

Independent Oil & Gas PLC

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Independent Oil & Gas jump as RockRose puts North Sea firm in takeover crosshairs

Independent Oil & Gas PLC (LON:IOG) shares shot up more than 30% after the North Sea firm revealed it is in the takeover crosshairs of London-listed peer RockRose Energy PLC (LON:RRE) which has made a cash offer.

RockRose on 1 March offered 20p per share, valuing IOG at £26.6mIn, which represents a 51% premium to the closing price prior to the offer.

It was, however, rejected by IOG's board which also expressed an intention to continue endeavours to find a strategic partner to fund and develop its assets.

Appealing to IOG shareholders, RockRose said its offer is compelling as it would allow IOG shareholders to realise an immediate cash upside.

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It added a claim that it would be challenging for IOG to independently fund the field development capital expenditure of c£450mIn without an industry partner, and, a takeover would remove 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 said.

"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."

It added: "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."

IOG shares were up 4.438p or 30.97% to change hands at 18.5p,

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Price: 20.75

Market Cap: £70.83 m

1 Year Share Price Graph



October 2018 April 2019 October 2019

Share Information

Code: IOG

Listing: AIM

52 week High Low
30.2456 10

Sector: Oil & Gas

Website: independentoilandgas.com

Company Synopsis:

IOG is a UK based Development and Production Operator with established interests in ten UK North Sea Licences.

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