014 in the 28th UK offshore licensing round, was increased by 42km² and now contains the Hambleton discovery. The Hambleton Field was discovered in 2005 by well 48/22c-5, drilled by Century Exploration. It is a good quality Rotliegend Leman sandstone reservoir that was not progressed to development due to its size and the prevailing gas prices at the time.

IOG estimates that the gas in place at Hambleton is 3 bcf (min), 8 bcf (Most Likely), 33 bcf (max), with recoverable gas resources of 2 bcf (min), 6 bcf (Most Likely) and 26 bcf (max). Seismic re-interpretation over this area will assist in determining the likely size of Hambleton.

Financial Review

The loss for the first six months of 2015 was £0.20 million, compared to £1.47 million for the first six months of 2014 and £12.14 million for full year 2014.

The current period loss includes charges of £0.18 million for other administrative expenses (1H 2014 – £0.50 million) and £0.20 million for share-based payments (1H 2014 – £0.66 million) offset by finance income of £0.17 million (1H 2014 - £0.14 million expense). The decrease in other administrative expenses reflects general cost reductions applied in response to more difficult market conditions. Share-based payments relate to the fair value of issued share options spread over their vesting periods with the bulk charged to 2014. Full year 2014 results included provisions for the impairment of oil and gas properties totalling £8.25 million with no further provisions made in the current period.

An exchange gain of £0.02 million for the current period compares to a gain of £0.04 million for the equivalent period of 2014 representing fluctuations in exchange rates for long-term US$ denominated loans. Finance income includes a gain of £0.25 million reflecting the realised value of shares sold under the funding facility with Darwin Strategic Limited (Darwin") compared to their lower carrying value.

Oil and gas costs held as non-current assets of £7.89 million at 30 June 2015 (31 December 2014 - £7.51 million) represent charges incurred on the Group's Skipper and Blythe pre-development interests plus work on other exploration licences. Current assets include £0.18 million (31 December 2014 - £0.31 million) in respect of the balance outstanding of subscription notes issued by Darwin, classified as a derivative financial asset, whilst current liabilities include a loan of £0.36 million (31 December 2014 - £0.46 million) outstanding to Darwin. Capital and reserves increased during the period from £5.98 million to £6.12 million through the issue of 609,500 new ordinary shares during the period plus share-based payment charges partly offset by the loss for the period.

After adjustment for non-cash items, cash used in operations of £0.28 million (1H 2014 – £0.64 million) plus the purchase of intangible exploration assets of £0.35 million (1H 2014 - £0.68 million) was funded through existing cash resources plus £0.26 million received in respect of derivative financial instruments under the Darwin facility, net of loans repaid, leaving a cash balance of £0.03 million at 30 June 2015 (30 June 2014 - £0.32 million). In addition, at 30 June 2015 £0.15 million was due to the Company from the shares issued in late June and was subsequently received and a further £0.05 million was subscribed for new ordinary shares issued in early July.

Funding

The Group's current cash balance only gives the Directors comfort that its liquid reserves are sufficient to satisfy its near term general and administrative costs until late October 2015, but not for any operational work, including the completion of the acquisition of Cronx, the drilling of the Skipper appraisal well and the development funding for Blythe. Accordingly, the Group continues to seek additional funding which may include a partial farm down of assets, an additional debt facility or an equity fundraising.

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 the prime risks to which the Group is subject 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 detail can be found in the audited Financial Statements for the year ended 31 December 2014.

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

IOG has excellent inherent value and significant upside potential in its portfolio, despite the challenging industry environment. Funding remains the key risk factor to develop our assets and we are making good progress on an innovative funding solution to enable the Skipper appraisal well to be drilled in the coming months. This well should provide a substantial uplift in terms of reserves and Company value. The Group is also seeking additional funding in order to satisfy its general and administrative costs past late October 2015.

IOG has a first rate team and we continue to identify opportunities to develop into a highly successful North Sea development and production company and deliver shareholder value."

Mark Routh
CEO

29 September 2015

Independent Oil and Gas plc

Consolidated statement of comprehensive income
for the six months ended 30 June 2015

	Note	Unaudited 1H 2015 £000	Unaudited 1H 2014 £000	Audited FY 2014 £000
Other administrative expenses		(184)	(506)	(693)
Impairment of oil and gas properties		-	-	(8,254)
Exploration costs written off		-	(204)	(641)
Share-based payments		(198)	(659)	(1,343)
Foreign exchange gain/(loss)		16	40	(77)
Total administrative and other expenses		(366)	(1,329)	(11,008)
Operating loss		**(366)**	**(1,329)**	**(11,008)**
Finance income/(expense)	3	168	(139)	(1,137)
Loss for the period before tax		**(198)**	**(1,468)**	**(12,145)**
Taxation	4	-	-	-
Total comprehensive loss for the period attributable to equity holders of the parent		**(198)**	**(1,468)**	**(12,145)**
Loss for the period per ordinary share – basic and diluted	5	**(0.29)p**	**(2.4)p**	**(19.2)p**

The loss for the period (2014: 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 2015

Group	Share capital £000	Share premium £000	Share-based payment reserve £000	Retained profit/ (deficit) £000	Total equity £000
At 1 January 2014	595	15,425	401	(1,484)	14,937
Share capital issued	56	1,350	-	-	1,406
Issue of warrants	-	(10)	10	-	-
Issue of share options	-	-	659	-	659
Loss for the period	-	-	-	(1,468)	(1,468)
At 30 June 2014	**651**	**16,765**	**1,070**	**(2,952)**	**15,534**
Share capital issued	41	409	-	-	450
Share issue costs	-	(11)	-	-	(11)
Issue of share options	-	-	684	-	684
Loss for the period	-	-	-	(10,677)	(10,677)
At 31 December 2014	**692**	**17,163**	**1,754**	**(13,629)**	**5,980**
Share capital issued	6	139	-	-	145
Issue of share options	-	-	198	-	198
Loss for the period	-	-	-	(198)	(198)
At 30 June 2015	**698**	**17,302**	**1,952**	**(13,827)**	**6,125**

Share capital
Amounts subscribed for share capital at nominal value.

Share premium account
Amounts received by the Company on the issue of its shares in excess of the nominal value of the shares.

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

Retained deficit
Cumulative net gains and 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 2015

	Note	Unaudited 30 June 2015 £000	Unaudited 30 June 2014 £000	Audited 31 December 2014 £000
Non-current assets				
Exploration and evaluation assets	6	**7,886**	**16,010**	**7,513**
Current assets				
Other receivables		156	56	3
Prepayments		-	52	-
Derivative financial asset		181	1,406	307
Cash and cash equivalents		26	323	398
	7	**363**	**1,837**	**708**
Total assets		**8,249**	**17,847**	**8,221**
Current liabilities				
Loans		(358)	(575)	(461)
Trade and other payables		(158)	(289)	(194)
	8	**(516)**	**(864)**	**(655)**
Non-current liabilities				
Trade and other payables	9	**(1,608)**	**(1,449)**	**(1,586)**
Total liabilities		**(2,124)**	**(2,313)**	**(2,241)**
NET ASSETS		**6,125**	**15,534**	**5,980**
Capital and reserves				
Called-up equity share capital	10	698	651	692
Share premium account	10	17,302	16,765	17,163
Share-based payment reserve	10	1,952	1,070	1,754
Retained deficit		(13,827)	(2,952)	(13,629)
		6,125	**15,534**	**5,980**

The financial statements were approved and authorised for issue by the Board of Directors on 29 September 2015 and were signed on its behalf by:

Peter Young
Director

Independent Oil and Gas plc

Consolidated cash flow statement
for the six months ended 30 June 2015

	Unaudited 1H 2015 £000	**Unaudited 1H 2014** £000	**Audited FY 2014** £000
Cash flows from operating activities			
Loss after tax	(198)	(1,468)	(12,145)
Adjustments for:			
Impairment of oil and gas properties	-	-	8,254
Finance cost of derivative asset	19	-	61
Interest on loans	38	17	100
Share-based payments	198	659	1,343
Foreign exchange	(16)	(40)	77
(Gain on)/impairment of derivative financial assets	(254)	-	831
Decrease of trade and other receivables	(10)	67	114
Increase in trade and other payables	(58)	127	118
Net cash used in operating activities	**(281)**	**(638)**	**(1,247)**
Cash flows from investing activities			
Purchase of intangible non-current assets	(350)	(676)	(520)
Net cash used in investing activities	**(350)**	**(676)**	**(520)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	-	-	450
Loans received/(repaid)	(121)	517	399
Amounts received from derivative financial instruments	380	-	196
Net cash generated from financing activities	**259**	**517**	**1,045**
Decrease in cash and cash equivalents in the period	(372)	(797)	(722)
Cash and cash equivalents at start of period	398	1,120	1,120
Cash and cash equivalents at end of period	**26**	**323**	**398**

Significant non-cash transactions:
On 4 June 2014 the Group issued 5,625,000 shares in exchange for £1,406,000 subscription notes.

1 Accounting policies

General Information

Independent Oil and Gas plc is a company domiciled in the United Kingdom. The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 include the accounts of the Company and its wholly-owned subsidiaries IOG North Sea Limited and IOG Skipper Limited, together referred to as the 'Group'.

Statement of significant accounting policies

These condensed consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union. These financial statements do not include all disclosures required in a complete set of annual financial statements and therefore should be read in conjunction with the Group's financial statements for the year ended 31 December 2014.

The principal accounting policies used in the preparation of the condensed consolidated financial statements for the six months to 30 June 2015 are consistent with those used in the preparation of the Group's audited financial statements for the year ended 31 December 2014 which have been filed with the Registrar of Companies. The IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union, International Accounting Standards and Interpretations (collectively "IFRSs") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS. The Independent Auditors' Report included in the statutory Annual Report for 2014 was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The Report did however include reference to matters to which the auditor drew attention by way of emphasis regarding Going Concern.

Going concern

The Directors have been considering a number of options in order to raise additional finance to fund the Group's ongoing oil and gas appraisal and development activities. The Darwin loan has been helpful in this regard but more funding will be needed before the end of October 2015.

The Directors consider that the Group has adequate working capital for basic general and administrative expenses only for several weeks and not for expected expenditure on all of the assets over this period including the Cronx acquisition and the Skipper well. New funds are expected to be raised either from partial farm downs of the assets, additional debt facilities or via new equity fundraisings. Accordingly, the Directors continue to adopt the going concern basis in preparing the interim report and accounts.

These conditions indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. These financial statements do not include the adjustments that would be required if the Group could not continue as a going concern.

2 Segmental information

The Group complies with IFRS 8, Operating Segments, which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors to allocate resources to the segments and to assess their performance. In the opinion of the Directors, the operations of the Group comprise one class of business, being the exploration and development of oil and gas opportunities in the UK North Sea.

3 Finance (income)/expense

	1H 2015 £000	1H 2014 £000	FY 2014 £000
Interest on loans	38	17	100
Finance cost of derivative asset	19	-	61
(Gain on)/impairment of derivative financial asset	(254)	-	831
Debt facility arrangement fees	-	116	-
Other finance expense	29	6	145
	(168)	**139**	**1,137**

4 Taxation

a) Current taxation

There was no tax charge during the period since the Group had no income. Expenditures to date will be accumulated for offset against future tax charges. The average standard rate applicable to the first six months of 2015 was 20.5% and to the first six months of 2014 was 22.0%.

b) Deferred taxation

Due to the nature of the Group's exploration activities there is a long lead time in either developing or otherwise realising the value of exploration assets. A deferred tax asset will only be created if there is reasonable certainty that profits will be earned in the foreseeable future.

5 Loss per share

The calculation of earnings per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

	1H 2015 £000	1H 2014 £000	FY 2014 £000
Loss for the period	198	1,468	12,145
Weighted average number of shares	69,264,601	60,153,401	63,303,336
Loss per share basic and diluted	**0.29p**	**2.4p**	**19.2 p**

6 Non-current assets

Oil and gas costs pending determination

	30 June 2015 £000	30 June 2014 £000	31 December 2014 £000
At cost:			
At beginning of the period	15,767	15,259	15,259
Additions	373	751	508
At end of the period	16,140	16,010	15,767
Write-downs at beginning of the period	(8,254)	-	-
Impairments	-	-	(8,254)
	(8,254)	-	(8,254)
Net book value:			
At 30 June/31 December	**7,886**	**16,010**	**7,513**
At 1 January	**7,513**	**15,259**	**15,259**

These costs comprise expenditures on the Group's Blythe and Skipper field interests plus some amounts on the newly awarded licence interests. The Blythe licence has been extended to 31 December 2016 and the Skipper licence to 31 December 2015.

Following the significant fall in oil prices in late 2014, an impairment test was carried out on the carrying value of the Group's exploration and evaluation assets and a charge of £8,254,000 was recognised in the 2014 statement of comprehensive income. This comprised £6,169,000 for Skipper and £2,085,000 for Blythe.

7 Current assets

	30 June 2015 £000	30 June 2014 £000	31 December 2014 £000
Share subscriptions due	145	-	-
Other receivables	11	56	3
Prepayments	-	52	-
Derivative financial asset	181	1,406	307
Cash and cash equivalents	26	323	398
	363	**1,837**	**708**

The derivative financial asset represents the carrying value of notes held in Darwin Strategic Limited. As the ultimate value of these notes is dependent upon the value of the Company's ordinary shares, an impairment of £831,000 was recognised against the carrying value of this asset and charged in the Group's profit and loss account in 2014 based upon the market value of the Company's ordinary shares of £0.675 at 31 December 2014 compared to £0.25 at the point of issue in June 2014. During the first half of 2015 1,871,206 ordinary shares were sold on the Company's behalf under the Darwin facility at average prices of £0.203 crystalizing gains totalling £254,000 recognised in the profit and loss account for 1H 2015.

8 Current liabilities

	30 June 2015 £000	30 June 2014 £000	31 December 2014 £000
Loans	358	575	461
Trade payables	62	91	21
Amounts due to joint venture partners	35	95	8
Accruals	61	103	165
	516	**864**	**655**

On 4 June 2014, Darwin made an unsecured loan to IOG of £517,500 which was to be repaid within the next 12 months. Repayment of the loan was to be £575,000 if made with six months with a further 5% added to any amount due thereafter with the balance due within twelve months. £121,000 of this loan was repaid in 1H 2015 (2014 - £118,000). The repayment date has subsequently been extended to 7 December 2015. If not paid by that date the lender will have the right to convert any outstanding balance into ordinary shares in the Company at 85% of the three lowest average daily prices in the preceding ten days.

9 Non-current liabilities

	1H 2015 £000	1H 2014 £000	FY 2014 £000
Trade creditors	**1,608**	**1,449**	**1,586**

During the first half of 2015 Group trade and other payables denominated in US$ were reduced by £16,000 (1H 2014 – £40,000) through changes to the £/US$ exchange rate.

Of the Group's total trade and other payables, £1,319,000 (31 Dec 2014 - £1,296,000) is due no later than 30 September 2016, this date having been extended by eighteen months from the previous repayment date of 31 March 2015. Effective 31 March 2015 the interest rate increased from 3% to 9% and 500,000 warrants will also be issued.

The balance of the Group's non-current creditors are not due until after sustained production is achieved from the Skipper field.

10 Equity share capital

	Number	Share capital £000	Share premium £000	Total £000
Allotted, issued and fully paid				
At 1 January 2014				
- Ordinary shares of 1 pence each	59,531,854	595	15,425	16,020
Equity issued	5,625,000	56	1,350	1,406
Equity issue costs	-	-	(11)	(11)
Equity issued	4,090,910	41	409	450
Warrants issued	-	-	(10)	(10)
At 31 December 2014				
- Ordinary shares of 1 pence each	**69,247,764**	**692**	**17,163**	**17,855**
Equity issued	609,500	6	139	145
At 30 June 2015				
- Ordinary shares of 1 pence each	**69,857,264**	**698**	**17,302**	**18,000**

On 25 June 2015, the Company issued 609,500 ordinary shares at a subscription price of 23.79 pence each to raise total proceeds of £145,000 which were received in July 2015.

On 5 November 2014 the Company issued 4,090,910 ordinary shares at a subscription price of 11 pence each to raise total proceeds of £450,000.

On 4 June 2014 the Company entered into an agreement with Darwin Strategic Limited (“Darwin”) pursuant to which Darwin subscribed for 5,625,000 ordinary shares in the Company satisfied through the issue of 1,800,000 redeemable subscription notes by Darwin to the Company. These were recorded at the market price for ordinary shares on the date of issue of 25 pence applied to the total number of shares issued giving to total of £1,406,000.

The Company also agreed to issue 326,087 warrants to Darwin with an exercise price of 46 pence expiring on 12 June 2017 to which a fair value of 3.09 pence each was attributed using the Black Scholes model with a risk-free interest rate of 0.43%, a weighted life expectancy of three years and a 50% volatility factor creating a total charge of £10,000 to the share premium account.

11 Subsequent events

On 8 July 2015 105,087 new ordinary shares in the Company were issued at a subscription price of £0.2379 raising total proceeds of £50,000.

12 Publication of Non-Statutory Accounts

The financial information contained in this interim statement does not constitute statutory accounts as defined under the Companies Act 2006. The financial information for the full preceding year is based on the audited statutory accounts for the financial year ended 31 December 2014, which are available at the Company's registered office at One America Square, Crosswall, London, EC3N 2SG and on its website at www.independentoilandgas.com.

This interim statement will be made available at the Company's registered office at One America Square, Crosswall, London, EC3N 2SG and on its website at www.independentoilandgas.com.

Country of incorporation of parent company

United Kingdom

Legal form

Public limited company with share capital

Directors

Mark Routh
Peter Young
Marie-Louise Clayton
Michael Jordan
Paul Murray

Registered office

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Company number

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