Independent Resources plc

Interim report

for the

Six months ended 30 June 2016

Independent Resources PLC

("Independent Resources" or the "Company")

Interim report

Six months ended 30 June 2016

Highlights

- Continued to progress registration of Independent Resources Egypt Limited ("IRE"), the Company's joint venture with Nostra Terra Oil and Gas Company plc ("Nostra Terra"), with the relevant Egyptian authorities to enable IRE to become eligible to invoice for outstanding revenues from the East Ghazalat concession ("East Ghazalat") which have been accruing since 1 July 2015
- Commenced discussions with the Egyptian General Petroleum Company Limited ("EGPC") to attempt to progress a resolution of the Company's dispute with North Petroleum International Company SA ("North Petroleum"), the operator of East Ghazalat
- Extended licence to August 2017, increased contractor interest to 100 per cent. and continued discussions over a potential farm-in for Ksar Hadada
- Completed a cash equity and convertible loan fundraising of £0.29 million
- Repaid £0.47 million of trade creditors through the issue of equity at an average price of 0.12p per share
- Completed a cost review and have commenced the implementation phase targeted at achieving an annual cash expenditure of approximately £700,000 by year-end
- IRE reached an agreement in September 2016 with TransGlobe Petroleum International Inc. ("TransGlobe") to pay $200,000 as settlement for the early repayment of the loan note issued to TransGlobe in October 2015
- Loan agreement entered with Brandon Hill Capital for £160,000 entered post interim period end

Chairman's Statement

Introduction

The industry continues to implement aggressive cost reduction measures globally reflecting the view that oil prices will continue around current levels for some time to come. Independent Resources continues to focus on North Africa where low cost assets with opportunities to increase reserves and production levels are still to be found. These opportunities are mainly onshore in areas where there is existing infrastructure and markets.

In the first half of 2016, we have taken extensive steps to reduce our creditor balances and reduce our ongoing cash expenditure. We are well on the way to achieving our cost reduction plans whilst continuing to progress discussions with EGPC and North Petroleum to resolve our outstanding issues relating to the East Ghazalat concession and pursuing new Egyptian investment opportunities similar in scale to East Ghazalat.

Egypt

As announced on 15 October 2015, through IRE, a joint venture with Nostra Terra, Independent Resources made its first investment in Egypt via the acquisition of TransGlobe's 50 per cent. interest in the East Ghazalat licence located in the Western Desert of Egypt. The transaction was structured as a corporate acquisition of a single asset subsidiary of TransGlobe for a total consideration of $3.5 million of which $2.5 million was deferred as a vendor loan note ("Loan Note"), payable in September 2017. At the time of the acquisition, East Ghazalat was generating approximately 880 barrels per day of gross production in which we have a 25 per cent. interest.

We recognise that this is a relatively small acquisition and is intended to be an initial entry investment in Egypt allowing the Company to follow with further, more material and interesting, acquisitions in order to build a cash flow generative business based on solid revenues with compelling investment characteristics.

We have subsequently received approval from EGPC as a new entrant in Egypt. This was one of the preconditions to allow us to follow through on our commercial registration and receive the revenues due to us since completion. We are also progressing the other requisite regulatory and security clearances which include relevant commercial and taxation registrations from the General Authority for Investment and Free Zones ("GAFI").

As announced on 21 June 2016, we currently expect the registration process to be completed shortly although this not something that we can control. New entrant approval also facilitates potential further investments in this well-established hydrocarbon province where interests in producing and near production assets remain available for acquisition and where our management team has extensive experience.

Our due diligence on East Ghazalat made us aware that significant restructuring of the licence cost base was necessary to ensure that it would contribute to group cash flows in a low oil price environment but that holding a combined 50 per cent. interest in the licence through the joint venture with Nostra Terra would provide a position to ensure that the management of the licence is in accordance with our best interests and plans. We envisaged that there would be difficult discussions with North Petroleum, the Chinese state-owned operator of East Ghazalat as we attempted to restructure the cost base of the licence to ensure that activities on East Ghazalat would be prudently managed and ensure costs are appropriate for the scale of activity on the licence and this has certainly proved to be the case.

As announced on 25 January 2016 we received notice of default in relation to cash calls raised by North Petroleum. We believe those cash calls to be fundamentally erroneous and unjustifiable in the context of the licence, in comparison with other interests that North Petroleum has in Egypt and within the current business environment and we have therefore declined to pay them. We have formally rebutted the claims from North Petroleum for payment and in relation to the alleged default.

North Petroleum's continuing and consistent refusal to furnish financial information to allow a proper understanding of past costs has contributed substantially to the current breakdown in relations. The patchwork of billing estimates provided to date have been issued out with the procedures in the Joint Operating Agreement, and in our view are unjustifiable and fundamentally unreasonable given the level of production, drilling and exploration activity on East Ghazalat. We have been unable to agree a budget with North Petroleum for 2016 which has constrained activity, although given low oil prices we believe this is actually an appropriate posture.

There are also unrecovered amounts due to IRE from North Petroleum in relation to outstanding historical joint operating agreement audit claims. We have served notice to North Petroleum of our intention to conduct an audit of the East Ghazalat licence costs for 2013 and 2014. We also reserve the right to conduct an audit in relation to 2015. We have not reflected any estimate of the amounts that could be recovered by the joint venture in respect of audits at this year-end.

We do believe it is in the interests of the Arab Republic of Egypt and the owners of East Ghazalat to agree on the way forward and we continue to work with EGPC to resolve these differences while protecting the interests of our shareholders.

As announced on 15 August 2016 the Company received a notice of default from TransGlobe claiming that, *inter alia*, the Company was in default of its obligations under the Loan Note. The Company rebutted TransGlobe's claim and announced that it intended to meet with TransGlobe to resolve the issue.

On 28 September 2016 the Company announced that its joint venture with Nostra Terra, IRE, reached an agreement with TransGlobe concerning the early repayment of the Loan Note. Under the terms of the agreement, the Company, IRE and Nostra Terra will collectively pay $200,000 to TransGlobe in full and final settlement of the Loan Note and all interest accruing on the Loan Note. This removes the outstanding liability net to the Company of approximately $1.38 million (including accrued interest), leaving no further debt on the asset or payments owed to TransGlobe.

The impact of the settlement arrangements will be reflected in the results of IRE and the Company for the second half of the financial year ending 31 December 2016 and is more fully described in note 9 to the interim financial statements.

In light of the lack of any access to robust financial information for these interim statements, we have continued to adopt the approach used in 2015 and accounted for our investment in the East Ghazalat licence at historical cost and not consolidated any share of profits or losses. This approach was used since 1 July 2015, the effective date of the transaction in respect of that investment.

The directors remain confident that our joint venture interest in East Ghazalat will create value for shareholders.

Tunisia

We continue to seek a farm-in partner for our licence interest in Ksar Hadada to provide finance and technological innovation. There can be no doubt that the difficulty of achieving this was increased by the drop in oil prices and increased concerns over the security situation in Tunisia after the terrorist events during 2015.

We have continued to carry out significant additional technical analysis of the prospectivity of the licence during the first half of 2016, increased our contractor interest to 100 per cent. by facilitating the withdrawal of our minority licence partners and have now obtained an additional one-year extension until 7 August 2017 from the Tunisian Government to complete the work programme. We are optimistic that the multi-horizon prospectivity in both the Ordovician and the Acacus should be attractive to potential farminees. We have identified prospects of well over 100 million barrels of recoverable hydrocarbons.

We remain in discussions with parties regarding investment where the Company would expect to continue to be the operator but with a reduced working interest in the range of 50 per cent. The potential economic returns from the licence remain highly attractive even at lower oil prices.

Italy

We have successfully relinquished our coal bed methane assets in Ribolla and Casoni with no further obligations.

We have successfully restricted our cost base in Italy in the light of uncertainty over the timing of legal appeals in relation to the Rivara Gas Storage project. This restructuring involves liquidating legal entities which have no further commercial value. This has ensured we now only incur a small cost for our Italian activities pending clarity on the outcome of the Rivara proceedings. We are still looking to ensure that the administrative tribunal hears our court case in relation to Rivara as soon as possible, where the positions taken in 2012 by the Emilia-Romagna region and the Ministry of Economic Development will be contested. Through our Italian legal counsel, we continue to seek a date for commencement of the court proceedings. No impairment provision has been taken until the outcome of such a process becomes known.

Overhead costs

We have continued to focus as a management team to minimise expenditure and group cash expenditure. We welcome the continued support from all our business partners during a difficult time for the industry.

As a sign of their commitment to ensuring the successful future of the Company, all the directors and key management have agreed to defer or use net salary and consultancy payments in full or in part to subscribe for additional equity in the company. Cash salaries have not been paid to board members since January 2015 and will only resume once the board is satisfied that it has become appropriate to do so.

Included in creditors and accruals as at 30 June 2016 are £400,468 of directors' and senior management's remuneration. After the period end, we announced that the directors and COO had agreed to subscribe for £400,468 worth of new ordinary shares in the Company to settle outstanding salaries and fees due up to 30 June 2016 at an average price of 0.224 pence per ordinary share representing a 244 per cent. premium to the closing price on 13 July 2016 and helping to preserve the Company's cash resources.

The financial effect of these arrangements as they were entered after the period end will be reflected in the second half of this financial year.

These arrangements were announced on 14 July 2016 along with the creation of a new share scheme whereby restricted shares would be issued in arrears to satisfy the directors' and COO's quarterly remuneration at share prices of 0.45p for Q3 2016, 0.6p for Q4 2016 and Q1 2017. There will be no additional cash payments to the directors until such time as the Company's financial position merits resumption of such payments.

Creditors include £110,332 ($147,613) owed by Nostra Terra to the Company comprising Nostra Terra's 50 per cent. share of third party professional fees incurred by the Company on behalf of IRE its joint venture with Nostra Terra in respect of IRG's formation and the acquisition of the East Ghazalat concession. The Company which has paid its 50 per cent. share of these professional costs to the third parties concerned, continues to press NTOG for payment of this liability.

The Company has, since IRE's formation, managed and run IRE on behalf of not only itself but also Nostra Terra. This has resulted in the Company incurring substantial costs in providing management services to IRE which are reflected in a gross debt of £284,746 being the amount owed by IRE to the Company for these services, as at 30 June 2016. The Company considers that Nostra Terra, given its 50 per cent. ownership of IRE, is liable to the Company for 50 per cent. of these costs and accordingly Nostra Terra owes the Company £142,373. The Company continues to press Nostra Terra to pay this debt.

Going forward, the Company is on track to implement a reduced overhead cash spend commensurate with our current asset base to c. £700,000 per annum.

Results for the Period

The group reported a consolidated loss of £0.45 million for the six months to 30 June 2016 (2015 1H: £0.89 million).

The reported loss for the period includes the group's share of losses of its joint venture with Nostra Terra Oil and Gas Company plc of £0.14 million (2015 1H: £nil), where due to limitations on financial information available from the licence operator it was not possible to consolidate the group's share of revenues and costs attributable to its licence interest in East Ghazalat. The cash spend during 1H 2016 was £0.32 million (2015: £0.8 million).

Group cash balances at 30 June 2016 were £0.07 million.

Fundraising

In February of this year the Company placed 77,981,175 new shares raising gross proceeds of £93,500. In May the Company raised a further £200,000 through the issue of convertible debt. The convertible debt was subsequently converted to equity at 0.048 pence per share. Total fees of approximately £15,000 were incurred in relation to the fundraising and have been expensed in the period.

As shareholders ourselves, management are acutely aware of the effect of dilution on all shareholders and we will seek ways to minimise this through use of debt and development finance in the future where possible.

Going concern

In order to execute our strategy, the directors acknowledge that further funding will be required within the next 12 months in order for the Company to continue operating.

Our acquisition strategy remains focused on acquiring producing assets to create a group which is self-sustaining from production cash flows.

We remain confident that additional external funding should be available, if and when required, and we continue to actively progress opportunities in this regard. We continue to attract the financial support of our major shareholders as demonstrated by the recently arranged loan facility for £160,000 from Brandon Hill Capital.

The directors have considered the Company's current trading activities, its current funding position and the projected funding requirements for a period of at least twelve months from the date of approval of these interim financial statements. Taking this into account, the board consider it appropriate to adopt the Going Concern basis in preparing results for the six months ended 30 June 2016.

Business development

We have continued to work hard to secure investment. The collapse of oil prices and the resultant challenge in forecasting future oil prices for investment appraisal purposes has necessitated a degree of caution on our part as we consider new opportunities.

We continue to adopt a rigorous approach to diligence and valuation, leveraging the operational and transactional experience of the management team to ensure we are content that value can be delivered for shareholders.

We continue to evaluate a number of low cost onshore opportunities in Egypt and Tunisia. Typically, we are looking at opportunities to acquire a meaningful interest in a field where there is gross production of 300 to 2,000 barrels per day and where the acquisition price is likely to be less than $1 million.

Our priority is on assets that continue to be near or cash flow positive even at current pricing levels whilst offering opportunity for low cost organic production growth. Such opportunities will provide scope to increase production significantly through low-cost drilling including horizontal wells and the application of international practices to field management, well workovers, technical evaluation, procurement and cost management.

Outlook

We continue to be optimistic that despite generally difficult and uncertain industry conditions, we can successfully execute a production led strategy and that there are attractive opportunities to be pursued in North Africa. Management remain committed to growing the company and thank our shareholders for their continued patience and support.

Independent Resources PLC

Consolidated statement of comprehensive income

Six months ended 30 June 2016

	Notes	Unaudited 1 January 2016 to 30 June 2016 £	Unaudited 1 January 2015 to 30 June 2015 £	Audited 1 January 2015 to 31 December 2015 £
Continuing operations				
Revenue	**2**	-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Administrative expenses		(295,318)	(741,558)	(1,652,631)
Other operating income		-	-	-
Operating loss		(295,318)	(741,558)	(1,652,631)
Financial income		114	198	351
Financial expense		(17,143)	-	(3,533)
Share of post-tax losses of equity accounted joint ventures		(137,906)	-	(156,985)
Loss before tax		(450,253)	(741,360)	(1,812,798)
Taxation	**3**	-	-	-
Loss from continuing operations		(450,253)	(741,360)	(1,812,798)
Discontinued operations				
Profit/(loss) after taxation for the period from discontinued operations		1,560	(148,915)	(96,269)
Loss for the period		(448,693)	(890,275)	(1,909,067)
Other comprehensive income:				
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)				
Exchange difference on translating foreign operations		624,689	(467,588)	(296,126)
Total comprehensive profit/(loss) for the period		175,996	(1,357,863)	(2,205,193)
Loss attributable to:				
Owners of the parent		(448,693)	(890,275)	(1,909,067)
Total comprehensive profit/(loss) attributable to:				
Owners of the parent		175,996	(1,357,863)	(2,205,193)
Loss per share (pence)	**4**			

Basic	(0.1)	(0.7)	(1.1)
Diluted	(0.1)	(0.7)	(1.1)
Loss per share (pence) from continuing operations			
Basic	(0.1)	(0.6)	(1.0)
Diluted	(0.1)	(0.6)	(1.0)

Independent Resources PLC

Consolidated statement of financial position

As at 30 June 2016

	Notes	Unaudited 30 June 2016 £	Unaudited 30 June 2015 £	Audited 31 December 2015 £
Non-current assets				
Property, plant and equipment		8,312	10,822	11,127
Other intangible assets	5	6,006,861	5,167,240	5,387,018
Investments in equity-accounted joint ventures	6	-	-	137,906
		6,015,173	5,178,062	5,536,051
Current assets				
Other receivables		747,221	183,634	488,877
Cash and cash equivalents		66,167	370,640	101,300
		813,388	554,274	590,177
Assets held for distribution		40,978	112,434	43,179
		854,366	666,708	633,356
Current liabilities				
Trade and other payables		(904,416)	(830,291)	(1,164,063)
Liabilities directly associated with the assets held for distribution		(4,678)	(127,224)	(20,968)
		(909,094)	(957,515)	(1,185,031)
Net current assets		(54,728)	(290,807)	(551,675)
Net assets		5,960,445	4,887,255	4,984,376
Equity attributable to equity holders of the parent				
Share capital	7	2,327,488	1,851,434	2,159,247
Share premium	8	17,247,816	16,302,050	16,628,623
Share option reserve		84,357	50,568	71,718
Share warrant reserve		302,453	13,538	302,453
Foreign currency translation reserve		288,999	(507,152)	(335,690)
Retained earnings		(14,290,668)	(12,823,183)	(13,841,975)
Total equity		5,960,445	4,887,255	4,984,376

Independent Resources PLC

Consolidated statement of cash flows

Six months ended 30 June 2016

	Unaudited 1 January 2016 to 30 June 2016 £	Unaudited 1 January 2015 to 30 June 2015 £	Audited 1 January 2015 to 31 December 2015 £
Cash flows from operating activities			
Loss from continuing operations	(450,253)	(741,360)	(1,812,798)
Loss from discontinued operations	1,560	(148,915)	(96,269)
Adjustments for:			
Depreciation of property, plant and equipment	3,212	2,630	5,372
Share of post-tax loss of equity accounted joint ventures	137,906	-	156,985
Placing costs expensed	-	71,765	69,244
Share-based payments	12,639	24,792	45,942
Warrants issued	-	13,538	302,453
Financial income	(114)	(198)	(351)
Financial expense	17,143	-	3,533
	(277,907)	(777,748)	(1,325,889)
(Increase)/decrease in other receivables	(257,825)	12,834	(289,826)
Increase in assets held for distribution	(14,089)	(217,516)	(254,517)
Increase in trade and other payables	231,282	201,616	555,053
Cash used in operations	(318,539)	(780,814)	(1,315,179)
Income taxes received	-	-	-
Net cash used in operating activities	(318,539)	(780,814)	(1,315,179)
Cash flows used in investing activities			
Interest received	114	198	351
Interest paid	-	-	(3,533)
Proceeds on disposal of property, plant and equipment	-	-	-
Acquisition of equity accounted joint venture	-	-	(294,891)
Purchase of intangible assets	-	(22,113)	(73,013)
Purchase of property, plant and equipment	(396)	(440)	(3,486)
Net cash used in investing activities	(282)	(22,355)	(374,572)
Cash flows from financing activities			
Receipt of convertible loan	200,000	-	-
Issue of share capital	93,577	800,000	1,513,147
Share issue costs	(9,889)	(52,100)	(148,005)
Net cash from financing activities	283,688	747,900	1,365,142
Net increase/(decrease) in cash and cash equivalents	(35,133)	(55,269)	(324,609)
Cash and cash equivalents at beginning of the period	101,300	425,909	425,909
Cash and cash equivalents at end of the period	66,167	370,640	101,300

Independent Resources PLC

Consolidated statement of changes in equity

Six months ended 30 June 2016

	Retained earnings £	Share capital £	Share premium £	Share option reserve £	Share warrant reserve £	Foreign currency translation reserve £	Total £
Six months to 30 June 2016							
1 January 2016	(13,841,975)	2,159,247	16,628,623	71,718	302,453	(335,690)	4,984,376
Loss for the period	(448,693)	-	-	-	-	-	(448,693)
Exchange differences	-	-	-	-	-	624,689	624,689
Total comprehensive loss for the period	(448,693)	-	-	-	-	624,689	175,996
New shares issued	-	168,241	629,082	-	-	-	797,323
Share issue costs	-	-	(9,889)	-	-	-	(9,889)
New share warrants issued	-	-	-	-	-	-	-
Share options lapsed in the period	-	-	-	-	-	-	-
Share-based payments	-	-	-	12,639	-	-	12,639
30 June 2016	(14,290,668)	2,327,488	17,247,816	84,357	302,453	288,999	5,960,445
Six months to 30 June 2015							
1 January 2015	(11,932,908)	1,051,434	16,302,050	25,776	-	(39,564)	5,406,788
Loss for the period	(890,275)	-	-	-	-	-	(890,275)
Exchange differences	-	-	-	-	-	(467,588)	(467,588)
Total comprehensive loss for the period	(890,275)	-	-	-	-	(467,588)	(1,357,863)
New shares issued	-	800,000	-	-	-	-	800,000
Share issue costs	-	-	-	-	-	-	-
New share warrants issued	-	-	-	-	13,538	-	13,538
Share options lapsed in the period	-	-	-	-	-	-	-
Share-based payments	-	-	-	24,792	-	-	24,792
30 June 2015	(12,823,183)	1,851,434	16,302,050	50,568	13,538	(507,152)	4,887,255

Year to 31 December 2015

1 January 2015	(11,932,908)	1,051,434	16,302,050	25,776	-	(39,564)	5,406,788
Loss for the period	(1,909,067)	-	-	-	-	-	(1,909,067)
Exchange differences	-	-	-	-	-	(296,126)	(296,126)
Total comprehensive loss for the period	(1,909,067)	-	-	-	-	(296,126)	(2,205,193)
New shares issued	-	1,107,813	405,334	-	-	-	1,513,147
New share warrants issued	-	-	-	-	302,453	-	302,453
Share issue costs	-	-	(78,761)	-	-	-	(78,761)
Share options lapsed in the period	-	-	-	-	-	-	-
Share-based payments	-	-	-	45,942	-	-	45,942
31 December 2015	(13,841,975)	2,159,247	16,628,623	71,718	302,453	(335,690)	4,984,376

1. Accounting policies

General information

The interim financial information is for Independent Resources plc ("the company") and subsidiary undertakings (together, the "Group"). The company is registered in England and Wales and incorporated under the Companies Act 2006. The consolidated financial information is presented in GBP ("£") unless otherwise stated.

Basis of preparation

The interim financial information, for the period from 1 January 2016 to 30 June 2016, has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards and International Accounting Standards as adopted by the European Union, and on the going concern basis. They are in accordance with the accounting policies set out in the statutory accounts for the year ended 31 December 2015.

The Interim Report is unaudited and does not constitute statutory financial statements. The financial information for the period ended 30 June 2015 does not constitute statutory accounts, as defined in section 435 of the Companies Act 2006 but is based on the statutory financial statements for the year ended 31 December 2015. Those accounts, upon which the auditors issued a qualified opinion in relation to the operation of the joint venture arrangements relating to the group's 25 per cent. working interest in the East Ghazalat production licence, have been delivered to the Registrar of Companies.

The interim consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34, Interim Financial Reporting.

The operations of Independent Resources Plc are not affected by seasonal variations.

The directors do not propose a dividend for the period (2015: nil).

The Interim Report for the six months ended 30 June 2016 was approved by the Directors on 30 September 2016.

Copies of the Interim Report are available from the Company's website www.ir-plc.com.

Going concern

The financial information has been prepared assuming the Group will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations.

The Directors acknowledge that further funding will be required within the next 12 months in order for the Group to continue operating. The Directors are confident that additional external funding should be available if and when required and they have considered the Group's current trading activities, its current funding position and the projected funding requirements for a period at least twelve months from the date of approval of these interim financial statements.

Taking all of that into account, they consider it appropriate to adopt the going concern basis in preparing results for the six months ended 30 June 2016. However, the need to raise new funds represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The assessment has been made based on the Group's anticipated activities which have been included in the financial forecast for the years 2016-2017.

Based on the above, the Directors have formed a judgment that the going concern basis should be adopted in preparing the interim financial information. The interim financial information does not include any adjustments that may be required should the Group be unable to continue as a going concern. If the Group were unable to continue as a going concern, then adjustments would be necessary to write assets down to their recoverable amounts, non-current assets and liabilities would be reclassified as current assets and liabilities and provisions would be required for any costs associated with closure.

2. Business segments

The Group has adopted IFRS 8 Operating segments from 1 October 2009. Per IFRS 8, operating segments are based on internal reports about components of the Group, which are regularly reviewed and used by the Board of Directors being the Chief Operating Decision Maker ("CODM") for strategic decision making and resource allocation, in order to allocate resources to the segment and to assess its performance. The Group's reportable operating segments are as follows:

a. Parent company

b. Rivara

c. Ksar Hadada

The previously reported segment of Ribolla Basin CBM assets has been classified as a discontinued operation and has been excluded form the analysis below.

The CODM monitors the operating results of each segment for the purpose of performance assessments and making decisions on resource allocation. Performance is based on assessing progress made on projects and the management of resources used. Segment assets and liabilities are presented inclusive of inter-segment balances.

The Group did not generate any revenue during the six month period to 30 June 2016, or in the six month period to 30 June 2015, or the year to 31 December 2015.

	Parent company	Rivara	Ksar Hadada	Consolidation	Total
	£	£	£	£	£
Six months to 30 June 2016					
Interest revenue	114	-	-	-	114
Interest expense	(17,143)	-	-	-	(17,143)
Depreciation	3,212	-	-	-	3,212
Impairment of intangible assets	-	-	-	-	-
Income tax	-	-	-	-	-
Loss for the period before taxation	(5,929)	(13,646)	(1,195)	(429,483)	(450,253)
Assets	5,331,790	5,639,883	435,810	(4,578,922)	6,828,561
Liabilities	(858,715)	(2,685,941)	(1,048,715)	3,688,955	(904,416)
Six months to 30 June 2015					
Interest revenue	197	1	-	-	198
Interest expense	-	-	-	-	-
Depreciation	2,630	-	-	-	2,630
Impairment of intangible assets	-	-	-	-	-
Income tax	-	-	-	-	-
Loss for the period before taxation	(1,251,035)	(14,366)	(38,735)	562,776	(741,360)
Assets	4,204,937	4,879,872	405,838	(3,758,311)	5,732,336
Liabilities	(783,211)	(2,249,442)	(960,871)	3,163,233	(830,291)
Year to 31 December 2015					
Interest revenue	92,800	7,107	-	(99,556)	351
Interest expense	(5,142)	(59,780)	-	61,389	(3,533)
Depreciation	5,335	37	-	-	5,372
Impairment of					

intangible assets	-	-	-	-	-
Income tax	-	-	-	-	-
Loss for the period before taxation	(1,938,281)	(96,672)	(95,412)	317,567	(1,812,798)
Assets	4,763,050	6,352,843	442,739	(5,432,404)	6,126,228
Liabilities	(1,084,119)	(2,717,707)	(1,054,449)	3,692,212	(1,164,063)

2. Business segments

The geographical split of non-current assets arises as follows:

	United Kingdom £	Overseas £	Total £
30 June 2016			
Intangible assets	-	6,006,861	6,006,861
Property, plant and equipment	8,303	9	8,312
30 June 2015			
Intangible assets	-	5,167,240	5,167,240
Property, plant and equipment	10,778	44	10,822
31 December 2015			
Intangible assets	-	5,387,018	5,387,018
Property, plant and equipment	11,119	8	11,127

3. Taxation

The Group has tax losses available to be carried forward in certain subsidiaries and the parent. With anticipated substantial lead times for the Group's projects, and the possibility that these may therefore expire before their use, it is not considered appropriate to anticipate an asset value for them.

No tax charge has arisen during the six month period to 30 June 2016, or in the six month period to 30 June 2015, or the year to 31 December 2015.

4. Loss per share

The calculation of basic and diluted loss per share at 30 June 2016 was based on the loss attributable to ordinary shareholders of £448,693 (six month period to 30 June 2015: £890,275, year to 31 December 2015: £1,909,067). The weighted average number of ordinary shares outstanding during the period ending 30 June 2016 and the effect of dilutive ordinary shares to be issued are shown below.

	30 June 2016 £	30 June 2015 £	31 December 2015 £
Net loss for the period	(448,693)	(890,275)	(1,909,067)
Basic weighted average ordinary shares in issue during the period	541,105,879	122,544,435	178,744,458

Diluted weighted average ordinary shares in issue during the period	541,105,879	122,544,435	178,744,458
Loss per share (pence)			
Basic	(0.1)	(0.7)	(1.1)
Diluted	(0.1)	(0.7)	(1.1)

In accordance with IAS 33 and as the average share price in the year is lower than the exercise price, the share options do not have a dilutive impact on earnings per share for the period ending 30 June 2016.

Deferred shares have been excluded from the calculation of loss per share due to their nature. Please see note 7 for details of their rights.

5. Other intangible assets

Development and exploration

	Rivara gas storage facility £	Ribolla Basin CBM assets £	Ksar Hadada exploration acreage £	Total £
Six month period 30 June 2016				
Cost				
1 January 2016	4,950,206	3,870,839	1,517,641	10,338,686
Exchange differences	624,169	488,072	-	1,112,241
Additions (net of credits received)	-	-	(4,326)	(4,326)
30 June 2016	5,574,375	4,358,911	1,513,315	11,446,601
Amortisation				
1 January 2016	-	3,870,839	1,080,829	4,951,668
Exchange differences	-	488,072	-	488,072
30 June 2016	-	4,358,911	1,080,829	5,439,740
Carrying value				
30 June 2016	5,574,375	-	432,486	6,006,861
31 December 2015	4,950,206	-	436,812	5,387,018
Six month period to 30 June 2015				
Cost				
1 January 2015	5,239,353	4,096,939	1,444,628	10,780,920
Exchange differences	(458,025)	(358,156)	-	(816,181)
Additions	-	-	22,113	22,113
30 June 2015	4,781,328	3,738,783	1,466,741	9,986,852
Amortisation				
1 January 2015	-	4,096,939	1,080,829	5,177,768
Exchange differences	-	(358,156)	-	(358,156)
30 June 2015	-	3,738,783	1,080,829	4,819,612

Carrying value				
30 June 2015	4,781,328	-	385,912	5,167,240
Year to 31 December 2015				
Cost				
1 January 2015	5,239,353	4,096,939	1,444,628	10,780,920
Exchange differences	(289,147)	(226,100)	-	(515,247)
Additions	-	-	73,013	73,013
31 December 2015	4,950,206	3,870,839	1,517,641	10,338,686
Amortisation				
1 January 2015	-	4,096,939	1,080,829	5,177,768
Exchange differences	-	(226,100)	-	(226,100)
31 December 2015	-	3,870,839	1,080,829	4,951,668
Carrying value				
31 December 2015	4,950,206	-	436,812	5,387,018

The primary intangible assets are all internally generated.

For the purpose of impairment testing of intangible assets, recoverable amounts have been determined based upon the value in use of the Group's three projects.

Ksar Hadada exploration permit

Through a wholly owned subsidiary, the Group owns 100% of the working interest in the Ksar Hadada exploration permit onshore Tunisia. The Group is actively searching for a farm-in partner to fund seismic appraisal and drilling. If a commercial discovery is made through drilling then a production licence with a 30 year duration can be obtained. Management's evaluation of the commercial terms of the related production sharing contract confirm that the project remains economic at current oil prices and at a substantial discount thereto and indicate a net present value significantly in excess of the value of the related intangible assets.

Ribolla Basin CBM assets

The Group's attempts to farm the Ribolla assets out were unsuccessful, and in light of the uncertainty over the future renewal of the permit, it was decided to impair a substantial part of the carrying value of the historical investment in Fiume Bruna and Casoni and the goodwill associated with the historical acquisition of Independent Energy Solutions srl.

Rivara gas storage facility

Despite the expected delay, a review of the latest management information and projections shows a net present value significantly in excess of assets and liabilities relating to the project. The main assumptions, which the Directors have assessed as unchanged from the previous period end, indicate that no significant change has arisen on these calculations which would materially impact on the Group.

The continuing analysis and testing of technical data continues to indicate that the project is feasible.

The Group continues to work towards, and is confident of, obtaining all the necessary approvals from regulatory authorities. The Group anticipates being able to raise the necessary finance to continue to develop the project.

Value in use

Value in use has been calculated separately for the Group's Rivara gas storage facility. Cash flows are projected for the periods up to the date that the project is expected to become commercially operational and from then until operations are expected to cease, based upon management's expectations. These dates depend on a number of variables, including the project's technical feasibility, regulatory approval, forecast revenue prices and the associated development and operational costs.

The project is expected to generate revenue after five to nine years and to continue doing so for a further 35 years. The Directors consider that projections calculated for a period greater than five years are justified as the projects are still in a development stage.

Potential impairment of the Rivara project

The Group holds a 100% interest in Rivara Gas Storage srl. Intangible assets include an amount of £5,574,375 with respect to project expenditure. The regional council, Regione Emilia Romagna, where the project is located is currently denying authorisation for project development. However authorisation has been granted by the national government. As a result Rivara Gas Storage srl has appealed against this decision to the Emilia Romogna Bologna Administrative Court and this appeal is due to be heard in the second half of 2016.

In the event that Rivara Gas Storage srl's appeal was to be unsuccessful, there may be an indication of impairment of the capitalised expenditure which could significantly reduce the carrying value of this asset.

6. Investments in equity-accounted joint ventures

	Period to 30 June 2016
	£
Cost	
1 January 2016	294,891
Additions in year	-
Impairment	-
Cost at 30 June 2016	294,891
Share of post-tax losses of equity accounted joint ventures for the six month period to 31 December 2015	(156,985)
Carrying value at 31 December 2015	137,906
Share of post-tax losses of equity accounted joint ventures for the six month period to 30 June 2016	(137,906)
Carrying value at 30 June 2016	-

The group has a 50% interest in Independent Resources (Egypt) Limited a company incorporated in England & Wales, whose purpose is to invest in the oil and gas exploration and production activities in the Arab Republic of Egypt. The other shareholder in Independent Resources (Egypt) Limited (the "Joint Venture") is Nostra Terra Oil and Gas Company plc ("Nostra Terra") a UK resident company whose shares are traded on the AIM market of the London Stock Exchange.

In October 2015 the Joint Venture acquired a 50% working interest in the East Ghazalat production licence located in the Western Desert, Egypt from TransGlobe Energy Corporation through the acquisition of the entire share capital of Trans Globe (GOS) Inc. a wholly-owned subsidiary of TransGlobe Energy Corporation ("TransGlobe). In December 2015, the name of the acquired company was changed to Sahara Resources (GOS) Inc.

The total consideration for the transaction was $3.5 million of which $2.5 million has been deferred as a vendor loan repayable by the Joint Venture on 30 September 2017. The loan note accrues interest at 10% annum on the principal sum, payable semi-annually. Nostra Terra and Independent Resources plc are joint and severally liable for the repayment of the loan note.

The final loan note principal and semi-annual interest payable to Trans Globe thereon remain subject to final determination in accordance with completion working capital adjustment provisions in the sale and purchase agreement. The principal of the loan note is to be adjusted by the net working capital of Sahara Resources (GOS) Inc.at legal completion.

At 31 December 2015 the loan note principal has been recorded based on Trans Globe's initial assessment of working capital at completion and interest on this estimated loan note principal has been accrued up to 31 December 2015.

The loan note principal and interest payable was therefore subject to change during 2016 when the working capital adjustment was finalised (see note 10).

The US dollar denominated loan liability all to TransGlobe has been retranslated at prevailing year-end exchange rates.

As a non-monetary long-term asset, the consideration for acquiring the share capital of Trans Globe GOS Inc. has been recorded at the prevailing exchange rate at the time of completion of the acquisition but has not been retranslated at the prevailing year-end exchange rate.

In January 2016 the Joint Venture was served with notice of default in relation to cash calls raised by North Petroleum International S.A. ("North Petroleum") the operator of East Ghazalat.

The Joint Venture has rebutted the claims from North Petroleum but the current breakdown in relations has meant that operator North Petroleum has been unwilling to furnish financial information to allow a proper determination of licence costs and an audit of licence revenues to be completed.

6. Investments in equity-accounted joint ventures (continued)

In light of this lack of access to primary accounting records the results of the Joint Venture for the year ended 31 December 2015 and six month period to 30 June 2016 reflect the investment in Sahara Resources GOS Inc. at historical cost and the loan note consideration payable to Trans Globe and the accrued costs of completing the related acquisition but do not consolidate any share of profits or losses attributable to Sahara Resources GOS Inc. underlying interests in the East Ghazalat licence for the period since 1 July 2015, the effective date of the transaction.

The current liabilities of the Joint Venture at 30 June 2016 primarily reflects amounts due to Independent Resources plc in respect of costs incurred by it to third parties in relation to the acquisition by the Joint Venture of Sahara Resources GOS Inc.

Summarised financial information in relation to the joint venture is presented below:

	30 June 2016	**31 December 2015**	**30 June 2015**
	£	**£**	**£**
As at 30 June			
Current assets	1	1	1
Non-current assets	2,303,201	2,303,201	-
Current liabilities	(714,556)	(266,124)	-
Non-current liabilities	(1,877,636)	(2,286,990)	-
Included in the above amounts are:			
Cash and cash equivalents	-	-	-
Current financial liabilities (excluding trade payables)	(714,556)	(266,124)	-
Non-current financial liabilities (excluding trade payables)	(1,877,636)	(2,286,990)	-
Net assets (100%)	(288,990)	(249,912)	-
Group share of net assets (50%)	(144,495)	(124,956)	-
Period ended 30 June			
Revenues	-	-	-

Loss from continuing operations	(628,503)	(313,969)	-
Total comprehensive loss (100%)	(628,503)	(313,969)	-
Group share of total comprehensive loss (50%)	(314,252)	(156,985)	-
Included in the above amounts are:			
Depreciation and amortisation	-	-	-
Interest income	-	-	-
Interest expense	93,625	36,277	-
Income tax expense	-	-	-

The Group has recorded its share of total comprehensive loss of £137,906 being the amount at which the carrying value of the investment has been reduced to £nil.

7. Share capital

	30 June 2016	30 June 2015	31 December 2015
	£	£	£
Issued, called up and fully paid			
1,262,504,294 (June 2015: 185,143,330, December 2015: 335,924,701) ordinary shares of 0.01p			
1 January 2016	2,159,247	1,051,434	1,051,434
Equity shares issued	168,241	800,000	2,931,135
Sub-division of capital	-	-	(1,823,322)
30 June 2016	2,327,488	1,851,434	2,159,247

The holders of 0.01p ordinary shares are entitled to receive dividends from time to time and are entitled to one vote per share at meetings of the company.

In addition to the 0.01p ordinary shares detailed above on 16 November 2015 as part of a capital reorganisation 202,591,368 deferred shares with a nominal value of 0.9p were created. The deferred shares have no value or voting rights and the shareholders were not issued with a share certificate, nor are they listed on AIM. These shares remain issued, called up and fully paid at the year end.

On 24 February 2016, the company issued 6,000,000 new ordinary shares at 0.6p in settlement of a supplier liability.

On 26 February 2016, the company raised gross proceeds of £93,500 through the issue of 77,981,175 new ordinary shares at 0.12p further to an equity placing.

On 25 April 2016, shareholders of the company approved a restructuring of the par value of the company's ordinary shares to reduce the par value of the company's ordinary shares to 0.01p from 0.1p through the creation of 419,905,876 new 2016 deferred shares of 0.09p nominal value each.

On 16 May 2016, the company issued 34,000,000 new ordinary shares to a trade creditor of the company at a price of 0.25p per share in payment of £87,000 of indebtedness and issued 210,988,895 new ordinary shares to certain trade creditors of the company at a price of 0.1p per share in payment of £210,989 of indebtedness.

On 16 May 2016, the company issued a convertible loan note to raise funds of £200,000.

On 1 June 2016, the company issued 69,428,571 new ordinary shares in settlement of certain trade creditors of the company.

On 3 June 2016, the loan and related accrued interest was repaid through the issue of 452,380,952 new ordinary shares at a price of 0.048p each.

8. Share premium account

	30 June 2016	30 June 2015	31 December 2015
	£	£	£
1 January 2016	16,628,623	16,302,050	16,302,050
Premium arising on the issue of equity shares	629,082	-	405,334
Transaction costs	(9,889)	-	(78,761)
30 June 2016	17,247,816	16,302,050	16,628,623

9. Events arising after the reporting period

On 27 September 2016, the Company, Nostra Terra Oil & Gas Company plc ("NTOG") and Independent Resources (Egypt) Limited("IRE"), being the Company's joint venture vehicle with NTOG which owns the Company's and NTOG's interests in the East Ghazalat concession, agreed a settlement agreement with TransGlobe Petroleum International Inc. ("TransGlobe") concerning the early repayment of the US$2.5 million loan note ("Loan Note") issued to TransGlobe as deferred consideration for the acquisition of East Ghazalat in October 2015 and repayable on 30 September 2017.

Under the terms of the agreement, the Company, Independent Resources (Egypt) Limited and Nostra Terra Oil & Gas Company plc will collectively pay US$200,000 to TransGlobe in full and final settlement of the Loan Note and all interest accruing on the Loan Note. This removes the outstanding liability net to the Company of approximately US$1.38 million (including accrued interest), leaving no further debt on the asset or payments owed to TransGlobe.

The impact of the settlement arrangements will be reflected in the results of IRE and the Company for the second half of the financial year ending 31 December 2016 and will result in

- a reduction in the cost of Independent Resources (Egypt) Limited's investment in its subsidiary company Sahara Resources GOS Inc. from $3.5 million to $1.2million, this will result in a reduction in the cost of the Company's investment in East Ghazalat to $0.6million;

- a write back of loan note interest accrued from 13 October 2015 until the settlement date of 27 September 2016 (in respect of which there was an accrual of £133,749 in the balance sheet creditors of Independent Resources (Egypt) Limited at 30 June 2016: and a charge to profit of £93,625 in Independent Resources (Egypt) Limited during the six months ended 30 June 2016). This will result in a reduction in the Company's balance sheet creditors of £62,875 and a write back to the Company's profit and loss account of £46,813; and

- a write back of foreign exchange translation differences arising on the retranslation of the loan note balance and the associated accrued interest (in respect of which there was a charge of £183,920 in Independent Resources (Egypt) Limited during the six months ended 30 June 2016). This will result in a write back of £91,960 in the Company's profit and loss account.

On 14 July 2016 the company announced arrangements to settle £400,468 of accrued liabilities relating to directors' remuneration and senior management remuneration (which would otherwise be payable in cash) through the issue of ordinary shares and restricted ordinary shares. £96,000 of accrued remuneration due in respect of the period to 31 March 2016 was settled through the issue of 64,000,000 unrestricted ordinary shares at an issue price of 0.15p and 80,987,096 restricted ordinary shares at an issue price of 0.25p each.

£92,000 of accrued remuneration due in respect of the quarter ended 30 June 2016 was settled through the issue of 25,000,000 restricted ordinary shares at an issue price of 0.30p each and 9,000,000 unrestricted ordinary shares at an issue price of 0.30p each.

On 28 September 2016, the Company successfully arranged an unsecured one-year loan facility with Brandon Hill Capital for £160,000. The loan is repayable on 28 September 2017 and bears interest at 15 per cent. per annum.

Registered office

Independent Resources plc
Tower Bridge House, St. Katharine's Way, London E1W 1DD
Email: mailbox@ir-plc.com

Commercial office

2nd Floor, 12 Melcombe Place London NW1 6JJ, United Kingdom
Telephone: +44 (0) 203 367 1134
Fax: +44 (0) 203 170 7551
Email: mailbox@ir-plc.com