**Independent Oil & Gas PLC**

"IOG" or the "Company"

**Placing, Subscription and Proposed Open Offer**

and

the restructuring of agreements with London Oil and Gas Limited (in administration)

1 April 2019

IOG is pleased to announce that it has conditionally placed 165,795,050 new ordinary shares of £0.01 each in the capital of the Company (the "Ordinary Shares") by way of a placing (the "Placing") at a price of 10 pence per Ordinary Share (the "Issue Price") to raise gross proceeds of approximately £16.6 million.

In addition, IOG is pleased to announce:

- the proposed issue of 2,750,000 new Ordinary Shares by way of a subscription (the "Subscription") at the Issue Price by certain Directors and key executives to raise £0.275 million;
- that it intends to launch an open offer to Shareholders to raise approximately £2 million (the "Open Offer") through the issue of approximately 20,000,000 new Ordinary Shares, also at the Issue Price;

(the Placing, the Subscription and the Open Offer together, the "Fundraising").

Peel Hunt LLP ("Peel Hunt"), FirstEnergy Capital LLP ("GMP FirstEnergy") and finnCap Ltd ("finnCap") acted as Joint Bookrunners in connection with the Placing.

The Fundraising will be conditional upon, inter alia, the approval of Shareholders at a general meeting of the Company (the "General Meeting") that will take place on or around 23 April 2019 and the Admission of the relevant New Ordinary Shares to trading on AIM. The Placing is not conditional upon either the Subscription or the Open Offer.

Concurrent with and inter-conditional on the Placing, the Company is proposing to restructure its existing arrangements with London Oil & Gas Limited (in administration) ("LOG"), through:

- the rescheduling by 12 months of £7.1 million of debt service due to LOG over the course of 2019 pursuant to the LOG Debt;
- the conversion of £1.64 million in interest due from LOG’s existing convertible debt into new Ordinary Shares; ("Debt Conversion");
- a 12 month maturity extension of the existing warrants to subscribe for 7,500,000 Ordinary Shares at a strike price of 8 pence per Ordinary Share and 5,777,310 Ordinary Shares at a strike price of 11.9 pence per Ordinary Share which were granted by the Company to LOG in 2015 as part of the provision of certain loans...
to the Company by LOG and which comprise part of the warrants to subscribe for Ordinary Shares granted
to LOG as part of the LOG Debt ("LOG 2015 Warrants").

The arrangements entered into with LOG will be conditional upon, inter alia, the approval of Shareholders at the
General Meeting and are interconditional with the completion of the Placing.

The Company is currently in an offer period under the Takeover Code and, for as long as the Company remains
in an offer period, Shareholders will also be required to approve the Fundraising and certain aspects of the
restructuring of the LOG arrangements for the purposes of Rule 21.1 of the Takeover Code. The Circular will
therefore also include information to satisfy the requirements of Note 1 on Rule 21.1 of the Takeover Code, if
appropriate.

Highlights:

• Approximately £16.6 million has been conditionally raised by way of the Placing at a price of 10 pence
  per Ordinary Share.

• Intention of certain Directors and key executives to subscribe for £0.275 million to be raised by way of
  the Subscription at a price of 10 pence per Ordinary Share.

• Approximately £2 million to be raised by way of an Open Offer, also at a price of 10 pence per Ordinary
  Share. The Open Offer will be available to holders of Existing Ordinary Shares on the Company’s
  register of members on 29 March 2019, being the Record Date (other than Overseas Shareholders who
  are located in or citizens of, or have a registered address in certain overseas jurisdictions (including
  without limitation, any Excluded Territory).

• The Issue Price of 10 pence per Ordinary Share represents a discount of 29.2 per cent. to the Closing
  Price of 14.125 pence per Ordinary Share on 4 March 2019, being the day before RockRose Energy
  PLC announced a possible offer for the Company and a discount of 41.6 per cent. to the Closing Price
  of 17.125 pence per Ordinary Share on 29 March 2019, being the last practicable date prior to this
  announcement.

• The primary use of the proceeds pursuant to the Placing will be to allow the Company to drill its
  appraisal well at Harvey, expected to spud in mid-2019, at a total remaining cost of approximately £9.6
  million.

• In addition, approximately £2.5 million of the proceeds of the Placing will be used to fund continued
  work on a field development plan for the Goddard gas field.

• The remaining proceeds of the Placing and any proceeds of the Open Offer and the Subscription will be
  used to fund the Company’s working capital requirements to the end of 2019 and ongoing project
  management costs. This will allow it to continue to progress its ongoing farm-out discussions, enabling
  it to decide in 1H 2019 between industrial or capital markets funding to FID, which will ensure the
  development of its SNS portfolio.

• In conjunction with the Fundraising, the Company has agreed to restructure its arrangements with LOG
  which include: (i) the Debt Conversion; (ii) the extension of £7.1 million of 2019 maturities pursuant to
  its loan agreements with LOG by 12 months; (iii) the extension of the maturity of 13,277,310 warrants
  held by LOG from 31 December 2019 to 31 December 2020; and (iv) the implementation of a
  shareholder relationship agreement between IOG and LOG, to regulate their commercial relations on
  an arms-length basis.

• A circular convening the General Meeting and setting out further details of the Fundraising, the
  arrangements being entered into with LOG and the terms and conditions of the Open Offer (the
  "Circular") is expected to be published on the Company’s website and posted to Shareholders on or
  about 3 April 2019.

The Placing will comprise a placing of 165,795,050 new Ordinary Shares, which have been placed firm with
Placees.
The New Ordinary Shares, when issued, will be credited as fully paid and will rank pari passu in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or in respect of such shares after the date of issue.

Capitalised terms used in this announcement shall have the meaning ascribed to them in the Definitions section at the end of this announcement, unless the context otherwise requires.

Andrew Hockey, CEO of IOG commented:

“The institutional Placing, Subscription and Open Offer announced today are a vital step in progressing our plans to become a substantial UK gas producer, delivering excellent returns by unlocking the exceptional value in our portfolio. After a challenging period, this funding and associated debt restructuring ensures that the Company is firmly on track to advance into an exciting new phase and execute our strategy on behalf of our long-term shareholders and new institutional investors. We will now have the time and financial strength to deliver on our two key catalysts to value over the coming months.

“First, delivering the development funding for our high-return Core Project through the well-progressed farm-out process or via the capital markets. The project's technical readiness has given us an excellent opportunity to engage with well-funded potential partners on attractive terms. We look forward to selecting our preferred party in 1H 2019 in a transaction which we expect substantially to cover our project funding needs, as well as providing important further industrial validation. We have the right team with the right experience to deliver both the development funding and the project itself, which will generate very substantial cashflow.

“Second, drilling the high-impact appraisal well at Harvey which could significantly enhance the project’s value and returns. Upon shareholder approval we will be fully funded to deliver this major catalyst as soon as possible, as well as the submission of the Field Development Plan for Goddard, which is another key step in strengthening core value.

“The Subscription by the Company's Board and executive demonstrates our firm belief that these plans will deliver the best value for shareholders. The Open Offer also rightly gives our existing shareholders the opportunity to participate on the same terms.”

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Important Notice

This Announcement has been issued by, and is the sole responsibility of, the Company. No prospectus or admission document will be made available in connection with the matters contained in this Announcement.
The Joint Bookrunners, which are authorised and regulated in the United Kingdom by the FCA are each acting for the Company and no one else in relation to the Placing and Admission and they will not be responsible to anyone other than the Company for providing the protections afforded to customers of Joint Bookrunners or for providing advice in relation to any matter contained in this document or any matter or arrangement referred to in it. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners or by any of their affiliates or agents, as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

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The distribution of this Announcement and the offering of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company or any of the Joint Bookrunners that would permit an offering of such shares or possession or distribution of this Announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Company and the Joint Bookrunners to inform themselves about, and to observe, any such restrictions.

This Announcement is not for release, publication or distribution, in whole or in part, directly or indirectly, in or into the United States, Canada, Australia, Japan or the Republic of South Africa or any jurisdiction into which the publication or distribution would be unlawful. This Announcement is for information purposes only and does not constitute an offer to sell or issue or the solicitation of an offer to buy or acquire shares in the capital of the Company in the United States, Canada, Australia, Japan or the Republic of South Africa or any jurisdiction in which such offer or solicitation would be unlawful or require preparation of any prospectus or other offer documentation or would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction.

The securities referred to in this Announcement have not been nor will be registered under the United States Securities Act of 1933, as amended ("Securities Act"), and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. No public offering of the securities referred to in this Announcement is being made in the United States, United Kingdom or elsewhere.

Forward Looking Statements

This Announcement contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements"). All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "could", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words, including negatives thereof, suggesting future outcomes. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements.

The reader is cautioned that such forward-looking statements are not a guarantee of future results or performance and may prove to be incorrect. These forward-looking statements are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's and/or its subsidiaries' results of operations, financial condition, prospects, growth, strategies, the industry in which the Company and its subsidiaries operate and are based on the opinions and estimates of management at the date the statements are made and should not be unduly relied on. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.
These forward-looking statements speak only as of the date of this Announcement and the Company does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date hereof, except as required by applicable securities laws.

Rule 26.1 disclosure

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available at www.independentoilandgas.com by no later than 12 noon (London time) on 2 April 2019. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

Disclosure requirements of the Code

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8.

A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4). Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.
1. **Introduction**

IOG is pleased to announce that it has conditionally placed 165,795,050 new ordinary shares of £0.01 each in the capital of the Company (the "Ordinary Shares") by way of a placing (the "Placing") at a price of 10 pence per Ordinary Share (the "Issue Price") to raise approximately £16.6 million.

In addition, IOG is pleased to announce:

- the proposed issue of 275,000,000 new Ordinary Shares by way of a subscription (the "Subscription") at the Issue Price by certain Directors and key executives to raise £0.275 million;
- that it intends to launch an open offer to Shareholders to raise up to approximately £2 million (the "Open Offer") through the issue of up to approximately 20,000,000 new Ordinary Shares, also at the Issue Price;

The Fundraising is being undertaken for three principal purposes:

- to fund an appraisal well at the Harvey field, the objective of which will be to prove up Low/Mid/High case management estimated Prospective Resources of 85/129/199 Billion Cubic Feet (BCF) and demonstrate commerciality of the asset, with a management estimated 63 per cent. Geological Chance of Success (GCoS);
- to fund the required work to submit a Field Development Plan (FDP) for the independently assessed 2C Contingent Resources of 108 BCF at the Goddard field; and
- to fund the Company’s ongoing project costs and overheads as it progresses its farm-out process which is designed to fund its Core Project to first gas.

Alongside and inter-conditional with the Fundraising, the Company is proposing to restructure its existing arrangements with LOG, through the rescheduling of £7.1 million owed to LOG pursuant to the LOG Debt, the Debt Conversion and a 12 month extension of the LOG 2015 Warrants.

The Proposals are all conditional, *inter alia*, on the receipt of Shareholder approval of the necessary Resolutions at the General Meeting. If the requisite Resolutions are not passed, the Proposals will not proceed.

Admission of the relevant New Ordinary Shares to trading on AIM is expected to occur no later than 8.00 a.m. on 24 April 2019 or such later time(s) and/or date(s) as the Joint Bookrunners and the Company may agree.

2. **Fundraising and use of proceeds**

The Company is proposing to raise approximately £16.6 million (before expenses) pursuant to the Placing. The Placing has been carried out by the Joint Bookrunners and is conditional on the passing of the Resolutions. The Placing will become unconditional on Admission which is expected to take place on 24 April 2019. The Placing is not conditional upon the Subscription or the Open Offer.

The Company is also proposing to raise £0.275 million pursuant to the Subscription by certain Directors and key executives. The Company is currently in a “closed period” that restricts the Directors and key executives from acquiring the Company’s Ordinary Shares prior to the release of the Company’s final results for the year ended 31 December 2018. The Company has received the following indications from the certain Directors and key executives that on the expiry of the “closed period” they intend to subscribe for the following number of Subscription Shares:

<table>
<thead>
<tr>
<th>Director/Senior manager</th>
<th>Role</th>
<th>Subscription value (£)</th>
<th>Number of Subscription Shares subscribed for</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiona MacAulay</td>
<td>Non-Executive Chair</td>
<td>£20,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Name</td>
<td>Position</td>
<td>Salary</td>
<td>Bonus</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------------------</td>
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</tr>
<tr>
<td>Andrew Hockey</td>
<td>CEO</td>
<td>£10,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Mark Hughes</td>
<td>COO</td>
<td>£10,000</td>
<td>100,000</td>
</tr>
<tr>
<td>James Chance</td>
<td>CFO</td>
<td>£10,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Esa Ikaheimonen</td>
<td>Non-Executive Director</td>
<td>£50,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Martin Ruscoe</td>
<td>Non-Executive Director</td>
<td>£120,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Rupert Newall</td>
<td>Head of Corporate Finance</td>
<td>£30,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Gavin Milne</td>
<td>Financial Controller</td>
<td>£10,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Alex McFarlane</td>
<td>Commercial Manager</td>
<td>£5,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Jonathan Walker</td>
<td>Engineering Manager</td>
<td>£10,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

The Subscription will be conditional on the passing of the Resolutions and it is intended that it will become unconditional on Admission which is expected to take place on 24 April 2019. A further announcement in relation to the Subscription is expected to made following the release of Company’s final results for the year ended 31 December 2018 which is expected to be on or about 3 April 2019.

The Company is also intending to provide Qualifying Shareholders the opportunity to participate in the Fundraising by way of the Open Offer. Further details of the Open Offer will be announced by the Company in due course and the Circular will set out the terms of the Open Offer with instructions as to how to participate.

3. Value creation and investor return strategy

As noted above, the Company’s Core Project is predicted to deliver strong production levels and excellent returns. The hub development strategy also establishes a platform for highly accretive incremental investment. Harvey and Goddard Prospective Resources would, subject to successful appraisal, represent very attractive additional developments, and any further assets nearby that IOG may acquire either through M&A activity, licence rounds or additional drilling activity could also provide excellent returns if integrated into the existing hubs. There is also the potential for third-party tariff income from use of the Thames Pipeline.

Management’s focus is primarily on returns, per share valuation metrics and value accretion, rather than pure size and volume. Incremental investments will need to deliver against fully costed, fully risked IRR targets as well as strategic fit. The Company’s intention is to establish a sustainable and progressive dividend policy at the appropriate stage. Management compensation is also aligned with shareholder returns.

4. Planned Development

It is currently intended that the proposed development of the SNS Project will be conducted in two Phases and comprises:

- **Phase 1** – which, subject to funding, will include the refurbishment of the Thames Pipeline reception facilities at the Bacton gas terminal, the re-commissioning of the Thames Pipeline, the drilling of five development wells (three in Southwark, one in Blythe and one in Elgood) and the installation and commissioning of the required unmanned platforms, pipelines and subsea equipment. Phase 1 will also include, in a success case, the drilling of two development wells in the Harvey field. Phase 1 is expected to reach First Gas at the start of 2021.

- **Phase 2** – which, subject to funding, will include a further seven development wells, with two development wells at the Goddard field, three at the Nailsworth field and two at the Elland field. Each of these fields will require its own unmanned platform, connector pipelines and subsea equipment. Phase 2 is expected to reach First Gas in the second half of 2022.

As part of the proceeds raised from the Placing, the Company plans to commence the Harvey appraisal well in mid-2019. If the Harvey appraisal well establishes the presence of commercial quantities of gas, development of the Harvey field would be integrated into Phase 1, alongside the Southwark, Blythe and Elgood fields. Subject to
further information from the appraisal well, two development wells are planned based on the size of the structure, with first gas expected in early 2021. If the Harvey appraisal is not successful, the Phase 1 plan will remain in place, with the Southwark, Blythe and Elgood fields developed before progressing on to Phase 2.

It is currently proposed that the funding of the SNS Project will be either by way of a farm-out to an industrial partner or further capital markets funding (both debt and equity). Focused discussions are continuing on both of these solutions. The Board expects to make a final decision on the choice of funding by the end of the first half of 2019.

5. Project Economics

The Core Project, excluding Harvey, is anticipated to deliver very attractive economics for a North Sea development project: unlevered project IRR of 36 per cent., with a peak annual production rate of 145 MMcfd (c.25,000 boe/d), capital costs of less than $15/boe and operating costs of less than $5/boe. The project breakeven gas price, defined as the price at which the project NPV10 would be zero, is 28p/therm (c.$22/boe). On a pre-tax basis, the project payback period is expected to be 36 months. The cash flows from Phase 1 are expected to fund the capital expenditure for Phase 2.

The Harvey success case is anticipated to deliver significant further improvement on the Core Project economics: unlevered project IRR of 65 per cent., with a peak annual production rate of c.230 MMcfd (c.40,000 boe/d), capital costs of less than $10/boe, operating costs of less than $5/boe and a breakeven gas price of 21p/therm (c.$17/boe). On a pre-tax basis, the project payback period is expected to be reduced to 20 months.

6. Current Funding Structure

Since late 2015, the Company's activities have principally been funded by a single investor, LOG. The Company currently has in place five loan agreements with LOG which (together with accrued interest) comprise the LOG Debt. These arrangements have provided the Company with access to funding of approximately £38.55 million (excluding interest), of which £34.62 million has been drawn to fund the Company's activities to date. The loans are secured against the Group's assets.

7. Restructuring of LOG arrangements

As referred to above, the Company's activities since late 2015 have been funded principally by a series of loan facilities from LOG, totalling £38.55 million in principal, of which £34.62 million has been drawn down to date. As previously announced, LOG is in administration; as is London Capital and Finance Plc (“LCF”) which is a lender to LOG. An administrator must carry out his functions in the interests of creditors as a whole and is subject to other statutory duties and requirements; which may have the effect that the administrators make decisions in relation to the LOG Debt (including the transfer of the LOG Debt) that are different to the decisions the lender would take if it is not in administration. The board of the Company has been in regular dialogue with the administrators of LCF and its representatives since LCF went into administration and now also the administrators of LOG and its representatives. The Company is aware that the administrators of LCF commissioned a third party evaluation of the Company and its assets. In light of this report, the administrators have confirmed to the Company that they view it as being a key asset for LCF (via LOG) and its underlying bondholders and have determined that they will achieve the best return for such bondholders by supporting the Company with the LOG Restructuring.

As part of the Fundraising and with effect from Admission, the Debt Conversion will result in part of the outstanding debt due to LOG, being the sum of £1,639,776, which comprises of, in part, accrued interest under the convertible loan agreement entered into on 29 March 2016) being converted into Ordinary Shares (at the contractually agreed conversion price of 8 pence per Ordinary Share), resulting in 20,497,204 Ordinary Shares being issued to LOG.
In addition, subject to completion of the Placing, various maturity dates contained in the certain of the loan agreements entered into with LOG will be extended by 12 months so that all these maturity dates will be been extended into 2020 and none fall due for repayment in 2019.

The maturity dates of the LOG 2015 Warrants will also be extended by 12 months so that they expire on 31 December 2020, subject to completion of the Placing.

The Company will also enter into a Relationship Agreement with LOG on Admission which provides, inter alia, for the regulation of LOG's relationship with the Company to ensure that the business of the Company is managed for the benefit of all shareholders, that all transactions with LOG are conducted on an arm's length basis and that the independence of the board of Directors is maintained. Under the agreement, LOG has also agreed not to increase its shareholding in the Company in excess of 29.99 per cent of the issued share capital of the Company from time to time (subject to certain exceptions). The Relationship Agreement contains provisions which entitle LOG to retain one director on the Board of IOG while interested in more than 15 per cent. of the fully diluted share capital of IOG.

Under the Relationship Agreement LOG has also undertaken not to dispose of any interest in the Company's Ordinary Shares owned by it for a period of 12 months from Admission and that for a further period of 12 months it will only dispose of any Ordinary Shares on an orderly market basis. This lock-in contains certain limited carve-outs which permit LOG to make disposals (including a carve-out which, following the expiry of an initial three month period, permits a disposal to LOG's funder which will be allowed to distribute Ordinary Shares to its retail bondholders). Other carve outs include acceptance of a takeover offer, disposals to members of the LOG group and, following the expiry of three months, limited disposals (not exceeding 10 per cent. of the Company's issued share capital) on an orderly market basis. The Relationship Agreement will cease to have effect at such time as LOG ceases to have in interest in 15 per cent. or more of the fully diluted share capital of the Company (which takes into account any rights to subscribe for shares granted to LOG).

The lock-in does not prohibit a sale of LOG's convertible debt and warrants. However in the event of such a sale, any purchaser will be required to enter into a relationship agreement on similar terms to the Relationship Agreement (save for the restriction on increasing such purchaser's shareholding above 29.99 per cent). In addition, the LOG Debt and associated warrants may only be assigned in their entirety and any purchaser will be obliged to enter into a relationship agreement as referred to above. In the event of a sale of the LOG Debt and associated warrants, the Company has a period of 30 days in which to match any offer that is made to LOG by a third party.

All of the above arrangements are conditional on the Resolutions being passed and on Admission.

8. Further details of the Placing

The Company is proposing to raise gross proceeds of approximately £16.6 million pursuant to the Placing.

The General Meeting is being called to seek Shareholders’ approval to grant new authorities to enable the Company, inter alia, to complete the Placing, thereby raising gross proceeds of approximately £16.6 million for the Company. The Placing is conditional, inter alia, on the passing of the Resolutions and Admission, which is expect to take on or about 24 April 2019.

All of the Placing Shares have been placed with institutions and other investors and they are not, therefore, being offered to existing Shareholders or members of the public. The Placing Shares will, upon issue, rank pari passu with each other and the Existing Ordinary Shares in issue following the Admission.

Pursuant to the terms of the Placing Agreement, the Company appointed the Joint Bookrunners as their agents to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

9. The Open Offer
Open Offer Structure

The Directors have given consideration as to the best way to structure the proposed Fundraising, having regard to current market conditions, the composition of the Company’s shareholder register, the level of the Company’s share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Directors have concluded that including the Open Offer within the Fundraising is desirable to the Company and its Shareholders as a whole.

The Open Offer will provide an opportunity for Qualifying Shareholders to acquire new Ordinary Shares at the same price as the Placees by both acquiring Open Offer Shares pro rata to their current holdings of Existing Ordinary Shares and by subscribing for additional Open Offer Shares pursuant to the Excess Application Facility, subject to availability.

The allotment and issue of the Open Offer Shares will be conditional on, inter alia, the Shareholder approval referred to above.

The Circular will contain full details of the Open Offer, including instructions on how Qualifying Shareholders may participate.

10. Information on IOG

IOG is an independent development and production company focused on developing its portfolio of gas fields and deliver into the import-dependent UK market safely and at a low unit cost, generating material cash flows for the Group and excellent returns for investors. Since its incorporation in November 2010 the Company has established a valuable portfolio, consisting primarily of six 100 per cent. -owned UK Southern North Sea gas discoveries, where 12 wells have been drilled to date, with certified Proved + Probable (2P) gas reserves of 302bcf justified for development (at Southwark, Blythe, Elgood, Nailsworth and Elland) and 2C Contingent Resources of 108bcf at Goddard. These six fields form the Core Project which is planned to be development in two phases. In addition, the company has full ownership of the Harvey licence which, together with Goddard, add a further 202bcf mid-case Prospective Resources to the portfolio, making a total of 612bcf mid-case reserves and resources.

Importantly, these fields are near to the fully owned Thames gas pipeline (PL370), which is estimated to save the Company up to £100 million in capital costs and significant operational costs savings during field life. Recent engineering studies, pressure tests and offshore activities including pipeline pigging and surveys have demonstrated that the pipeline is in excellent condition and fit for purpose for the planned development of the Company’s assets at the Blythe and Vulcan Satellites Hubs.

IOG has a highly experienced and motivated team which has been assembled specifically with a view to a successful Southern North Sea gas development. Several members of the team have been involved in successful projects and transactions in this area previously.

The Company has 100 per cent. ownership of all of its gas assets as well as the Thames Pipeline, giving it full control of its development activities. Integrity of the pipeline was confirmed in 2018 via a 24 hour 150-bar pressure hydrotest and tethered pig inspection run from the terminal into the line’s final section. This pressure level is well above the required to deliver IOG’s current gas portfolio safely to the Bacton terminal. As such, the Thames pipeline is now conclusively proven for a new economic life as a fully viable, minimal cost, zero tariff export route delivering up to 550 MMcfd directly into the UK market, versus IOG’s projected full portfolio peak production of circa 230 MMcfd. Ownership of the line therefore provides substantial tariff-free ullage for IOG’s existing gas portfolio and future acquisitions, plus third-party gas tariff opportunities.

The Company will deliver gas into the UK gas market. This market has strong fundamentals and relatively stable prices due to consistent demand patterns and long-term falling supply. UK National Balancing Point (NBP) gas prices have averaged 50p/therm over the past decade, while the Company’s overall portfolio breakeven price is
The UK’s net gas imports stand at 56 per cent., having previously been a net gas exporter prior to 2003. The Company’s Southern North Sea gas project will help to address this domestic gas production shortfall. Its fully-owned Thames Pipeline delivers directly into UK gas market at Bacton Terminal on the north Norfolk coast.

**The Blythe Hub**

The Blythe hub contains two gas discoveries, Blythe and Elgood. Blythe was first discovered in the Rotliegend formation in 1966 by Burmah Oil. It was appraised in 1987 by ARCO, encountering a 141ft gas column and testing gas at 15.2mmcf/d. Since its acquisition, the Company has reprocessed existing 3D seismic data and a CPR over this asset estimates that it has proved and probable 2P reserves of 33bcf.

Elgood lies 5km northwest of Blythe and was discovered in 1991 by Enterprise Oil. Elgood has estimated proved and probable 2P gas reserves of 21.7bcf.

**Goddard**

The Goddard natural gas field was first discovered in 1994 by ARCO well 48/11b-12, encountering 499ft of gas bearing Leman Sandstone. The asset lies in proximity to the Blythe and Vulcan Satellites Hubs, allowing for a potential tie-back to existing IOG infrastructure. A Competent Persons Report completed in October 2018 estimates 2C Contingent Resources at Goddard to be 108bcf and mid-case Prospective Resources to be 73bcf. IOG secured the licences over the field in the 30th Offshore Licencing Round by committing to reprocessing of 3D seismic data and drilling a firm well within a three-year term.

The Board proposes to use part of the proceeds of the Fundraising to fund the preparatory work and submission of the Field Development Plan for the Goddard field.

**The Vulcan Satellites Hub**

The Vulcan Satellites Hub comprises three gas discoveries: Southwark, Nailsworth and Elland. They are located approximately 35km east of the Blythe Hub and 60km offshore from the Bacton gas terminal. Combined these fields have estimated 2P proved and probable reserves of 248.6bcf of gas and 1.1mmbbls of condensate.

**Harvey**

Harvey is an appraisal gas asset located 11.5km southeast of Blythe. In 2016 the Company completed 3D seismic reprocessing and interpretation over Harvey, which was then augmented by further 3D seismic reprocessing across the full Harvey structure in 2018, thereby fulfilling the 30th Licensing Round commitment on licence P2441. The latter work formed the basis for an unrisked management estimate of Low/Mid/High case Prospective Resources of 85/129/199bcf with a Geological Chance of Success of 63 per cent.

In November 2017, the Company committed to drilling an appraisal well over Harvey by the end of 2019. The appraisal well will be funded from the proceeds of the Fundraising and is expected to be drilled in mid-2019.

In the event of a successful Harvey appraisal, development of Harvey would be integrated into the first phase of the project, significantly enhancing overall returns.

**Arrangement with LOG**

The Company has entered into several loan agreements with LOG which are summarised below.

**2015 Loan Agreements**
Two loan agreements were entered into in December 2015 in respect of an aggregate amount of £3.55 million to help fund costs of operations at the time. The loans carried interest of LIBOR +9 per cent per annum with both the principal and interest repayable 36 months after drawdown and maturing at the end of 2019. As part of the terms, 5,777,310 warrants were also granted to LOG at 11.9 pence per Ordinary Share and 7.5 million warrants were granted at a price of 8 pence per Ordinary Share, in each case exercisable up to the end of the loan agreements. These loans are fully drawn.

**2016 convertible loan facility**

A further loan facility of up to £10 million was entered into in February 2016 to provide working capital and funding for acquisitions. The loan has a conversion price of 8 pence per Ordinary Share and carries a coupon of LIBOR +9 per cent per annum on the principal and accrued interest. Amounts drawn under the facility are repayable after 36 months from each drawdown. The loan is fully drawn.

**2018 convertible loan facility**

A further loan facility of up to £10 million was put in place in February 2018 to fund IOG’s work programme through to FID on the Blythe and Vulcan Satellites hub developments. The loan again carries a coupon of LIBOR +9 per cent per annum, with accrued interest capitalised every six months. As with the previous convertible loan, principal and accrued interests are repayable 36 months after drawdown and the loan is fully drawn. The conversion price is 19 pence per Ordinary Share.

**2018 non-convertible loan facility**

A further loan facility of up to £15 million was put in place in September 2018 to continue to fund IOG’s work programme. The loan carries a coupon of LIBOR +9 per cent per annum up until 30 November 2018 when it increased up to LiBOR + 11 per cent per annum, with accrued interest capitalised every six months. Principal and accrued interest are repayable 36 months after drawdown and the facility is currently drawn up to £11.025 million. The loan is not convertible. As part of the loan LOG was granted 20 million warrants exercisable at price of 32.18 pence per Ordinary Share up until 31 August 2023.

As part of the Proposals, LOG has agreed to restructure its arrangements with the Company so as to facilitate the implementation of the Fundraising. The LOG Restructuring will take effect on Admission and comprises the rescheduling of certain amounts due pursuant to the LOG Debt, the conversion of part of the LOG Debt into the LOG Shares, and the extension of the Existing LOG Warrants as described above. LOG has also agreed to enter into a relationship agreement with the Company, further details of which will be set out in the Circular.

11. **General Meeting**

A notice convening a General Meeting of the Company, to be held on or around 23 April 2019 will be set out at the end of the Circular. At the General Meeting, resolutions will be proposed to authorise the Directors to allot new Ordinary Shares pursuant to the Fundraising and Debt Conversion and to approve certain aspects of the arrangements with LOG described above.

12. **Recommendation**

The Directors consider the Proposals to be in the best interests of the Company and its Shareholders as a whole.

END
DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"Act" the Companies Act 2006;

"Admission" the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules;

"AIM" the AIM Market, a market operated by the London Stock Exchange;

"AIM Rules" the rules for companies governing admission to and the operation of AIM, published by the London Stock Exchange;

"Application Form" the application form for use in connection with the Open Offer;

"Blocks" the thirteen blocks and part blocks in the UK North Sea in which the Group currently holds an interest and "Block" shall mean any one of them;

"Blythe" the gas discovery in Blocks 48/22b and 48/23a;

"Blythe East Licence" the licence to the east of the Blythe Licence awarded to IOG by DECC in the 27th Licensing Round;

"Blythe Licence" licence P1736 covering Blocks 48/22b and 48/23a which contains the Blythe field discovery;

"Board" the board of directors of the Company for the time being or a duly constituted committee thereof;

"Business Days" any day on which banks are open in London for normal banking business and the London Stock Exchange is open for trading;

"Circular" the circular of the Company to published on or about 3 April 2019 containing details of the Proposals;

"Closing Price" the closing middle market price of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange;

"Company" or "IOG" Independent Oil & Gas Plc, a company incorporated in England and Wales with registered number 07434350;

"Core Project" The Company's gas project in the UK Southern North Sea which is intended to comprise the development of six discovered gas fields: Southwark, Blythe, Elgood, Goddard (2C Contingent Resources only), Nailsworth and Elland;

"Debt Conversion" the conversion of £1,639,776 of the LOG Debt into New Ordinary Shares through the issue of the LOG Shares, such shares being issued at the relevant conversion price as agreed in the convertible loan agreement entered into by IOG and LOG on 29 March 2016;

"Directors" the directors of the Company as at the date of this announcement;

"Enlarged Ordinary Share Capital" the issued Ordinary Shares following the completion of the Proposals comprising the Existing Ordinary Shares, the Placing Shares, the Subscription Shares, the Open Offer Shares (assuming that the Open Offer is subscribed in full) and the LOG Shares;

"Excess Application Facility" the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlements;
"Excluded Territories" the United States, Australia, Canada, Japan, the Republic of South Africa, the Republic of Ireland and any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law or regulations;

"Existing Ordinary Shares" the 127,481,012 Ordinary Shares in issue;

"FCA" the Financial Conduct Authority;

"finnCap" finnCap Ltd, the Company's nominated adviser and joint bookrunner;

"FSMA" the Financial Services and Markets Act 2000, as amended;

"Fundraising" the raising of equity by the Company through the Placing, the Subscription and the Open Offer;

"General Meeting" the general meeting of the Company, notice of which will be set out at the end of the Circular, and including any adjournment(s) thereof;

"GMP FirstEnergy" FirstEnergy Capital LLP, trading as GMP FirstEnergy, the Company's joint bookrunner;

"Group" the Company and its subsidiaries;

"IOGIL" IOG Infrastructure Limited, a wholly-owned subsidiary of the Company;

"IOGNS" IOG North Sea Limited, a wholly-owned subsidiary of the Company;

"IOGUK" IOG UK Limited, a wholly-owned subsidiary of the Company;

"ISIN" the International Securities Identification Number;

"Issue Price" 10 pence per New Ordinary Share;

"Joint Bookrunners" of the Company's joint bookrunners for the purpose of the Placing, being finnCap, GMP FirstEnergy and Peel Hunt;

"LIBOR" London inter-bank offered rate;

"LOG" London Oil & Gas Limited (in administration);

"LOG Debt" the existing indebtedness of the Company to LOG of approximately £34.62 million pursuant to various convertible and non-convertible loan agreements entered into between the parties;

"LOG Restructuring" the restructuring of the Company's existing arrangements with LOG through the rescheduling of certain amounts owed pursuant to the LOG Debt, the Debt Conversion and the extension of the LOG Warrants as described in further detail in this announcement;

"LOG Shares" the 20,497,204 New Ordinary Shares to be issued to LOG pursuant to the Debt Conversion;

"LOG 2015 Warrants" warrants to subscribe for 7,500,000 Ordinary Shares at a strike price of 8 pence and 5,777,310 Ordinary Shares at a strike price of 11.9 pence, which were granted to LOG in 2015 as part of the provision of certain loans to the Company by LOG and which comprise part of the warrants to subscribe for ordinary Shares granted to LOG as part of the LOG Debt;

"London Stock Exchange" London Stock Exchange plc;

"Member Account ID" the identification code or number attached to any member account in CREST;
"Money Laundering Regulations" the Money Laundering Regulations 2007 (as amended);

"New Ordinary Shares" the Placing Shares, the Open Offer Shares and the LOG Shares;

"Official List" the official list of the FCA;

"Open Offer" the proposed invitation to Qualifying Shareholders to subscribe for Open Offer Shares at the Issue Price on the terms of and subject to the conditions set out or referred to in the Circular and, where relevant, in the Application Form;

"Open Offer Entitlement" the pro rata basic entitlement for Qualifying Shareholders to apply to subscribe for Open Offer Shares;

"Open Offer Shares" the approximately 20,000,000 Open Offer Shares for which Qualifying Shareholders are being invited to apply under the terms of the Open Offer;

"Ordinary Shares" ordinary shares of £0.01 each in the capital of the Company;

"Overseas Shareholders" Shareholders who are resident in, or who are citizens of, or who have registered addresses in, territories other than the United Kingdom;

"Peel Hunt" Peel Hunt LLP, the Company's joint bookrunner;

"Phase 1" the first phase of the development of the SNS Project;

"Phase 2" the second phase of the development of the SNS Project;

"Placee" means persons who agree to conditionally subscribe for Placing Shares pursuant to the Placing;

"Placing" the conditional placing of the Placing Shares by finnCap, GMP FirstEnergy and Peel Hunt pursuant to the Placing Agreement;

"Placing Agreement" the conditional agreement dated 1 April 2019 between finnCap, GMP FirstEnergy and Peel Hunt and the Company relating to the Placing;

"Placing Shares" the 165,795,050 new Ordinary Shares to be issued by the Company pursuant to the Placing;

"Proposals" the proposals contained in this announcement relating to the Placing, the Subscription, the Open Offer and the LOG Restructuring;

"Prospectus Rules" the prospectus rules of the FCA made pursuant to section 73A of FSMA;

"Qualifying Shareholders" holders of Existing Ordinary Shares on the Company's register of members at the Record Date (other than Overseas Shareholders who are located in or citizens of, or have a registered address in certain overseas jurisdictions (including without limitation, any Excluded Territory);

"Record Date" 29 March 2019, being the Record Date for the Open Offer;

"Relationship Agreement" the relationship agreement entered into between the Company and LOG;

"Resolutions" the resolutions contained in the notice of General Meeting which will be set out at the end of the Circular;

"Shareholder" a holder of an Ordinary Share;

"Skipper" the heavy oil discovery in Block 9/21a discovered by well 9/21-2 drilled by Unocal in 1990;
"Skipper Licence" Licence P1609 covering Block 9/21a which contains the Skipper field discovery;

"SNS Project" the Blythe and Vulcan satellites gas hubs project in the UK's Southern North Sea;

"Subscribers" together, Fiona MacAulay, Andrew Hockey, Mark Hughes, James Chance, Esa Ikaheimonen, Martin Ruscoe, Rupert Newall, Gavin Milne, Alex McFarlane and Jonathan Walker;

"Subscription" the proposed conditional subscription for new Ordinary Shares by certain Directors and key executives;

"Subscription Shares" up to 2,750,000 new Ordinary Shares to be issued by the Company pursuant to the Subscription;

"Takeover Code" the City Code on Takeovers and Mergers;

"uncertificated" or "uncertificated form" recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

"UK" or "United Kingdom" the United Kingdom of Great Britain and Northern Ireland;

"US" or "United States" the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

"US Persons" a US person as defined in Regulation S promulgated under the US Securities Act; and

"US Securities Act" the United States Securities Act of 1933 (as amended).