

Corporate and Operational Update

11 January 2021

Independent Oil and Gas plc
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Independent Oil and Gas plc ("IOG" or "the Company"), (AIM: IOG.L), the UK gas company targeting high returns via an infrastructure-led hub strategy, is pleased to provide an early 2021 update.

Highlights

- Specialist in-house discipline heads all now in place; new COO selection process progressing
- Phase 1 remains on schedule for First Gas in Q3 2021
- Blythe and Elgood offshore pipelay campaign executed in Q4 2020
- Detailed well design to complete in Q1 and first development well expected to spud by early Q2
- Platform fabrication also expected to complete in Q1, before installation in Q2
- Onshore tie-ins to LAPS facilities successfully completed during Q4 2020 Bacton terminal regular maintenance shutdown
- Gas sales tender process being prepared, with ECC appointed as advisor
- Portfolio technical re-evaluation continues - further update expected later in Q1
- New Climate Change and Sustainability Policy and Social Policy adopted in 2020

Andrew Hockey, CEO of IOG, commented:

"This is set to be another breakthrough year for IOG, when we deliver our first production and revenue, paving the way for sustained value generation for shareholders. Having made real progress in 2020 in difficult conditions, we expect to complete fabrication of our Phase 1 platforms this quarter and start development drilling by early Q2. We recently completed important steps towards achieving First Gas in Q3 including the LAPS tie-ins at Bacton and the offshore Blythe-Elgood pipelay campaign.

We now have our full development team in place, led by in-house specialist senior managers across all disciplines. This is important both for Phase 1 execution and to maximise wider portfolio value. We also expect to confirm the selection of a highly experienced new COO in the coming weeks.

IOG's ambition is to be a safe, efficient, low-carbon intensity gas producer helping to provide reliable domestic energy supply as the UK transitions to Net Zero by 2050. In that context, we were pleased to adopt a new Climate Change and Sustainability Policy late last year and are initiating a comprehensive independent emissions certification process which we hope will confirm IOG's low environmental impact business model.

We are also very encouraged by the significant gas market recovery, with UK NBP day-ahead prices reaching over 55p/therm and Winter-21 prices over 50p/therm last week - higher than at any point in 2020."

Corporate Update

IOG continues to respond and adapt as necessary to the evolving Covid-19 restrictions. In the current lockdown, we remain driven by our three fundamental priorities: protecting our people, delivering the project and ensuring business continuity.

In late 2020, IOG completed the process of bringing in house all discipline lead positions and other specialist staff, from technical and operational (HSE, subsurface, offshore project management, engineering and platforms, subsea and pipelines, drilling, pre-development assets and onshore) to finance, legal, commercial, and contracts and procurement. The Company also expects to select a new Chief Operating Officer (COO) in the coming weeks. In the meantime, the project is being closely managed by Rupert Newall as Interim Project Director.

This further team strengthening is a key part of the Company's plan to establish itself as a safe, efficient and low-carbon intensity gas producer, with the experience and expertise in house to generate, engineer and execute successive phases of growth for shareholders.

Further to this objective, in late 2020 the Board approved two new corporate policies, the Climate Change and Sustainability Policy and the Social Policy, and an updated Health, Safety and Environment (HSE) Policy. These policies can all be viewed in full via the following link: www.iog.co.uk/esg

At the end of 2020, 5,400,000 warrants over 1p Ordinary Shares in the Company expired unexercised. The number of Ordinary Shares in issue remains 488,211,155.

Phase 1 Update

Intensive work has continued across all key Phase 1 development disciplines, as well as increasing project integration activities focused on efficient completion, installation and commissioning of infrastructure in conjunction with the drilling programme over the coming months.

Fabrication of the Phase 1 Southwark and Blythe platforms at HSM's yard in Schiedam remains on track for mechanical completion later in Q1 2021. Construction of both jackets is proceeding alongside installation and testing of topside equipment including risers, helidecks, controls, communications and integrity management systems. Transport and installation (T&I) of the platforms at the field locations is planned for Q2 2021, in coordination with drilling operations.

Over Q4 2020, IOG's subsea and pipelines contractor Subsea 7 undertook the offshore campaign to install the Blythe 12-inch and Elgood 6-inch lines. This was a key part of the Phase 1 subsea and pipelines scope.

Detailed well design for the drilling campaign is on track to complete in Q1, with the first development well now expected to spud by early Q2. Contracting of Tier 1, 2 and 3 drilling services, logistics and tangibles is also now well advanced, while permit applications and risk assessments continue in parallel.

IOG safely and successfully completed all planned tie-ins to the Perenco LAPS facilities during the regular maintenance shutdown of the Bacton gas terminal in November 2020. The wider Thames Reception Facilities (TRF) process continues onshore at Bacton, for which ODE, a specialist engineering house with extensive knowledge of the terminal, has been selected as engineering, procurement and construction (EPC) contractor.

An updated assessment of expected Phase 1 outturn cost versus budget is expected later in Q1, once detailed well design is complete and key operational windows have been further defined.

IOG is also stepping up preparations for a competitive gas sales tender process for the initial years of production, on behalf of the IOG-CalEnergy Resources (UK) Limited JV. The Energy Contract Company (ECC), a specialist gas sales advisor, has been engaged to assist the process.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

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About IOG: IOG owns and operates a 50% stake in substantial low risk, high value gas reserves in the UK Southern North Sea. The Company's Core Project targets a gross 2P peak production rate of 140 MMcfe/d (c. 24,000 Boe/d) from gross 2P gas Reserves of 302 Bcfe¹ + 2C gas Contingent Resources of 108 Bcfe², via an efficient hub strategy. In addition to the independently verified 2P reserves at Blythe, Elgood, Southwark, Nailsworth and Elland and 2C Contingent Resources at Goddard, IOG also has independently verified best estimate gross unrisked prospective gas resources of 73 Bcfe at Goddard. Alongside this IOG has management estimated mid-case recoverable gas volumes of 21 Bcfe at Harvey. In December 2020 IOG also accepted a 50% operated stake in Licence P2589, containing the Panther and Grafton gas discoveries with management estimated 46 Bcfe and 35 Bcfe respectively. In addition IOG continues to pursue value accretive acquisitions to help generate significant shareholder returns.

¹ERC Equipoise Competent Persons Report: October 2017, adjusted by Management to account for updated project timing and compression

²ERC Equipoise Competent Persons Report: October 2018