Indago Energy Limited

ABN 75 117 387 354

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2016

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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 2016 (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 2016 are:

Executive Directors

Stephen Mitchell	Chairman (Appointed 12 January 2016, Executive Chairman since 4 February 2016)
Mr Justin Pettett	Managing Director (Resigned 12 January 2016)
Mr Ryan Messer	Chief Operating Officer (Resigned 12 January 2016)

Non-Executive Directors

Mr Donald Beard	(Appointed 12 January 2016)
Mr Ray Shorrocks	(Appointed 12 January 2016)
Mr Daniel Lanskey	(Resigned 3 February 2016)

Review of Operations

Total Comprehensive Income for the Consolidated Group for the period was a loss of $618,491 (2015: $993,795). Total Comprehensive Loss includes a gain of $71,898 (2015: gain of $937,935) arising on translation of foreign operations.

Revenue of the Consolidated Entity from discontinued oil and gas production for the half year ended 30 June 2016 was $10,513 (2015: $1,179,592). The decrease reflects the sale of the Four Rivers Assets on 1 January 2016 and the sale of the Capitola Assets on 2 March 2016.

For the half year ended 30 June 2016, the Company has recorded negative cash flows from operations of $1,389,039 (2015: negative $1,069,481).

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.

Production

There was no production for the Company for the half year ending June 2016 (2015: 17,674 barrels of oil and 13,464 Mcf of natural gas).

Exploration Activities

Details of Indago's exploration activities are specified in the "Projects" section of the half year report.

SALES AND PRODUCTION

Half Year Sales Report (net to Indago)

Project	June 2016 Half Year		June 2015 Half Year	
	Natural Gas (Mcf)	Oil/Condensate (Bbls)	Natural Gas (Mcf)	Oil/Condensate (Bbls)
Four Rivers	0	0	0	3,864
Capitola	0	0	13,464	13,810
Total*	**0**	**0**	**13,464**	**17,674**
Total (BOE*)	**0**		**19,918**	

** Natural gas is converted to barrels of oil equivalent (BOE) on the basis that 6 Mcf of natural gas is equivalent to 1 BOE.*

PROJECTS

As the energy industry weathers low commodity prices and weakened capital market conditions, Indago remains focused on seeking new investment and acquisition opportunities while maintaining its position in the Newkirk Project.

Capitola Oil Project (37.5% - 100% WI)

The Capitola Project in Texas was sold for US$2.1 million on the 2 March 2016.

The Company suspended the development programme for Capitola in 2015 due to the declining oil prices and overall poor production performance of the four wells drilled. As a result of inactivity, the Company's interest in the project at the time of sale had reduced to 37.5% WI in the shallow rights of the undeveloped acreage (25% WI in the deep rights). Many of the leases were also due to expire during 2016. Production levels at the date of sale was approximately 100 BOE/day.

The board concluded that the Capitola asset had limited potential to generate any meaningful value for shareholders and as such considered that it was in the best interests of the Group to sell it. The carrying value at the date of sale was US2.2 million.

Four Rivers Project (8% - 25% WI)

In February 2016, the Four Rivers Project assets were sold with an effective date of 1 January 2016 for US$120,000, an amount equal to the carrying value of the asset as at 31 December 2015.

Newkirk Project (100% WI, 81.25% NRI)

Indago holds a 100% WI and 81.25% NRI in 4,049 acres located in Kay County, Oklahoma near Ponca City. The leases were largely acquired during 2015 with a three year primary term and two year bonus term. The project is located within the Mississippi Lime tight oil play, a relatively mature play in which hundreds of wells have been drilled in the past decade. At this time and in this low oil price environment, the Operator, Empire Energy Group (ASX:EEG) has no short-term plans to drill any wells. There is always a risk that leases will commence to expire prior to the establishment of a commercial play. Indago will therefore consider all options to create value from this asset including joint ventures, sale and possibly a modest drilling programme if energy prices improve.

Oil and gas leases held by Indago are contiguous with an additional 4,936 acres held by EEG. Under a Joint Operating Agreement, the two companies have agreed to the further development of the combined acreage (8,985 acres) on a 50/50 basis.

OIL AND GAS TENEMENTS

Project	Location	Interest acquired or disposed net to Indago	Total acres owned net to Indago	Working Interest held as at 30 June 2016
Newkirk	Kay and Noble Counties, Oklahoma	-	4,049 acres	100%
Capitola	Nolan and Fisher Counties, Texas	3,500 acres (Shallow Rights)	-	-
		2,334 acres (Deep Rights)	-	-
Four Rivers	LaSalle and Catahoula Parishes, Louisiana; Jefferson & Wilkinson Counties, Mississippi	240 acres	-	-

Glossary

$	Australian Dollars	BOE	Barrels of oil equivalent
US$	United States Dollars	Mcf	Thousand cubic feet (of natural gas)
Bbls/day	Barrels (of oil) per day	Mcfd	Thousand cubic feet (of natural gas) per day
MBO	Thousand barrels of oil	MMcf	Million cubic feet of natural gas
MBOE	Thousand barrels of oil equivalent	NRI	Net revenue interest
BOE/day	Barrels of oil equivalent per day	WI	Working interest

Auditor's Independence Declaration

As lead auditor for the review of Indago Energy Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. no contraventions of any applicable code of professional conduct in relation to the review.

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

Simon Neill
Partner
PricewaterhouseCoopers

Brisbane
31 August 2016

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity 30 June 2016 $	30 June 2015 $
Revenue	2	12,711	17,181
Gross Profit		12,711	17,181
Audit and accounting fees		(75,085)	(84,805)
Depreciation and impairments		-	(1,227)
Directors' remuneration	3	(98,209)	(389,744)
Professional consulting fees	3	(144,095)	(152,011)
Employee benefits expense		(96,468)	(157,110)
Legal and secretarial fees		(67,279)	(99,622)
Share registry and listing fees		(27,506)	(16,961)
Travel expenses		(7,911)	(58,685)
Finance costs		(808)	-
Administration expenses		(114,813)	(150,361)
Foreign exchange gain (loss)		(98,902)	-
Profit / (Loss) before income tax		**(718,365)**	**(1,093,345)**
Income tax expense		-	-
Profit / (Loss) from continuing operations		**(718,365)**	**(1,093,345)**
Profit / (Loss) attributable to discontinued operations	9	27,976	(838,385)
Profit / (Loss) for the period		**(690,389)**	**(1,931,730)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Net gain /(loss) on foreign currency translation reserve		71,898	937,935
Total Comprehensive Income/(Loss)		**(618,491)**	**(993,795)**
Profit/(Loss) for the period from continuing operations attributable to ordinary equity owners of the company		**(718,365)**	**(1,093,345)**
Profit/(Loss) for the period attributable to ordinary equity owners of the company		**(690,389)**	**(1,931,730)**
Total Comprehensive Income/(Loss) attributable to ordinary equity owners of the company		**(618,491)**	**(993,795)**
Basic earnings per share from continuing operations		(0.1) cents	(0.2) cents
Diluted earnings per share from continuing operations		(0.1) cents	(0.2) cents
Basic earnings per share		(0.1) cents	(0.2) cents
Diluted earnings per share		(0.1) cents	(0.2) cents

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity	
		30 June 2016	31 December 2015
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,903,847	2,849,466
Trade and other receivables	5	92,888	249,712
Assets held for sale		-	3,288,953
Other current assets		62,909	44,764
TOTAL CURRENT ASSETS		**5,059,644**	**6,432,895**
NON-CURRENT ASSETS			
Working Interest	7	1,418,479	1,380,625
TOTAL NON-CURRENT ASSETS		**1,418,479**	**1,380,625**
TOTAL ASSETS		**6,478,123**	**7,813,520**
CURRENT LIABILITIES			
Trade and other payables		288,598	1,153,874
Borrowings		33,775	-
Liabilities held for sale		-	166,594
Provisions		263,647	-
TOTAL CURRENT LIABILITIES		**586,020**	**1,320,468**
TOTAL LIABILITIES		**586,020**	**1,320,468**
NET ASSETS		**5,892,103**	**6,493,052**
EQUITY			
Issued capital	8	51,848,970	51,848,970
Reserves		(361,302)	(450,742)
Accumulated losses		(45,595,565)	(44,905,176)
TOTAL EQUITY		**5,892,103**	**6,493,052**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Options Reserve	Total
	$	$	$	$	$
Balance at 1 January 2015	**51,348,970**	**(32,646,319)**	**(2,526,665)**	**365,637**	**16,541,623**
Total Comprehensive Loss for the half year	**-**	**(1,931,730)**	**937,935**	**-**	**(993,795)**
Balance at 30 June 2015	**51,348,970**	**(34,578,049)**	**(1,588,730)**	**365,637**	**15,547,828**
Balance at 1 January 2016	**51,848,970**	**(44,905,176)**	**(831,044)**	**380,302**	**6,493,052**
Options Issued	-	-	-	17,542	17,542
Total Comprehensive Loss for the half year	**-**	**(690,389)**	**71,898**	**-**	**(618,491)**
Balance at 30 June 2016	**51,848,970**	**(45,595,565)**	**(759,146)**	**397,844**	**5,892,103**

The accompanying notes form part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2016

	Note	Consolidated Entity	
		30 June 2016	**30 June 2015**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	1,044,257
Payments to suppliers and employees		(1,390,278)	(1,086,300)
Interest received		2,047	16,819
Interest paid		(808)	-
Net cash (used in)/provided by operating activities		**(1,389,039)**	**(1,069,481)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of working interest, property, plant and equipment		3,127,104	-
Purchase of property, plant and equipment		-	(16,773)
Receipts from working interest		143,754	-
Payments for working interest		(124,935)	(4,552,351)
Net cash (used in)/provided by investing activities		**3,145,923**	**(3,524,867)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		56,701	-
Repayment of borrowings		(22,926)	-
(Payment)/Repayment of loan to director		200,000	(200,000)
Net cash provided/(used in) by financing activities		**233,775**	**(200,000)**
Net (decrease)/increase in cash held		1,990,659	(4,794,348)
Cash at beginning of period		2,849,466	8,439,536
Effect of exchange rate movement		63,722	309,778
Cash at end of period		**4,903,847**	**3,954,966**
Non cash financing and investing activities	8	17,542	-

The accompanying notes form part of these consolidated financial statements

NOTE 1: BASIS OF PREPARATION

The half year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2015 and any public announcements made by Indago Energy Limited ("Indago" or "the Company") and its controlled entities ("Consolidated Entity" or the "Group") during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those in the annual financial report for the year ended 31 December 2015. The Group has adopted a number of Australian Accounting Standards and Interpretations that are mandatory for reporting periods beginning on or after 1 January 2016. The adoption of these standards did not have any impact on the current period or any previous period and is not likely to affect future periods.

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.

Consistent with other oil and gas exploration companies, Indago raises capital to fund exploration activities as required. Accordingly, the financial report has been prepared on a going concern basis in the belief that the Group will realise its assets and settle its liabilities in the normal course of business and for at least the amounts stated in the financial report. The ability of the Group to continue as a going concern and meet its debts and commitments as they fall due is dependent upon existing cashflows and the Group securing sufficient capital which may be in the form of (or some combination of) the following:

- Entering in to arrangements to farm out or sell existing projects/assets;
- Establishing new debt funding; and/or
- Extending existing debt funding; and/or
- Raising equity from new/existing shareholders

The directors believe that the Group will continue to be successful in securing sufficient capital and accordingly have prepared the report on a going concern basis. At this time, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report as at 30 June 2016. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 *Financial Instruments* (effective for annual reporting periods beginning on or after 1 January 2018)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The Group does not have any hedging arrangements.

Revenue from Contracts with Customers (effective 1 January 2017)

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 18 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer with the notion of control replacing the existing notion of risks and rewards. The group has not yet considered the effect of the new rules on its revenue recognition policies. The Group intends to apply the amendment from 1 January 2017.

AASB 16: Leases (effective 1 January 2019)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2018)

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3 to an associate or joint venture.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. The directors do not anticipate that the adoption of AASB 2014-10 will have an impact on the Group’s financial statements.

AASB 2016-1: Amendments to Australian Accounting Standards – Recognition of Deferrred Tax Assets for Unrealised Losses [AASB 112] (effective 1 January 2017)

This Standard amends AASB 112 Income Taxes to clarify the circumstances in which the recognition of deferred tax assets may arise in respect of unrealized losses on debt instruments measured at fair value. The Group does not currently have any debt instruments.

AASB 2016-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 (effective 1 January 2017)

This Standard amends AASB 107 Statement of Cash Flows to include additional disclosures and reconciliation relating to changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. The group has not yet considered the effect of the new rules. The Group intends to apply the amendment from 1 January 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 2: REVENUE

	Consolidated Entity	
	30 June 2016	**30 June 2015**
	$	**$**
Other income – interest	12,711	17,181
Total Revenue continuing operations	**12,711**	**17,181**

NOTE 3: DIRECTORS' REMUNERATION

Total Directors' remuneration of $167,875 (2015: $526,611) comprises:

- $80,667 (2015: $389,744) directors fees, paid in cash or cash equivalents to directors or their related parties
- $17,542 (2015: nil) value of options issued to directors or their related parties
- $69,667 (2015: $136,867) paid in cash or cash equivalents for consulting services to entities in which directors hold beneficial entitlements.

NOTE 4: DIVIDENDS

There were no ordinary dividends declared or paid during the period under review (2015: $Nil).

NOTE 5: OTHER RECEIVABLES

	Consolidated Entity	
	30 June 2016	**31 December 2015**
	$	**$**
CURRENT		
Other	92,888	49,712
Director loan	-	200,000
	92,888	**249,712**

During the prior period and under the oversight of the former board the Company provided a loan of $200,000 to Mr Justin Pettett. Pursuant to the Redundancy Deed of Settlement with Justin Pettett effective 1 January 2016, the loan was deemed by the previous board to be repaid in full.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 6: ASSETS HELD FOR SALE

	Consolidated Entity	
	30 June 2016 $	31 December 2015 $
Working Interest: Capitola	-	2,882,023
Working Interest: Four Rivers	-	255,393
Trade and other receivables	-	151,537
	-	**3,288,953**

NOTE 7: WORKING INTEREST

	Consolidated Entity	
	30 June 2016 $	31 December 2015 $
Exploration expenditure capitalised		
Exploration and evaluation phases	1,380,625	5,873,346
Less reclassification to production phase	-	(4,240,237)
Less impairment Capitola	-	(1,633,110)
Add Newkirk project	37,854	1,380,625
	1,418,479	**1,380,625**

	Consolidated Entity	
	30 June 2016 $	31 December 2015 $
Production phase	-	8,257,040
Add reclassification from exploration phase	-	4,240,237
Less accumulated depletion	-	(2,433,774)
Less impairment Capitola and Four Rivers	-	(6,926,086)
Less Capitola and Four Rivers transferred to held for sale	-	(3,137,416)
	-	-
Total Exploration Expenditure Capitalised	**1,418,479**	**1,380,625**

NOTE 8: ISSUED CAPITAL

	Consolidated Entity	
	30 June 2016	31 December 2015
	$	$
Fully paid ordinary shares	55,175,841	55,175,841
Capital raising costs	(3,326,871)	(3,326,871)
	51,848,970	**51,848,970**
Number of ordinary shares on issue at the end of the period:	100,738,214	1,007,380,397

The net non-cash investing and financing amount of $17,542 shown on the Consolidated Statement of Cashflows for the half year ended 30 June 2016 relates to the Company's issuance of 5,000,000 options on 1 June 2016 with an exercise price of $0.10, expiring 1 April 2019, as director incentives.

NOTE 9: DISCONTINUED OPERATIONS

As at 31 December 2015, the Capitola and Four Rivers projects were held for sale and subsequently disposed of 2 March 2016 and 1 January 2016 respectively. Financial information relating to the discontinuing operations for these projects is set out below.

	Consolidated Entity	
	30 June 2016	30 June 2015
	$	$
Revenue	10,513	1,179,592
Reimbursements (Expenses)	13,709	(2,017,977)
Gain on asset sales	3,754	-
Profit / (Loss) before income tax	**27,976**	**(838,385)**
Income tax expense	-	-
Profit / (Loss) after income tax	**27,976**	**(838,385)**
Net cash inflow / (outflow) from operations	18,819	459,412
Net cash inflow / (outflow) from investing	3,127,104	(3,967,506)
Net cash inflow / (outflow) from financing	-	-
Net increase / (decrease) in cash	**3,145,923**	**(3,508,094)**
Consideration received	3,127,104	-
Carrying amount of net assets sold	(3,123,350)	-
Gain on sale	**3,754**	**-**

NOTE 10: SEGMENT REPORTING

Operating Segments — Geographical Segments

The Group comprises the following two operating segments defined geographically:
Core operations comprising the exploration, development and production of oil and gas projects in the US; and
Administrative operations undertaken in Australia to support the exploration, development and production of oil and gas projects in the US, which includes the recharging of such costs via management fees.

	Australia	United States of America	Eliminations	Total
2016	**$**	**$**	**$**	**$**
Income				
Interest	12,334	377	-	12,711
Expenditure				
Employee related expenses	(96,468)	-	-	(96,468)
Other	(484,326)	(816,658)	666,376	(634,608)
Segment result	**(568,460)**	**(816,281)**	**666,376**	**(718,365)**
Profit/(Loss) attributable to discontinued operations	-	27,976	-	27,976
Profit/(Loss) for the period	**(568,460)**	**(788,305)**	**666,376**	**(690,389)**
Assets	6,762,374	1,535,975	(1,820,226)	6,478,123
Liabilities	(419,786)	(46,616,725)	46,450,491	(586,020)

	Australia	United States of America	Eliminations	Total
2015	**$**	**$**	**$**	**$**
Income				
Interest	16,819	362	-	17,181
Intercompany Management Fee	696,130		(696,130)	-
Expenditure				
Depletion, depreciation and exploration expenditure written off	(1,227)	-	-	(1,227)
Employee Related Expenses	(406,961)	(139,893)	-	(546,854)
Intercompany Management Fee	-	(696,130)	696,130	-
Other	(270,770)	2,725,159	(3,016,834)	(562,445)
Segment result	**33,991**	**1,889,498**	**(3,016,834)**	**(1,093,345)**
Profit/(Loss) attributable to discontinued operations	-	(838,385)	-	(838,385)
Profit/(Loss) for the period	**33,991**	**1,051,113**	**(3,016,834)**	**(1,931,730)**
Assets as at 31 December 2015	7,723,554	7,058,123	(6,968,157)	7,813,520
Liabilities as at 31 December 2015	(830,048)	(52,088,840)	51,598,420	(1,320,468)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2015

NOTE 11: CONTINGENT LIABILITIES & COMMITMENTS

There has been no change in contingent liabilities since the last annual reporting date 31 December 2015.

NOTE 12: SUBSEQUENT EVENTS

In the opinion of the directors, there has not arisen 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 Consolidated Group's operations, results or the state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The consolidated financial statements and notes set out on pages 8 to19 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 2016 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
31 August 2016

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 (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Indago Energy Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that 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 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 Australian 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 2016 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:

1. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the company for the half-year ended 30 June 2016 included on Indago Energy Limited's web site. The company's directors are responsible for the integrity of the Indago Energy Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

PricewaterhouseCoopers

Simon Neill
Partner

Brisbane
31 August 2016

CORPORATE DIRECTORY

Directors
Mr Stephen Mitchell (Executive Chairman)
Mr Donald Beard (Non-Executive Director)
Mr Ray Shorrocks (Non-Executive Director)

Company Secretary
Ms Julie Edwards

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Stock Exchanges
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OTCQX (United States)
Code: POGLY

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117 387 354

Australian Business Number
75 117 387 354