

5 March 2019

ROCKROSE ENERGY PLC

("RockRose")

Possible Offer for Independent Oil and Gas plc

RockRose (LSE: RRE), the independent oil and gas company, announces that, on 1 March 2019, it made a formal approach to the board of directors of Independent Oil and Gas plc ("IOG") with a proposal for an all cash takeover offer for IOG (the "Proposal").

The terms of the Proposal were that RockRose would offer 20p in cash per ordinary share ("IOG Share") for the entire issued and to be issued share capital of IOG (the "Possible Offer") which would value the total share capital of IOG at £26.6 million. The Possible Offer, if made, would represent a premium of 51 per cent. to the closing price of IOG on 26 February, the day of the initial approach by RockRose to IOG and a premium of 58 and 44 per cent to the 30 and 60 day volume-weighted average price ("VWAP") respectively, up to the period ended 26 February.

The Proposal was rejected by the board of directors of IOG, who have expressed an intention to continue in their endeavours to find a strategic partner to develop their assets.

RockRose believes that any Possible Offer would be compelling for IOG shareholders as:

- It would allow shareholders to realise an immediate cash upside on their shareholdings at a significant premium to the current market price
- Any Possible Offer would be wholly funded out of RockRose's existing cash resources
- RockRose considers that it would be challenging for IOG to independently fund the field development capital expenditure of c.£450 million without an industry partner in light of its current market capitalisation - particularly in the current equity market conditions
- Any Possible Offer removes the risk for IOG shareholders of a protracted or unsuccessful farm-out process
- Even in the event of a successful farm-out, RockRose considers it likely that significant funding and dilution risk would remain for IOG shareholders as they sought to fund their remaining share of the assets
- RockRose also expects that it is likely that IOG would have to give up operatorship of the assets as part of any farm-out process thus leaving it with a non-operating minority interest
- RockRose considers it unlikely that cashflows for IOG's shareholders would flow from the assets until 3-4 years from the completion of any farm-out and as a likely non-operational minority interest holder, any such timetable would be largely outside of the control of IOG. As such, RockRose believes

that the market would allocate a small percentage of the underlying value of the fields unless and until commercial development is achieved

- In addition, public sources suggest that certain amounts of IOG's debt owed to London Oil and Gas Ltd. ("LO&G") may become payable shortly which RockRose believes would require IOG to secure additional funding to avoid the risk of default

RockRose had considered the opportunity to partner with IOG but believes any such partnership remains problematic in light of the financing arrangements which IOG has in place with LO&G (in turn financed by London Capital & Finance Limited (in administration)), and the current financial position of IOG in relation to the capital expenditure necessary to fulfil the potential of IOG's assets even in the event that IOG was able to conclude a favorable farm-out transaction.

In accordance with its obligations under Rule 15 of the Code, in the event that RockRose makes an offer for the ordinary shares it must also make an appropriate offer to holders of certain other outstanding securities. LO&G holds dilutive securities granted in connection with part of IOG's outstanding debt and further outstanding debt to LO&G comprises loan facilities which are convertible into the voting equity share capital of IOG. The exact terms of these convertible securities and conversion rights are unclear and could result in a significant number of IOG Shares being issued upon conversion of the dilutive securities, with certain of these loan facilities appearing close to maturity. RockRose believes that should all of IOG's dilutive securities exercisable at the 20p offer price (including those relating to LO&G) be converted at the publicly disclosed strike prices, IOG's shares in issue could increase from 126.9 million shares to up to 324.2 million shares, a potential increase of 155.5%⁽¹⁾. Accordingly, RockRose will seek to understand the implications of the conversion of these dilutive securities, which may have conditions that are under the control of London Capital and Finance plc (in administration), the secured lender to LO&G, given that the full terms (and effect of them) do not appear to be clear from announcements and disclosure made by IOG.

RockRose believes that all IOG shareholders should be given the opportunity to consider the merits of the potential offer which would be at a more than 50 per cent. premium and made fully in cash by a credible bidder. Furthermore, it is, in the view of RockRose, the fiduciary duty of the IOG Board to engage with RockRose immediately including providing it with access to the convertible loan documents and other documents representing other dilutive securities while the Board considers, in conjunction with its advisers, the merits of the potential offer.

RockRose shares are currently suspended on account of the ongoing transaction with Marathon Oil U.K. LLC ("Marathon"), announced on 25 February 2019. The Possible Offer is separate to the Marathon transaction and RockRose is in a position to proceed with both transactions on a standalone basis or simultaneously.

It is important to note that this is an announcement of a possible offer pursuant to Rule 2.4 of the Code and accordingly there can be no certainty that any offer for IOG will be made by RockRose.

If any dividend or other distribution is announced, declared, made, paid or becomes payable by IOG on or after the date of this announcement, RockRose reserves the right to reduce the consideration payable in respect of each IOG Share by the amount of all or part of any such dividend or other distribution.

Rule 2.6(a) of the Code requires that RockRose, by no later than 5.00 p.m. on 2 April 2019 being the 28th day following the date of this announcement, either announces a firm intention to make an offer for IOG in accordance with Rule 2.7 of the Code or announces that it does not intend to make an offer, in which case

the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be extended with the consent of the Panel on Takeovers and Mergers, in accordance with Rule 2.6(c) of the Code.

Investors should note the further disclosures required by the Code set out below, and in particular, that disclosures are required by persons with interests in securities representing more than 1 per cent. of IOG Shares.

RockRose will make further announcements in due course as and if it may be appropriate.

Notes:

- (1) Based on publicly available disclosure, these convertibles have accrued interest at 9% + LIBOR since drawdown, the value of which has been added on to the principal value of the convertible. This in turn could further increase the number of shares issued at conversion.

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Important information

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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(s), 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.

Rule 26.1

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available on the Company's website at www.rockroseenergy.com. The content of the website referred to

in this announcement is not incorporated into and does not form part of this announcement.
