Indago Energy Limited

ABN 75 117 387 354

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2018

INDAGO ENERGY LIMITED
AND CONTROLLED ENTITIES
ABN 75 117 387 354

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DIRECTORS' REPORT

In accordance with a resolution of the directors, the directors present their Report together with the Financial Report of Indago Energy Limited ("Indago" or "the Company") and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group") for the half year ended 30 June 2018 (Period) and the Independent Auditor's Review Report thereon:

Directors

The Directors of Indago at any time during or since the end of the half year ended 30 June 2018 were:

Executive Directors
Mr Stephen Mitchell (Executive Chairman)
Mr Nicholas Castellano

Non-Executive Directors
Mr Allan Ritchie
Mr Ray Shorrocks
Mr Donald Beard (Resigned 30 April 2018)

Review of operations

Total comprehensive loss for the Group for the period was $1,879,263 (2017 loss: $2,390,174). Total comprehensive loss includes a gain of $36,875 (2017: loss of $53,958) arising on translation of foreign operations.

For the half year ended 30 June 2018, the Group has recorded negative cash flows from operations of $1,623,690 (2017: negative $1,283,311).

The functional currency for the Company is US Dollars. The presentation currency for the Group's accounts is Australian Dollars. All figures quoted in this report are Australian Dollars unless otherwise specified.

Projects

Kentucky Heavy Oil
During the half-year Indago successfully completed drilling and coring operations on the Weldon Young #1A well at its 100% owned heavy oil project in Kentucky.

Strong oils shows were encountered across multiple zones during drilling operations. The first oil show was observed at 255 feet in the Palistine sandstone with another oil show at 425 feet in the Tar Springs sandstone. Further oil shows were observed in the Hardinsburg sand over a 20 foot interval where samples exhibited high oil saturation. The primary target, the Big Clifty Sandstone, was reached as prognosed at 600 feet at which point coring operations were conducted from 603' to 657' in the oil saturated sandstone. The cores were observed to be bleeding oil with no observed gas. The hole was then drilled on to a total depth of 713' after which the well was logged and cased.

Analysis of the core is being used to design a production test using Indago's viscosity reducing technology, HCD Multi-Flow® . The production test of the recently drilled well is expected to commence in the July-September Quarter. The objective of the test is to establish if oil can be produced to surface with Multi-Flow.

The Weldon Young #1A well is the first of several planned to appraise Indago's Kentucky heavy oil project. Indago will use information from this first well to design the most effective completion techniques to promote oil production using HCD Multi-Flow® and any necessary enhancements, such as carrier fluids, stimulation techniques or bacteria.

The successful drilling programme follows on from Indago's announcement on 6 March 2018 that it had received its first oil certification for its heavy oil project in Kentucky. An independent Contingent Oil Resources report prepared by Netherland Sewell & Associates Inc ("NSAI") estimated that the Contingent Oil Resources within the 100% owned project are 3.74 million barrels of oil ("mmbbl") on a 2C basis, 1.87 mmbbls on a 1C basis and 7.49 mmbbls on a 3C basis from an Original Oil in Place ("OOIP") of 42.8 mmbbls.

This initial Contingent Resource report confirmed significant oil in place in Indago's initial project area, which is believed to also extend significantly beyond Indago's leased acreage, providing scope for a sizeable project should Indago's technologies prove technically and commercially successful.

DIRECTORS' REPORT (continued)

Utah Heavy Oil

In May 2018, Indago acquired 1,920 acres over a portion of Asphalt Ridge in the Uinta Basin in Utah targeting the oil sands in the Upper Cretaceous Rimrock Sandstone of the Mesaverde Group. On August 1st 2018, Indago acquired an additional 1,539 acres to augment the first acquisition round.

The Rimrock Sandstone of the Mesaverde Group is one of several well documented oil sands in Utah, a state that, according to the Utah Geological Survey, contains oil sands with 14 to 15 billion barrels of measured oil in place with an additional estimated resource of 23 to 28 billion barrels.

Previous operators in the region have drilled several exploration wells in sections directly adjacent on the north, west and south of Indago's initial acreage acquisition. Those exploration wells drilled to the north are now within Indago's acreage as a result of the second round of leasing. Indago has been able to assess some of the information from earlier wells which has assisted in understanding key elements of the play and the region's prospectivity. The information from previous operators has demonstrated an oil saturated reservoir approximately 90-175' (27-53 metres) thick at a depth range of between 200-3000' (60-914 metres).

Based on previous results published on the Utah Geological Survey website of more than 330 core samples from six test wells drilled in the sections that Indago acquired in their second leasing round, the target zone has reported reservoir properties including an average porosity of 30.3%, average permeability of 524 millidarcies, oil saturation of 65.6% and an oil gravity of 10-14^{0}API.

The Company will initially test oil sand samples from Rimrock Sandstone to both understand the efficacy of Indago's technology in extracting oil from the sand as well as to assist in the design of a larger appraisal programme.

The leases have a primary term of 10 years for an annual cost of US$10 per acre per year. The acquisition costs were immaterial.

Newkirk Project, Kay County Oklahoma *(100% WI 81.25%NRI)*

No new developments during the half year. Approximately 54% of Indago's leases are due to expire in the December Quarter. At this stage the Company only intends to renew leases if they can be renewed at very low prices.

HCD product initiatives

In Utah Indago concluded well testing for a large US producer beset with high wax and high pour point issues in black and yellow waxy oils. Pour point reductions on the order of 200F were achieved in the well producing black wax and more modest results in the well producing yellow wax. The producer is currently evaluating the commerciality of the pour point reductions achieved. In California the application of HCD Multi-Flow® with an independent operator effectively reduced need for the diluents that are essential for handling the extra heavy 5-6^0 API gravity crudes by 40%, and this represents a costs savings on the order of $6/barrel. Indago and the producer are fine-tuning the diluent + Multi-Flow to native crude ratio and should soon start dosing field wide.

In Saskatchewan, HCD Multi-Flow® was applied in the heavy oil field of a medium sized independent producer and successfully lifted crude oil gravity from 14.4^0 API to 15.5^0 API at modest dosage rates. The trial was interrupted for necessary tank maintenance, but has recommenced at a higher Multi-Flow feed rate to further uplift the crude oil gravity to the 16.7^0 API target that would trigger a higher crude oil sales price. In North Central Alberta, Indago concluded laboratory trials for a major operator that lowered heavy crude oil viscosity from 472.82 centistokes to 330.56 centistokes and simultaneously uplifted the gravity of the waxy, asphaltenic crude from 15.67^0 API to 17.7^0 API. The operator is considering a to move to a field trial. This particular application is only relevant to a brief period in the winter and potential drums sales are modest, but the technical success of the laboratory results have caught the attention of the operator who is now considering much broader applications.

In Central Alberta, Indago is engaged in a field trial with a major pipeline operator to reduce the Basic Sediment & Water (BS&W) content of the crude being transported in their 400,000 bopd capacity pipeline. Pipeline intake specification is 0.5% BS&W, but operators are currently shipping crude with BS&W levels on the order of 3-4%. The pipeline company arranged a trial comparing Multi-Flow to a competitor product – with results expected soon. In north eastern British Columbia, Indago is undertaking a field trial with a major Canadian oil and gas producer to provide a cleanup and flow improvement solution for problematic downhole wax deposition. The native crude is light at 36^0 API but the high wax content and very high pour point causes the well to choke off because of wax deposition in the production tubulars near surface. The trial continues because the producer is now optimizing pumping pressures and schedules, but to date Multi-Flow has outperformed all previous chemical treatment and physical ("wax knifing") interventions. Because the client company is one of the largest producers in Canada, the major opportunity of this trial is the upside of other applications across that company's operations.

DIRECTORS' REPORT (continued)

Indago is targeting Canadian Oil Sands (SAGD) producers to reduce the amount of naphtha or light synthetic crude oil diluents required to make the viscous, heavy 10^0API SAGD crudes pipeline compliant. Success at substantially reducing viscosity of a native SAGD sample from Fort McMurray on the bench top and in the laboratory at Corelabs Canada followed by the success at reducing diluent needs by 40% in the extra heavy 5-6^0 API gravity California crudes provided the impetus for the Canadian Oil Sands initiative, and Indago is currently in the laboratory measuring the change in native crude to diluent ratios of SAGD samples with varying dosages of HCD Multi-Flow®. Production and export to the USA for refining of the combined products Dilbit (native SAGD crude and naphtha) and Synbit (native SAGD crude and light synthetic crude) is on the order of 1.6 million barrels per day. Net cost of diluent to the Canadian Oil sands producers is estimated to be $13-15 per barrel of oil produced, so even a modest reduction in the bitumen to diluent ratio by the application of HCD Multi-Flow® is of major benefit to the producers.

Indago is reviewing its technology's possible application in alleviating the Mature Fines Tailings (MFT's) problem in the Oil Sands Mining Industry in Alberta, Canada. Residual bitumen in the water-slurry mine waste binds with clays in the water to form stable gel-like suspensions that won't settle, making problematic the dewatering of the tailings ponds. The accumulated volume of toxic sludge residing in the tailings ponds is estimated at 1.3 trillion litres, and the incremental addition from current mining operations is on the order of 100 billion litres annually. Indago has entered into an agreement with an independent operator currently contracted by a major Oil Sands miner to resolve dewatering problems and reclaim bitumen from their ponds, and may shortly commence trials to establish optimal Multi-Flow concentrations that maximise bitumen yields.

Other
During the half year Indago's distributors and agents in South America, China, the Middle East, Europe and India continued their concerted efforts to promote Indago's products and technology to oil producers, pipeline operators and oil storage owners and cleaners.

Oil and gas tenements

Project	Location	Interest acquired or disposed net to Indago	Total acres owned gross to Indago	Working Interest held as at 30 June 2018
Newkirk	Kay and Noble Counties, Oklahoma	-	3,384 acres	100%
Kentucky	Butler and Warren Counties, Kentucky	334 acres	1,844 acres	100%
Utah	Uintah, County	1,920 acres	1,920 acres	100%

Glossary

$	Australian Dollars
US$	United States Dollars
NRI	Net revenue interest

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The Directors
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Auditor's Independence Declaration

As lead auditor for the review of Indago Energy Limited for the half-year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Indago Energy Limited and the entities it controlled during the period.

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
12 September 2018

INDAGO ENERGY LIMITED
AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2018

	Note	Consolidated Entity 30 June 2018 $	30 June 2017 $
Revenue and other income			
Revenue		**9,540**	-
Other income		**39,861**	10,480
Expenses			
Production costs		**(18,068)**	-
Development and testing fees		**(81,707)**	-
Audit and accounting fees		**(76,469)**	(103,793)
Depreciation and impairment expenditure	5	**(288,545)**	(929,354)
Employee benefits expense	9	**(432,926)**	(505,268)
Professional consulting fees		**(459,078)**	(192,252)
Legal and secretarial fees		**(68,424)**	(108,964)
Royalty expense	9	**(125,088)**	(63,567)
Share registry and listing fees		**(32,219)**	(37,774)
Travel and accommodation fees		**(165,645)**	(102,142)
Finance costs		**(2,692)**	(1,306)
Administration expenses		**(149,111)**	(106,467)
Bad debts		**(65,567)**	-
Business acquisition costs		**-**	(98,165)
Foreign exchange loss		**-**	(97,644)
LOSS BEFORE INCOME TAX		**(1,916,138)**	(2,336,216)
Income tax expense		**-**	-
LOSS FOR THE PERIOD		**(1,916,138)**	(2,336,216)
Other comprehensive income, net of income tax			
Items that may be reclassified to profit or loss			
Net gain /(loss) on foreign currency translation		**36,875**	(53,958)
TOTAL COMPREHENSIVE LOSS, NET OF INCOME TAX		**(1,879,263)**	(2,390,174)
Total loss for the period attributable to ordinary equity owners of the company		**(1,916,138)**	(2,336,216)
Total comprehensive loss attributable to ordinary equity owners of the company		**(1,879,263)**	(2,390,174)
Basic earnings per share		**(1.4) cents**	(2.0) cents
Diluted earnings per share		**(1.4) cents**	(2.0) cents

The accompanying notes form part of the consolidated financial report.

INDAGO ENERGY LIMITED
AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Note	Consolidated Entity 30 June 2018	31 December 2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents		**1,144,825**	2,947,442
Trade and other receivables		**47,876**	127,987
Prepayments		**90,764**	60,619
Inventory		**647,515**	658,807
TOTAL CURRENT ASSETS		**1,930,980**	3,794,855
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	5	**526,677**	549,335
Plant and equipment		**7,577**	4,352
Intangible assets	6	**3,956,019**	3,956,019
TOTAL NON-CURRENT ASSETS		**4,490,273**	4,509,706
TOTAL ASSETS		**6,421,253**	8,304,561
CURRENT LIABILITIES			
Trade and other payables		**177,626**	246,039
Provisions		**17,700**	14,296
TOTAL CURRENT LIABILITIES		**195,326**	260,335
NON-CURRENT LIABILITIES			
Provisions		**1,168**	847
Borrowings		**38,976**	-
TOTAL NON-CURRENT LIABILITIES		**40,144**	847
TOTAL LIABILITIES		**235,470**	261,182
NET ASSETS		**6,185,783**	8,043,379
EQUITY			
Issued capital	7	**57,805,330**	57,805,330
Reserves		**(485,267)**	(543,809)
Accumulated losses		**(51,134,280)**	(49,218,142)
TOTAL EQUITY		**6,185,783**	8,043,379

The accompanying notes form part of the consolidated financial report.

INDAGO ENERGY LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Issued capital	Accumulated losses	Foreign currency translation reserve	Options reserve	Total
	$	$	$	$	$
Balance at 1 January 2017	**51,848,970**	**(45,770,305)**	**(731,133)**	**122,794**	**5,470,326**
Loss for the period	-	(2,336,216)	-	-	(2,336,216)
Other comprehensive loss, net of income tax for the period	-	-	(53,958)	-	(53,958)
	-	(2,336,216)	(53,958)	-	(2,390,174)
Transactions with owners in their capacity as owners					
Options issued during the period	-	-	-	104,043	104,043
Shares issued during the period	3,150,000	-	-	-	3,150,000
Balance at 30 June 2017	**54,998,970**	**(48,106,521)**	**(785,091)**	**226,837**	**6,334,195**
Balance at 1 January 2018	**57,805,330**	**(49,218,142)**	**(821,684)**	**277,875**	**8,043,379**
Loss for the period	-	(1,916,138)	-	-	(1,916,138)
Other comprehensive loss, net of income tax for the period	-	-	36,875	-	36,875
	-	(1,916,138)	36,875	-	(1,879,263)
Transactions with owners in their capacity as owners					
Options issued during the period	-	-	-	21,667	21,667
Balance at 30 June 2018	**57,805,330**	**(51,134,280)**	**(784,809)**	**299,542**	**6,185,783**

The accompanying notes form part of the consolidated financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2018

	Note	Consolidated Entity 30 June 2018 $	Consolidated Entity 30 June 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**9,540**	32,716
Payments to suppliers and employees		**(1,645,854)**	(1,327,605)
Interest received		**15,316**	12,884
Interest paid		**(2,692)**	(1,306)
NET CASH USED IN OPERATING ACTIVITIES		**(1,623,690)**	(1,283,311)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		**(3,657)**	(4,846)
Payment for intangible assets		**-**	(572,572)
Payment for exploration and evaluation expenditure		**(230,211)**	(95,892)
Subsidiary net cash acquired on acquisition		**-**	4,432
NET CASH USED IN INVESTING ACTIVITIES		**(233,868)**	(668,878)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from insurance funding loan		**64,331**	-
Repayment of insurance funding loan		**(25,355)**	(198,880)
Repayment of loan from director		**14,334**	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**53,310**	(198,880)
Net (decrease) in cash held		**(1,804,248)**	(2,151,069)
Cash at beginning of period		**2,947,442**	3,652,067
Effect of exchange rate movement on cash		**1,631**	(16,140)
CASH AT THE END OF THE PERIOD		**1,144,825**	1,484,858
Non cash financing and investing activities	7	**21,667**	104,043

The accompanying notes form part of the consolidated financial report.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2018

NOTE 1: PRINCIPAL ACTIVITIES

The principal activities of the Group during the half-year under review were evaluating, exploring and developing oil and gas prospects and technologies in North America and internationally and the sale of new clean oil technology products. Refer to the Directors' Report for further information on the half-year activities.

There have been no significant changes in the nature of the Group's principal activities during the half-year.

NOTE 2: BASIS OF PREPARATION

The interim consolidated financial report ("the financial report") are for the six months ended 30 June 2018 and are presented in Australian Dollars ($AUD) which is the functional currency of the parent company. The financial report has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting.*

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report do not include all of the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report of the Group together with any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this financial report are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the Standards and Interpretations described below. Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial half-year.

The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

The accounting policies have been applied consistently throughout the Group for the purpose of preparation of the financial report.

NOTE 4: ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial report requires the use of certain critical accounting estimates. It also requires management to exercise its judgement when applying the Group's accounting policies. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The critical estimates and judgements applied in the preparation of the financial report are as follows:

(a) Recoverability of exploration and evaluation expenditure

Exploration expenditure for each area of interest is carried forward as an asset based on the provisions in *AASB 6: Exploration for and Evaluation of Mineral Resources*. Exploration expenditure which fails to meet at least one of the conditions outlined in AASB 6 is written off. Expenditure is not carried forward in respect of an area of interest unless the Group's rights of tenure are current. The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective area.

The Group assesses the recoverability of the carrying value of capitalised exploration and evaluation expenditure at each reporting date (or during the year should the need arise). In completing this assessment, regard is given to the Group's intentions with respect to proposed future exploration and development plans for individual areas, to the success or otherwise of activities undertaken in individual areas, to the likely success of future planned exploration activities, and to any potential plans for divestment of individual areas. Any required impairment of capitalised exploration and evaluation expenditure is completed based on the results of the assessment. Furthermore, for various areas of interest, exploration and evaluation activities may not have reached a stage to allow a reasonable assessment to be made regarding the existence of economically recoverable reserves. Accordingly, exploration and evaluation assets may be subject to further impairment in the future.

During the half-year, management made an assessment that 12 of the 21 Newkirk leases would not be extended unless the renewal cost was at a very low price, and therefore chose to impair 54% of the total capitalised Newkirk expenditure. This impairment expense totalled $288,113. Management does not believe there are any impairment indicators for the Kentucky and Utah leases.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2018

NOTE 5: EXPLORATION & EVALUATION EXPENDITURE

	30 June 2018	31 December 2017
	$	$
Exploration and evaluation expenditure	**1,765,388**	1,479,521
Less provision for impairment	**(1,238,711)**	(930,186)
	526,677	549,335

Movements in exploration and evaluation phase		
Balance at the beginning of the period	**549,335**	1,474,813
Exploration and evaluation expenditure during the period	**230,211**	95,892
Foreign exchange movements	**35,244**	(91,184)
Impairment expense	**(288,113)**	(930,186)
Balance at the end of the period	**526,677**	549,335

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation, or alternatively, the sale of the respective areas of interest.

NOTE 6: INTANGIBLE ASSETS

	30 June 2018	31 December 2017
	$	$
Goodwill	**3,282,899**	3,282,899
Patent	**9,902**	9,902
Intellectual property	**663,218**	663,218
	3,956,019	3,956,019

NOTE 7: ISSUED CAPITAL

	30 June 2018	31 December 2017
	$	$
Ordinary shares – fully paid	**61,376,397**	61,376,397
Capital raising costs	**(3,571,067)**	(3,571,067)
	57,805,330	57,805,330

Movements in ordinary shares	# of shares		$	
	30 June 2018	**31 December 2017**	**30 June 2018**	**31 December 2017**
Balance at the beginning of the period	**174,318,106**	100,738,214	**57,805,330**	51,848,970
HCD acquisition shares	-	30,000,000	-	3,150,000
Entitlement offer	-	43,579,892	-	2,806,360
Balance at the end of the period	**174,318,106**	174,318,106	**57,805,330**	57,805,330

NOTE 7: ISSUED CAPITAL (CONTINUED)

The net non-cash investing and financing amount of $21,667 (30 June 2017: $104,043) shown on the Consolidated Statement of Cashflows for the half year ended 30 June 2018 relates to the company's issuance of 750,000 options to the board advisor on 22 September 2017, exercisable at 14 cents, vesting on 22 September 2018 and expiring 1 March 2020. In the prior year the company issued 1,750,000 options to the Business Development Manager on 16 May 2017, exercisable at 14 cents, vesting on 1 March 2018 and expiring 1 March 2020.

NOTE 8: SEGMENT REPORTING

Operating segments — geographical segments

The Group comprises the following three operating segments defined geographically and by project

- operations comprising the exploration, development and production of oil and gas projects in the US;
- operations comprising clean oil technology and business in Worldwide; and
- administrative operations undertaken in Australia to support the exploration, development and production of oil and gas projects worldwide and clean oil technology which includes the recharging of such costs via management fees.

	Australia	USA	Worldwide	Eliminations	Total
2018	**$**	**$**	**$**	**$**	**$**
Income					
Revenue	-	-	9,540	-	9,540
Other income	10,238	2,563,932	-	(2,524,071)	50,099
Expenditure					
Director related expenses	(270,834)	-	(162,092)	-	(432,926)
Other	(265,922)	(454,396)	(822,389)	(144)	(1,542,851)
Profit/(Loss) for the period	**(526,518)**	**2,109,536**	**(974,941)**	**(2,524,215)**	**(1,916,138)**
Assets as at 30 June 2018	**10,427,455**	**613,616**	**1,411,340**	**(6,031,158)**	**6,421,253**
Liabilities as at 30 June 2018	**(158,608)**	**(46,870,143)**	**(3,868,142)**	**50,661,422**	**(235,471)**

	Australia	USA	Worldwide	Eliminations	Total
2017	**$**	**$**	**$**	**$**	**$**
Income					
Interest	10,480	-	-	-	10,480
Expenditure					
Director related expenses	(422,843)	-	(82,425)	-	(505,268)
Other	(462,874)	(3,501,775)	(523,775)	2,646,996	(1,841,428)
Profit/(Loss) for the period	**(875,237)**	**(3,501,775)**	**(606,200)**	**2,646,966**	**(2,336,216)**
Assets as at 30 June 2017	**8,661,087**	**490,330**	**1,365,181**	**(1,744,130)**	**8,772,468**
Liabilities as at 30 June 2017	**(330,966)**	**(46,482,434)**	**(2,104,280)**	**46,479,406**	**(2,438,274)**

NOTE 9: KEY MANAGEMENT PERSONNEL

Total key management personnel remuneration of $591,093 (2017: $646,448) comprises:

- $432,926 (2017: $401,225) directors fees, paid in cash or cash equivalents to directors of the Company or their related parties.
- $8,167 (2017: $104,043) value of options issued to key management personnel or their related parties.
- $150,000 (2017: $141,180) paid in cash or cash equivalents for consulting services to entities in which key management personnel hold beneficial entitlements.

Royalties of $125,088 (2017: $63,567) paid in cash to entities in which a director of the Company hold beneficial entitlements.

There is a related party receivable of $12,699 (2017: $27,034) owing by Director Mr Nicholas Castellano and is repayable from July 2017. This receivable relates to advances paid to Mr Castellano to produce the inventory for Hydrocarbon Dynamics. As not all the funds were used the balance is repayable to the company.

NOTE 10: CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or contingent assets as at 30 June 2018 (2017: Nil).

NOTE 11: COMMITMENTS

There are no commitments as at 30 June 2018 (2017: Nil).

NOTE 12: SUBSEQUENT EVENTS

On 27 August 2018, Indago successfully completed an entitlement offer and share placement of $2.723 million before costs.

In the opinion of the directors, there has been no other events in the interval between the end of the financial year and the date of the report any matter or circumstance that has significantly affected, or may significantly affect the Group’s operations, results or the state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The consolidated financial report and notes set out on pages 7 to 14 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that Indago Energy Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Ray Shorrocks
Director

Melbourne
12 September 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Indago Energy Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Indago Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the period's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and its performance for the half- year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Indago Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Indago Energy Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of their performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Pitcher Partners

PITCHER PARTNERS

N Batters
Partner

Brisbane, Queensland
12 September 2018

CORPORATE DIRECTORY

Directors
Mr Stephen Mitchell (Executive Chairman)
Mr Nicholas Castellano (Executive Director)
Mr Allan Ritchie (Non-Executive Director)
Mr Ray Shorrocks (Non-Executive Director)

Company Secretary
Ms Julie Edwards

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Stock Exchanges
Australian Securities Exchange Limited (ASX)
Code: INK

OTC Pink (United States)
Code: POGLY

Australian Company Number
117 387 354

Australian Business Number
75 117 387 354