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The Manager Companies  
Company Announcements  
Australian Securities Exchange  
Level 40, Central Park  
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By: e-lodgement

(ASX code: IOG)

#### **VARIATION TO NET PROFIT AFTER TAX REPORTED IN PRELIMINARY FINAL REPORT**

The Company has today released its final annual report. There is a material difference in the net profit after tax and net assets as follows:

<b>US\$</b>	<b>Preliminary Final Report</b>	<b>Annual Report</b>	<b>Difference</b>
Net Profit/(Loss) after tax	\$669,037	(\$8,347,969)	(\$9,017,006)
Net Assets	\$14,381,478	\$5,436,795	(\$8,944,683)

#### **Oilfield Assets –**

Internal valuation estimates of oilfield assets that were used to prepare the preliminary final report took into account a valuation of undeveloped oil reserves, which had previously been certified by competent persons. These estimates were based on market sales evidence adjusted for a decrease in oil price. The preliminary final report was filed prior to receiving certified valuations for the Company's oilfields. The discounted NPV valuation methodology used by US certifying engineers reflects the value of proved developed (1P) reserves only. The Board has taken the view that the book value associated with this Company's oilfield assets should be impaired to reflect the revised valuations that are now available. The impact of this impairment is summarised as follows:

US\$	Net Book Value <sup>(1)</sup>	Final Valuation <sup>(2)</sup>	Impairment
Sheep Springs	\$8,778,901	\$4,348,386	\$4,430,515
Round Mountain	\$2,823,980	\$910,125	\$1,913,855
Florence	\$3,391,089	\$2,210,563	\$1,180,526
			<u>\$7,524,896</u>

1. Prior to impairment including plant and equipment – treated as a part of the cash generating unit (CGU)
2. Including corporate overhead allocation to CGU cash flow

#### **Amortization -**

An adjustment has been made to amortization as a result of the reclassification of previously reported reserves to contingent resources. The proportion of cost that needs to be amortised in the current year at each of the Company's three fields has increased resulting in an increase to amortization of US\$1,522,944.

#### **Over Provision for Employee Shares -**

An over provision of employee shares of \$72,323 was reversed which had the effect of decreasing current trade and other payables.

The EBITDAX reported in the preliminary Final Report on 27 February remains unchanged. The adjustments detailed above do not have an impact on the business operations or the real cash-flow profitability of the Company. Oil property reserve classification has been amended to reflect only oil that is certified as reserves and all other oil as a contingent resource. The oil that is in place and classified as a contingent resource has no value allocation for accounting purposes but the Company believes that it will have some commercial value under the right economic conditions.

Yours sincerely



**JOHN WHISLER**  
Managing Director