



# Independent Oil and Gas plc

Report and Audited Financial Statements

Year Ended

31 December 2014

Company Number 07434350

## ANNUAL REPORT & ACCOUNTS 2014

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## Chief Executive's Review

I am delighted to be providing a review of our progress over the last year, our first full year as a listed company and also providing a Strategic Report which restates and updates the Company's blueprint on how the Board plans to deliver value to our shareholders in the years ahead.

### Highlights:

- Alpha Petroleum Resources acquired ATP Oil & Gas UK, our partner in and operator of the Skipper and Blythe licences in February 2014. Alpha had to demonstrate funding to drill the Skipper appraisal well and to develop Blythe and also their technical competence to the Department of Energy. This resulted in both licences being extended to the end of September 2015.
- A gas sales agreement for IOG's share of Blythe gas was entered into with BP Gas Trading in February 2014, thus further strengthening our relationship with BP Trading.
- IOG announced the acquisition of the licence containing the Cronx discovery in March 2014. The consideration was structured as a low upfront cost and also relatively low future milestone payments. Completion is expected before the end of 2015.
- Interim debt funding was agreed in June 2014 with Darwin Strategic. Post year end the loan has been partially repaid with £358,000 now outstanding and repayable by 4<sup>th</sup> September 2015.
- A strategic alliance was agreed with Ping Petroleum in September 2014 with a view to leveraging our various respective strengths to acquire producing assets in the UKCS. IOG continues to review such opportunities and it remains a strategic goal to acquire producing assets.
- A Memorandum of Understanding was entered into with AGR Well Management in September 2014 to provide well project management and construction services.
- A small equity fund raise was completed in November 2014 with all of the board directors contributing. This was done at a small premium to the prevailing share price in a difficult market.
- In December 2014, IOG was awarded the Elgood licence adjacent to Cronx and Blythe in the 28<sup>th</sup> licensing round, allowing IOG to consider a joint development approach with Cronx. We also bid two firm wells on some larger discoveries elsewhere in the North Sea and despite only six firm wells being bid in the whole licensing round we were out-bid on both applications. That corroborates the good work our technical team is doing and we remain pleased with what we have and are already considering plans for the 29<sup>th</sup> licensing round next year.
- We strengthened our board during the year with Paul Murray joining in March 2014. Mehdi Varzi resigned in November following which the Board asked me to become interim Chairman. We also changed our Nomad and Broker from Charles Stanley to finnCap.

### Post year end we have had some significant developments:

- Long term financing discussions on the funding of Skipper, Cronx, Elgood and Blythe through to production are progressing well with an internationally listed group with a multi-billion dollar market capitalisation and all parties continue to work towards a completion date by 15<sup>th</sup> August 2015. It is envisaged that these arrangements will include the refinancing of the Company's outstanding loans.
- These funding negotiations have only been possible because of the quality of our assets and the strength of our team and that gives me great confidence that we will fulfil our longer term strategic aim which is to be producing 20,000 boepd net to IOG by the end of 2018.
- In parallel with the above proposed financing, on 3<sup>rd</sup> June 2015 we announced the acquisition of the remaining 50% of the Skipper licence from Alpha subject to confirmation of funding and regulatory approvals. We consider this to be an excellent deal for IOG and this transaction has been pivotal in negotiating the proposed funding package. This acquisition remains subject to DECC/OGA approval and requires a licence extension to allow the appraisal well to be drilled next year.
- Also on the 3<sup>rd</sup> June 2015, the Company raised £350,000 through the sale of 1,471,206 shares held by Darwin Strategic at a price of 23.79p per share. Of the net proceeds, £150,000 was allocated for working capital, whilst the balance was used towards reducing the outstanding loan and associated costs with Darwin Strategic. Darwin Strategic agreed to extend the remaining loan by three months to 4<sup>th</sup> September 2015.
- A further investment of £145,000 was committed in June 2015 through the issue of 609,500 new ordinary shares at 23.79p per share. The funding was completed at a premium to the prevailing market price.
- The Company is now funded until 4<sup>th</sup> September 2015, at which point the balance of the Darwin Loan becomes repayable.
- IOG was also awarded a revised and increased area in licence P2260, block 48/22c which now includes the Hambleton discovery to the south of Elgood.
- We announced three phases of 3D seismic remapping which is expected to increase our understanding of some of the smaller discoveries in the portfolio and help to establish commerciality and ultimately increase reserves. The first phase was over the Blythe, Cronx and Elgood area. The second phase will be over Skipper which will also help with the appraisal well planning and pre drill estimates. The third phase over the wider SNS area including Truman, Harvey and Hambleton will follow.
- An MOU has been agreed with Baker Hughes for the provision of oilfield services on our projects. Discussions have also commenced with potential FPSO providers for the Skipper development.

## Strategic Report

### Principal Activities and Business Review

The Company has its headquarters in London and its oil and gas interests are located in the UK sector of the North Sea.

IOG's strategy is to target stranded assets and dormant discoveries, especially those near to existing and ideally, owned infrastructure (the "Hub Strategy"). These are assets that are no longer targets for the Major oil companies but are potentially profitable developments which can be beneficially developed by a smaller independent company, focused on the North Sea.

The aim is to build on the existing development assets in order to achieve a diversified, balanced, portfolio of near and long term developments with exploration upside that complement the existing operations. This will include the acquisition of producing fields or near-term production if the risk is positively assessed and the acquisition price results in value accretion.

The Directors believe that there is a significant opportunity for the Company to exploit this strategy, given that there are over 400 undeveloped and underdeveloped assets in the UKCS.

In addition to targeting stranded assets, IOG is also following and developing the Hub Strategy model successfully developed originally in the Gulf of Mexico and subsequently and similarly successfully deployed by Venture Production, Dana Petroleum and CH4 Energy in the North Sea. The Hub Strategy targets dormant discoveries and exploration prospects nearby owned infrastructure where tariffs are already agreed and ullage is available in the offtake route for the production. IOG has already delivered on the initial part of this strategy with the successful award of the Truman & Harvey Licence and by agreeing to acquire the Cronx discovery, which is subject to completion.

IOG has the skills and competencies to become an operator and this will be instrumental in achieving the aforementioned growth. We are very pleased to have lodged with OGA/DECC our application to operate the Cronx and Skipper licences.

Operator status gives a licensee more control over the field development plan and its execution. This also makes it easier to deliver on the Hub Strategy because as the operator of owned infrastructure, third party consents to tie in additional discoveries are easier to facilitate. Also, as the Majors continue to divest late life producing assets they often prefer to assign operatorship and redeploy their own resources and so additional opportunities arise. In the UK licensing rounds, certain licences will only be made available to pre-qualified operators.

Overall, the Board is confident that the Company has the management, experience and technical expertise to create and seize new opportunities for future growth.

### Licences

Independent Oil and Gas plc ("IOG") through its wholly owned subsidiary IOG North Sea Ltd ("IOGNS") is currently a licensee on two Traditional Licences and two Promote Licences all in the North Sea;

- P 1736 covering blocks 48/22b and 48/23a in which lies the Blythe gas field;
- P1609 covering block 9/21a in which lies the Skipper oil discovery;
- P2085 covering blocks 48/23c and 48/24b (Truman and Harvey); and
- P2260 covering block 48/22c (Elgood, Hambleton, Tetley and Rebellion).

Licence P1736 (Blythe) is operated by Alpha Petroleum Resources Ltd ("Alpha") which holds the remaining 50%. Subject to completion of the acquisition and OGA/DECC approval, IOG will own 100% of the Skipper licence P1609 and will become operator. IOG is the licence administrator on licences P1941 and P2260 and has applied to operate licence P1737 covering block 48/22a (Cronx) to the west of the proposed Blythe field development. This application is subject to the extension of licence P1737 and completion of the acquisition of the licence from Swift Exploration Ltd.

## Statement of Reserves and Resources

The Group has 1P reserves of 2.1MMBoe, 2P reserves of 3MMBoe, 1C contingent resources of 18.8MMBoe and 2C contingent resources of 31.3MMBoe. The Group's Proven, Probable and Possible reserves and resources for the Blythe and Skipper Hubs as at 31<sup>st</sup> December 2014 were as follows:-

### Blythe Hub Reserves and Resources

Net Proven Reserves	1P (Bcf)	2P (Bcf)	3P (Bcf)	1P (MMBoe)	2P (MMBoe)	3P (MMBoe)
*Blythe	11.2	17.2	23.7	2.1	3.0	4.5

Net Contingent Resources	1C (Bcf)	2C (Bcf)	3C (Bcf)	1C (MMBoe)	2C (MMBoe)	3C (MMBoe)
‡ Harvey	6	16	26	1.1	2.8	4.6
‡ Elgood	4	11	14	0.8	2.1	2.7
‡ Hambleton	2	6	26	0.4	1.1	5.0
*Cronx	7.7	17.6	40.4	1.5	3.4	7.7
† Blythe - Carboniferous	21	30	90	4.0	5.7	17.2
<b>Total Blythe Hub Discoveries</b>	<b>52</b>	<b>98</b>	<b>220</b>	<b>9.8</b>	<b>18.2</b>	<b>41.7</b>

Net Prospective Resources	1C (Bcf)	2C (Bcf)	3C (Bcf)	1C (MMBoe)	2C (MMBoe)	3C (MMBoe)
‡ Truman	7	25	42	1.2	4.4	7.4
‡ Tetley	5	14	36	1.0	2.7	6.9
‡ Rebellion	2	6	18	0.4	1.1	3.4
<b>Total Blythe Hub Prospects</b>	<b>14</b>	<b>45</b>	<b>96</b>	<b>2.6</b>	<b>8.2</b>	<b>17.7</b>

Sources: \*ERC Equipoise CPRs September 2013 & July 2012.  
†Tullow 48/23a Relinquishment Report May 2009.  
‡IOG internal view May 2014.  
Note that the Cronx acquisition is subject to completion.

### Skipper Hub Resources

Net Contingent Resources	1C (MMBbls)	2C (MMBbls)	3C (MMBbls)
Skipper	9.0	13.1	17.5

Net Prospective Resources	1C (MMBbls)	2C (MMBbls)	3C (MMBbls)
Skipper - Maureen	1.8	3.3	5.6
Skipper - Dornoch	1.2	2.0	3.1
<b>Total Skipper Hub</b>	<b>11.9</b>	<b>18.4</b>	<b>26.1</b>

Source: AGR Tracs CPR September 2013.

Note. The Skipper resources are for the 50% of Skipper owned by IOG at 31<sup>st</sup> December 2014. Subject to completion of the acquisition of Alpha Petroleum's 50% the Skipper resources will be doubled.

## Operational Update

### Blythe

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 Petroleum Resources Ltd (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. (Source: ERC Equipose Competent Person's Report dated September 2013.)

The partnership is working towards submitting a Field Development Plan for Blythe by 3Q 2015. IOG is targeting first gas from the Blythe field in Q2 2017 but the final development schedule has yet to be formalised.

Under the agreement signed with BP Gas Marketing Ltd in February 2013, IOG is now well positioned to be able to sell its 50% share of the gas produced from the Blythe gas field development.

### Skipper

The Skipper oil discovery is in Blocks 9/21a in the Northern North Sea in licence P1609 which is 50% co-owned by IOG and Alpha Petroleum Resources Ltd (operator).

IOG has announced the acquisition of the remaining 50% of the Skipper licence from Alpha. This is in return for committing to fund and drill the commitment well and thus is for only a nominal upfront consideration, although we will have to make further payments of \$3m upon the approval of the Skipper Field Development Plan and a payment of \$15m shortly after first production from the field. We consider this to be an excellent deal for IOG and was an essential part of us becoming more attractive for a potential funding package. This acquisition remains subject to OGA/DECC approval including a licence extension to allow the appraisal well to be drilled next year.

Skipper needs further appraisal by drilling a well to retrieve core and oil samples in order to design the optimum field development plan for the field. Skipper has independently verified gross 2C resources of 26.2 MMBbls which is 13.1 MMBbls net to IOG. The appraisal well will also target two exploration prospects directly beneath the Skipper oil discovery which may contain oil in place of 46 MMBbls. (Source: AGR Tracs Competent Person's Report dated September 2013.)

An appraisal well on the Skipper licence is expected to take place in mid-2016. An MOU has been agreed with Baker Hughes for the development activity on IOG's assets.

The well will appraise the Skipper discovery and target three exploration prospects directly beneath it.

Discussions have also commenced with potential FPSO providers for the Skipper development.

### Cronx (Acquisition subject to completion)

The acquisition of the Cronx licence, as previously announced, remains ongoing. The licence has been extended by the Oil and Gas Authority/Department of Energy and Climate Change ("OGA/DECC") to the end of 2015, providing additional time for completion. Completion is subject to funding the commitment well, which allows IOG to qualify as an exploration operator in the UKCS. IOG submitted its application to operate this licence in March 2014. Approval is contingent upon demonstration of funding and a rig contract to drill the commitment well.

The Cronx gas discovery is 14km north-west of the Blythe field in which IOG holds 50%. Cronx was discovered in 2007 by well 48/22b-6 drilled by Perenco UK Ltd. Subject to agreement with the co-owner of the Blythe field, Alpha Petroleum Resources Ltd and the successful development of Blythe, the gas export of Cronx would be via the Blythe hub which will be 50% owned by IOG.

IOG commissioned an independent Competent Person's Report (CPR) by ERC Equipose on Cronx in July 2012 which shows a base case expected gas recovery of 17.6 BCF or 3.4 MMBOE 2C resource. IOG anticipates committing to drill the well later in 2015. 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 CPR. The well would be suspended as a producing well as part of the field development.

Further information and maps of the Cronx field may be found on IOG's website.

### 28th Licensing Round

In line with the Company's hub strategy, in December 2014, IOG was awarded the Elgood licence adjacent to Cronx and Blythe. Typically there is a further delay of awards in this part of the SNS due to additional environmental considerations. This was particularly good news and has allowed us to consider a joint development approach with Cronx. We also bid two firm wells on some larger discoveries elsewhere in the North Sea and despite only six firm wells being bid in the whole licensing round we were out-bid on both applications. That corroborates the good work our technical team is doing and we remain pleased with what we have and are already considering plans for the 29<sup>th</sup> licensing round next year.

### Asset Acquisitions

Subject to securing appropriate financing or negotiating a proper structure IOG is now also considering the acquisition of producing assets to support the wider development and growth of the business.

## Finance Review

The Group made a loss of £12.14 million during 2014 (2013 - £1.03 million). The principal components were two non-cash items; impairments of oil and gas properties of £8.25 million (2013 - £NIL) following the fall in commodity prices, and share-based payments of £1.34 million (2013 - £0.36 million) reflecting the Company's policy of restricting cash remuneration in favour of equity-based incentives.

Other significant amounts comprised administrative expenses of £0.69 million (2013 - £0.28 million), exploration costs written off of £0.64 million (2013 - £NIL) and finance expense of £1.14 million (2013 - £0.17 million). Finance expense included non-cash impairment of derivative financial assets of £0.83 million (2013 - £NIL) related to the Company's Darwin financing.

Capital expenditures in the year totalled £0.50 million (2013 - £0.09 million) principally on the Group's Blythe and Skipper interests. This, plus cash consumed on operating activities of £1.25 million (2013 - £0.82 million), was largely financed through the issue of shares raising £0.45 million (2013 - £2.0 million) and loans of £0.52 million (2013 - loan notes of £0.17 million) with the balance covered by a reduction in cash balances from £1.12 million at end 2013 to £0.40 million at 31<sup>st</sup> December 2014.

The Directors will not be recommending payment of the dividend.

## Darwin Loan and Equity Swap

On 4<sup>th</sup> June 2014 IOG entered into a loan and equity swap with Darwin Strategic Ltd. The Loan amount of £517,500 was made available to the Company for working capital purposes. The Company issued 5,625,000 shares at a price of 32p to Darwin in exchange for an equivalent number of Loan Notes. The Company may, at its sole discretion, instruct Darwin to sell shares and redeem the Loan Notes. At year end the outstanding loan was £461,000 and Darwin held 4,555,000 shares in IOG.

On 4<sup>th</sup> June 2015 IOG instructed Darwin to sell 1,471,206 shares at 23.79p, a premium to the share price at the time, thus raising £350,000. 23.79p was the price at which IOG shares were admitted to AIM on 30<sup>th</sup> September 2013. Of the net proceeds, £150,000 was allocated for working capital, whilst the balance was used towards reducing the outstanding loan and associated costs with Darwin Strategic. Darwin now owns 2,683,794 shares in IOG. Darwin agreed to extend the outstanding loan to 4<sup>th</sup> September 2015, when the remaining loan balance of £358,000 is due to be repaid. Darwin owns 326,087 warrants with an exercise price of 46p, expiring on 12<sup>th</sup> June 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 followed by the successful discovery and exploitation of oil and gas reserves as indicated through prospective, contingent and proved reserves inventories. Financial performance is tracked through the raising of finance to fund proposed programmes and the control of costs against budgets.

## Principal 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, changes in forward commodity prices and the successful development of its oil and gas reserves. Key risks and associated mitigation are set out below.

**Investment Returns:** Management seeks to raise funds and then to generate shareholder returns through investment in a portfolio of exploration and development acreage leading to the drilling of wells, the discovery of commercial reserves followed by their exploitation. Delivery of this business model carries a number of key risks.

Risk	Mitigation
Market support may be eroded obstructing fundraising and lowering the share price	<ul style="list-style-type: none"> <li>Management regularly communicates its strategy to shareholders</li> <li>Focus is placed on building an asset portfolio capable of delivering regular news flow and offering continuing prospectivity</li> </ul>
Each asset carries its own risk profile and no outcome can be certain	<ul style="list-style-type: none"> <li>Management aims to avoid over-exposure to individual assets and to identify the associated risks objectively</li> </ul>
Company may not be able to raise funds to exploit its assets or continue as a going concern	<ul style="list-style-type: none"> <li>Management maintains regular dialogue with a variety of potential funding partners and is working towards a binding agreement with an internationally listed group with a multi-billion dollar market capitalisation</li> </ul>

**Operations:** Operations may not go according to plan leading to damage, pollution, cost overruns and poor outcomes.

Risk	Mitigation
Individual wells may not deliver recoverable oil and gas reserves	<ul style="list-style-type: none"> <li>Thorough pre-drill evaluations are conducted to identify the risk/reward balance</li> <li>Exposure is selectively mitigated through farm-out</li> </ul>
Resource estimates may be misleading curtailing actual reserves recovered	<ul style="list-style-type: none"> <li>The Group deploys qualified personnel</li> <li>Regular third-party reports are commissioned</li> <li>A prudent range of possible outcomes are considered within the planning process</li> </ul>

**Personnel:** The Company relies upon a pool of experienced and motivated personnel to identify and execute successful investment strategies

Risks	Mitigation
Key personnel may be lost to other companies	<ul style="list-style-type: none"> <li>The Remuneration Committee regularly evaluates incentivisation schemes to ensure they remain competitive</li> </ul>

### **Corporate Hedging Strategy and Implementation**

Hedging is considered to be an integral part of IOG's risk management policy. The primary objective of the Company's hedging strategy is to provide protection of its projected cash flows, generated from operations, against unforeseen changes in short and medium term market conditions.

No hedging instruments were utilised during 2014 in view of the limited exposures carried during the year. As the Company's capital investment programmes increase hedging will be carried out in a simple and cost effective manner, retaining exposure to upside but avoiding any speculative exposure to commodity prices or exchange rates. The application of the policy is within a range to require exercise of management judgement in the light of market conditions and business variables.

Details of the Group's financial instruments can be found in note 17 to the financial statements.

### **Insurance**

The Group insures the risks it considers appropriate for the Group's needs and circumstances. However, the Group may elect not to have insurance for certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment that the risks are remote.

### **Going concern**

Refer to Note 1 on page 21 for information on going concern.

### **Funding**

As at 31<sup>st</sup> May 2015 the Group had cash resources of £43,000. On 4<sup>th</sup> June the Group repaid part of the Darwin loan and received £150,000 to fund overheads which are currently projected at £33,200 per month. The remaining loan due to Darwin is £358,000 which falls due on 4<sup>th</sup> September 2015. The only additional significant creditor is the ≈\$2m outstanding to Weatherford payable in September 2016.

Furthermore on 3<sup>rd</sup> June 2015, the Group announced that a Letter of Intent had been signed with an internationally listed group with a multi-billion dollar market capitalisation which will fully fund the next phase of the work programmes on both Blythe and Skipper, and include refinancing of certain liabilities. These funding proposals are subject to final documentation and are anticipated to complete by mid-August 2015. Whilst the Directors are confident the financing transaction will complete as planned, completion is dependent upon conditions outside of the Directors' control. Therefore there exists a risk that the transaction will not complete as expected.

### **On behalf of the Board**

**Mark Routh**  
Director

29<sup>th</sup> June 2015



## Board of Directors

IOG is led by a strong, disciplined Board with extensive experience in all aspects of the Company's business supported by a capable and experienced management team. Their experience covers both ends of the investment spectrum from private equity backed start-up companies to FTSE-100 listed companies. The Board is supported by a capable and experienced management team who provide their services as required on a contract basis.

### **Mehdi Varzi - Non-executive Chairman (resigned on 5<sup>th</sup> November 2014)**

Mr Varzi is highly experienced with considerable oil and gas knowledge. He is a Member of the international advisory panel, RECIPCO, with specific responsibility for energy developments and an advisor to Una Oil S.A, a private offshore international oil services company. He has held various high profile city jobs including Managing Director, Global Energy Research at Dresdner Kleinwort Wasserstein and vice Chairman of Gulf Keystone Petroleum plc. Mr Varzi is the Chair of the Audit Committee and a member of the Remuneration Committee.

### **Mark Routh - Chief Executive Officer and Acting Chairman**

Mr Routh has over 30 years' experience in the oil and gas industry. He is the former Chief Executive Officer and founder of oil and gas company, CH4 Energy Limited, which was an owner and operator in the North Sea. CH4 was formed with £1 million funding from management and 3i in 2002 and sold to Venture Production plc in 2006 for £154.4 million, providing 3i a with a record 7.3 multiple return on its investment. Prior to founding CH4, Mr Routh served for ten years with Amerada Hess, six years with BP and five years with Schlumberger in South East Asia and the North Sea. Mr Routh is also the non-executive Chairman of Warrego Energy Ltd a company with onshore gas assets in Western Australia.

### **Peter Young - Chief Financial Officer**

Mr Young has over 15 years' experience in oil and gas banking and finance with a focus on the mid-cap E&P sector. He was previously on the board of Ebor Energy Inc. and Multi Operational Service Tankers Inc. He was a founder member of IOG in 2011 as Business Development Director and became CFO in February 2013. Prior to that he was Regional Head of Energy Derivative Sales at Standard Chartered Bank.

### **Marie-Louise Clayton – Non- Executive Director**

Ms Clayton has 30 years' experience. She is the former Chief Financial Officer of oil and gas company, Venture Production plc. Prior to joining Venture, Ms Clayton was Group Finance Director and Chief Information Officer of the Primary Food Division of Associated British Foods plc and served at a number of major industrial companies including ExxonMobil, Alcatel, and GEC Alstom. She is currently a non-executive director of fully listed Diploma plc, AIM quoted Zotefoams plc and Geoffrey Osborne Ltd, a large private construction company. Previously Ms Clayton was the chair of Audit at Forth Ports plc. Ms Clayton is a member of the Audit and Remuneration Committees.

### **Michael Jordan – Non-executive Director**

Mr Jordan is a serial entrepreneur leading the successful development and subsequent divestment of three environmental groups between 1995 and 2006. He formed Acura Investment group in 2007 and, as Chief Executive Officer, has investments in energy, property, retail and the oil and gas sector. Mr Jordan is the Chair of the Remuneration Committee and a member of the Audit Committee.

### **Paul Murray – Non-executive Director**

Mr Murray is currently the Chair of Audit and Independent Non-Executive Director of Royal Mail plc and QinetiQ plc, and a Non-Executive Director of Naked Energy Ltd and Ventive Ltd. Previously Group Finance Director of Carlton Communications plc and LASMO plc a FTSE 100 listed North Sea Oil and Gas Company. Trained as a Petroleum Engineer with Mobil following a BSc in Engineering Science from Durham University. Mr Murray is a member of the Audit and Remuneration Committees.

## Remuneration Policy

Remuneration comprises a mix of salary payments and equity incentives. During the initial investment phase the mix is weighted towards incentives rather than cash payments.

### **Options and Long Term Incentive Plan Policy**

The Board believes that it is important that employees of the Group (including executive directors) are appropriately and properly motivated and rewarded, with the success of the Group dependent to a significant degree on the future performance of the executive management team. Accordingly, the Board has adopted the Long Term Incentive Plan ("LTIP") allowing the Company to grant to directors and employees options over ordinary shares. The LTIP is administered by the Remuneration Committee and the maximum aggregate awards under the LTIP, together with any other employee share schemes, cannot exceed ten per cent of the issued share capital of the Company at the time of grant.

### **Salary Sacrifice arrangements**

The Directors may establish further share incentive arrangements for the benefit of the Group's employees in the future. Any options to be granted under any such share incentive arrangements will be at the discretion of the Remuneration Committee. Options may also be granted to non-executive directors of, and consultants to, the Group. These options will not be granted pursuant to the Long Term Incentive plan, but will be granted under individual option agreements between the Company and the individual concerned.

During the year, as a result of cash constraints on the Company and a desire to ensure that these limited resources were focussed on operations, the service agreements of Key Management were varied such that cash payments were reduced and the difference settled by options granted with a strike price of 1p. The number of options granted is determined by the Company's volume weighted average share price for each six month period of salary or fee sacrifice. Further details can be found in Note 4 to the financial statements.

## Corporate Governance Statement

The Directors recognise the importance of sound corporate governance commensurate with the size and nature of the Company and the interests of its Shareholders. The Corporate Governance Code does not apply to companies quoted on AIM and there is no formal alternative for AIM companies. The Quoted Companies Alliance has published a set of corporate governance guidelines for AIM companies, which include a code of best practice for AIM companies, comprising principles intended as a minimum standard, and recommendations for reporting corporate governance matters.

Set out below is a description of the Company's corporate governance practices.

### The Board

The Board meets regularly and is responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls.

The Board is responsible for establishing and maintaining the Group's system of internal financial controls and importance is placed on maintaining a robust control environment. The Board has established key procedures to provide effective internal financial control including the following:

- monthly management reporting to enable the Board to monitor the performance of the Group;
- the adoption and review of a comprehensive annual budget for the Group. Monthly results are examined against the budget and deviations closely monitored by the Board; and
- the Board is responsible for identifying major business risks faced by the Group and for determining the appropriate courses of action to manage those risks;

The Board includes three non-executive directors. If necessary, the non-executive directors may take independent advice. The Board has delegated specific responsibilities to the committees referred to below.

### Audit Committee

The Audit Committee comprises Marie-Louise Clayton, Paul Murray and Mike Jordan. The Audit Committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Group is properly measured and reported on. In addition, it receives and reviews reports from the Company's management and auditors. The Audit Committee meets at least twice a year and has unrestricted access to the Company's auditors.

### Remuneration Committee

The Remuneration Committee comprises Mike Jordan (Chairman), Marie-Louise Clayton and Paul Murray. The Remuneration Committee determines the remuneration of the executive directors and grants share options and any other equity incentives pursuant to any share option scheme or LTIP in operation from time to time. The Remuneration Committee meets at least twice a year.

### Nomination Committee

There is no nomination committee. This will be reviewed as the business progresses.

### Health, Safety and Environmental Policy

The IOG Health, Safety and Environmental (HSE) Policy has been developed for the formal IOG Environmental Management System (EMS) in accordance with the requirements of the ISO14001 Standard. The most recent version of the policy was approved by the IOG board on 27<sup>th</sup> February 2014. This policy will guide the development of the IOG EMS and its operating practices going forward.

### Environmental Management

As referenced above, an EMS is currently in development to manage the environmental aspects of IOG's offshore operations. The scope of the EMS will cover offshore exploration drilling, site and environmental surveys and office based activities carried out in support of these offshore operations. It is the goal of IOG to achieve both external certification of the EMS to ISO14001 and associated verification to OSPAR Recommendation 2003/5 by November 2015.

A key part of the function of the EMS will be to identify the significant environmental aspects of IOG's offshore operations and related legal and other requirements. As such the initial phase of EMS development is focussing on the development of an Environmental Aspects Register and Register of Environmental Legislation. This will allow IOG to focus on managing the key environmental aspects of its operations and help maintain legal compliance throughout. This will also facilitate the setting of appropriate objectives and targets for the control of environmentally significant aspects.

A plan outlining the future operational control procedures designed to practically manage environmental aspects will also be developed to show that the anticipated requirements for operational control have been identified. IOG intends to complete these fundamental steps in the development of the EMS by the end of 2015. A series of external independent progress reviews of the EMS will be undertaken by a third party consultancy at key stages to ensure it is developed and implemented appropriately, providing both assurance within IOG and to external parties such as OGA/DECC.

EMS requirements will be implemented and monitored on a practical basis during the planning of drilling operations (and ongoing general office activities) as it is developed, allowing for formal external assessment of its practical implementation at a later date. IOG is aware of its position as a small operator relying on major contractors to conduct operations offshore where its significant environmental aspects and related impacts will be found. As such operational control procedures and related documents such as bridging documents will be designed to ensure the effective implementation of the IOG EMS and its standards throughout both the planning and execution of offshore operations. This will focus on key areas

such as contractor appraisal, competency and training, interfacing of management systems and monitoring of operations offshore. This will take account of key ongoing communication from OGA/DECC, regarding operator and contractor EMS interfacing, circulated since the Deepwater Horizon incident.

### **Bribery Act Policy**

IOG's policy is to conduct all of its business in an honest and ethical manner. IOG applies a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates by implementing and enforcing effective systems to counter bribery.

**On behalf of the Board**

**Mark Routh  
Director**

**29<sup>th</sup> June 2015**

## Glossary of Key Technical Terms

2P	the sum of Proved Reserves plus Probable Reserves;
2C	the best estimate of Contingent Resources;
Bbl or Bbls	a unit of volume measurement used for petroleum and its products (for a typical crude oil 7.3Bbls = 1 tonne, 6.29Bbls = 1 cubic metre);
Block	an areal subdivision of the UKCS of 10 minutes of latitude by 12 minutes of longitude measuring approximately 10 by 20 kilometres, forming part of a quadrant. Each quadrant is divided into a grid five blocks wide and six deep, and numbered 1 to 30 from NW to SE;
BCF	billions of cubic feet (of natural gas);
BOE	barrels of oil equivalent;
boepd	barrels of oil equivalent per day;
Contingent Resources	those quantities of petroleum estimated to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies;
MMBbls	millions of barrels of oil;
MMBOE	millions of barrels of oil equivalent;
Probable Reserves	those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. In this context, when probabilistic methods are used, there should be at least a 50% probability that the quantities actually recovered will equal or exceed the sum of estimated Proved plus Probable reserves;
Proved Reserves	those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods and government regulations. Proved reserves can be categorised as developed or undeveloped. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate; and
Reserves	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial and remaining (as of the evaluation date) based on the development project(s) being applied.

## Report of the Directors

The directors present their report and audited financial statements of Independent Oil and Gas plc ("the Company") and its subsidiaries ("the Group") for the year ended 31<sup>st</sup> December 2014. All amounts are shown in Pounds Sterling, unless otherwise stated.

Information about the principal activities of the business, statement of reserves and resources, operational and financial updates, the principal risks and uncertainties faced by the business, the Group's KPIs and the Directors' going concern assessment has been provided as part of the Strategic Report included on page 3.

### Dividend

The Directors do not recommend the payment of a dividend (2013: £nil).

### Future Developments

The Group is currently engaged in discussions for long term funding of Skipper, Cronx, Elgood and Blythe through to production. These discussions are progressing well with an internationally listed group with a multi-billion dollar market capitalisation and all parties continue to work towards a completion date by 15<sup>th</sup> August 2015. Once the new funding has been obtained, the Group plans to appraise and develop its existing discoveries in conjunction with its partners, explore its new licence interests and seek new investment opportunities. Further details are included in the Strategic Report on page 3.

### Directors and their Interests

The directors who held office during the year, and to the date of this report, were:

Mark Routh  
 Peter Young  
 Mehdi Varzi (resigned 5<sup>th</sup> November 2014)  
 Marie-Louise Clayton  
 Michael Jordan  
 Paul Murray (appointed 11<sup>th</sup> March 2014)

Directors' biographies and committee memberships are set out on page 8.

The Group has provided the directors with third party indemnity insurance of £13,000 (2013 - £11,000).

Directors who held office at the end of the financial year had the following interests in shares of the Company:

Ordinary shares of 1p each	At 31 December 2014	At 31 December 2013
Mark Routh	4,303,010	4,121,189
Peter Young	13,726,638	13,544,820
Marie-Louise Clayton	2,732,591	2,550,773
Michael Jordan	6,957,560	6,775,742
Paul Murray	951,420	769,602

The total holding of Marie-Louise Clayton includes 313,073 shares held through Clayton Consulting Partners of which she is a majority shareholder and director. The total holding of Michael Jordan is held through Acura Oil & Gas Limited of which he is a majority shareholder and director.

Details of directors' emoluments and share options are set out in note 4 to the financial statements.

### Risk management

Information on the financial and operational risks faced by the Group and the risk management objectives and policies is included in the Strategic Report on page 3.

### Financial Instruments

Information on financial instruments can be found in note 17 to the financial statements.

### Related Parties

Information on related party transactions can be found in note 19 to the financial statements.

### Subsequent Events

Information on subsequent events can be found in note 20 to the financial statements.

### Shareholder communications

The Company has a website, [www.independentoilandgas.com](http://www.independentoilandgas.com), to provide information to shareholders.

### Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report and the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that legislation the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market ("AIM").

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### Directors' confirmation

Each person who is director at the time when this report is approved has confirmed that:

- a. So far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- b. Each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and the Company's auditor for that purpose, in order to be aware of any information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

### Auditor

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

### On behalf of the Board

**Peter Young**  
Director

29<sup>th</sup> June 2015

## Independent Auditor's Report

### TO THE MEMBERS OF INDEPENDENT OIL AND GAS PLC

We have audited the financial statements of Independent Oil and Gas plc for the year ended 31<sup>st</sup> December 2014 which comprise the Consolidated Statement of Comprehensive Income, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Statements of Financial Position, Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31<sup>st</sup> December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The proposed financing transaction as detailed in note 1 is subject to certain conditions precedent. There is no guarantee that the financing will be secured.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott Knight (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

29<sup>th</sup> June 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Consolidated Statement of Comprehensive Income**

	Note	2014 £000	2013 £000
Other administrative expense	3	(693)	(284)
Impairment of oil and gas properties	8	(8,254)	-
Exploration costs written off	3	(641)	(2)
Share-based payments	14	(1,343)	(359)
AIM listing costs		-	(236)
Foreign exchange (loss)/gain		(77)	25
		<hr/>	<hr/>
Total administrative and other expenses		(11,008)	(856)
		<hr/>	<hr/>
Operating loss	3	<b>(11,008)</b>	<b>(856)</b>
Finance expense	5	(1,137)	(175)
		<hr/>	<hr/>
Loss for the year before tax		<b>(12,145)</b>	<b>(1,031)</b>
Taxation	6	-	-
		<hr/>	<hr/>
<b>Total comprehensive loss for the year attributable to equity holders of the parent</b>	<b>7</b>	<b>(12,145)</b>	<b>(1,031)</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss for the year per ordinary share – basic and diluted</b>	<b>7</b>	<b>(19.2)p</b>	<b>(2.0)p</b>

The loss for the year (2013: loss for the year) arose from continuing operations.

The notes on pages 21 to 36 form part of these financial statements.



**Consolidated and Company Statements of Changes in Equity**

	Share capital	Share premium	Convertible debt option reserve	Share- based payment reserve	Retained earnings/ (deficit)	Total equity
	£000	£000	£000	£000	£000	£000
<b>Group</b>						
At 1 January 2013	473	13,078	122	-	(619)	13,054
Share capital issued	87	1,916	-	-	-	2,003
Share issue costs	-	(157)	-	-	-	(157)
Issue of warrants	-	(42)	-	42	-	-
Issue of convertible loan notes	-	-	44	-	-	44
Conversion of loan notes	35	630	(166)	-	166	665
Issue of share options	-	-	-	359	-	359
Loss for the year	-	-	-	-	(1,031)	(1,031)
<b>At 31 December 2013</b>	<b>595</b>	<b>15,425</b>	<b>-</b>	<b>401</b>	<b>(1,484)</b>	<b>14,937</b>
Share capital issued	97	1,759	-	-	-	1,856
Issue costs	-	(11)	-	-	-	(11)
Issue of warrants	-	(10)	-	10	-	-
Issue of share options	-	-	-	1,343	-	1,343
Loss for the year	-	-	-	-	(12,145)	(12,145)
<b>At 31 December 2014</b>	<b>692</b>	<b>17,163</b>	<b>-</b>	<b>1,754</b>	<b>(13,629)</b>	<b>5,980</b>
<b>Company</b>						
At 1 January 2013	473	13,078	122	-	7	13,680
Share capital issued	87	1,916	-	-	-	2,003
Share issue costs	-	(157)	-	-	-	(157)
Issue of warrants	-	(42)	-	42	-	-
Issue of convertible loan notes	-	-	44	-	-	44
Conversion of loan notes	35	630	(166)	-	166	665
Issue of share options	-	-	-	359	-	359
Loss for the year	-	-	-	-	(732)	(732)
<b>At 31 December 2013</b>	<b>595</b>	<b>15,425</b>	<b>-</b>	<b>401</b>	<b>(559)</b>	<b>15,862</b>
Share capital issued	97	1,759	-	-	-	1,856
Issue costs	-	(11)	-	-	-	(11)
Issue of warrants	-	(10)	-	10	-	-
Issue of share options	-	-	-	1,343	-	1,343
Loss for the year	-	-	-	-	(13,070)	(13,070)
<b>At 31 December 2014</b>	<b>692</b>	<b>17,163</b>	<b>-</b>	<b>1,754</b>	<b>(13,629)</b>	<b>5,980</b>

**Share capital** - Amounts subscribed for share capital at nominal value.

**Share premium** - Amounts received on the issue of shares in excess of the nominal value of the shares.

**Convertible debt option reserve** - Amount of proceeds on issue of convertible debt relating to the equity component (i.e. option to convert the debt into share capital).

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

**Retained earnings/(deficit)** - Cumulative net gains and losses recognised in the Statement of Comprehensive Income net of amounts recognised directly in equity.

The notes on pages 21 to 36 form part of these financial statements.

**Consolidated Statement of Financial Position**

<b>Company Number: 07434350</b>	<b>Note</b>	<b>2014 £000</b>	<b>2013 £000</b>
<b>Non-current assets</b>			
Exploration and evaluation assets	8	7,513	15,259
<b>Current assets</b>			
Other receivables	11	3	117
Derivative financial asset	11	307	-
Cash and cash equivalents	15	398	1,120
		<u>708</u>	<u>1,237</u>
<b>Total assets</b>		<b>8,221</b>	<b>16,496</b>
<b>Current liabilities</b>			
Loans	12	(461)	-
Trade and other payables	12	(194)	(88)
		<u>(655)</u>	<u>(88)</u>
<b>Non-current liabilities</b>			
Trade and other payables	13	(1,586)	(1,471)
<b>Total liabilities</b>		<b>(2,241)</b>	<b>(1,559)</b>
<b>NET ASSETS</b>		<b>5,980</b>	<b>14,937</b>
<b>Capital and reserves</b>			
Called-up equity share capital	14	692	595
Share premium account	14	17,163	15,425
Share-based payment reserve	14	1,754	401
Retained deficit		(13,629)	(1,484)
		<u>5,980</u>	<u>14,937</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29<sup>th</sup> June 2015 and were signed on its behalf by:

Peter Young  
Director

The notes on pages 21 to 36 form part of these financial statements.

## Company Statement of Financial Position

Company Number: 07434350	Note	2014 £	2013 £
<b>Non-current assets</b>			
Investments	9	4,338	12,592
Amounts due from subsidiaries	9	1,597	2,125
		<u>5,935</u>	<u>14,717</u>
<b>Current assets</b>			
Trade and other receivables	11	3	117
Derivative financial asset	11	307	-
Cash and cash equivalents	15	398	1,120
		<u>708</u>	<u>1,237</u>
<b>Total assets</b>		<b>6,643</b>	<b>15,954</b>
<b>Current liabilities</b>			
Loans	12	(461)	-
Trade and other payables	12	(178)	(68)
		<u>(639)</u>	<u>(68)</u>
<b>Non-current liabilities</b>			
Trade and other payables	13	(24)	(24)
<b>Total liabilities</b>		<b>(663)</b>	<b>(92)</b>
<b>NET ASSETS</b>		<b>5,980</b>	<b>15,862</b>
<b>Capital and reserves</b>			
Called-up equity share capital	14	692	595
Share premium account	14	17,163	15,425
Share-based payment reserve	14	1,754	401
Retained deficit		(13,629)	(559)
		<u>5,980</u>	<u>15,862</u>

The financial statements were approved and authorised for issue by the Board of Directors on 29<sup>th</sup> June 2015 and were signed on its behalf by:

Peter Young  
Director

The notes on pages 21 to 36 form part of these financial statements.

**Consolidated Cash Flow Statement**

	Note	2014 £000	2013 £000
<b>Loss after tax</b>		(12,145)	(1,031)
Adjustments for:			
Impairment of oil and gas properties		8,254	-
Interest on loan notes		-	140
Finance cost of derivative asset		61	-
Interest on loans		100	35
Share-based payments		1,343	359
Foreign exchange loss/(gain)		77	(25)
Impairment of derivative financial assets		831	-
Decrease/(increase) in trade and other receivables		114	(86)
Increase/(decrease) in trade and other payables		118	(212)
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(1,247)</b>	<b>(820)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible non-current assets		(520)	(100)
		<hr/>	<hr/>
Net cash used in investing activities		<b>(520)</b>	<b>(100)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		450	2,003
Costs of share issue		-	(157)
Loans received		517	-
Amounts received for derivative financial instruments		78	-
Proceeds from issue of loan notes		-	172
		<hr/>	<hr/>
<b>Net cash generated from financing activities</b>		<b>1,045</b>	<b>2,018</b>
(Decrease)/increase in cash and cash equivalents in the year		(722)	1,098
Cash and cash equivalents at start of year		1,120	22
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	15	<b>398</b>	<b>1,120</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 21 to 36 form part of these financial statements.

## Company Cash Flow Statement

	Note	2014 £000	2013 £000
<b>Loss after tax</b>		(13,070)	(732)
Adjustments for:			
Impairment of investments in and amounts due from subsidiaries		10,124	-
Recharges to subsidiary for management and technical services		(296)	(295)
Interest on loan notes		-	140
Finance cost of derivative asset		61	-
Interest on loans		62	-
Share-based payments		1,343	359
Impairment of derivative financial instruments		831	-
Decrease/(increase) in trade and other receivables		114	(87)
Increase/(decrease) in trade and other payables		110	(198)
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>		<b>(721)</b>	<b>(813)</b>
<b>Cash flows from investing activities</b>			
Amounts invested in subsidiaries		(1,046)	(107)
		<hr/>	<hr/>
Net cash used in investing activities		<b>(1,046)</b>	<b>(107)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares		450	2,003
Costs of share issue		-	(157)
Loans received		517	-
Amounts received for derivative financial instruments		78	-
Proceeds from issue of loan notes		-	172
		<hr/>	<hr/>
Net cash generated from financing activities		<b>1,045</b>	<b>2,018</b>
(Decrease)/increase in cash and cash equivalents in the year		(722)	1,098
Cash and cash equivalents at start of year		1,120	22
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	15	<b>398</b>	<b>1,120</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 21 to 36 form part of these financial statements.

## Notes Forming Part of the Financial Statements

### 1 Accounting policies

#### Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in Pounds Sterling, which is also the Group's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the European Union, International Accounting Standards and Interpretations (collectively "IFRSs") and with those parts of Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 1 on page 25.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments at fair value as disclosed in note 1 on page 25.

#### Going concern

As at 31<sup>st</sup> May 2015 the Group had cash resources of £43,000. On 4<sup>th</sup> June 2015, the Group instructed Darwin Strategic to sell 1,471,206 IOG shares at a price of 23.79p. This has allowed for a partial repayment of the loan and provided £150,000 additional working capital to IOG.

On 22<sup>nd</sup> June 2015, a further investment of £145,000 was committed through the issue of 609,500 new ordinary shares at 23.79 pence. Upon receipt the Group will be adequately funded until 4<sup>th</sup> September 2015, when the remaining loan balance of £358,000 is due to be repaid to Darwin Strategic.

Long term financing discussions on the funding of Skipper, Cronx, Elgood and Blythe through to production are progressing well with an internationally listed group with a multi-billion dollar market capitalisation and all parties continue to work towards a completion date by 15<sup>th</sup> August 2015.

It should be noted that the funding is subject to negotiation and the approval of various counterparties and that there can be no guarantee that the Group will secure such financing.

These conditions indicate the existence of a material uncertainty which 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 result if the Group was unable to continue as a going concern.

#### New Accounting Standards

(i) New and amended standards adopted by the Group:

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial year beginning 1<sup>st</sup> January 2014. Except as noted, the implementation of these standards is not expected to have a material effect on the Group.

Standard	Effective date	Impact on initial application
IFRS 10 - Consolidated Financial Statements	1 January 2014	No impact
IFRS 11 - Joint Arrangements	1 January 2014	No impact
IFRS 12 - Disclosure of Interests in Other Entities	1 January 2014	No impact
IAS 27 - Amendment - Separate Financial Statements	1 January 2014	No impact
IAS 28 - Amendment - Investments in Associates and Joint Ventures	1 January 2014	No impact
IAS 32 - Offsetting Financial Assets and Financial Liabilities	1 January 2014	No impact
IAS 36 - Recoverable amounts disclosures for non-financial assets	1 January 2014	No impact
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	No impact

Joint arrangements under IFRS 11 have the same basic characteristics as joint ventures under IAS 31. Joint arrangements are classified as either joint operations or joint ventures. Where the Group has rights to the assets and obligations for the liabilities of the joint arrangement, it is regarded as a joint operation and the interests of the Group in the assets, liabilities, income and expenses arising from the joint arrangement are recognised.

**1 Accounting policies (continued)**

Where the Group has rights to the net assets of the joint arrangement as a whole, it is regarded as having an interest in a joint venture and the equity method of accounting is applied. IFRS 11 does not allow proportionate consolidation. In an arrangement structured through a separate vehicle, all relevant facts and circumstances will be considered to determine whether the parties to the arrangement have rights to the net assets of the arrangement.

As at 31<sup>st</sup> December 2014, all of the Group's joint arrangements were considered to be joint operations under IFRS 11. As such, the Group has recognised its share of the assets, liabilities and expenses.

(ii) The following standards, amendments and interpretations, which are effective for reporting periods beginning after the date of these financial statements, have not been adopted early:

<sup>1</sup> Not yet endorsed by the EU

Standard	Description	Effective date
IAS 19	Defined Benefit Plans (Amendments)	1 February 2015
IFRS 11 <sup>1</sup>	Joint Arrangements (Amendments)	1 January 2016
IAS 16 and IAS 38 <sup>1</sup>	Acceptable Methods of Depreciation and Amortisation (Amendments)	1 January 2016
IFRIC 21	Levies	17 June 2014
IAS 27 <sup>1</sup>	Separate Financial Statements	1 January 2016
IFRS 10 and IAS 28 <sup>1</sup>	Investments in Associates and Joint Ventures (Amendments)	1 January 2016
IFRS 15 <sup>1</sup>	Revenue from Contract with Customers	1 January 2017
IFRS 9 <sup>1</sup>	Financial Instruments	1 January 2018
IAS 1 <sup>1</sup>	Presentation of Financial Statements (Amendments)	1 January 2016
IFRS 10, 12 and IAS 28 <sup>1</sup>	Investment Entities (Amendments)	1 January 2016
Annual Improvements to IFRSs	(2010-2012 Cycle)	1 February 2015
Annual Improvements to IFRSs	(2011-2013 Cycle)	1 January 2015
Annual Improvements to IFRSs <sup>1</sup>	(2012-2014 Cycle)	1 January 2016

The new standards and interpretations have not had a material impact on the Group's earnings or shareholders' funds.

**Basis of consolidation**

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the Company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full. The financial statements of subsidiaries are included in the Group's financial statements from the date that control commences until the date that control ceases.

**Joint arrangements**

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control.

Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the substance of the arrangement. In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties, and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates the parties to the arrangements have rights to the assets and obligations for the liabilities.

The Group accounts for all its joint arrangements as joint operations by recognising the assets, liabilities, and expenses for which it has rights or obligations, including its share of such items held or incurred jointly.

**1 Accounting policies (continued)**

**Oil and gas exploration, development and producing assets**

The Group adopts the following accounting policies for oil and gas asset expenditure, based on the stage of development of the assets.

1) Pre-licensing

Expenditure incurred prior to the acquisition of a licence interest is expensed to the profit and loss as exploration costs written off.

2) Exploration and evaluation ("E&E")

The Group applies the full cost method of accounting for E&E costs, having regard to the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources'. Under the full cost method of accounting, costs of exploring and evaluating oil and gas properties are accumulated and capitalised by reference to appropriate cash generating units ("CGUs"). Such CGU's are based on geographic areas such as a licence area or a basin and are not larger than an operating segment - as defined by IFRS 8 'Operating segments'. The Group has one identified CGU, being the North Sea.

E&E costs may include costs of licence acquisition, technical services and studies, geological and geophysical data acquisition, exploration drilling and testing. These costs are initially capitalised within 'Intangible assets'.

Intangible E&E assets are not depreciated and are carried forward until the existence (or otherwise) of commercial reserves has been determined. The Group's definition of commercial reserves for such purpose is proven and probable reserves on an entitlement basis.

If commercial reserves are discovered, the related E&E assets are assessed for impairment, and any impairment loss is recognised in the statement of comprehensive income. The carrying value, after any impairment loss, of the relevant E&E assets is then reclassified to development and production assets within property, plant and equipment and is amortised on a unit of production basis over the life of the commercial reserves of the CGU to which they relate.

Intangible E&E assets that relate to E&E activities that are not yet determined to have resulted in the discovery of commercial reserves remain capitalised as intangible E&E assets at cost, subject to impairment assessments as set out below.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying value of the E&E CGU to which they relate may exceed its future recoverable amount. Where the E&E assets concerned fall within the scope of an established CGU, the E&E assets are tested for impairment together with all development and production assets associated with that CGU, as a single cash generating unit. The aggregate carrying value is compared against the expected recoverable amount of the CGU. The recoverable amount is the higher of value in use and the fair value less costs to sell. Where the E&E assets to be tested fall outside the scope of any established CGU, there will generally be no commercial reserves and the E&E assets concerned will generally be written off in full. Any impairment loss is recognised in the statement of comprehensive income.

3) Development

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated are capitalised as oil and gas development costs on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Such costs are charged to the profit and loss on a unit of production basis.

4) Production

All costs of producing, transporting and processing oil and gas reserves are expensed in the profit and loss in the period in which the oil and gas is sold.

**Disposals**

Net proceeds from any disposal of an oil or gas asset are initially credited against the previously capitalised costs of that asset and any surplus proceeds are credited to the profit or loss. Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost of that asset and any surplus proceeds are credited to the profit and loss.

**Investments and loans**

Shares in subsidiary undertakings are shown at cost. Loans to subsidiary undertakings are stated at amortised cost.

Provisions are made for any impairment in value.

**Financial instruments**

**(i) Financial assets**

*Cash and cash equivalents*

Cash includes cash on hand and demand deposits with any bank or other financial institution. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

*Derivative financial instruments*

Derivative financial instruments are held at fair value with any impairment arising charged to the statement of comprehensive income.



**1 Accounting policies (continued)**

**Financial instruments (continued)**

**(ii) Financial liabilities**

*Trade payables*

Trade payables and other short-term monetary liabilities are held at amortised cost which, in view of their short term nature, is not materially different from their undiscounted cost.

*Loans and borrowings*

Loans and borrowings are initially recognised at fair value; less any issue costs. They are subsequently held at amortised cost using the effective interest method.

**Convertible loan notes**

Upon issue of a convertible loan note, the proceeds are split between the liability component and the equity component at the date of issue. The fair value of the equity component is included in equity and it not re-measured whilst the liability component is included in liabilities, which is increased by the effective rate of interest charged in each period. Upon conversion the face value of the loan notes are transferred to the share capital and share premium accounts. All convertible loan notes were extinguished in 2013.

**Equity**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

**Share issue expenses and Share premium account**

The costs of issuing new share capital are written off against the share premium account arising out of the proceeds of the new issue.

**Share-based payments**

Share options are offered to personnel to incentivise and reward successful corporate performance. The fair value of share options issued to Company personnel is charged to the profit or loss, together with an increase in equity reserves, over the relevant vesting period. Fair values are calculated using the Black Scholes model and adjusted to reflect expected levels of vesting and performance conditions. No expense is recognised for options that do not ultimately vest except where vesting is only conditional upon a market condition.

The fair value of warrants issued to brokers in relation to share placings, calculated in the same way as for share options, is deducted from share premium and taken to a share-based payment reserve.

**Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs to its tax base, except for differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group entity; or
- different Group entities which intend either to settle current tax assets and liabilities on a net basis, or
- to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

**1 Accounting policies (continued)****Earnings/loss per share**

Earnings/loss per share is calculated as profit/loss attributable to shareholders divided by the weighted average number of ordinary shares in issue for the relevant period. Diluted earnings per share is calculated using the weighted average number of ordinary shares in issue plus the weighted average number of ordinary shares that would be in issue on the conversion of all relevant potentially dilutive shares to ordinary shares adjusted for any proceeds obtained on the exercise of any options and warrants. Where the impact of converted share would be anti-dilutive they are excluded from the calculation.

**Foreign currencies**

The functional and presentation currency of the Group and the Company is Pounds Sterling.

The Group translates foreign currency transactions into the functional currency at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate of exchange prevailing at the reporting date. Exchange differences arising are taken to the consolidated statement of comprehensive income except for those incurred on borrowings specifically allocable to development projects, which are capitalised as part of the cost of the asset.

**Critical Accounting Estimates, Uncertainties and Judgements**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Key areas for the application of management judgement currently include:

*Recoverability of capitalised oil and gas assets*

Management is required to assess oil and gas assets for indicators of impairment and have considered the economic value of these assets. Management has estimated the future recoverable amounts of these assets based upon a present value calculation of future cash flows expected to be derived from the production of commercial reserves. Judgement has been used in estimating geological and commercial change of success, production volumes, commodity prices, foreign exchange rates, operating costs, capital expenditure and discount rates.

Specifically, discount rates reflect the current market assessment of the risks specific to the oil and gas sector and are based on the weighted average cost of capital for the Group. Where appropriate, the rates are adjusted to reflect the market assessment of any specific risks. The Group has applied a discount rate of 10% for the current year.

*Fair value of share options and warrants*

The fair value of options and warrants is calculated using appropriate estimates of expected volatility, risk free rates of return, expected life of the options/warrants, the dividend growth rate, the number of options expected to vest and the impact of any attached conditions of exercise. See note 14 for further details of these assumptions.

*Valuation of derivatives associated with the Darwin Facility*

As the ultimate value of these notes is dependent upon the value of the Company's ordinary shares, management has determined the fair value of derivatives (at inception and at the year-end) based on the market share price of the Group of 25p and 6.75p respectively.

*Modification of the Weatherford Loan repayment profile*

Management has exercised judgement in concluding that the renegotiated terms of the Weatherford Loan do not represent a significant qualitative or quantitative modification to the terms of the existing loan agreement.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of revision and future periods if the revision affects both current and future periods.

## 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 Operating loss

The Group operating loss is stated after charging/(crediting) the following:

	2014 £000	2013 £000
Fees payable to the Company's auditor:		
- for the audit of the Company's and Group's financial statements	22	25
- for the audit-related services	-	2
- for services related to corporate finance transactions	-	10
Exploration costs written off	641	2
Impairment of oil and gas properties	8,254	-
Staff costs – fees and salaries	329	166
Staff costs - share-based incentives	1,343	359
Staff costs capitalised as oil and gas non-current assets	(54)	(25)
Foreign exchange loss/(gain)	77	(25)
	<u>          </u>	<u>          </u>

## 4 Staff costs and directors' remuneration

All personnel were engaged under consultancy contracts until completion of the AIM listing on 30<sup>th</sup> September 2013. Thereafter directors were engaged under employment contracts.

During the year, the average number of personnel was:

	2014 Number	2013 Number
Management/operational	<u>5</u>	<u>4</u>
Directors	<u>6</u>	<u>5</u>
	<b>2014</b>	2013
	<b>£000</b>	£000
Personnel costs		
Wages, salaries and fees	306	156
Social security costs	23	10
Share-based incentives	1,343	359
	<u>1,672</u>	<u>525</u>

No pension plans are provided for directors or staff. Key management personnel are deemed to be directors.

Directors' remuneration	Salary £000	Share-based incentives £000	2014 Total £000	2013 Total £000
Mark Routh	69	598	667	192
Peter Young	103	340	443	129
Mehdi Varzi	21	-	21	17
Marie-Louise Clayton	4	104	108	33
Michael Jordan	15	53	68	19
Thomas Hardy	-	-	-	11
Paul Murray	-	-	-	-
	<u>212</u>	<u>1,095</u>	<u>1,307</u>	<u>401</u>

**4 Staff costs and directors' remuneration (continued)**

Social security costs for the year for key management personnel were £23,000 (2013 - £10,000).

The service agreements were effective from 1<sup>st</sup> September 2013 and those for Mark Routh, Peter Young, Marie-Louise Clayton and Michael Jordan provided that only 50% of the full contractual amount apply from that date until the sooner of either the date on which the Company has raised not less than gross funds of £10 million, or 31<sup>st</sup> December 2016. Effective 1<sup>st</sup> April 2014 these amounts were amended to 30% for Mark Routh, 75% for Peter Young, and 0% for each of Marie-Louise Clayton and Paul Murray. For each six-month interval, with the first ending on 28<sup>th</sup> August 2014, the Company may settle the difference between the reduced rate and the full rate either in cash or through the granting of options over ordinary shares of the Company at the volume-weighted average share price over the period to which they relate.

The service agreement for Mehdi Varzi provided for an amounts of £62,500 in respect of the AIM listing and £30,000 to be settled in cash or options over ordinary shares upon similar terms. These amounts were satisfied through the issue of share options on 1<sup>st</sup> March 2015.

Amounts outstanding at the 31<sup>st</sup> December 2014 to which these terms relate totalled £93,000 and were subsequently settled in shares on 1<sup>st</sup> March 2015.

Directors' interests in options on 1p ordinary shares of the Company at 31<sup>st</sup> December 2014 were as follows:

	Granted	Total 31 Dec 2013	Awarded in 2014	Total 31 Dec 2014	Exercise price	Expiry date
Mark Routh	23 Sept 2013	2,933,946	-	2,933,946	1p	30 June 2015
	23 Sept 2013	1,500,000	-	1,500,000	29.74p	23 Sept 2023
	23 Sept 2013	1,500,000	-	1,500,000	41.63p	23 Sept 2023
	19 Nov 2014	-	162,114	162,114	1p	28 Feb 2017
	19 Nov 2014	-	218,672	218,672	1p	31 Aug 2017
Peter Young	23 Sept 2013	1,700,000	-	1,700,000	1p	30 June 2015
	23 Sept 2013	750,000	-	750,000	29.74p	23 Sept 2023
	23 Sept 2013	750,000	-	750,000	41.63p	23 Sept 2023
	19 Nov 2014	-	122,814	122,814	1p	28 Feb 2017
	19 Nov 2014	-	71,405	71,405	1p	31 Aug 2017
Mehdi Varzi	19 Nov 2014	-	58,104	58,104	1p	31 Aug 2017
	23 Sept 2013	570,000	-	570,000	1p	30 June 2015
Marie-Louise Clayton <sup>1</sup>	19 Nov 2014	-	24,563	24,563	1p	28 Feb 2017
	19 Nov 2014	-	45,699	45,699	1p	31 Aug 2017
Michael Jordan <sup>2</sup>	23 Sept 2013	290,000	-	290,000	1p	30 June 2015
	19 Nov 2014	-	24,563	24,563	1p	28 Feb 2017
	19 Nov 2014	-	24,754	24,754	1p	31 Aug 2017
Paul Murray	19 Nov 2014	-	51,878	51,878	1p	31 Aug 2017

1. These options have been granted to Clayton Consulting Partners Limited, a company in which Marie-Louise Clayton is a majority shareholder and a director.

2. These options have been granted to Acura Oil & Gas Limited, a company in which Michael Jordan is the majority shareholder and a director.

Mark Routh as CEO and Peter Young as CFO were entitled to participate under the Group's Long Term Incentive Plan ("LTIP"). No gains have been made upon the exercise of share options to date. Exercising of LTIP options are conditional upon conditions set out in the Remuneration Policy and continued employment within the Company.

The Company paid £13,000 for Directors and Officers Liability insurance during the year (2013: £11,000).

**5 Finance expense**

	2014 £000	2013 £000
Interest on loans	100	140
Finance cost of derivative asset	61	-
Impairment of derivative financial asset	831	-
Other finance expense	145	35
	1,137	175
	1,137	175

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 was recognised against the carrying value of this asset and charged in the statement of comprehensive income based upon the market value of the Company's ordinary shares of £0.0675 at 31<sup>st</sup> December 2014 compared to £0.25 at the point of issue in June 2014.

**6 Taxation**

**a) Current taxation**

There was no tax charge during the year since the Group had no income. Expenditures to-date will be accumulated for offset against future tax charges

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	<b>2014</b> <b>£000</b>	2013 £000
Loss for the year	12,145	1,031
Income tax expense	-	-
Loss before income taxes	<u>12,145</u>	<u>1,031</u>
Expected tax credit based on the standard rate of United Kingdom corporation tax at the domestic rate of 21.5% (2013: 23.25%)	2,611	239
Expenses not deductible for tax purposes	(2,258)	(142)
Unrecognised taxable losses carried forward	(353)	(97)
Total tax expense	<u>-</u>	<u>-</u>

**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 exploration assets. The amount of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the statement of financial position is £534,000. A deferred tax asset will only be created if there is reasonable certainty that profits will be earned in the foreseeable future.

**7 Loss per share**

	<b>2014</b> <b>£000</b>	2013 £000
Loss for the year attributable to shareholders	<u>12,145</u>	<u>1,031</u>
Weighted average number of ordinary shares	<u>63,303,336</u>	<u>50,434,060</u>
Loss per share - pence	<u>19.2p</u>	<u>2.0p</u>

As the result for the year was a loss, no dilutive EPS is disclosed. As at 31<sup>st</sup> December 2014, potentially dilutive instruments in issue were 13,134,599 (2013 – 11,942,408).

**8 Non-current assets**

**Exploration and Evaluation assets - Group**

	<b>2014</b> <b>£000</b>	2013 £000
<b>At cost</b>		
At beginning of the year	15,259	15,171
Additions	508	88
At end of the year	<u>15,767</u>	<u>15,259</u>
<b>Impairments and write-downs</b>		
At beginning of the year	-	-
Impairment	(8,254)	-
At end of the year	<u>(8,254)</u>	<u>-</u>
<b>Net book value</b>		
At 31 December	<u><u>7,513</u></u>	<u><u>15,259</u></u>
At 1 January	<u><u>15,259</u></u>	<u><u>15,171</u></u>

**8 Non-current assets (continued)**

These costs comprise expenditures on the Group's Blythe and Skipper field interests plus some small amounts on the newly awarded licence interests. On 3<sup>rd</sup> March 2014, the Blythe and Skipper licences were both extended by 18 months to 30<sup>th</sup> September 2015. Financial commitments on these licences are covered in note 18.

As explained in the accounting policies section, 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 statement of comprehensive income. This comprises £6,169,000 for Skipper and £2,085,000 for Blythe.

**9 Investments**

<b>Company</b>	<b>Shares in Group companies £000</b>	<b>Loans to Group companies £000</b>	<b>Total £000</b>
<b>At cost</b>			
At 1 January 2013	12,592	1,724	14,316
Additions	-	401	401
At 31 December 2013	<u>12,592</u>	<u>2,125</u>	<u>14,717</u>
Additions	-	1,342	1,342
Impairment	(8,254)	-	(8,254)
<b>At 31 December 2014</b>	<b><u>4,338</u></b>	<b><u>3,467</u></b>	<b><u>7,805</u></b>

The Company has undertaken not to seek repayment of loans to other Group companies until each borrower has sufficient funds to make such payments.

In recognition of the impairment charge against the carrying value of the Group's exploration and evaluation assets described in note 8 above, an equivalent impairment of £8,254,000 against the carrying value of the Company's investment in its subsidiaries was charged to the Company's profit or loss.

The Company's principal subsidiaries are as follows:

<b>Directly held</b>	<b>Country of incorporation</b>	<b>Area of operation</b>	<b>%</b>
IOG Skipper Limited	United Kingdom	United Kingdom	100
IOG North Sea Limited	United Kingdom	United Kingdom	100

Both subsidiaries were incorporated in the United Kingdom on 13<sup>th</sup> May 2011 and are engaged in the business of oil and gas exploration in the North Sea. The financial reporting periods for each end on 31<sup>st</sup> December.

**10 Interests in jointly controlled operations**

<b>Licences United Kingdom</b>	<b>Beneficial interest</b>	<b>Operator</b>
Skipper oil field	50%	Alpha Petroleum Resources
Blythe gas field	50%	Alpha Petroleum Resources

**11 Trade and other receivables**

<b>Group and Company</b>	<b>2014 £000</b>	<b>2013 £000</b>
VAT recoverable	3	117
Derivative financial asset	<u>307</u>	<u>-</u>

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 was recognised against the carrying value of this asset and charged in Group's profit and loss account based upon the market value of the Company's ordinary shares of £0.0675 at 31<sup>st</sup> December 2014 compared to £0.25 at the point of issue in June 2014.

**12 Current liabilities**

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Group</b>		
Loans	461	-
Trade payables	21	59
Amounts due to joint venture partners	8	4
Accruals	165	25
	<u>655</u>	<u>88</u>
<b>Company</b>		
Loans	461	-
Trade payables	21	59
Amounts due to joint venture partners	8	4
Accruals	149	5
	<u>639</u>	<u>68</u>

On 4<sup>th</sup> June 2014, the Company received £517,500 under a loan arrangement with Darwin Strategic Limited. Repayment of the loan was to be £575,000 if paid within six months with an additional £28,750 due if made during the following six months. Of this £118,500 was repaid in July 2014. Amounts of £57,500 in respect of the first six months and £4,106 in respect of part of the second six months have been included in the amount outstanding at 31<sup>st</sup> December 2014.

During 2013 the Company raised additional finance totalling £172,000 through the issue of loan notes. Interest accrued on the loan notes at a rate of 7.5% per annum and totalled £48,000 at 30<sup>th</sup> September 2013. In view of the right to conversion into equity of the loan notes, a fair value of £166,000 was ascribed to the equity component and was reflected in the convertible debt option reserve within capital and reserves. There was an additional interest charge in 2013 of £112,000 to reflect the effective interest rate of the loan notes.

Upon listing of the Company's shares on AIM on 30<sup>th</sup> September 2013, outstanding loan notes plus accrued interest converted into ordinary shares at a price of £0.1903 being 80% of the most recent offering price.

**13 Non-current liabilities**

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Group</b>		
Trade creditors	<u>1,586</u>	<u>1,471</u>
<b>Company</b>		
Trade creditors	<u>24</u>	<u>24</u>

During 2014 Group trade creditors denominated in US\$ were increased by £77,000 (2013 – reduced by £25,000) through changes to the £/US\$ exchange rate.

Of the Group's total trade creditors, £1,296,000 is due no later than 30<sup>th</sup> September 2016, this date having been extended by fifteen months from the previous repayment date of 31<sup>st</sup> March 2015 in return for increasing the interest rate from 3% to 9% effective from 31<sup>st</sup> March 2015 and the issue of 500,000 warrants at that date. Trade creditors' book value equates to fair value.

The balance of the Group's creditors and also the Company's creditors are not due until after sustained production is achieved from the Skipper field.

14 Equity share capital

	Number	Share capital £000	Share premium £000	Total £000
<b>Allotted, issued and fully paid</b>				
At 1 January 2013				
- Ordinary shares of 1 pence each	47,323,417	473	13,078	13,551
Equity issued	8,715,000	87	1,916	2,003
Equity issue costs	-	-	(157)	(157)
Warrants issued	-	-	(42)	(42)
Loan note conversion	3,493,437	35	630	665
At 31 December 2013				
- Ordinary shares of 1 pence each	59,531,854	595	15,425	16,020
<b>2014</b>				
Equity issued	5,625,000	56	1,350	1,406
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	<b>69,247,764</b>	<b>692</b>	<b>17,163</b>	<b>17,855</b>

On 4<sup>th</sup> 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 have been 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 a 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<sup>th</sup> June 2017 to which a fair value of 3.09 pence each has been 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 resulting in a total charge of £10,000 to the share premium account.

On 5<sup>th</sup> November 2014, the Company issued 4,090,910 ordinary shares at a subscription price of 11 pence each.

On 30<sup>th</sup> September 2013, concurrent with its admission to AIM, the Company issued 8,405,800 ordinary shares through a placing at a price of £0.238 each to raise £2,000,000 before issue costs of £157,000. The Company also issued a further 309,200 ordinary shares at a price of £0.01 each to raise £3,000 in satisfaction of rights attached to previously issued shares which crystallised upon listing.

Also upon admission to AIM all loan notes, plus associated interest, totalling £665,000 were converted into ordinary shares at a 20% discount to the placing price being £0.1904.

**Share options and warrants**

During the year the Company issued share options under its share option plan.

	Number	Price pence	Grant	Expiry
1 January 2014	11,373,946	14.72	23 Sept 2013	
Staff options	334,054	1p	19 Nov 2014	28 Feb 2017
Staff options	470,512	1p	19 Nov 2014	31 Aug 2017
<b>31 December 2014</b>	<b>12,178,512</b>	<b>13.82</b>		

The AIM bonus options may not be exercised before 1<sup>st</sup> January 2015. The LTIP options may not be exercised for a minimum of three years after their grant dates and then only vest when the market price of the Company's ordinary shares exceeds 47.58 pence in respect of the 29.74 pence options and 59.48 pence in respect of the 41.63 pence options for 20 consecutive days and provided conditions set by the Remuneration Committee at the time of the grant are satisfied. Mark Routh as CEO and Peter Young as CFO were entitled to participate under the Group's Long-Term Incentive Plan ("LTIP"). No gains have been made upon the exercise of share options to date. Exercising of LTIP options are conditional upon conditions set out in the Remuneration Policy and continued employment within the Company.

The remaining average contractual life of the 12,178,512 share options outstanding at 31<sup>st</sup> December 2014 was 3.68 years at that date. None of these options were exercisable at that date.

The weighted average exercise price of the options was 13.82 pence at 31<sup>st</sup> December 2014 (2013 – 14.72 pence).

The Company calculates the value of share-based compensation using the Black-Scholes option pricing model to estimate the fair value of share options and warrants at the date of grant.

The fair value of options granted in 2014 is calculated as £1,343,000 and this has been charged to the profit or loss (2013 - £359,000). The exercise price was determined as 1p.



**14 Equity share capital** continued

On 1<sup>st</sup> July 2014 the Company also issued 326,087 warrants (2013 - 630,000) that may be exercised at any time prior to the third anniversary of the issue date. The fair value of warrants granted in 2014 is calculated as £10,000 and this has been charged to the share premium account (2013 - £42,000). The exercise price was determined as 46 pence.

The following assumptions were applied in the above calculations

	2014 options	Brokers' warrants
Risk free interest rate	4.3%	4.3%
Dividend yield	nil	nil
Weighted average life expectancy	3 years	3 years
Volatility factor	50%	50%

An estimated volatility of 50% has been applied.

**15 Cash and cash equivalents**

<b>Group and Company</b>	<b>2014 £000</b>	<b>2013 £000</b>
Cash at bank	<b>398</b>	<b>1,120</b>

**16 Company loss/profit for the year**

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company loss for the year was £11,200,000 (2013: £732,000).

**17 Financial instruments**

**Significant accounting policies**

Details of the significant accounting policies in respect of financial instruments are disclosed in Note 1 of the financial statements.

**Financial risk management**

The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. At this stage, no formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk and no derivatives or hedges were entered into during the year other than those related to the Darwin loan.

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group and Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Group is exposed through its operations to the following financial risks:

- Liquidity risk;
- Credit risk;
- Cash flow interest rate risk; and
- Foreign exchange risk

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group and Company's competitiveness and flexibility. Further details regarding these policies are set out below:

**Principal financial instruments**

The principal financial instruments used by the Group and Company, from which financial instrument risk may arise are as follows:

- Cash and cash equivalents
- Derivative assets
- Trade and other payables

17 Financial instruments (continued)

**Liquidity risk**

The Group's and Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain readily available cash balances to meet expected requirements for a period of at least twelve months for overheads and as commitments dictate for capital spend.

Rolling cash forecasts identifying the liquidity requirements of the Group and Company are produced frequently. These are reviewed regularly by management and the Board to ensure that sufficient financial resources are made available. All Group activities are funded through the Company.

At 31<sup>st</sup> December 2013 loan notes totalling £617,000 plus interest accrued of £48,000 had been converted into equity leaving no loan notes outstanding.

	6 months or less £000	Greater than 6 months, less than 12 months £000	Greater than 12 months £000	Total undiscounted £000	Carrying amount £000
<b>2014 Group</b>					
<b>Current assets</b>					
Derivative instrument	-	307	-	307	307
Cash and cash equivalents	398	-	-	398	298
	<u>398</u>	<u>307</u>	<u>-</u>	<u>705</u>	<u>705</u>
<b>Current financial liabilities</b>					
Loans	461	-	-	461	461
Trade and other payables	194	-	-	194	194
<b>Non-current financial liabilities</b>					
Trade and other payables	-	-	1,772	1,772	1,772
	<u>655</u>	<u>-</u>	<u>1,772</u>	<u>2,427</u>	<u>2,427</u>
<b>2013 Group</b>					
<b>Current assets</b>					
Cash and cash equivalents	1,120	-	-	1,120	1,120
	<u>1,120</u>	<u>-</u>	<u>-</u>	<u>1,120</u>	<u>1,120</u>
<b>Current financial liabilities</b>					
Loan notes	-	-	-	-	-
Trade and other payables	88	-	-	88	88
<b>Non-current financial liabilities</b>					
Trade and other payables	-	-	1,681	1,681	1,681
	<u>88</u>	<u>-</u>	<u>1,681</u>	<u>1,769</u>	<u>1,769</u>

Trade and other payables include projected interest for the remaining term of loans.

## 17 Financial instruments (continued)

	6 months or less £000	Greater than 6 months, less than 12 months £000	Greater than 12 months £000	Total undiscounted £000	Carrying amount £000
<b>2014 Company</b>					
<b>Current assets</b>					
Derivative instrument		307	-	307	307
Cash and cash equivalents	398	-	-	398	398
	<u>398</u>	<u>307</u>	<u>-</u>	<u>705</u>	<u>705</u>
<b>Current financial liabilities</b>					
Loans	461	-	-	461	461
Trade and other payables	178	-	-	178	178
<b>Non-current financial liabilities</b>					
Trade and other payables	-	-	24	24	24
	<u>639</u>	<u>-</u>	<u>24</u>	<u>663</u>	<u>663</u>
<b>2013 Company</b>					
<b>Current assets</b>					
Cash and cash equivalents	1,120	-	-	1,120	1,120
	<u>1,120</u>	<u>-</u>	<u>-</u>	<u>1,120</u>	<u>1,120</u>
<b>Current financial liabilities</b>					
Trade and other payables	68	-	-	68	68
<b>Non-current financial liabilities</b>					
Trade and other payables	-	-	24	24	24
	<u>68</u>	<u>-</u>	<u>24</u>	<u>92</u>	<u>92</u>

Trade and other payables include projected interest for the remaining term of loans.

**Credit risk**

The credit risk on liquid funds is limited because the counterparties are banks with credit ratings assigned by international credit rating agencies. The Group places funds only with selected organisations with ratings of 'A' or above as ranked by Standard & Poor's for both long and short term debt. All funds are currently placed with NatWest bank.

Group and Company	Carrying value £000	Maximum exposure £000
<b>Cash and receivables</b>		
Cash and cash equivalents	398	398
	<u>398</u>	<u>398</u>

The Group made investments and advances into subsidiary companies during the year, recovery of which is dependent on future income generation of those subsidiaries.

The Group's and Company's external trade and other receivables comprise UK VAT and have not been impaired and which are non-interest bearing. The Group and Company do not hold any collateral as security and do not hold any significant provision in the impairment account for trade and other receivables as they relate to third parties with no default history

17 Financial instruments (continued)

**Cash flow interest rate risk**

As cash is non-interest bearing, and loans and creditors are subject to only fixed interest rates, variations in commercial interest rates would have had no impact upon the Group's and Company's result for the year ended 31<sup>st</sup> December 2014.

**Foreign exchange risk**

All of the Group's and Company's monetary assets and liabilities are denominated in Pounds Sterling, the functional currency of the Group and each of its subsidiaries, other than US\$2,116,000 (£1,362,000) of non-current liabilities held by the Group in one of its subsidiaries. These exposures give rise to the net currency gains and losses recognised in profit or loss. A 10% fluctuation in the Pound sterling rate compared to the US dollar would give rise to a £124,000 gain or loss in the profit and loss.

The Group carried limited exposure to foreign exchange risk during the period to 31<sup>st</sup> December 2014. Its costs are incurred almost entirely in Pounds Sterling and it has no current revenues. The Group and the Company's cash balances are maintained in Pounds Sterling which is the functional and reporting currency of each Group company. Consequently no formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk. It is the Group's policy to ensure that individual Group entities enter into transactions in their functional currency wherever possible. The Group considers this minimises any foreign exchange exposure.

Management regularly monitor the currency profile and obtain informal advice to ensure that the cash balances are held in currencies which minimise the impact on the results and position of the Group and the Company from foreign exchange movements.

Consequently Management do not consider that a foreign exchange sensitivity analysis is material to the results of the Group and the Company.

**Capital**

The objective of the directors is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. To date the Group has been principally equity financed, reflecting the early stage and consequent relatively high risk of its activities. During 2014, the Group raised £450,000 through the issue of ordinary shares at £0.11 (2013 - £2,000,000) and issued a further 5,625,000 ordinary shares at £0.25 in return for notes issued by Darwin Securities. In 2013 the Company raised £172,000 in interest bearing loan notes which were then converted into ordinary shares upon AIM listing.

In managing its capital, comprising equity, as described in the Statement of Changes in Equity, and loan notes, as disclosed in Note 12, the Group and Company's primary objective is to ensure its ability to provide a sufficient return for its equity shareholders, principally through capital growth. In order to achieve and seek to maximise this return objective the Group and Company will in the future seek to maintain a gearing ratio that balances risks and returns at an acceptable level while also maintaining a sufficient funding base to enable the Group and Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, increases or reductions in debt, or altering a dividend or share buyback policies, the Group considers not only its short term position but also its medium and longer term operational and strategic objectives.

**Borrowing facilities**

The Group and Company had borrowings totalling £461,000 outstanding at 31<sup>st</sup> December 2014.

**Hedges**

The Group did not hold any hedge instruments at the reporting date.

18 Financial commitments

The Group has authorised and committed to capital expenditure in the current period as part of the exploration and development work programme for the licences in which it participates:

	2014 £000	2013 £000
Authorised but not contracted	3,750	781
Contracts	682	690
	<u>4,432</u>	<u>1,471</u>

All capital commitments derive from the Group's participation in its joint venture operations and entities.

## 19 Related party transactions

Details of directors' remuneration are provided in note 4.

Acura Oil & Gas Limited, of which Michael Jordan is a director, acquired 181,818 shares for £20,000 during the year (2013 – disposed of 2,252,321 shares). Acura subscribed for £30,000 in loan notes during 2013 and these plus accumulated interest were converted into 165,284 ordinary shares upon the Company's admission to AIM. This brought Acura's total holding to 6,957,560 (2013 – 6,775,742) shares being 10.05% of the total issued share capital.

Mark Routh acquired 181,821 shares for £20,000 during the year (2013 – 462,427 shares). He also subscribed for £40,000 in loan notes during 2013 and his total loan notes, plus accumulated interest, were converted into 1,373,246 ordinary shares upon the Company's admission to AIM. This brought his total holding to 4,303,010 (2013 – 4,121,189) shares being 6.21% of the total issued share capital.

Peter Young subscribed for 181,818 shares for £20,000 (2013 – 6,996,539 shares bringing his total holding to 13,726,638 (2013 – 13,544,820) being 19.82% of the total issued share capital.

Clayton Consulting Partners Limited, of which Marie Louise Clayton is a director acquired 181,818 shares for £20,000 during the year (2013 – 90,600) bringing her total holding, including shares held directly by her, to 2,732,591 (2013 – 2,550,770) being 3.95% of the total issued share capital.

Paul Murray acquired 181,818 shares during the year for £20,000 (2013 – 769,602 shares) bringing his total to 951,420 shares (2013 – 769,602 shares) being 1.37% of the total issued share capital.

## 20 Subsequent events

The key events subsequent to the year are as follows. Details of these events are provided in the Chief Executive's Review on page 2.

- Interim loan funding was agreed in June 2014 with Darwin Strategic. Post year end the loan has been partially repaid with £358,000 now outstanding and the term has been extended to early September 2015 when it is expected to be repaid in full.
- On 3<sup>rd</sup> June 2015 the Company announced the acquisition of the remaining 50% of licence P1609 containing the Skipper discovery from Alpha Petroleum Resources Limited. Upon completion IOG will become operator and will hold 100% of Skipper.
- A further investment of £145,000 was committed in June 2015 through the issue of 609,500 new ordinary shares in the capital of IOG at 23.79p per share.
- Long term financing discussions on the funding of Skipper, Cronx, Elgood and Blythe through to production are progressing well with an internationally listed group with a multi-billion dollar market capitalisation and all parties continue to work towards a completion date by 15<sup>th</sup> August 2015.
- IOG was also awarded a revised and increased area in licence P2260, block 48/22c which now includes the Hambleton discovery to the south of Elgood.
- The Group announced three phases of 3D seismic remapping and an MOU has been agreed with Baker Hughes for the provision of oilfield services.

## INFORMATION AND ADVISERS

### 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

One America Square  
Crosswall  
London  
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### Company registered number

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### Auditors

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